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March 1, 2022

IN THE MATTER OF THE IMPLEMENTATION OF P.L.
2018, c. 17 REGARDING THE ESTABLISHMENT OF
ENERGY EFFICIENCY AND PEAK DEMAND
REDUCTION PROGRAMS, ET SEQ. ("EE FRAMEWORK")

DOCKET NOS. QO19010040, QO19060748 AND QO17091004

and

IN THE MATTER OF THE PETITION OF PUBLIC
SERVICE ELECTRIC AND GAS COMPANY FOR
APPROVAL OF ITS CLEAN ENERGY FUTURE -- ENERGY
EFFICIENCY ("CEF-EE") PROGRAM ON A REGULATED BASIS

DOCKET NOS. GO18101112 AND EO18101113

VIA ELECTRONIC MAIL ONLY

Aida Camacho-Welch, Secretary
NJ Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350

Re: Docket No. QO19010040, QO19060748, QO17091004 - EE and PDR Program Quarterly Progress Report
PY22Q2 – Public Service Electric and Gas Company

Dear Secretary Camacho-Welch:

In accordance with the June 10, 2020 Order of the New Jersey Board of Public Utilities ("Board") in the above-referenced EE Framework proceeding, and the Board's September 23, 2020 Order in the above-referenced Public Service Electric & Gas Company Clean Energy Future – Energy Efficiency proceeding, PSE&G is hereby submitting the enclosed EE and PDR Program Quarterly Progress Report PY22Q2.

Copies of this report will be served upon all entities legally required to be noticed. Service will occur via e-mail, only, pursuant to the Board's March 19, 2020 Order in Docket No. EO20020254.¹ The report and attachments will also be e-mailed to the persons identified on the service list associated with this report.

Very truly yours,

A handwritten signature in blue ink that reads "Matthew Weissman".

Matthew M. Weissman

CC: Service List

¹ *In the Matter of the New Jersey Board of Public Utilities' Response to the Covid-19 Pandemic For a Temporary Waiver of Requirements for Certain Non-Essential Obligations*, Docket No. EO20030254, p 3 (March 19, 2020 Order).

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR
APPROVAL OF ITS CLEAN ENERGY FUTURE – ENERGY EFFICIENCY (“CEF-EE”) PROGRAM ON A
REGULATED BASIS

BPU DOCKET NOS. GO18101112 and EO18101113

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March 1, 2022

DOCKET NOS. QO1901040, QO19060748 & QO17091004 (June 20, 2020 Framework Order) and GO18101112 & EO18101113 (PSE&G's Clean Energy Future-Energy Efficiency Settlement Order)

Dear Secretary Camacho-Welch:

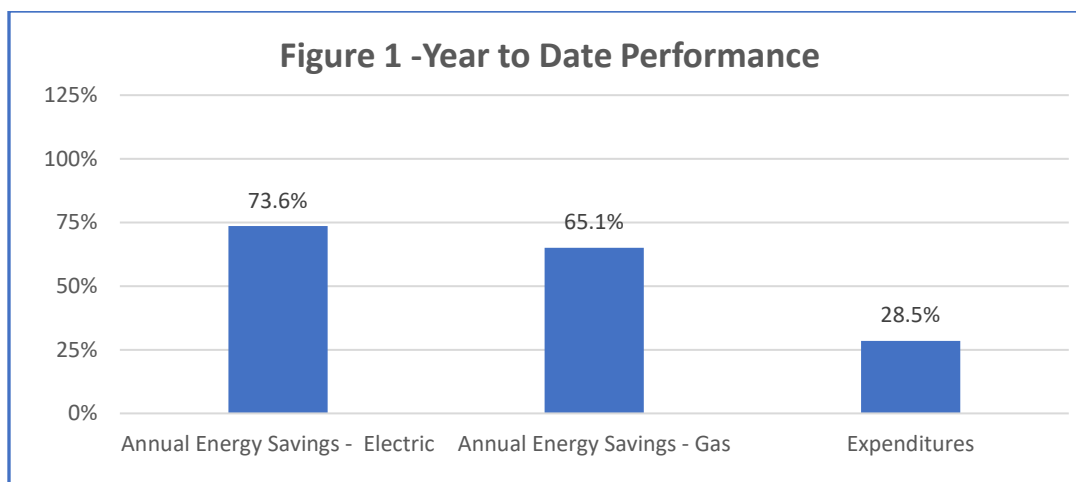
Pursuant to the Board's current filing procedures, herein is the Quarterly Progress Report for the second quarter of Program Year July 2021 through June 2022 ("PY22") of Public Service Electric and Gas Company ("PSE&G" or "Company") with respect to its Clean Energy Future – Energy Efficiency Program, pursuant to Clean Energy Act of 2018 Energy Efficiency ("EE") and Peak Demand Reduction ("PDR") Programs.

