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October 16, 2023

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

Sherri Golden, Board Secretary
NJ Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Trenton, NJ 08625-0350

Re: Docket No. QO19010040, QO19060748, QO17091004 - EE and PDR Program Quarterly
Progress Report PY23Q4 – Public Service Electric and Gas Company

Dear Secretary Golden:

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 PY23Q4.

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, appearing to read "Danielle Lopez", written over a white background.

Danielle Lopez

Attachments
cc: K. Fryzowski
N. Hoque

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).

October 16, 2023

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 Golden:

Pursuant to the Board’s current filing procedures, herein is the Annual Progress Report for Program Year July 2022 through June 2023 (“PY23”) 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.

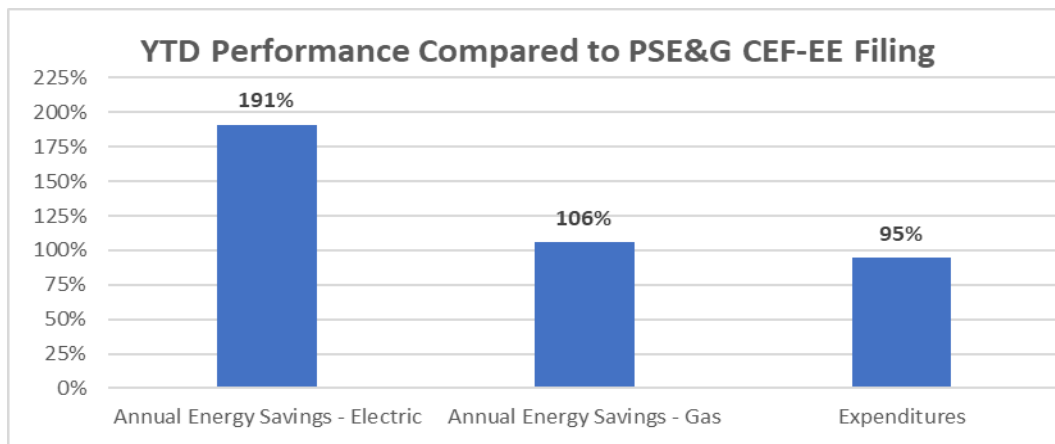
Energy Efficiency Program Progress - Executive Summary:

PSE&G is pleased to report that it has exceeded the PY23 annual savings estimates reflected in its September 23, 2020 Order, despite initial challenges caused by COVID and program transitions, and continuing supply chain constraints on equipment and challenges in working with municipal customers. The EE program portfolio has delivered over 928 thousand MWh and 2.09 million dekatherms of annual savings during PY2023.

PY23 Performance of Annual Energy Savings and Expenditures

Figure 1 shows that the Program Year 2023 electricity savings is 191% of the PY23 annual savings target as filed in the Company’s CEF-EE filing, and natural gas savings is 106% of the PY23 annual savings target as filed in the Company’s CEF-EE filing, while PY23 spending is 95% of the PY23 expenditure projection. See Table 2, Percent of Annual Target Achieved column for Electric and Natural Gas savings and Table 4, Percent of Annual Budget column below for supporting details.

Figure 1



As Figure 1 shows, the Company has made good progress towards its PY23 targets. As of June 30, 2023, the Company has spent and enrolled approximately 78% of the total T1 approved budget. In addition to these enrollments, we have additional leads of approximately \$179 million. Based on the level of performance through Q4 PY23, the Company continues to forecast that it will fully enroll all program funding by June 30, 2024, as required by its BPU Order.

In addition to strong results in annual savings, the Company has also exceeded many of the other Quantitative Performance Indicators (QPIs) for PY23 estimates reflected in its September 23, 2020 Order.

Tables 1A and 1B shows the Company’s overall performance as measured relative to the Utility Program Annual Energy Savings Target established as a percentage of retail sales as specified in the Board Order Directing the Utilities to Establish Energy Efficiency and Peak Demand Reduction Programs. This performance includes savings achieved by the Comfort Partners program, the primary program serving low-income customers and co-managed by the Division of Clean Energy in conjunction with PSE&G and the other investor-owned electric and gas utility companies. Also included are savings from PSE&G’s EE 2017 Program, which continued to complete projects in PY23.

