
2026
Climate progress update.
PSEG

Climate *target update*

At PSEG we strive to harmonize our business strategy, capital investments and climate strategy to support the needs of our customers and state policymakers on affordability, reliability and clean energy. Many New Jerseyans are trying to make ends meet as costs including food, housing, energy and healthcare increase. Across the United States, electricity demand is experiencing a significant surge after more than a decade of flat growth. This rapid growth is presenting new challenges in electricity supply price increases and grid reliability. PSEG stands ready to work with policymakers to take steps to tackle the root cause of New Jersey's supply-and-demand imbalance that has led to the recent increases in electric rates. This new reality has led PSEG to reassess our net zero 2030 GHG emissions climate target.

PSEG continues to believe that the challenges of climate change demand action, and we have made significant strides in reducing greenhouse gas (GHG) emissions over the past three decades with results that lead most companies in our industry. Going forward, we recognize the need to address the affordability crisis head-on. We are adjusting our net zero 2030 GHG emissions climate target to a net zero GHG emissions by 2050 goal that includes direct GHG emissions (Scope 1) and indirect GHG emissions (Scope 2) across our business operations. Transition risks, including federal and/or state policy and regulation, technology availability and affordability, market demands, and customer needs could, and likely will, impact the pace of our net zero progress and our ability to achieve the 2050 goal.

PSEG is proud of the results we have achieved to date. Reductions in our GHG emissions footprint, which rank PSEG's current business mix among the industry's lowest, furthered our standing as a sustainability leader in the utility space, and we take away important insights as we continue our climate journey. Additional highlights include:

- Achieved our goal of 100% GHG-free power generation eight years ahead of schedule.
- Created over 4,100 clean energy careers in New Jersey, as of December 1, 2025, as part of our economy-wide decarbonization efforts.

Our Climate Story

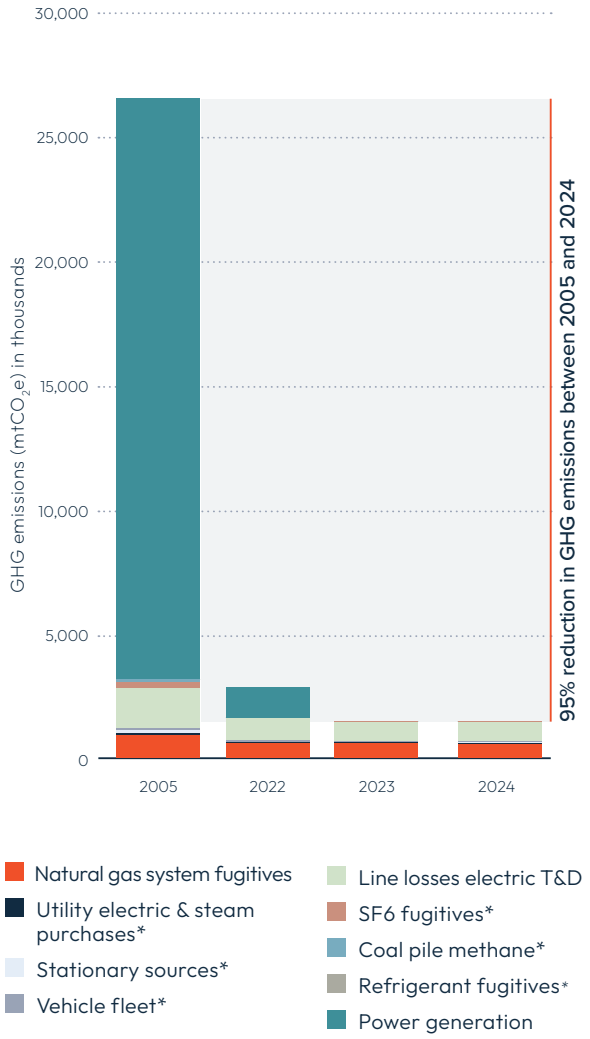
As a leader in low-carbon energy, PSEG has factored climate and weather impacts into our business decisions and investments since the early 1990s. We have a history of successfully meeting numerous GHG emissions reduction goals over many decades. We have achieved a 95% reduction in our current Scope 1 and Scope 2 operational emissions from our 2005 baseline. This has been accomplished through the retirement of older, inefficient coal-fired electric generation and older, inefficient simple-cycle combustion turbines, divesting the PSEG Power fossil plants, replacing our aging cast-iron and unprotected steel natural gas pipes with modern technology, replacing traditional fleet vehicles with hybrid/electric vehicles, upgrading our equipment that contains sulfur hexafluoride (SF_6), upgrading our electric transmission system and making energy efficiency upgrades to our facilities.