Energy Efficiency Program Progress - Executive Summary:

PSE&G is pleased to report that it has seen substantial growth in energy savings through the second quarter, driven by strong growth in the residential sector. The CEF-EE program portfolio has delivered over 225 thousand MWh and 603 thousand dekatherms of savings in the quarter, with Program Year to Date savings of 323 thousand MWh and 809 thousand dekatherms. The Company's residential sub-programs continue to ramp up quickly and we continue to see strong interest from C&I customers and are seeing a ramp up of savings from those programs. The Company has initiated several new marketing and advertising channels to raise awareness of its programs to different market segments, and it continues to expand its Trade Ally networks to serve growing demand for its programs.

Additionally, the Company was recently given the "Star of Energy Efficiency" award from the Alliance to Save Energy in recognition of its efforts to make New Jersey hospitals and apartment buildings more energy efficient.

Figure 1 shows that program year to date electricity savings is just under 74% of the PY22 annual savings goal, program year to date natural gas savings is just above 65% of the PY22 annual savings goal, and program year to date spending is just under 29% of the PY22 expenditure target.



Clean Energy Jobs Program - Clean Energy Jobs Program - The PSE&G Clean Energy Jobs Program has reached more than 475 hires at the end of the quarter. Recruitment is underway for the second cohort of trainees in the On-the-Job Training program. It provides a living wage while trainees participate in a six-month curriculum designed to provide interpersonal and technical skills necessary for certain entry-level clean energy positions in high demand. In addition, the second cohort of small business training in conjunction with the African American and Hispanic Chambers of Commerce is underway. The Supplier Diversity Mentorship pilot developed in conjunction with Rutgers Business School is underway to provide minority companies with greater opportunities to do business with PSE&G and improve their business operations.

COVID related issues – PSE&G continues to see supply chain constraints due, in part to COVID impacts on employee availability, and employee vaccine & testing requirements. While upstream constraints at ports of entry are showing signs of easing, downstream distributors and retailers are still observing delays in receiving equipment due to worker shortages in trucking, warehousing, and delivery. The Company also continues to see customer hesitancy to execute projects due to COVID concerns. Trade Allies continue to report increases in material and equipment costs, and extensive delays for HVAC equipment delivery.

PSE&G employees and its contractors are continuing to follow PSE&G's COVID related safety requirements, which include wearing a face mask at all times while in a customer's home or place of business.

Statewide Coordination - As discussed in the prior quarterly report, the joint utilities had identified a constraint issue of approved budgets between gas and electric utilities that share a service territory and have submitted a petition for consideration with a proposed solution for the first program cycle of the utilities' energy efficiency programs. Discovery questions have been submitted by both Rate Counsel and BPU staff, which the utilities have responded to. PSE&G remains concerned that it may be forced to suspend or curtail some programs without interim authority or a final Order that addresses this concern. The Company is beginning to see specific constraints arise from partner utilities. For example, PSE&G, NJ Natural Gas, and Elizabethtown Gas were formally notified by JCP&L of a budget shortfall with its shared Efficient Products Program, but indicated it adjusted its Program funding upward to resolve the projected shortfall. However, this adjustment does not provide long term assurance of available funding of its Efficient Products Program. Additionally, the Company has also notified Rockland Electric and

Atlantic City Electric of exceedances of their Initial Program Funding requests for their Efficient Products program for both companies, and for the Direct Install program for Rockland Electric. The Company is working with both utilities to resolve these exceedances, but at this time cannot guarantee that we will not need to scale back or close programs as a solution.