Table 1A – Program Year 2023 Results vs Framework Order - Electric

For Period Ending PY23Q4	Utility-Administered Retail Savings (MWh)	Comfort Partners Retail Savings (MWh)	Other Programs Retail Savings (MWh) ¹	Total Portfolio Retail Savings (MWh)	Compliance Baseline (MWh) ²	Annual Target (%)	Annual Target (MWh) ³	Percent of Annual Target (%)
	(A)	(B)	(C)	(D) = (A)+(B)+(C)	(E)	(F)	(G) = (E)*(F)	(H) = (D) / (G)
Quarter	240,632	625	3,917	245,174				
YTD	920,579	2,268	6,093	928,940	40,189,145	0.74%	297,400	312%

Table 1B – Program Year 2023 Results vs Framework Order – Natural Gas

For Period Ending PY23Q4	Utility-Administered Retail Savings (DTh)	Comfort Partners Retail Savings (DTh)	Other Programs Retail Savings (DTh) ¹	Total Portfolio Retail Savings (DTh)	Compliance Baseline (DTh) ²	Annual Target (%)	Annual Target (DTh) ³	Percent of Annual Target (%)
	(A)	(B)	(C)	(D) = (A)+(B)+(C)	(E)	(F)	(G) = (E)*(F)	(H) = (D) / (G)
Quarter	521,000	5,054	4,439	530,493				
YTD	2,048,231	14,854	33,619	2,096,704	342,056,585	0.34%	1,162,992	180%

¹ Other Programs include Company-specific programs that are not part of the Clean Energy Act energy efficiency program such as legacy programs and pilots. For PSE&G, these include EE 2017 programs and projects completed during PY23.

² Calculated as average annual electricity usage in the prior three plan years (i.e., July – June) per N.J.S.A. 48:3-87.9(a). Details are provided in Appendix E.

³ Calculated by multiplying Compliance Baseline by Utility-Administered Annual Energy Reduction Target Percent.

In addition to these results, other highlights and issues for the quarter include the following:

Clean Energy Jobs Program – The PSE&G Clean Energy (CE) Jobs Program targets unemployed, underemployed, low/middle-income New Jersey residents and has created economic opportunity for more than 2,300 individuals as of June 30, 2023. The program has trained and upskilled more than 500 employees to foster long-term careers and a pathway to career growth. In addition, the program has also sponsored three cohorts of the On-the-Job Training Program resulting in 40 graduates from the program. The program has also sponsored training for more than 200 organizations on how to obtain their Minority, Women, or Veteran Business Enterprise (MWVBE) certifications. During PY23, the program received multiple recognition rewards including a national award from the Association of Energy Services Professionals for the work PSE&G is doing to meet the growing need for skilled workers in New Jersey’s energy efficiency industry. The program also recently received an award from Smart Energy Decisions for their national DEI Impact Awards for promoting Diversity, Equity and Inclusion (DEI) while powering the energy transition.

CEF-EE Extension – As discussed in Utility Working Group meetings, PSE&G’s program approval cycle (October 2020-September 2023) is not aligned with those of the other utilities nor with the BPU Framework Order’s three-year Program Year cycle (July-June). To remedy this misalignment, Board staff requested that PSE&G submit an extension to its current filing for an additional nine months to bring its authorized program cycle in line with the BPU Framework Order. This matter has been settled, with a Board Order issued on May 24, 2023 approving the Stipulation of Settlement dated May 15, 2023.

Statewide Coordination - As discussed in the prior reports, the joint utilities identified the issue of constrained budgets between gas and electric utilities that share a service territory and submitted a petition with a proposed solution for the first program cycle of the utilities’ energy efficiency programs. The letter petition was approved at the August 17, 2022 Board meeting, and directed the utilities to work together to implement the processes and controls to support the solution detailed in the Order.

The joint utilities continue to hold regular meetings with its Statewide Coordinator (“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 Utility Working Group (“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.

Municipal and State Customer Participation in the Utility Led EE Programs – Concerns were raised by some municipal customers late in 2021 regarding their ability to avoid public bidding regulations when participating in PSE&G Small Business Direct Install Program. DCA had indicated that a prior exemption will no longer be allowed. PSE&G, Board Staff, and DCA continue to work collaboratively in resolution of this issue. The municipal sector is a key customer segment within the small business community, and a part of the small business Quantitative Performance Indicator (“QPI”), so resolving this issue is a priority.

Additionally, all utilities have been working collaboratively with BPU staff and other relevant state agencies to resolve similar concerns related to State-owned building’s participation in the Small Business Direct Install program and the Engineered Solutions programs.

Finally, all utilities have been working collaboratively with BPU staff and other relevant state agencies to determine the most effective methods by which government customers and facilities can participate in utility EE programs concurrent with the State’s Energy Savings Improvement Program (“ESIP”).

Quantitative Performance Indicators

Table 2 provides the results of the QPIs for all programs for which utilities are responsible, inclusive of the Clean Energy Act-funded programs, Comfort Partners program and the EE 2017 Program.

As Table 2 shows, PSE&G had strong performance on the metrics that are included in the QPIs.