Our building efficiency upgrades have taken multiple years of work across 22 facilities. Those upgrades produced an emissions reduction of over 20,000 MT CO_2e per year and included converting old lights to LED fixtures, upgrading the HVAC systems to high efficiency models and the installation of new building management systems with energy monitoring and controls.

Retirement of Fossil Generation

Since 2005, PSEG Power retired fossil fuel-fired generating units including older, inefficient oil- and natural gas-fired peaking units, as well as our coal-fired power plants located in New Jersey and Connecticut. These closures resulted in the elimination of approximately 10 million metric tons of CO_2 from our 2005 baseline. The retirements, along with the divesture of the remaining fossil fuel-fired assets, resulted in PSEG's fleet consisting entirely of carbon-free nuclear power.

GHG emissions progress report (2005–2024)

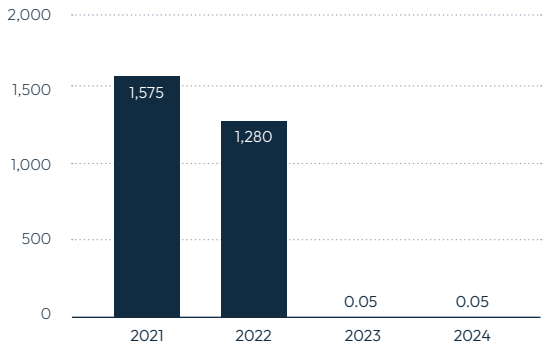


** GHG emissions too small to render clearly on chart.*

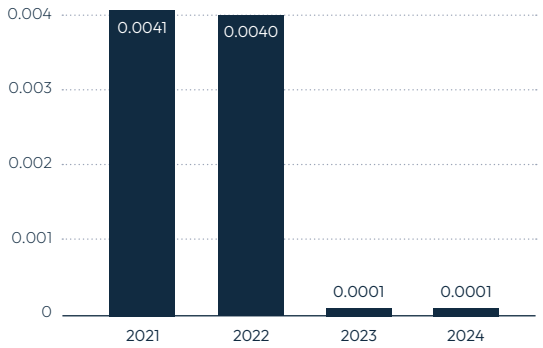
Non-GHG air emissions

Throughout the years, PSEG's work to reduce air emissions has gone beyond GHGs. In 1992, we voluntarily committed to reduce nitrogen oxide (NO_x) emissions at our then-owned New Jersey power plants by 80% by 2000. We were the first power company to effectively demonstrate the emission reduction efficacy of selective non-catalytic reduction (SNCR) on a wet-bottom, coal-fired boiler. In 2011, after a $1.4 billion investment in the technology, we began work to reduce emissions of NO_x, sulfur dioxide (SO_2) and particulate matter at our now-retired New Jersey coal plants. By 2023, PSEG fully divested its fossil-fuel generation portfolio, which has allowed us to redeploy resources – both financial and human – toward a more regulated business mix that strives to help New Jersey achieve its policy objectives and energy-related goals.