The joint utilities continue to hold regular meetings with its SWC vendor to develop the platform needed to accurately share cost and energy savings information between utilities. However, as of the date of this report, the SWC system is not yet fully tested and operational, therefore the utilities have not yet transferred information for expenditures and energy savings that a Lead utility has secured for the Partner utility. As discussed during UWG meetings, Lead utilities are supporting the incentives for comprehensive projects that address both fuels with the intention to transfer all information through the SWC when the system is operational and integrated with each utility's program management software and tracking system. Accordingly, the information reflected within this quarterly report reflects all investments made for approved energy efficiency programs, including investments made by PSE&G as the Lead utility on behalf of a Partner utility. Energy savings shown within this report reflect all electric and natural gas savings from projects led by PSE&G.

Tropical Storm IDA Incentives –The Company offered enhanced incentives to customers located in a FEMA disaster area. Enhanced incentives were offered for eligible equipment purchased from the date of Ida, September 1, 2021 through to November 15, 2021, with applications accepted up to 120 days after purchase. The enhanced incentives were offered through PSE&G's core program offerings. As of December 31, 2021, 73 residential customers received enhanced incentives through the Retail Appliance program, and three residential customers received enhanced incentives through the HVAC instant rebate program. Thirty-six C&I customers received enhanced incentives through the prescriptive program through December. Total IDA incentives provided to customers is approximately \$188,000.

Table 1 – Quarterly Progress Table

Electric

	Current Quarter Retail Savings ¹	YTD Retail Savings ²	Current Quarter Wholesale Savings ³	Energy Efficiency Baseline (MWh) ⁴	YTD Savings as Percent of Baseline	Annual Utility Retail Savings Target (MWh)	Percent of Annual Target Achieved
Annual Energy Savings (MWh)	225,268	323,174	246,198	40,538,874.17	0.80%	439,367	73.6%
Lifetime Savings (MWh)	3,031,893	4,280,674	3,313,585				
Annual Demand Savings (MW)	18.60	27.53	30.09				
Low/Moderate-Income Lifetime Savings (MWh) ⁵	326,092	407,649	356,389				

Small Commercial Lifetime Savings (MWh) ⁶	670,098	872,524	732,356				
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Natural Gas

	Current Quarter Retail Savings ¹	YTD Retail Savings ²	Current Quarter Wholesale Savings ³	Energy Efficiency Baseline ⁴	YTD Savings as Percent of Baseline	Annual Utility Retail Savings Target (DTh)	Percent of Annual Target Achieved
Annual Energy Savings (DTh)	602,900	808,564	658,916	359,267,082	0.23%	1,242,591	65.1%
Lifetime Savings (DTh)	4,530,360	6,200,190	4,951,274				
Low/Moderate-Income Lifetime Savings (DTh) ⁵	571,730	1,273,265	624,849				
Small Commercial Lifetime Savings (DTh) ⁶	7,987	7,987	8,729				

¹ Calculated savings at the retail (customer meter) level. Savings are estimated from participation counts and TRM calculations, where applicable.

² Encompasses all ex-ante savings for plan year, including prior period adjustments.

³ Wholesale savings at the gross wholesale level include retail savings plus marginal line losses, using approved line loss factor in utility's tariff grossed up by 1.5, per the Avoided Cost Methodology in the NJ Cost Test. Natural gas wholesale savings are adjusted to account for losses, as approved in PSE&G settlement

⁴ Calculated as average actual annual usage in the prior three Program year periods

⁵ Low/Moderate-Income lifetime savings are the total of Comfort Partners, or any income-qualified Residential or Multi-Family program.

⁶ Small Commercial lifetime savings are Direct Install program savings and those from C&I small business customers (<200 kW peak demand) in other programs.

Sector-Level Participation, Expenditures, and Annual Energy Savings

Residential Sector Summary

PSE&G's Residential programs delivered 249,972MWh of electric and 806,286 dekatherms of natural gas savings year to date, approximately 97% of the electric and 97% of the natural gas Program Year 1 targets. The savings were largely driven by the lighting portion of the Efficient Products program. Other residential programs began to deliver savings as awareness grew and scheduled appointments were fulfilled. The Company expects that these other programs will have greater contributions to the sector's savings in the upcoming quarters.