Table 2 – Quantitative Performance Indicators Table

Electric

Electric	Quarter				Year to Date				For Period Ending PY23Q4	
	Utility-Administered Quarter Retail Savings	Comfort Partners Quarter Retail Savings	Other Programs Quarter Retail Savings	Total Portfolio Quarter Retail Savings	Utility-Administered YTD Retail Savings	Comfort Partners YTD Retail Savings	Other Programs YTD Retail Savings	Total Portfolio YTD Retail Savings	Annual Target ¹	Percent of Annual Target Achieved
Annual Energy Savings (MWh)	240,632	625	3,917	245,174	920,579	2,268	6,093	928,940	487,190	191%
Lifetime Savings (MWh)	3,143,977	9,448	60,628	3,214,053	11,832,748	33,844	99,608	11,966,200	4,705,958	254%
Annual Demand Savings (MW)	35.070	0.103	0.422	35.595	125.947	0.368	0.623	126.938		
Low/Moderate-Income Lifetime Savings (MWh) ²	290,947	9,448	0	300,395	850,858	33,844	0	884,702		
Small Commercial Lifetime Savings (MWh) ³	1,609,421	0	0	1,609,421	5,033,280	0	8,220	5,041,500		

Natural Gas

Natural Gas	Quarter				Year to Date				For Period Ending PY23Q4	
	Utility-Administered Quarter Retail Savings	Comfort Partners Quarter Retail Savings	Other Programs Quarter Retail Savings	Total Portfolio Quarter Retail Savings	Utility-Administered YTD Retail Savings	Comfort Partners YTD Retail Savings	Other Programs YTD Retail Savings	Total Portfolio YTD Retail Savings	Annual Target ¹	Percent of Annual Target Achieved
Annual Energy Savings (Dth)	521,000	5,054	4,439	530,493	2,048,231	14,854	33,619	2,096,704	1,973,667	106%
Lifetime Savings (Dth)	4,607,839	94,206	76,346	4,778,391	17,002,219	267,631	555,341	17,825,191	15,163,130	118%
Annual Demand Savings (Dth Peak Day)										
Low/Moderate-Income Lifetime Savings (Dth) ²	287,147	94,206	0	381,353	1,458,284	267,631	0	1,725,915		
Small Commercial Lifetime Savings (Dth) ³	1,484,131	0	0	1,484,131	3,186,406	0	12,681	3,199,087		

¹ Annual targets reflect estimated impacts as filed in the Company's CEF-EE filing.

² Low/Moderate-Income lifetime savings are provided separately for Comfort Partners and any income-qualified Residential or Multi-Family program.

³ 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 CEF-EE Residential programs have delivered 424,839 MWh of electric savings and 1,685,749 dekatherms of natural gas savings for PY23, approximately 242% of the residential electric and 124% of the residential natural gas Program Year 2 targets. The electric savings continue to be driven by LED lighting during PY23. However, the other residential programs are now also contributing significant savings. Availability of On-Bill Repayment (OBR) for the Home Performance with Energy Star program and HVAC equipment has also helped to drive participation. Based upon feedback from participating contractors, PSE&G increased the OBR cap on March 8, 2023 from \$15,000 to \$25,000 for customers who have both gas and electric service through PSE&G or are an all-electric customer.

PSE&G has continued to conduct marketing campaigns to educate and inform customers about the residential and commercial and industrial program offerings, deploying a wide range of digital, print, and conventional tactics. PSE&G continued its sponsorship campaign with the NY Giants NFL team to promote portfolio-wide residential energy efficiency program offerings during televised games, postgame coverage and online videos, the team's podcast, and on display and signage throughout the stadium during home games.

Specific Residential program results include the following:

- The Efficient Products program delivered 300,346 MWh and 1,052,313 dekatherms of savings during PY23, driven by 205,222 MWh of electric savings from the mid-stream lighting channel, which equates to approximately 68% of the annual electric savings for this subprogram. The largest contributor of gas savings was from retail appliance rebates which delivered over 412,000 DTh of savings which is approximately 39% of the annual gas savings for this program. Please see Tables 3, 4 and 5 for additional details on participation, expenditures and savings compared to expectations.

