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November 30, 2021

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 PY22Q1 – 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 PY22Q1.

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,

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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November 30, 2021

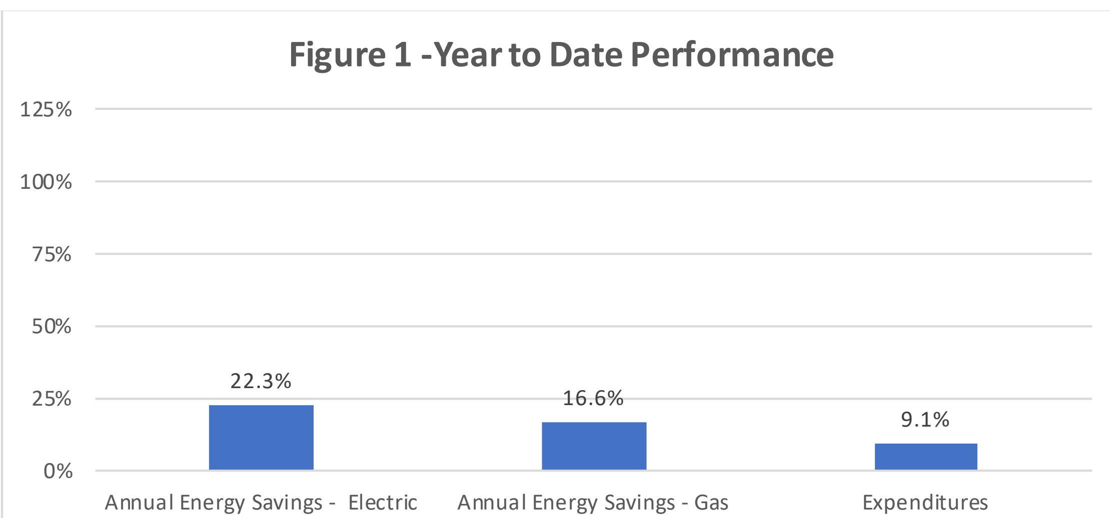
DOCKET NOS. QO1901040, QO19060748 & QO17091004 (June 20, 2020 Framework Order) and GO18101112 & EO18101113 (PSE&G's Clean Energy Future-Energy Efficiency Settlement Order)

Pursuant to the Board's current filing procedures, herein is the Quarterly Progress Report for the first quarter Program Year 2021/2022 ("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:

As its initial quarterly report, PSE&G is pleased to report that it has successfully launched all programs by July 1, 2021. The Company's Behavioral program has been serving over 1 million customers since January 2021, and its on-line marketplace has been serving customers since October 2020. The remainder of its programs began serving customers over the first and second calendar quarters of 2021. Several of the Company's residential sub-programs have been ramping up quickly and providing significant savings to customers, and some of the Commercial and Industrial ("C&I") programs will be delivering savings later due to the longer project cycle time and supply chain constraints. We are seeing strong interest from C&I customers and expect to see a ramp up of savings from those programs.

Figure 1 shows that program year to date electricity savings is just under 25% of the PY22 annual savings goal, program year to date natural gas savings is just above 16% of the PY22 annual savings goal, and program year to date spending is just under 10% of the PY22 expenditure target.



Clean Energy Jobs Program - The PSE&G Clean Energy Jobs Program has reached more than 400 hires at the end of the quarter. The program continues to evolve and work is underway to develop various training pathways to job openings. The network of community partners has expanded to more than 100 organizations throughout the state. These partners provide feedback on the program; perform recruitment from underserved communities; facilitate wrap around support services; and participate in job fairs on behalf of the program. A technology solution is being developed to automate applicant tracking and case management for program participants. The first cohort of small business training in conjunction with the African American and Hispanic Chambers of Commerce was also successfully completed. In addition, a 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 employees and its contractors are following 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. Anecdotally, we have found that customer hesitancy has had some impact on customer participation in energy efficiency, however, it is impossible to predict the future path of the virus and potential future impacts to the Company's ability to deliver programs to customers should COVID change.

Another COVID related issue with regard to supply chain constraints resulting from, in part, COVID related supply constraints combined with logistics bottlenecks at U.S. ports is a concern. More detail on this issue is discussed in the sector level summaries.

Statewide Coordination - The joint utilities have executed a series of common identical bilateral Memoranda of Agreement (MOAs) that provide a framework for how the utilities will work together in sharing and allocation of costs and savings for dual fuel projects located in overlapping electric and gas service territories. Each utility signed individual MOAs with each partner utility.