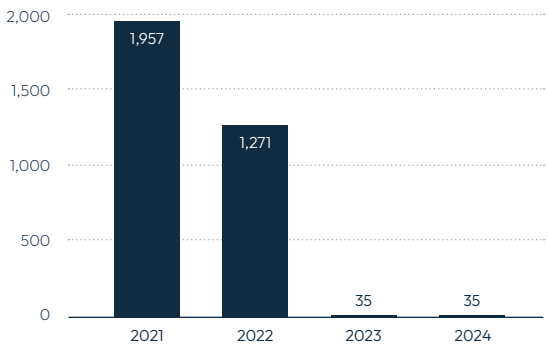
SO_2 Emissions (metric tons)



Hg Emissions (metric tons)



NO_x Emissions (metric tons)



PSEG's carbon-free nuclear fleet

For almost 50 years, PSEG has operated nuclear plants in southern New Jersey, providing millions of New Jersey homes and businesses with safe, reliable, affordable, carbon-free energy. Today, PSEG's nuclear plants are a critical part of New Jersey's energy mix. The plants produce about 40% of the electricity in New Jersey and make-up over 80% of the state's carbon-free generation.

PSEG Nuclear operates three nuclear plants, which are co-located on one site in Lower Alloways Creek in Salem County, New Jersey. We own approximately 57% of the two-unit Salem Generating Station and 100% of the Hope Creek Generating Station. Additionally, we co-own the Peach Bottom nuclear generating station in Delta, Pennsylvania.

The Salem Generating Station reactors began commercial operation in 1976 (Unit 1) and 1980 (Unit 2). The units obtained their first 20-year operating license renewals from the Nuclear Regulatory Commission (NRC) in 2011. In March 2024, PSEG notified the NRC of its intent to seek license renewals for the Salem Generating Station, Units 1 and 2, which, if approved, would extend their licenses from 2036 and 2040 to 2056 and 2060. These extensions will allow the facilities to continue to produce clean energy for decades to come. In recent years, our work with New Jersey and national leaders to preserve our nuclear facilities has been among the most important contributions to achieving New Jersey's energy goals.

In early 2025, the PSEG Board of Directors approved projects that together will expand Salem's capacity by approximately 200 additional MWe (MWe equals one million watts of electric capacity), or enough energy to power approximately 200,000 New Jersey homes each year. This uprate demonstrates how significant the plants are in New Jersey, particularly as New Jersey's demand for electricity continues to outpace in-state generation supply.

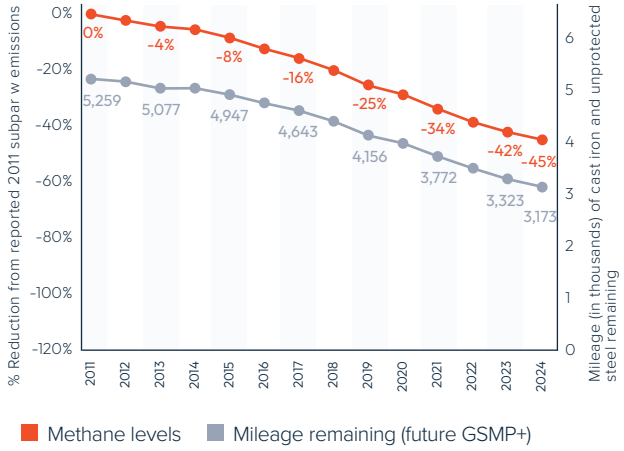
According to a 2020 Brattle report, PSEG's nuclear plants are the stimulus for more than $1.2 billion of economic activity each year in South Jersey. The plants also support more than 1,600 direct jobs, plus 1,000 contractors during scheduled maintenance and refueling outages throughout the year. PSEG Nuclear employees are integral to their communities. In addition to working to provide safe, clean and reliable energy, they are active participants in countless towns, counties and school districts, contributing volunteer hours to community organizations. They are coaches, educators, parents, caregivers and faith leaders.

We also recognize the importance of educating the public about nuclear energy and have been recognized for our community outreach efforts. In 2010, PSEG opened the Clean Energy Center, a Gold-level LEED (Leadership in Energy and Environmental Design) certified building that houses programs on electricity generation, climate change and nuclear energy. The facility, located near our generating stations in Salem, NJ, is available for student field trips, scouting and other interested groups and is free of charge for the local community's use.

Methane emissions

Curbing methane leaks from our natural gas distribution system is a priority. We are working toward this by replacing aging, leak-prone pipes with more modern materials through our Gas System Modernization Program (GSMP). By the end of 2024, PSE&G achieved a methane emission reduction of over 45% from 2011 levels.

Methane reduction and mileage of CI/US* inventory remaining



* Cast Iron / Unprotected Steel

Sulfur Hexafluoride (SF_6) Emissions

Sulfur hexafluoride is a synthetic fluorinated compound with an extremely stable molecular structure. Electric utilities rely on SF_6 in electric power systems for voltage electrical insulation, current interruption and arc quenching in the transmission and distribution of electricity.

Since 2016, PSE&G has increased the total size of our SF_6 gas-insulated system by approximately 100%, but with proper installation and maintenance, we have been successful at maintaining SF_6 emissions below US Environmental Protection Agency (US EPA) reporting thresholds. As cost-effective alternatives to SF_6 circuit breakers and gas-insulated substations become available, we will assess how we can integrate this equipment safely and reliably into our electric operations.

Clean Energy Solutions

As New Jersey's largest utility, PSE&G's investments in energy efficiency are helping to shape how energy is managed and consumed. By making investments in this area, we are working to stay on top of new technologies and continue providing programs that help make energy more understandable and affordable. PSE&G's Clean Energy Solutions (CES) team is driving these efforts for our company and the people who rely on our services.

The Clean Energy Future – Energy Efficiency program

In 2021, following approval by the New Jersey Board of Public Utilities, PSE&G launched the Clean Energy Future-Energy Efficiency (CEF-EE) program, one of the most significant advances in energy policy ever approved in New Jersey. CEF-EE builds on our long-standing efforts to modernize our utility's infrastructure, help customers manage and lower their energy bills, improve energy efficiency, reduce emissions, create jobs, and deliver lasting economic benefits across the state.

As part of the program, PSE&G introduced a comprehensive portfolio of energy efficiency programs designed to serve residential, multifamily, and business customers. These offerings provided customers with a range of options to manage and reduce energy use, save money, and reduce their carbon footprint— from home energy assessments and appliance rebates to commercial equipment upgrades and direct install services. The first triennium of the program concluded in December 2024, in alignment with New Jersey's statewide energy efficiency planning cycle.

Clean Energy Future – Energy Efficiency II program

In October 2024, the New Jersey Board of Public Utilities (NJBPU) approved the second triennium of our energy efficiency program, CEF- EE II, which began in January 2025 and runs through June 2027. This 30-month cycle builds on the success of CEF-EE I and continues to deliver comprehensive energy efficiency programs to residential and business customers that will help them save energy, reduce costs, and lower emissions. CEF-EE II also introduces two new initiatives that focus on building decarbonization and demand response along with expanded job training in emerging technologies like heat pump installations via our PSE&G sponsored Clean Energy Jobs Program.

We estimate these investments will create and sustain about 3,500 direct jobs each year in areas like equipment installation, technology services, and clean energy. Participants are expected to achieve approximately $4 billion in gross lifetime bill savings. Beyond that, CEF-EE II is designed to deliver real societal benefits, from helping low-income and overburdened communities to avoiding nearly 10 million metric tons of carbon dioxide emissions.

From October 2020 through September 2025, nearly 480,000 customers have actively participated in PSE&G's award-winning energy efficiency programs. Collectively, program participants are expected to save approximately $900 million annually on their utility bills.* These savings are the result of many program activities, including:

- More than 105,000 home energy assessments completed
- Nearly 350,000 smart thermostats sold via PSE&G Marketplace
- Approximately 150,000 rebates claimed for upgrades to energy-efficient appliances
- Approximately $940 million in rebates** delivered to help offset the cost of energy-saving upgrades and products
- More than 30,000 appliances recycled through the PSE&G recycling program.

These results reflect the combined impact of our energy efficiency efforts to date and underscore the program's continued contributions to New Jersey's energy goals.

* Retail bill savings are based on rate class averages for residential and small commercial customers

** The figure reflects one-time rebates provided to help offset the upfront costs of energy-saving upgrades and products for residential and business customers. The rebate amount is not included in the annual customer savings.

Clean Energy Future – Electric Vehicles (EVs)

PSE&G's Clean Energy Future – Electric Vehicle Program received approval from the NJBPU to invest $166 million to build out New Jersey's EV charging infrastructure. The EV program is designed to support the deployment of EV chargers across a wide range of customers and sectors including residential, mixed-use, and public DC fast charging. This program offsets the cost of make ready infrastructure needed to operate EV chargers.

Electric Vehicle Programs
$166M investment

Residential smart charging (single family homes)

Approximately $80M investment/40,000 chargers
Incentives include*:

- Up to $1,500 toward the behind the meter (BTM) installation of a residential Level 2 charger
- Up to $5,000 of pole to meter (PTM) utility service upgrades (if needed)
- Credit for charging during off-peak periods to help lower bills

Level 2 mixed-use charging (multi-family, government and publicly accessible)

Approximately $35M investment/875 sites/3,500 chargers**

Public DC fast charging (travel corridors and community locations)

Approximately $45M investment/300 sites/1,500 chargers
Incentives include*:

- Up to $100,000*** per site BTM installation costs for direct current fast chargers
- Up to $50,000 of PTM utility service upgrades (if needed)
- Demand Charge Rebates to help lower your electricity bill

* Some incentives may depend on participants' agreement to allow PSE&G to collect charging data

** The incentive is based on the number of chargers installed, offering up to $7,500 per charger installation for up to four chargers per site

*** The incentive is based on the number of chargers installed, offering up to $25,000 per charger installation for up to four chargers per site

The Clean Energy Jobs program

Launched in 2021, the Clean Energy Jobs program is a public-private workforce development initiative that is sponsored by PSE&G in partnership with the New Jersey Department of Labor and Workforce Development. The program has supported the hiring of more than 4,100 New Jersey residents to entry, mid, and senior-level positions in clean energy industries.

The program is designed to help expand the pool of qualified candidates and train New Jersey residents for careers in clean energy. It includes a recruitment initiative, a training initiative and a community-based vendor initiative that are focused on creating/expanding opportunities for suppliers and supporting New Jersey's economic development objectives.

The program also works in collaboration with more than 40 public, private, and community organizations throughout the state — helping to build a skilled workforce that supports both economic and environmental progress in New Jersey. A steering committee, composed of community advocates and our strategic hiring/recruiting partners, meets on a regular basis to drive program success. We also aim to use local businesses to support our activities, which has created additional jobs and spread the economic benefits of our work.

Climate-related risk management

Climate-related events introduce complex business risks. We strive to better understand and respond to the risks posed to our assets and operations, as well as to our employees, customers and the communities where we operate. Specific risks that we recognize may include:

- **Physical risks of climate change:** Severe weather or acts of nature, including hurricanes, winter storms, earthquakes, floods, wildfires and other natural disasters can stress systems, disrupt operation of our facilities, and cause service outages and property damage that require incurring additional expenses. In addition, the effects of climate change will have increased physical risks to our facilities and operations resulting from climate hazards.
- **Climate-related policy and regulation and changing consumer preferences:** Climate change may drive change to existing or create additional legislation and regulation that may impact our business and shape our customers' energy preference and sustainability goals. The impacts include potential changes in the use of natural gas and electricity due to electrification, and the need for additional generation to meet those electric needs. These factors could impact the need to invest in our electric and gas T&D systems and, therefore, our growth rate. Further, our business is subject to policy, regulatory, technology and economic uncertainties, including regulatory approvals required for our various investments that may affect planned investments and our ability to meet GHG emissions reduction or climate-related goals.
- **Competing technologies:** Federal and state incentives for the development and operation of renewable sources of power have facilitated the penetration of competing technologies, such as wind, solar and commercial-sized power storage. Additionally, the development of demand side management (DSM) and EE programs can impact demand requirements for electricity and natural gas markets. Further, the development of competing on-site power generation could also result in a reduction in anticipated growth, which could negatively impact our financial condition, results of operations and cash flows. Finally, advances in distributed generation technologies, such as fuel