- Retail mark downs –The Lighting Discounts Program was promoted to customers via monthly email campaigns in April through June, which featured “last chance” messaging to inform customers about the end of available discounts. Preparations were made to sunset the retail lighting products as of July 31.
- PSE&G continued running digital banner and paid search ads. Marketing efforts throughout PY23 included streaming video ads and connected TV video advertising. During this timeframe, PSE&G also deployed emails and direct mail postcards to customers.
- Retail appliance rebates have several pathways for participation: instant rebates at participating retail locations, in-store coupons at participating locations, and post purchase online/mail in rebates. Participation pathways vary by products, and customers utilized all pathways in the past quarter. During the second half of PY23, PSE&G added ventilation fans to the Appliance Rebate program. Eleven retail store events were completed during the quarter with staff located in prominent locations within the stores to provide program information to customers. Marketing efforts included high impact display ads, digital banners, streaming audio, and paid search ads. The Appliance Rebates Program was promoted to PSE&G customers via a bill insert and home energy report in April. PSE&G further promoted appliance rebates paired with the opportunity for Memorial Day savings at participating retailers via email campaigns and a direct mail postcard. Direct outreach throughout PY23 included a consistent deployment of emails and a direct mail postcard.
- The Appliance Recycling segment of the program saw steady performance. Over 8,000 units were picked up during PY23. Marketing efforts in this timeframe included digital banner and paid search ads, as well as paid social advertising. Billboards and Google discovery ads were also utilized to promote the Recycling Program along with regular email campaigns. Promotional events during the current quarter included the "Swing Into Spring” Limited Time Offer (LTO) which was held from April 1 – June 30, doubling the eligible incentive for large appliances. There was also a Spring drop-off event held on April 22nd at the Lowe’s in East Rutherford, NJ.
- The HVAC segment of this program continues to gain new trade allies, with participating contractors going from 202 to 230 over the quarter, a 14% increase from the previous quarter. During PY23 four new distributors were added for a total of 33. Rebates totaled over \$1.24 million this quarter and On-Bill Repayments totaled \$15.25 million which is a 79% increase from the previous quarter. This large increase in On-Bill Repayments is due to two contributing factors; the maximum OBR limit was increased from \$15,000 to \$25,000 available to PSE&G gas and electric customers and the addition of two high producing contractors in the northern part of the state. Marketing efforts during the quarter included digital banner ads, Google discovery ads, and paid search ads. Additional marketing included email campaigns with focused incentive messaging based on customer fuel service type.
- The Welcome Kits segment of this program provides free welcome kits to new residential customers. Kits continued to be distributed at a high volume throughout the quarter, with more than 30,000 electric kits and 29,000 gas kits distributed. Preparations were made to sunset the electric Welcome Kits as of July 31.
- The on-line Marketplace segment of the program has continued to see strong sales throughout the program year, driven by sales of smart thermostats, with lighting also contributing strong results. For this quarter, PSE&G has rebated 13,360 smart thermostats (includes smart thermostats rebated

under Offer Center), 17,777 lighting products and 4,105 energy savings kits (comprised of 3 different types of kits – electric savings kits, gas savings kits and dual fuel savings kits). The Marketplace also added one new thermostat model (Emerson Sensi Touch 2 Smart Thermostat) and a window air conditioner unit (LG Smart Wi-Fi Enabled Window Air Conditioner 8000 BTU) to the list of products available on the Marketplace during this quarter. The PSE&G Offer Center which was launched in November 2022 provides Low Income, single family residential customers¹ with smart thermostats at no cost. This offer is marketed to eligible customers thru multiple email marketing campaigns and mailed postcard campaigns. The Offer Center rebated 755 smart thermostats in Q4. Marketing efforts during this quarter included digital banners, Google search ads, as well as paid social ads. Additional marketing included regular email campaigns over the time period and also leveraging the MyEnergy program Home Energy report messaging, energy challenges and buck-slips.

- The Existing Homes Program delivered 20,317 MWh and 162,634 dekatherms of savings during PY23, driven by strong results under the Quick Home Energy Checkup (QHEC) portion of the Program and continued growth in the Home Performance with Energy Star segment.
- The QHEC program saw a decrease in customer participation during Q4 due to much milder temperatures in the Northeast. The QHEC program completed 7,445 QHEC appointments during the quarter which is a decrease of approximately 22% compared to the previous quarter. Efforts to increase customer participation included the use of PSE&G owned channels in June which included a feature in PSE&G’s home energy report, a MyEnergy buck slip, energy challenge email, a MyAccount web portal banner, and an e-newsletter article. Additionally, the QHEC Program was promoted via an energy challenge email in April and a bill insert in May. Digital advertising included digital banners, Google discovery, paid social, paid search, and streaming audio ads. Deployed regular email and direct mail postcard campaigns, as well as the distribution of door hangers direct to customer residences.
- The single-family portion of the Home Performance with Energy Star Program continues to perform steadily with 584 completed single family projects during this quarter of which 549 customers utilized OBR. OBR usage by customers increased from 84% last quarter to 94% this quarter. The multi-family HPwES program completions decreased as compared to the previous quarter. The current quarter saw 276 units (23 buildings) completed, including 99 of those units utilizing OBR. Digital advertising efforts included digital banner, Google discovery, high impact display, native display, and paid search ads. HPwES was also cross promoted via general home energy assessment advertising on television commercials, streaming video ads, and smart TV ads. Other marketing efforts included utility-owned channels including featuring the program through PSE&G’s home energy report, energy challenge email, a web banner in the MyAccount portal, an e-newsletter article in May, and a bill insert in June.
- The *MyEnergy* Behavioral Program delivered 53,272 MWh and 431,336 dekatherms of savings during PY23. About 2 million paper reports and 3.9 million digital reports were delivered to customers over the quarter. As referenced in other sections of this report, the MyEnergy program was leveraged over the quarter to promote other residential programs to its treatment group participants using biweekly email challenges, mailed postcard challenges and buck-slip inserts with the home energy reports. The program also continued sending out emailed energy challenges

¹ Eligible customers must take both PSE&G gas and electric service.

to non My Energy participants in this quarter and have noticed continued high engagement and open rates from recipients in this group. The program also upgraded the online version of the Home Energy Analyzer Tool to a newer version called the Home Energy Assessment (HEA) Tool in November 2022. A total of 1,101 participants have taken a home assessment and obtained customized recommendation during the current quarter. Beginning May 2023, the program moved low gas users (originally in the dual fuel cohort), who were only using gas for cooking into an electric-only cohort with the goal of increasing the accuracy of their comparison group in the HER reports.