As mentioned in the Executive Summary, Trade Allies continue to express concerns about delays in product availability, in particular for high efficiency HVAC and water heating equipment, as well as price

increases in equipment and material that is available. Despite these headwinds, the Company has been able to increase participation in residential programs between the first and second quarter, and the Company continued its marketing efforts on programs less impacted by supply chain issues. Specific program results include the following:

- The Efficient Products program delivered 209,992MWh and 675,181 dekatherms of savings over the first two quarters, driven by 103,212 MWh of electric savings from the mid-stream lighting channel, which reflects about twice the sales in Q2 compared to Q1. There are over 420 stores with markdowns in place in PSE&G's service territory as of December. Customers can now utilize an online lookup tool on the program website to find participating retail locations with instant discounts, and point of purchase promotional material has been placed in all stores.

Retail appliance rebates have several pathways for participation; instant rebates at participating retail locations, in-store coupon at participating locations, and post purchase online/mail in rebates. Participation pathways vary by products, and customers utilized all pathways in Q4.

The Appliance Recycling segment of the program expanded to execute its first agreement with a midstream recycling partner, and began to pick up eligible equipment from second hand stores to remove additional older appliances from the market. Over 3,300 items have been picked up for recycling.

The HVAC segment of this program have been actively recruiting contractors and distributors to the program, and has 82 approved contractors and 18 distributors as of December. An on-line application portal, which streamlines the rebate application process for participating contractors, was launched in Q4, which helped fuel significant growth between Q1 and Q2. Customers can also utilize an online look up tool on the program website to find participating contractors.

The on-line Marketplace segment of the program has continued to see strong sales over the year and over the first two quarters of the program year, driven by sales of smart thermostats, with lighting also contributing strong results. Focused marketing efforts leading up to Black Friday/Cyber Monday in November resulting in strong sales over this period as well.

The Welcome Kits segment of this programs provides free welcome kits to new residential customers. Kits have been delivered to over 183,000 customers over the first two quarters.

- The Existing Homes Program delivered 1,783 MWh and 14,793 dekatherms of savings over the first two quarters, driven by strong growth under the Quick Home Energy Checkup portion of the Program, with an increase in average monthly appointments from 226 per month in Q1, to 780 per month in Q2. The Company did face some outreach barriers as many municipalities did not grant canvassing permits, which is an important outreach strategy for the QHEC program. The Company was able to leverage other channels such as digital ads, steaming audio and utility channels such as bill insert to overcome this barrier.

The Home Performance with Energy Star portion of the Program also saw strong growth, with participation almost doubling between the first and second quarters, growing from 40 projects completed per month in Q1 to over 90 projects per month in Q2. Additionally, about 83% of participants utilized PSE&G's on-bill repayment program to cover their portion of the project.

- The *MyEnergy* Behavioral Program delivered 22,848 MWh and 115,681 dekatherms of savings over the first two quarters. Nearly 2.9 million paper reports and 4.3 million digital reports were delivered to customers over the reporting period.

- The Income Eligible Program (Home Weatherization) delivered 15,349 MWh and 14,793 dekatherms of savings over the first two quarters. The program began utilizing census track data to simplify the eligibility confirmation process. This improvement helped drive a 61% increase in scheduled appointments between Q1 and Q2. Customers found to be ineligible for this programs are being re-routed to other programs. Additionally, as another channel in the program, EE measures are being offered to food banks and other community organizations for free distribution. The Company saw higher demand than expected. Over 100,000 kits have been distributed year to date.

Commercial and Industrial (C&I) Sector

PSE&G's C&I Programs delivered 72,880 MWh of electric savings and 724 dekatherms of natural gas savings over in the first two quarters, approximately 42% of the electric Program Year 1 target and less than 1% of the natural gas savings target. The Company's C&I programs saw a significant increase in project throughput during Q2, including a greater than 3x increase in delivered electric savings from the previous quarter. The Company continued to see consistent performance for transactional programs.

The C&I sector continued to see COVID related delays stemming from lingering supply chain and manpower issues, with increased uncertainty over the effect of the recently surging Omicron variant of the virus. Customer hesitancy to move forward with projects due to COVID concerns is impacting the pace of completion. Previously identified issues resulting from COVID continue, with cash flow and equipment shipment and delivery delays being the most prevalent.

Specific program results include the following:

- The Prescriptive program delivered the greatest amount of savings during the first two quarters, 55,019 MWh of electric savings and 295 dekatherms of natural gas savings, with 47,878 MWh being delivered through its mid-stream lighting channel, and 7,141 MWh through its other channels. The Company continues to see growth in the Trade Ally (TA) network, with certified TAs growing from 120 to 181 including Distribution partners.
- The C&I Small Non-residential Efficiency (Small Business Direct Install) Program delivered 17,327 MWh and 132 dekatherms of savings during the first two quarters. The growth in savings is primarily attributed to the Company delivering 38,321 Small Business Kits to qualifying customers which included a power strip and two examples of commercial lighting along with program brochures and an eligible product guide. The Trade Ally network of energy efficiency service providers also grew 257% from the previous reporting period, going from 7 to 25 certified Trade Allies.
- The Engineered Solutions Program has not yet completed any projects. The Company continues to receive applications from dozens of customers with many projects in the initial audit phase of the program, and some projects under construction. We expect to see results from some projects during Q3.
- The C&I Custom Program delivered 534 MWh of electric savings and 296 dekatherms of natural gas savings over the first two quarters. The pipeline for Custom projects also grew significantly leading to 27 additional projects.
- The C&I Energy Management Program did not deliver any savings during the reporting period. Outreach to multiple large customers is underway to develop energy savings projects within the Program.

Multifamily sector

The Company's Multifamily Direct Install (DI) program installs low cost high efficiency measures at no cost to the resident. The Multifamily DI program delivered 322 MWh and 1,554 Dekatherms of savings during the first two quarters. The Program team has reached out to property owners and managers representing over 51,000 units, however, the increase in COVID cases during Q2 has caused some building managers to delay implementation of the program.

Table 2 – Quarterly Sector-Level Participation

Sector ¹	Current Quarter Participants	YTD Participants	Annual Forecasted Participants	Percent of Annual Forecast
Residential	2,135,016	3,613,607	2,492,714	145.0%
Multifamily	1,199	1,244	13,110	9.5%
C&I	555	913	2,245	40.7%
Reported Totals for Utility Administered Programs	2,136,770	3,615,764	2,508,069	144.2%
Comfort Partners ²	608	1,249	4,280	29.2%
Utility Total	2,137,378	3,617,013	2,512,349	144.0%

¹ Please note that these numbers are totals across all programs within a sector. The appendix shows the participation numbers for individual programs.

² Comfort Partners, the primary program serving low-income customers, is co-managed by the Division of Clean Energy in conjunction with PSE&G and the other investor-owned electric and gas utility companies.

Program Expenditures

Program expenditures through two quarters continue to reflect the ramp up delivery of all programs over time, building program awareness, adding new contractors and trade allies to it qualified list, and completing project designs for C&I customers. Only the Comfort Partners program spending reflects a steady state of quarterly expenditures relative to the Program Year budget.

Table 3 – Quarterly Sector-Level Expenditures

Expenditures ¹	Current Quarter Expenditures (\$000)	YTD Expenditures (\$000)	Annual Budget Expenditures (\$000)	Percent of Annual Budget
Residential	\$32,697	\$47,234	\$88,478	53.4%
Multi-Family	\$558	\$914	\$3,548	25.7%
C&I	\$13,123	\$18,959	\$170,980	11.1%

Reported Totals for Utility Administered Programs	\$46,378	\$67,107	\$263,006	25.5%
Comfort Partners	\$5,189	\$9,624	\$24,128	39.9%
Utility Total	\$51,568	\$76,731	\$287,134	26.7%

¹ Expenditures include rebates, incentives, and loans, as well as program administration costs allocated across programs.

Program Savings

The Residential sector has seen the strongest performance relative to its targets so far, primarily due to the transactional nature of the programs, and the swift growth in several programs. Additionally, the Comfort Partners program has been an on-going for over a decade, so the results represent a steady state, mature program. The Company saw growth in the C&I sector as well, and expects to see the sector to pick up in the latter half of the Program Year as more complex projects are completed.

Table 4 – Quarterly Sector-Level Annual Energy Savings

Electric

Annual Energy Savings ¹	Current Quarter Retail MWh	YTD Retail MWh	Annual Target Retail MWh	Percent of Annual Target
Residential	170,726	249,972	257,823	97.0%
Multi-Family	302	322	8,731	3.7%
C&I	54,240	72,880	172,813	42.2%
Reported Totals for Utility Administered Programs	225,268	323,174	439,367	73.6%
Comfort Partners	568	1,172	3,485	33.6%
Utility Total	225,836	324,346	442,852	0.7324

Natural Gas

Annual Energy Savings ¹	Current Quarter Retail (D-th)	YTD Retail (D-th)	Annual Target Retail (D-th)	Percent of Annual Target
Residential	600,746	806,286	833,484	96.7%
Multi-Family	1,431	1,554	(7,259)	-21.4%
C&I	724	724	416,365	0.2%

Reported Totals for Utility Administered Programs	602,900	808,564	1,242,591	65.1%
Comfort Partners	3,955	7,966	18,665	42.7%
Utility Total	606,856	816,530	1,261,256	0.6474

¹ Annual energy savings represent the total expected annual savings from all energy efficiency measures within each sector.

Portfolio Expenditures Breakdown

For the first two quarters, PSE&G's energy efficiency programs had approximately \$85 million in total expenditures. Overall spending reflects the initial ramp up of customers into the various programs. Marketing spending are trending beyond the original budget in order to increase awareness of the programs. Capital cost spending is driven by the Company's IT projects, bringing additional elements of its new tracking system on line, as well as other IT projects that will enhance the customer experience when interacting with PSE&G via its customer service center, digitally, or through social media.

Table 5 – Quarterly costs and budget variances by category ¹

Total Utility EE/PDR	Quarter Reported (\$000)	YTD Reported (\$000)	Full Year Budget (\$000)	Percent of Budget Spent
Capital Costs	\$9,207	\$13,575	\$20,222	67.1%
Utility Administration	\$2,126	\$4,104	\$42,924	9.6%
Marketing	\$2,266	\$4,456	\$2,208	201.8%
Outside Services	\$18,289	\$31,319	\$0	N/A
Rebates	\$25,215	\$30,113	\$125,180	24.1%
No- or Low-Interest Loans	\$87	\$87	\$98,203	0.1%
Evaluation, Measurement & Verification ("EM&V")	\$330	\$590	\$4,732	12.5%
Inspections & Quality Control	\$533	\$979	\$5,523	17.7%
Utility EE/PDR Total	\$58,053	\$85,223	\$298,992	28.5%

¹ Totals do not include expenditures at the portfolio level. PSE&G's full year budget reporting categories, established with the approved settlement of PSE&G's CEF-EE Program, did not align with the current reporting categories. The Company has worked to align Full Year Budget values with current reporting. All reported actuals are aligned with current reporting categories.

Equity Metrics

PSE&G continues to work with Board staff on the development of Equity Metrics. Information is not available for this current reporting cycle, but key agreed-upon metrics are expected to be addressed in future reporting within this triennial.

PSE&G is pleased to provide the results contained in this report and the detailed spreadsheet that accompanies this report. The Company looks forward to continued collaboration with Board Staff, Rate Counsel, and other stakeholders in achieving the State's aggressive energy savings goals. Please contact the undersigned should you have any questions or concerns regarding this report.

Sincerely,

Matthew M. Weissman

Appendix A

Sector	Program	Sub-Program	Participant Definition as Lead Utility
Residential	Efficient Products	On-line Marketplace	Quantity of units sold (based on SKU), net of returns
		Residential Lighting - Midstream	Quantity of units sold (based on SKU), net of returns
		HVAC	Quantity of HVAC units sold
		Appliance Recycling	Count of visits to a premise to pick up equipment
		Appliance Rebates	Quantity of units rebated (based on SKU)
		Energy Efficiency Kits	Count of kits delivered to customers
	Existing Homes	Home Performance with Energy Star	Count of completed projects
		Quick Home Energy Checkup	Count of completed visits
	Behavioral	Behavioral	Count of treatment group customers at the end of the reporting period quarter
	Income Eligible	Income Eligible – Home Weatherization	Count of completed projects Count of kits distributed
Commercial and Industrial	C&I Direct Install	Direct Install	Count of applications/projects completed
	Prescriptive	Prescriptive	Count of applications/projects completed
	Engineered Solutions	Engineered Solutions	Count of applications/projects completed
	Custom	Custom	Count of applications/projects completed
	Energy Management	Energy Management	Count of applications/projects completed
Multifamily	Multifamily	Multifamily (Direct Install)	Count of units with completed visits
		Home Performance with Energy Star	Count of projects completed, which are based on buildings
		C&I Prescriptive	Count of applications/projects completed with property owner
		C&I Custom	Count of applications/projects completed with property owner
		Engineered Solutions	Count of applications/projects completed with property owner