The framework established through the MOAs will enable customers to access incentives for both electric and gas measures irrespective of the utility to which they apply. Under this coordinated approach, the utility that receives the customer application will serve as a Lead utility to process the project and provide eligible incentives. The Lead utility will then coordinate to share costs and savings with the respective Partner utility. The MOAs define how the costs for these incentives, and resulting savings, will be managed through the joint utility Statewide Coordinator (SWC) system. The MOAs further define a settlements process for how utilities will invoice and remit payment to each other for the costs shared under this coordinated approach.

The joint utilities have held weekly meetings to coordinate on utility program budgets. This coordination has defined and implemented a process to allocate program budgets for programs where costs and savings will be shared between Lead and Partner utilities. In the course of this work, the joint utilities have recently identified a constraint issue of approved budgets between gas and electric utilities that share a service territory. This disparity of budget funding is likely to result in one utility having insufficient funding to accept shared incentive costs from the partner. The utilities have submitted a petition for consideration with a proposed solution for the first triennial period of the utilities' energy efficiency programs.

The joint utilities have held regular meetings with its SWC vendor to develop the platform needed to accurately share cost and energy savings information between utilities. Progress has been made in the development of data requirements and workflows to support the bi-directional transfer of data from each utility to the SWC platform. 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 – On September 27, the Company notified the BPU of its intent to provide enhanced incentives for PSE&G residential and business customers that were impacted by Tropical Storm Ida. The Company is offering the enhanced incentives to customers located in a FEMA disaster area and that certify that the incentives will apply to equipment impacted by Ida. Enhanced incentives will be offered for eligible equipment purchased from the date of Ida, September 1, 2021 through to November 15, 2021. The enhanced incentives will be offered through PSE&G's core program offerings. Enhanced electric incentives are available to customers in the PSE&G electric service territory in the FEMA designated disaster zone. Similarly, enhanced gas incentives are available to customers in the PSE&G gas service territory in the FEMA designated disaster zone. There are no results from this initiative during the reporting period as the incentives were not implemented until the very end of September.

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)	97,906	97,906	107,002	40,538,874	0.24%	439,367	22.3%
Lifetime Savings (MWh)	1,248,781	1,248,781	1,364,805				
Annual Demand Savings (MW)	45.81	45.81	50.07				
Low/Moderate-Income Lifetime Savings (MWh)[5]	5,815	5,815	6,355				
Small Commercial Lifetime Savings (MWh)[6]	13,497	13,497	14,751				

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)	205,663	205,663	224,771	360,061,155	0.06%	1,242,591	16.6%
Lifetime Savings (DTh)	1,659,435	1,659,435	1,813,612				
Low/Moderate-Income Lifetime Savings (DTh)[5]	69,852	69,852	76,342				
Small Commercial Lifetime Savings (DTh)[6]	-	-	-				

[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

PSE&G's Residential programs delivered 97,906 MWh of electric and 205,663 dekatherms of natural gas savings over the reporting period, approximately 22% of the electric and 17% of the natural gas Program Year 1 targets. The savings were largely driven by the lighting portion of the Efficient Products program. Programs that significantly contributed to savings in the residential sector were the Behavioral program and the On-line Marketplace portion of the Efficient Products program. Other 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.

Equipment supply chain issues have had a negative impact on availability of water heaters and some HVAC equipment. Contractors have voiced concerns regarding lead time and price increases of equipment generally, but it is too early in the Program Year to determine how long these constraints will persist and how they will impact annual goals. The Company has accelerated marketing efforts on other programs to increase sales in areas less impacted by supply chain issues. Specific program results include the following:

- The Efficient Products program delivered 67,096 MWh and 172,691 dekatherms of savings over the reporting period, driven by 51,134 MWh of electric savings from the mid-stream lighting channel. There are over 400 stores with markdowns in place in PSE&G's service territory through September.
- The Existing Homes Program delivered 493 MWh and 3,545 dekatherms of savings over the reporting period, driven by 452 customer visits under the Quick Home Energy Checkup portion of the Program and 87 customer upgrades completed under the Home Performance with Energy Star portion of the Program. PSE&G has qualified over 100 Trade Allies to work with customers in this program through September.
- The *MyEnergy* Behavioral Program delivered 11,610 MWh and 29,159 dekatherms of savings over the reporting period. Over 1.1 million paper reports and 1.5 million digital reports were delivered to customers over the reporting period.
- The Income Eligible Program (Home Weatherization) delivered 47 MWh and 145 dekatherms of savings over the reporting period, driven by 82 completed customer visits to install various types of energy savings measures.

<u>Commercial and Industrial (C&I) Sector</u>

PSE&G's C&I Programs delivered 18,639 MWh of electric savings over the reporting period, approximately 11% of the electric Program Year 1 target. For several of the Company's C&I programs, the project development/completion cycle can take several months to over a year, so it is not unexpected that participation and spending for those programs are low through this initial program quarter. However, the Company did begin to ramp up activity on several programs that are more transactional.

The C&I sector has also observed some COVID related delays stemming from the supply chain issues discussed earlier, and other COVID related problems. Various trade allies have voiced concerns about equipment shipment and delivery delays or deliveries not meeting specifications. Some businesses are also delaying projects due to cash flow problems stemming from either increased equipment and material prices or reduced revenues from slow shopping traffic. Some school districts have delayed or reduced the scope of efficiency upgrades due to the need to focus upgrades on air quality as required for COVID safeguards.

Specific program results include the following:

- The Prescriptive program delivered the greatest amount of savings during the reporting period, 18,639 MWh of savings, with 17,572 MWh being delivered through its mid-stream lighting channel, and 1,068 MWh through its other channels. The Company has seen strong interest from midstream distributors for this program, with over 60 distributors trained and in the approval process and 16 distributors approved for the program through September. There are also over 50 Trade Allies certified for the program and 70 with completed training through September.
- The C&I Small Non-residential Efficiency (Small Business Direct Install) Program did not deliver any savings during the reporting period. The Company has seen strong interest from the Trade Ally (TA) community for this program, with 10 Small business TA trained and 7 TAs approved for the program through September.
- The Engineered Solutions Program did not deliver any savings during the reporting period, but has received applications from dozens of customers with many projects in the initial audit phase of the program.

- The C&I Custom Program did not deliver any savings during the reporting period, but has received initial applications from several customers. Projects are currently in the design phase. The Trade Allies approved for the Prescriptive Program are also approved for the Custom Program.
- 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 20 MWh and 124 Dekatherms of savings over the reporting period.

Table 2 – Quarterly Sector-Level Participation

Sector[1]	Current Quarter Participants	YTD Participants	Annual Forecasted Participants	Percent of Annual Forecast
Residential	1,506,759	1,506,759	2,492,714	60.5%
Multifamily	45	45	13,110	0.3%
C&I	358	358	2,245	16.0%
Reported Totals for Utility Administered Programs	1,507,162	1,507,162	2,508,069	60.1%
Comfort Partners[2]	641	641	4,280	15.0%
Utility Total	1,507,803	1,507,803	2,512,349	60.0%

[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 for this initial quarter reflects 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	$14,537	$14,537	$88,478	16.4%
Multi-Family	$355	$355	$3,548	10.0%
C&I	$5,837	$5,837	$170,980	3.4%
Reported Totals for Utility Administered Programs	$20,729	$20,729	$263,006	7.9%
Comfort Partners	$4,104	$4,104	$24,128	17.0%
Utility Total	$24,832	$24,832	$287,134	8.7%

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

The Residential sector has seen the strongest performance relative to its targets so far, primarily due to the transactional nature of the programs, combined with the fact that the Behavioral Program and On-line Marketplace sub-program have been serving customers since the beginning of the year. Additionally, the Comfort Partners program has been an on-going for over a decade, so the results represent a stead state, mature program. The Company expects the C&I 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	79,246	79,246	257,823	30.7%
Multi-Family	20	20	8,731	0.2%
C&I	18,639	18,639	172,813	10.8%
Reported Totals for Utility Administered Programs	97,906	97,906	439,367	22.3%
Comfort Partners	604	604	3,485	17.3%
Utility Total	98,510	98,510	442,852	22.2%

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	205,539	205,539	833,484	24.7%
Multi-Family	124	124	(7,259)	N/A
C&I	-	-	416,365	0.0%
Reported Totals for Utility Administered Programs	205,663	205,663	1,242,591	16.6%
Comfort Partners	4,011	4,011	18,665	21.5%
Utility Total	209,674	209,674	1,261,256	16.6%

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

Portfolio Expenditures Breakdown

Overall spending reflects the initial ramp up of customers into the various programs. Rebates/incentives and no interest loans are low due to the longer lead times to complete large C&I projects and the need to generate customer awareness on many of the residential programs. Capital cost spending is driven by the Company's IT projects, bringing 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 is customer service center, digitally, or through social media. The Company has selected its EM&V contractor, with costs reflecting the startup of activities related to executing impact and process studies.

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	$4,367	$4,367	$20,222	21.6%
Utility Administration	$1,978	$1,978	$42,924	4.6%
Marketing	$2,190	$2,190	$2,208	99.2%
Outside Services	$13,030	$13,030	$0	N/A
Rebates	$4,462	$4,462	$125,180	3.6%
No- or Low-Interest Loans	$436	$436	$98,203	0.4%
Evaluation, Measurement & Verification ("EM&V")	$260	$260	$4,732	5.5%
Inspections & Quality Control	$447	$447	$5,523	8.1%
Utility EE/PDR Total	$27,170	$27,170	$298,993	9.1%

[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.