- The Income Eligible Program (Home Weatherization) delivered 50,904 MWh and 39,466 dekatherms of savings during PY23. During the quarter, 1,055 Phase 1 Assessments were completed and 2,122 Phase 2 Deeper Measures totaling over \$2.9 million were completed, which is an increase of 53% in investment in deeper measures as compared to Q3. During the quarter, over 123,000 food bank lighting kits were distributed to food banks throughout PSE&G's service territory and over 320,000 kits were distributed during PY23. The Home Energy Assessment Tool was activated during PY23. The tool is designed to assist and direct customers to the program that can offer them the most appropriate and effective Energy Efficiency energy assessment options for their residence, including Comfort Partners. The Company continued direct outreach efforts including email campaigns, as well as direct mail postcards and door hanger distribution to customer residences. Digital marketing efforts included the continuation of high impact display, digital banner, discovery, paid social, paid search and streaming audio ads. Finally, the Company hosted a webinar with local community organizations to educate them on the benefits of the Home Weatherization Program so that they may promote the offering to their constituents. Attendees were provided with a digital toolkit which includes flyers and social media posts to enable the organizations to conduct their own outreach.

Commercial and Industrial (C&I) Sector Summary

PSE&G's CEF-EE C&I Programs delivered 489,417 MWh of electric savings and 298,407 dekatherms of natural gas savings during PY23, approximately 167% of PSE&G's C&I electric target and 51% of PSE&G's C&I natural gas savings target. See Tables 3, 4 and 5 for additional details on participation, expenditures and savings compared to expectations. The Company's C&I programs saw a significant increase in project throughput in Q4. The Company continued to see consistent performance for transactional programs.

Similar to the previous quarters, the C&I sector continued to see project construction delays stemming from lingering supply chain issues and customer hesitancy.

Specific C&I program results include the following:

- The Prescriptive program delivered 455,773 MWh of electric savings during PY23 which accounts for the largest amount of C&I Program electric savings during this period. The Prescriptive program savings included 309,905 MWh being delivered through its mid-stream lighting channel, and 145,868 MWh through its other channels. This program also delivered 166,513 dekatherms of natural gas savings during PY23. The Company ended the current quarter with 292 Trade Allies

and 58 distributors. The Prescriptive program has approximately \$19.6 million in the project pipeline².

- The C&I Small Business Direct Install Urban Enterprise Zone (UEZ)/Municipal program delivered 12,672 MWh and 86,445 dekatherms during PY23. Ramp up still remains uncertain due to COVID concerns, customer hesitancy, supply-chain issues and in part due to the issue with DCA discussed earlier. PSE&G has a robust pipeline of interested customers, valued at about \$106.8 million.
- The C&I Small Business Direct Install Non-UEZ Program delivered 4,387 MWh and 7,459 dekatherms of savings during PY23. The Small Business Direct Install – Non-UEZ program has over \$32.3 million in the project pipeline as of June 30, 2023. The current quarter pipeline represents an increase of approximately 40% since the end of PY23 Q3.
- The Engineered Solutions Program currently has delivered 2,022 MWh of electric savings during PY23. To date, the program has completed 5 projects with 6 projects in construction, 14 in design, and over 40 in the audit phase. The pipeline for this program has grown considerably including new participation from customers in wastewater treatment sector and Universities with about \$428.2 million in pipeline value. The Company expects to see results from additional projects in PY24.
- The C&I Custom Program delivered 14,563MWh of electric savings and 38,014 dekatherms of natural gas savings during PY23. The C&I Custom program has approximately \$5.2 million in the project pipeline as of June 30, 2023.
- As a result of the transition between Implementation Contractors, the C&I Energy Management Program has simplified the process by eliminating Memorandums of Understanding (MOU's) and absorbing them into Customer Participation Agreements (PA) and developed a program guide and tools to provide incentive structure and detailed list of requirements to the applicants. As of June 30, 2023, 14customers are reviewing PAs. The C&I Energy Management program has approximately \$1.3 million in the project pipeline as of June 30, 2023.
- In total, the Company's C&I sector has a project pipeline of approximately \$593 million.

Multifamily Sector Summary

The Company's Multifamily Direct Install (MFDI) program installs low-cost high efficiency measures at no cost to the resident. The Multifamily DI program delivered 6,322 MWh and 64,075 Dekatherms of savings during PY23, approximately 36% of PSE&G's Multifamily electric target and 231% of PSE&G's Multifamily natural gas savings target.

