

## PSE&G Clean Energy Future – Energy Efficiency II (CEF-EE II) Summary

October 30, 2024

### Programs & Investments

- \$1.9B investment in residential, multifamily and C&I energy efficiency programs, a building decarbonization program and a demand response program.
- Additional administrative budget of \$279M which includes funding for internal labor, workforce development, education and outreach, and IT run costs.
- Additional \$968M investment in the On-bill Repayment program available to program participants so they can avoid any up-front payments for high efficiency equipment and repay over several years.
- PSE&G’s new building decarbonization program aims to lower the carbon footprint of residential and commercial structures. This involves providing incentives for customers to switch away from traditional fossil fuel-based equipment, such as space and water heating, and even lawn equipment. Opportunities for decarbonization will be available to all customer types.
- Additionally, the demand response offering is expected to help customers cut energy demand during peak electricity consumption periods.

### Anticipated Program Benefits

- **Energy Savings:** Helps keep New Jersey on track to achieve Clean Energy Act annual savings targets of 2.0% electric usage reduction and 0.75% gas usage reduction by Program Year 5 (July 2025 – June 2026).
- **CO2 Emissions Reduction:** 10 million metric tons lifetime<sup>1</sup> CO2 emission avoided.
- **Lifetime Electric Savings:** 16 million MWh.
- **Lifetime Gas Savings:** 686 million therms.
- **96 MW peak demand reduction** from Demand Response program.

<sup>1</sup> Lifetime savings means the savings that are accumulated over the expected life from the measures installed through the program. For example: a residential furnace has an expected life of 20 years, so the lifetime savings is equal to the annual savings times 20.

- **Job Creation/Retention:** 3,500 direct jobs annually resulting from EE investments.
- **Participants:** Participants expected to achieve gross lifetime bill savings of approximately \$4 billion.

## Background

- PSE&G is currently offering energy efficiency programs that were previously approved by the BPU for the period ending December 31, 2024.
- The Clean Energy Future – Energy Efficiency II (“CEF-EE II”) program is a 30-month cycle (January 1, 2025– June 30, 2027) of energy efficiency, building decarbonization, and demand response programs. Funding from CEF-EE II must be spent between January 2025 and June 2027 or committed for final delivery at a later date.
- CEF-EE II was approved on October 30, 2024.
- CEF-EE II is comprised of 10 programs for all customer segments and introduces two new initiatives focused on building decarbonization and demand response.
- CEF-EE II also provides for the continuation of the Clean Energy Jobs program.
- During this program cycle, a Performance Incentive Mechanism that provides financial penalties and incentives based on the utility’s performance related to six metrics will go into effect beginning July 1, 2025.

## CEF-EE II FAQs

### 1. What impact will CEF-EE II program have on customers’ utility bills?

The potential impact of the CEF-EE II program on customer bills depends largely on whether they participate in its programs. For those who choose to participate, the potential to save money by decreasing monthly electric and gas usage can help offset rate impacts. For example, a typical customer that participated in the whole home program saves \$161 on their electric bill and \$328 on the gas bill per year.

The rate impact of CEF-EE II varies from year-to-year, and is currently anticipated to range from 0% to 3.8% over an approximate 10-year period, with impacts exceeding 3% for fewer

than five of those years. Overall, as currently estimated, the combined impact of the energy efficiency programs (CEF-EE I, CEF-EE II and potential future programs) would likely result in a rate impact of close to 3% over time.

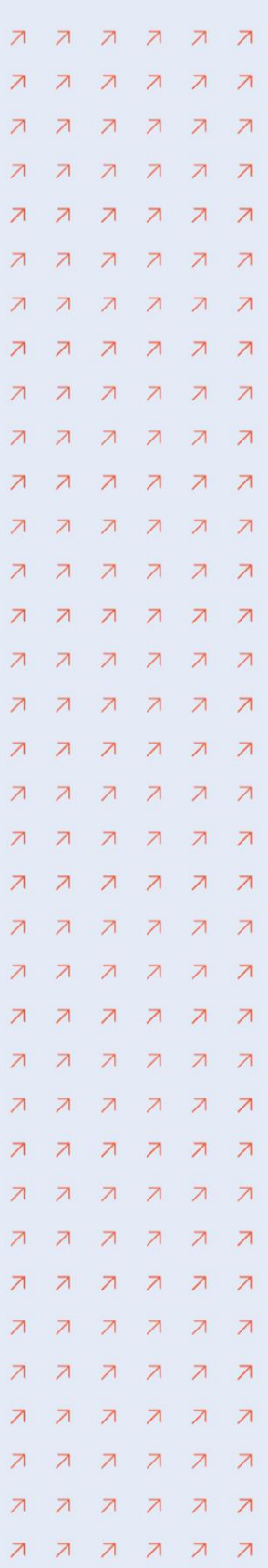
## 2. What are the benefits of the CEF-EE II program?

The CEF-EE II program is a continuation of our successful energy efficiency programs and measures with the aim of helping New Jersey residents and businesses save energy, lower their utility costs, and contribute to New Jersey's clean energy goals, which will result in decreased carbon emissions and long-term cost savings.

- With CEF-EE II, the combined energy savings for participants over the program's lifetime are expected to generate gross lifetime bill savings of approximately \$4 billion.
- The program also provides many societal benefits, such as providing targeted support to low income and overburdened communities, and avoiding nearly 10 million metric tons of carbon dioxide emissions.
- Through our On-bill Repayment program we also make the program more accessible and affordable for customers who may not be able to afford the up-front costs of installing high efficiency equipment by providing a 0% loan that can be repaid right on their bill over several years.
- The program includes a dedicated Clean Energy Jobs program that provides training and supporting services to NJ residents seeking to build careers in Energy Efficiency.
- PSE&G projects that these investments in clean energy will create and sustain approximately 3,500 direct jobs annually in sectors such as equipment installation, technology services, and clean energy.

## 3. What are key differences between first cycle CEF-EE and this newly approved CEF-EE II settlement?

- Both CEF-EE I and II provide a portfolio of energy efficiency programs to serve residential, commercial, industrial and multifamily customers, which have been enhanced for CEF-EE II. The key additions to the CEF-EE II program cycle include:
  - The building decarbonization program, which incentivizes the installation of heat pumps and other electric measures to replace fossil fuel equipment,



thereby advancing efforts to decarbonize homes and businesses.

- The demand response program will encourage customers to reduce electric consumption during peak demand periods and help them manage their overall usage to support the reliability of the electric grid.

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This release includes forward-looking statements, including but not limited to statements regarding anticipated or expected energy savings, cost saving and greenhouse gas emissions avoidance. There can be no assurance that such energy and costs savings and greenhouse gas emissions avoidance will be realized in the amounts described and / or in the timeframes anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to management but are subject to risks and uncertainties, which could cause actual results to differ materially from those anticipated. Factors that may cause actual results to differ include, without limitation: the ability to implement our energy efficiency business strategy, and customer adoption of our energy efficiency offerings. All forward-looking statements made in this release are qualified by these cautionary statements and readers are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements contained in this Report are intended to qualify for the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended.