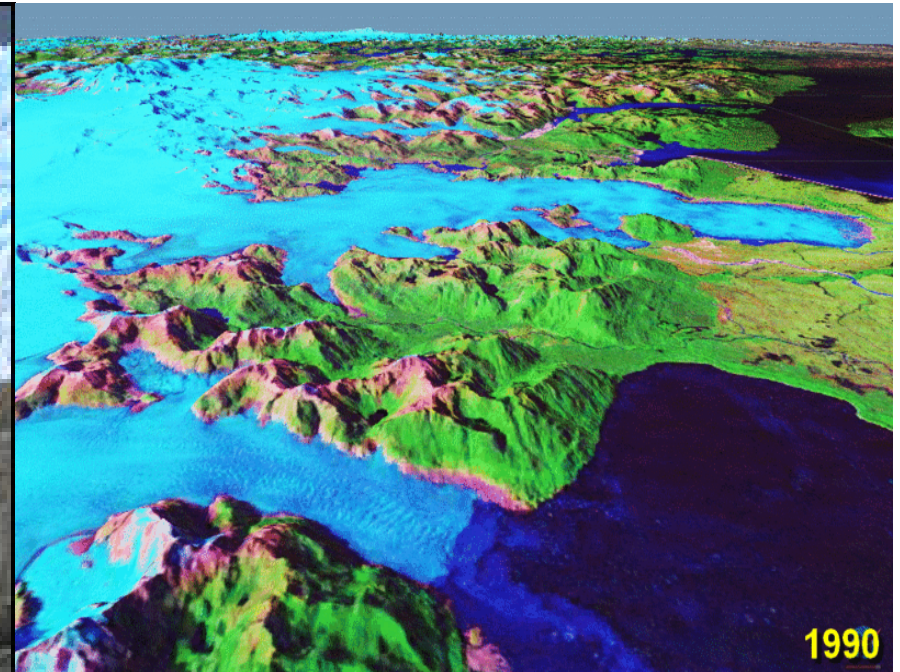

PSE&G's Renewables and Energy Efficiency Initiatives NJ Clean Energy Conference

Alfredo Z. Matos
VP Renewables & Energy Solutions
October 17, 2008



Our Commitment




PSE&G is committed to providing energy efficiency services and renewable energy. We believe that society must begin to decarbonize the electric system and, as it continuously cleans up energy, it should electrify the transportation sector. We believe that global climate change represents a real environmental threat and significant business challenge, as well as the opportunity for visionary companies.



Energy Master Plan and RGGI Law - Meaningful Opportunities for Creating Green Ratepayer Value

20% reduction in energy consumption by 2020

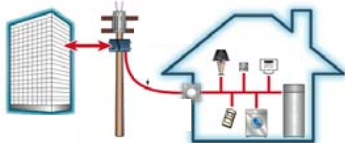


Energy Efficiency

State: 20,000 Gwhr by 2020
 PSE&G: 12,000 Gwhr by 2020

State: 1,040 million therms by 2020
 PSE&G: 676 million therms by 2020

Reduce Peak demand by 5,700 MW by 2020



Demand Response

State: 5,700 MW by 2020
 PSE&G: 3,420 MW by 2020

By 2020 20% of energy supply will come from renewable sources



Renewables

State: 3,600 MW by 2020
 PSE&G Load: 1,940 MW by 2020

Solar Carve Out (2.12%):
 State: 1,500 MW by 2020
 PSE&G: 810 MW by 2020

To achieve success we must move from pilots to aggressive initiatives and invest in facilities and systems in ways that demonstrate our commitment to a sustainable future. It will take a paradigm shift!



A Paradigm Shift

- **This challenge – to meet the State’s goals and turn the tide of climate change – can only be accomplished if we work together in an expedited manner to achieve the results.**

**All Hands on Deck
Time is of the Essence**

- **A partnership of Utilities – BPU - Div of Rate Counsel – State Gov’t – Solar Industry – Energy Companies – Suppliers – Citizens of NJ**
- **Need access to energy efficiency & renewable initiatives, technology and capital**

PSE&G's Carbon Abatement Filing (\$46MM)

- Residential customers in Urban Enterprise Zones
 - Tune-Up Program in targeted neighborhoods:
 - Energy audit, thermostat, weather stripping, CFLs
 - Attic insulation, duct sealing and/or insulation
 - Install programmable thermostats and provide CFLs as part of routine utility-related gas service calls
- Small business customers in UEZs – audit and direct installation of energy efficiency measures
- Large Customer Technology Demonstration
- Hospital Efficiency – audit and financial incentives

20% reduction in energy consumption by 2020



Energy Efficiency

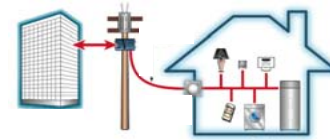
Pending approval from the Board of Public Utilities



PSE&G's Demand Response Filing (\$93MM)

- Residential Customers
 - Central Air Conditioner Cycling
 - Replace existing equipment
 - Increase program enrollment
 - Pool Pump Load Control
- Small Commercial A/C Cycling
- C&I Curtailment Services – investments in installation of infrastructure to enable demand response
- Load Shifting Demonstrations

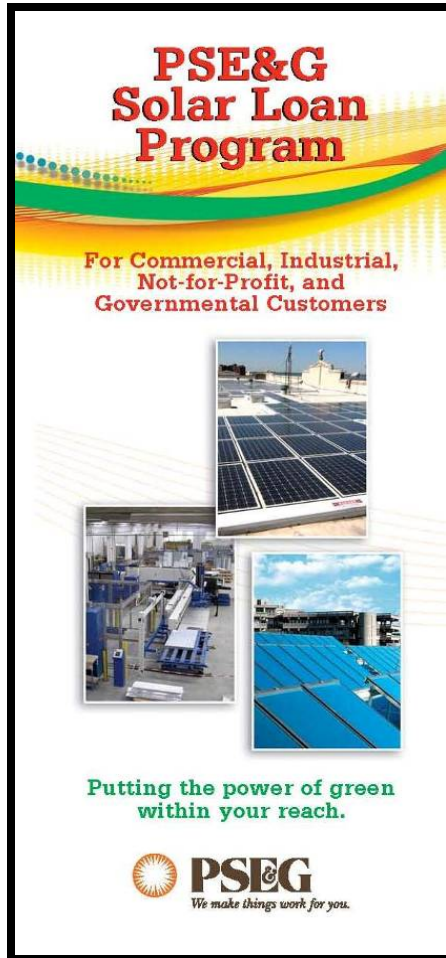
Reduce Peak demand
by 5,700 MW by 2020



Demand Response


Pending approval from the Board of Public Utilities

Pilot Solar Loan Program




**PSE&G
Solar Loan
Program**

For Commercial, Industrial,
Not-for-Profit, and
Governmental Customers



Putting the power of green
within your reach.



PSE&G
We make things work for you.

- Two-year pilot program limited to 30MW
- PSE&G will provide ~ \$105MM in secured loans to qualified borrowers
- PSE&G provides 40-60% of total capital for system
- Borrower can pay back in SRECs with secured SREC pricing
- Call option price is 75% of then current market value of SRECs if loan is prepaid
- Since mid-April, received applications totaling 45% of available non-residential solar capacity (24MW)
- Program opened to residential applications - July (6MW)

By 2020 20% of energy supply
will come from renewable
sources



Renewables

Currently evaluating ways to expand this
program beyond 30 MW



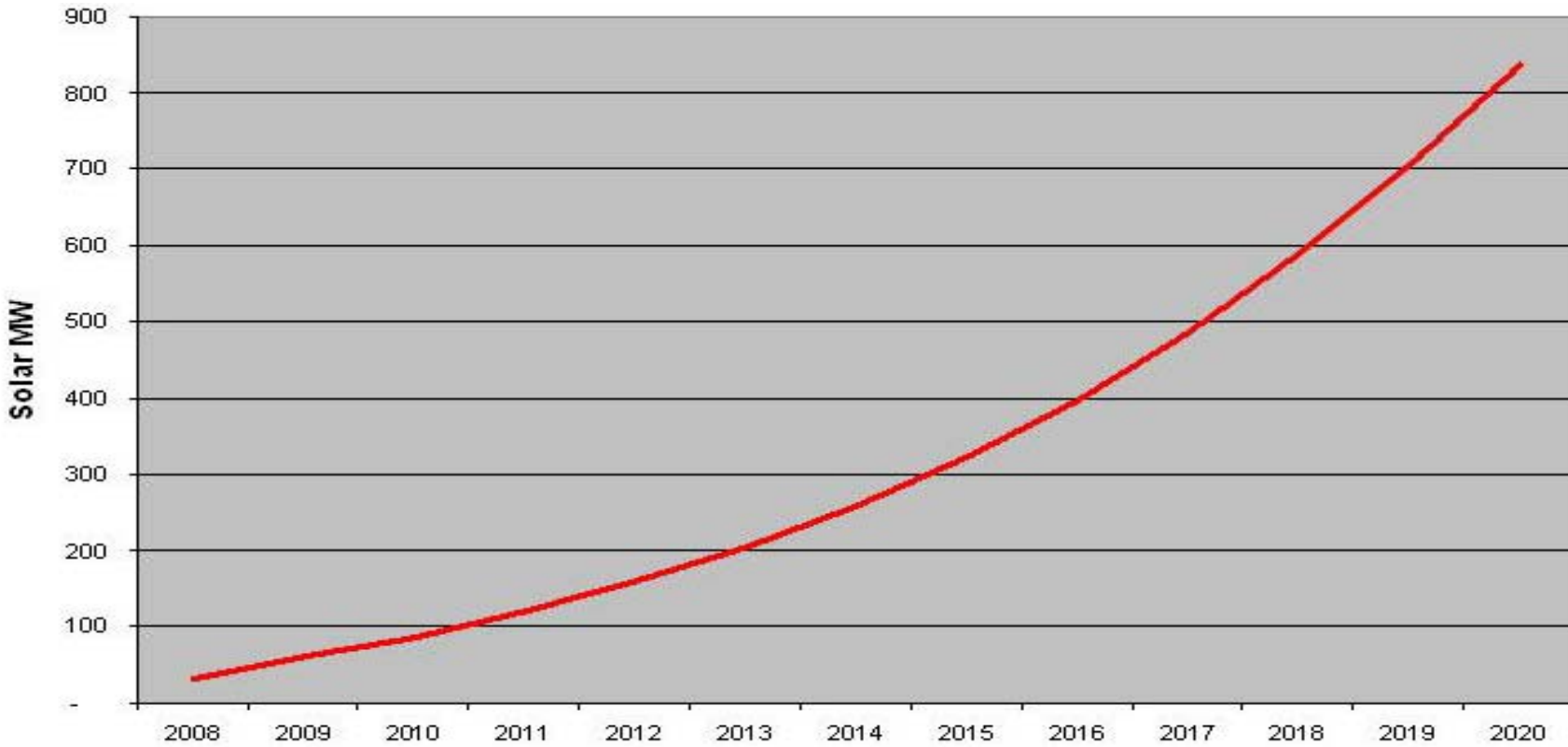
NJ Solar RPS – 2.12 %

By 2020 20% of energy supply will come from renewable sources



Renewables

Total PV Capacity Identified in PSE&G Service Area to Meet 1500MW State Goal



Are we going to make it?

Investing in Green Needs Timely Action

Initiatives PSE&G is investigating:

- Carbon abatement phase II
 - Complements OCE
- Solar loan program phase II
 - Expand
- Utility Owned Solar
 - Pole-top solar
 - Centralized solar generation
 - Distributed solar generation on government roofs
- AMI-enabled pricing programs (tied to load control)



Longer Term

- Urban wind turbines
- AMI enabled PHEV
- Fuel cells



Summary



- **A paradigm shift is required to substantially invest to create a sustainable world**
- **Market forces need strong signals to invest in this sustainable world**
- **Utilities are well positioned to make these investments while providing a societal benefit**
 - In partnership with BPU, Div of Rate Counsel, State Gov't
 - Deploying patient capital for investments as market transitions
 - Creation of new “green” sources of energy
 - Potential for green job growth
 - Commitment to customers; serving under-served markets