The outreach pipeline has grown to over 145,200 units as of the end of the program year with 4,220 units completed during the quarter. Marketing efforts included digital banner and paid search ads throughout the quarter, as well as an email and direct mail campaign to property managers and building owners.

Program Participation

² Pipeline represents enrollments and customer leads prior to enrollment.

Participation levels can vary substantially due to changes in market channel approach and ramp up time. The quantity of C&I participants is far greater than planned due to the inclusion of a small business kit approach that was developed during the year but had not been planned. Multifamily participation lagged due to ramp up challenges.

Table 3 – Annual Sector-Level Participation

Sector ¹	Current Quarter Participants	YTD Participants	Annual Forecasted Participants	Percent of Annual Forecast
Residential	1,899,962	3,665,436	3,787,000	97%
Multifamily	4,220	14,650	19,200	76%
C&I	2,553	7,504	6,968	108%
Reported Totals for Utility Administered Programs	1,906,735	3,687,590	3,813,168	97%
Comfort Partners	744	2,587	2,800	92%
Utility Total For Period Ending PY23Q4	1,907,479	3,690,177	3,815,968	97%

¹ Please note that these numbers are totals across all programs within a sector. Please refer to Appendix A which shows the participation definitions for individual programs.

Program Expenditures

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

Table 4 – Annual Sector-Level Expenditures

Expenditures ¹	Current Quarter Expenditures (\$000)	YTD Expenditures (\$000)	Annual Budget Expenditures (\$000)	Percent of Annual Budget
Residential	\$ 52,018	\$ 198,102	\$ 117,366	169%
Multifamily	\$ 1,255	\$ 4,271	\$ 4,970	86%
C&I	\$ 59,525	\$ 179,048	\$ 280,009	64%
Reported Totals for Utility Administered Programs	\$ 112,799	\$ 381,421	\$ 402,346	95%
Comfort Partners	\$ 7,155	\$ 21,369		N / A
Utility Total For Period Ending PY23Q4	\$ 119,954	\$ 402,790	\$ 402,346	100%

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

Program Savings

The Residential sector continues to produce the strongest performance relative to its electric and gas savings targets for the Program Year, primarily due to the transactional nature of the programs, and the swift growth in several programs driven by customer interest. Additionally, the Comfort Partners program

has been on-going for over a decade, so the results represent a steady state, mature program. The Multifamily program far exceeded its gas savings target for PY23.

Table 5 – Annual Sector-Level Annual Energy Savings

Electric

Annual Energy Savings ¹	Quarter Retail (MWh)	YTD Retail (MWh)	Annual Target Retail Savings (MWh)	Percent of Annual Target
Residential	88,756	424,839	175,806	242%
Multifamily	2,167	6,322	17,675	36%
C&I	149,708	489,417	293,708	167%
Reported Totals for Utility Administered Programs	240,632	920,579	487,190	189%
Comfort Partners	625	2,268	3,485	65%
Utility Total For Period Ending PY23Q4	241,257	922,847	490,675	188%

Natural Gas

Annual Energy Savings ¹	Quarter Retail (Dth)	YTD Retail (Dth)	Annual Target Retail Savings (Dth)	Percent of Annual Target
Residential	353,448	1,685,749	1,358,502	124%
Multifamily	23,214	64,075	27,716	231%
C&I	144,338	298,407	587,449	51%
Reported Totals for Utility Administered Programs	521,000	2,048,231	1,973,667	104%
Comfort Partners	5,054	14,854	18,665	80%
Utility Total For Period Ending PY23Q4	526,054	2,063,085	1,992,332	104%

¹ Annual energy savings represent the total expected annual savings from all CEF-EE programs within each sector and Comfort Partners. Appendix B shows the annual energy savings results for individual programs or offerings.

Portfolio Expenditures Breakdown

For PY23 Q4, PSE&G’s energy efficiency programs had approximately \$115 million in total expenditures. Overall spending reflects the initial ramp up of customers into the various 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 6 – Quarterly costs and budget variances by category¹

Total Utility EE/PDR	Quarter Reported (\$000)	YTD Reported (\$000)	Full Year Budget (\$000)	Percent of Annual Budget Spent
Capital Costs	\$ 267	\$ 4,746	\$ -	N / A
Utility Administration	\$ 4,302	\$ 16,514	\$ 58,604	28%
Marketing	\$ 1,778	\$ 7,819	\$ 3,587	218%
Outside Services	\$ 41,707	\$ 78,827	\$ -	N / A
Rebates	\$ 41,022	\$ 191,581	\$ 183,756	104%
No- or Low-Interest Loans	\$ 24,290	\$ 87,154	\$ 158,988	55%
Evaluation, Measurement & Verification ("EM&V")	\$ 987	\$ 4,016	\$ 7,018	57%
Inspections & Quality Control	\$ 751	\$ 3,365	\$ 7,790	43%
Utility EE/PDR Total For Period Ending PY23Q4	\$ 115,105	\$ 394,021	\$ 419,743	94%

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

The equity metrics provided in Table 7 reflect designations of overburdened communities (OBC), established by the New Jersey office of Environmental Justice³. Per guidance from the BPU, identified overburdened communities contained in Table 7 reflect customers who are identified as low income, low income & limited English, low income & minority, and low income, minority, & limited English. Census tracks identified as overburdened were overlaid with geocode information on PSE&G accounts to determine the OBC state of each customer and each EE program participant.

Table 7 Annual Equity Performance

Territory-Level Benchmarks	Overburdened ¹	Non-Overburdened	%OBC ²
Population	1,070,412	3,514,612	23%
# of Household Accounts ³	926,443	3,196,353	22%
# of Business Accounts ³	143,969	318,259	31%
Total Annual Energy (MWh) ⁴	9,071,100	30,739,957	23%
Total Annual Energy (Dth) ⁴	58,585,596	263,846,447	18%

³ See <https://www.nj.gov/dep/ej/communities.html>

For Period Ending PY23Q4	Type of Program / Offering	Quarter Overburdened ¹	Quarter Non-Overburdened	%OBC ²	Annual Overburdened ¹	Annual Non-Overburdened	%OBC ²
Participation							
Residential - Online Marketplace ⁵	Core	1,629	14,927	10%	7,476	73,049	9%
Residential - Other Efficient Products ⁵	Core	2,518	34,819	7%	35,058	178,053	16%
Residential - HPwES	Core	14	663	2%	64	2,279	3%
Residential - Quick Home Energy Checkups	Non-core	2,478	6,385	28%	8,144	22,466	27%
Residential - Income-Eligible Weatherization	Non-core	498	1,532	25%	1,762	4,652	27%
Residential - Behavioral	Non-core	259,464	1,069,415	20%	259,464	1,069,415	20%
C&I - Prescriptive	Core	184	596	24%	1,103	3,345	25%
C&I - Custom	Core	0	2	0%	15	33	31%
C&I - Direct Install	Core	21	30	41%	58	130	31%
Total Core Participation		4,366	51,037	8%	43,774	256,889	15%
Total Non-Core Participation		262,440	1,077,332	20%	269,370	1,096,533	20%
Total Participation		266,806	1,128,369	19%	313,144	1,353,422	19%
Annual Energy Savings - Electric (MWh)							
Residential - Online Marketplace ⁵	Core	373	4,209	8%	1,776	22,423	7%
Residential - Other Efficient Products ⁵	Core	627	46,950	1%	8,020	268,127	3%
Residential - HPwES	Core	10	359	3%	29	1,459	2%
Residential - Quick Home Energy Checkups	Non-core	975	3,761	21%	3,586	15,243	19%
Residential - Income-Eligible Weatherization	Non-core	137	18,637	1%	837	50,067	2%
C&I - Prescriptive	Core	17,695	123,157	13%	96,135	359,637	21%
C&I - Custom	Core	0	3,118	0%	528	14,036	4%
C&I - Direct Install	Core	736	5,002	13%	2,972	14,088	17%
Total Core Annual Energy Savings		19,441	182,796	10%	109,460	679,769	14%
Total Non-Core Annual Energy Savings		1,113	22,398	5%	4,423	65,311	6%
Total Annual Energy Savings (MWh)		20,553	205,194	9%	113,883	745,079	13%
Lifetime Energy Savings - Electric (MWh)							
Residential - Online Marketplace ⁵	Core	3,819	43,475	8%	18,435	235,166	7%
Residential - Other Efficient Products ⁵	Core	6,653	643,438	1%	95,398	3,713,595	3%
Residential - HPwES	Core	178	6,276	3%	540	25,568	2%
Residential - Quick Home Energy Checkups	Non-core	12,766	51,403	20%	48,863	210,451	19%
Residential - Income-Eligible Weatherization	Non-core	1,829	279,758	1%	11,458	750,359	2%
C&I - Prescriptive	Core	258,892	1,669,181	13%	1,411,196	4,693,677	23%
C&I - Custom	Core	0	39,534	0%	6,858	189,121	3%
C&I - Direct Install	Core	11,040	74,310	13%	40,378	213,371	16%
Total Core Lifetime Energy Savings		280,582	2,476,215	10%	1,572,804	9,070,498	15%
Total Non-Core Lifetime Energy Savings		14,595	331,162	4%	60,321	960,810	6%
Total Lifetime Energy Savings (MWh)		295,177	2,807,376	10%	1,633,125	10,031,308	14%

For Period Ending PY23Q4	Type of Program / Offering	Quarter Overburdened ¹	Quarter Non-Overburdened	%OBC ²	Annual Overburdened ¹	Annual Non-Overburdened	%OBC ²
Annual Energy Savings - Natural Gas (Dth)							
Residential - Online Marketplace ⁵	Core	5,738	47,178	11%	30,243	274,608	10%
Residential - Other Efficient Products ⁵	Core	2,942	147,020	2%	62,311	685,151	8%
Residential - HPwES	Core	1,682	18,012	9%	6,556	73,550	8%
Residential - Quick Home Energy Checkups	Non-core	6,562	14,259	32%	22,404	60,123	27%
Residential - Income-Eligible Weatherization	Non-core	2,145	6,771	24%	9,834	29,632	25%
C&I - Prescriptive	Core	16,184	83,877	16%	21,273	145,240	13%
C&I - Custom	Core	0	6,503	0%	3,031	34,983	8%
C&I - Direct Install	Core	3,112	34,662	8%	12,246	81,658	13%
Total Core Annual Energy Savings		29,657	337,253	8%	135,660	1,295,190	9%
Total Non-Core Annual Energy Savings		8,706	21,030	29%	32,239	89,755	26%
Total Annual Energy Savings (Dth)		38,363	358,283	10%	167,898	1,384,945	11%
Lifetime Energy Savings - Natural Gas (Dth)							
Residential - Online Marketplace ⁵	Core	43,845	368,235	11%	227,672	2,104,423	10%
Residential - Other Efficient Products ⁵	Core	29,004	1,637,657	2%	615,855	6,727,189	8%
Residential - HPwES	Core	30,773	371,768	8%	130,557	1,512,860	8%
Residential - Quick Home Energy Checkups	Non-core	35,406	131,131	21%	180,041	583,946	24%
Residential - Income-Eligible Weatherization	Non-core	31,824	114,328	22%	135,298	451,290	23%
C&I - Prescriptive	Core	199,804	584,868	25%	298,043	969,521	24%
C&I - Custom	Core	0	57,286	0%	45,461	338,100	12%
C&I - Direct Install	Core	46,504	603,968	7%	171,048	1,463,945	10%
Total Core Lifetime Energy Savings		349,931	3,623,783	9%	1,488,636	13,116,037	10%
Total Non-Core Lifetime Energy Savings		67,229	245,459	22%	315,340	1,035,237	23%
Total Lifetime Energy Savings (Dth)		417,160	3,869,242	10%	1,803,975	14,151,274	11%

1 Across all programs, participation/expenditures/savings are classified as either in an Environmental Justice Overburdened Community census block or not based on the program participant's address. Overburdened Community census blocks were developed and defined by the NJ Department of Environmental Protection

(www.nj.gov/dep/ej/communities.html). The Overburdened Community (OBC) census blocks are defined with three criteria: at least 35% of households qualify as low-income, at least 40% of residents identify as minority, and at least 40% of households have limited English proficiency. If any of the three criteria is satisfied, the census block is defined as OBC. Staff directed to only include OBC census blocks where at least 35% of households qualify as low-income. For example, a census block that only satisfies the limited English proficiency criteria is not included.

2 The %OBC column shows the ratio of the overburdened metric over the total of overburdened plus non-overburdened. Comparing the territory-level benchmark %OBC (upper table) versus the program %OBC (lower table) shows how equitable the distribution of the program is between the overburdened and non-overburdened populations. If the program %OBC is greater than the benchmark %OBC, then the overburdened population is better represented in the program relative to the percentage of overburdened households or business in the utility territory.

3 Estimation of accounts with overburdened designation determined to be active immediately preceding the current Program Year.

4 Estimation of usage with overburdened designation for the 12-month period immediately preceding the current Program Year.


5 Efficient Products Program, Lighting participants represent sales of products originating from stores located within an Overburdened Community. This metric is not intended to identify individual participants who reside in Overburdened Community, but rather the proportion of retail lighting sales stemming from locations serving Overburdened Communities aligned to BPU Staff's modifications.

6 Individual line items or totals as listed in the OBC table may differ from those results in Appendix B table due to elements of some programs not having a customer addresses, rounding, or other issues matching customer addresses with OBC data.

Conclusion

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 energy savings goals. Please contact the undersigned should you have any questions or concerns regarding this report.

Sincerely,

A handwritten signature in blue ink, appearing to read "Danielle Lopez", is centered on the page. The signature is fluid and cursive, with a long, sweeping tail on the final letter.

Danielle Lopez

List of Appendices

The bolded appendices in this list also appear in the accompanying Annual Report Appendix Spreadsheet.

- Appendix A – Participant Definitions
- **Appendix B – Energy Efficiency and PDR Savings Summary**
- **Appendix C - Energy Efficiency and PDR Savings Summary, LMI Customers**
- **Appendix D - Energy Efficiency and PDR Savings Summary, Business Customers**
- **Appendix E - Annual Baseline Calculation**
- **Appendix F –Energy Savings with 2022 TRM Addendum**
- **Appendix G - Ex-Ante Energy Savings Held for Transfer**
- **Appendix H – Cost Effectiveness Test Details**

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