cells, micro turbines, micro grids, windmills and net-metered solar installations, coupled with subsidies, may make them more attractive to customers. Such developments could (i) affect the price of energy, (ii) reduce energy deliveries as customer-owned generation becomes more cost-effective, (iii) require further improvements to our distribution systems to address changing load demands, and (iv) make portions of our transmission and/or distribution facilities obsolete prior to the end of their useful lives.

- **Financial risks:** To the extent financial markets view climate change and greenhouse gas (GHG) emissions as a financial risk, our ability to access capital markets could be negatively affected or cause us to receive less than favorable terms and conditions.

- **Legal risks:** We may be subject to climate change lawsuits that may seek injunctive relief, monetary compensation, penalties and punitive damages, including but not limited to damages related to mitigate harm caused by climate change. An adverse outcome could require substantial capital expenditures and possibly require payment of substantial penalties or damages. Defense costs associated with such litigation can also be significant and could affect the results of operations, financial condition or cash flows if such costs are not recovered through regulated rates.

Effectively managing the risks associated with climate-related events involves the collaboration of different executives across our business functions:

- **Enterprise Risk Management (ERM):** Our ERM team manages the corporate-level risk management process through the ongoing identification, assessment, mitigation, monitoring and reporting of risks. The Senior Vice President, Audit, Enterprise Risk and Compliance, owns the ERM process and serves as the chief risk, audit and compliance officer for PSEG. They are responsible for overseeing the strategic direction and driving continuous improvement of the enterprise risk, internal audit, ethics, and compliance functions.

- **Corporate Citizenship:** Within the Corporate Citizenship organization, the Federal Affairs and Sustainability teams serve as the internal resource for the organization on sustainability and climate-related issues.

- **Operations and services:** Senior managers from key areas within the organization contribute their expertise and insights to further our understanding of climate-related risks and opportunities. These areas include electric and gas operations, asset management, clean energy solutions, legal and finance.

- **Environmental law:** Our legal team informs the business on the legal implications of key court decisions or regulatory actions.

The ERM process provides a strong foundation for our climate adaptation and mitigation activities. In collaboration with the efforts of the Corporate Citizenship group, the ERM team incorporates best practices to promote the effective management of climate risks, inform the allocation of capital, support strategic growth and achieve our long-term business objectives at acceptable levels of risk.

We continue to assess the physical risks of climate change and adapt our capital investment program to improve system reliability and resiliency, even in the face of more frequent and severe weather events.

Looking ahead: Future considerations for NJ

At PSEG, we strive to balance factors like energy affordability, everyday reliability and the need to protect our assets and communities from the impact of extreme weather events. That need for balance is underscored by a July 2025 poll conducted by Stockton University that found that 60% of New Jerseyans said it is important that New Jersey takes steps to meet clean energy goals and become carbon neutral by 2035. The same poll also found that most New Jerseyans think energy affordability must be a key priority. This sentiment was reinforced in an October 2025 poll conducted by Fairleigh Dickinson University that found, by a 3 to 1 margin, New Jersey voters support the construction of new natural gas power plants to address the affordability crisis, at least as a bridge until other types of power can be brought online.

Our approach focuses on conducting business and making long-term resiliency and reliability investments that are prudent in a changing landscape, which includes the recent increase in electric demand and supply shortage across the wider region and the more frequent and severe storms that have been impacting our region. New Jersey, a net importer of electricity, faces important policy questions in the coming years about how best to insulate state residents from the cost increases associated with meeting the additional demand. We will continue to partner with state leaders to find solutions that best meet the reliability, affordability, and environmental needs of our customers and communities.