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## **PSE&G to Implement Energy Efficiency Programs to Help Customers Reduce Energy Use and Save on Utility Bills**

**BPU approves \$46 million initiative that supports Governor Corzine's Energy Master Plan and economic recovery goals**

**Carbon abatement program is first authorized under New Jersey's new RGGI legislation**

(November 21, 2008 – Newark, NJ) - An innovative program developed by Public Service Electric and Gas Company (PSE&G) to help its customers curb energy consumption and reduce carbon dioxide emissions was approved today by the New Jersey Board of Public Utilities (BPU). The action paves the way for PSE&G to begin offering energy saving measures directly to families, businesses and hospitals in the state.

The \$46 million project will help address climate change and assist New Jersey in achieving its aggressive carbon reduction goals. The program specifically targets residential and small commercial customers in underserved urban markets, hospitals, and large commercial warehouses in port areas with high energy demand growth.

"Saving energy is by far the cheapest and quickest way to reduce emissions that cause climate change," said Ralph LaRossa, president and COO of PSE&G. "This program is a great first step in what we hope will be plans to offer relief to hard-pressed customers and, at the same time, create jobs in New Jersey during these hard times. We look forward to participating in larger efficiency projects such as the Governor's Economic Stimulus initiative that calls for a statewide utility investment of \$500 million to leverage energy efficiency to generate jobs within the state."

This four-year program consists of a number of separate components. "Several of the sub-programs are targeted to those customers who find it the most difficult to make up-front investments in energy-saving measures," LaRossa said.

### Residential Customers

For residential customers, PSE&G will invest \$30 million over four years in cost effective efficiency upgrades for customers who might not otherwise fully participate in energy efficiency programs on their own, with a focus on lower income families in urban areas. Under the Residential Home Energy Tune-up sub-program, customers who qualify will be offered a free energy audit and eight hours of air sealing. Additional incentives, based on income, are also available for the installation of additional energy efficiency measures such as insulation. The program will be offered to qualifying residential customers in Newark and Trenton during the first year and then will expand to additional Urban Enterprise Zone

(UEZ) municipalities in PSE&G's service territory in subsequent years. In addition, when PSE&G is in a customer's home for a gas utility service call in a UEZ municipality, the customer will receive a programmable thermostat, compact fluorescent light bulbs, and information about energy efficiency.

#### Small Businesses

An additional \$4 million investment for small business owners will include an energy assessment as well as the installation of such items as lighting upgrades, insulation, energy efficient refrigeration, and heating and cooling systems. This program will be available to small business customers in Newark and Trenton in 2009 and will expand to additional UEZ municipalities in the utility's service territory during the next three years. PSE&G will initially provide the total cost to install the recommended energy efficiency measures; customers will repay 20 percent of that cost, interest free, either in a lump sum or over two years on their utility bill.

#### Large Businesses

The large business best practices and technology demonstration sub-program, which is being offered for one year in 2009, is targeted to warehouse facilities and covers the installation of an integrated lighting system that includes high efficiency lighting, day lighting, light fixture monitoring and automated controls of lighting equipment. A financial incentive will be paid to customers to reduce the simple pay-back period for the system to two years for projects with a simple pay-back period of seven years or less.

#### Hospitals

The hospital new construction and retrofit sub-program, totaling \$11 million, is targeted to hospitals in PSE&G's electric and/or gas service territory. An audit will determine the potential savings derived through a variety of measures and technologies including HVAC, humidification, motors and other energy consuming equipment. The hospital segment includes incentives for Combined Heat and Power (CHP) projects and a financial incentive that reduces the payback of the energy efficiency measures.

The board's decision will allow recovery of investment through an energy-based charge. The average residential electric customer will pay about 16 cents per year and the average residential heating customer will pay 47 cents per year in the first year of the program.

Overall, the program approved by the BPU will serve 29,000 residential and 700 business customers over a four-year program beginning in 2009 and will save over 700,000 metric tons of carbon dioxide, and 900 metric tons of nitrous oxide. Over the lifetime of the energy savings measures, the program saves 458 gigawatthours of electricity and 7.6 million dekatherms of natural gas. This is approximately the equivalent of removing 180,000 passenger vehicles from the road for a year or providing electricity to 130,000 homes.

When the final BPU order is received, PSE&G will begin implementation of the program, starting with the installation of programmable thermostats to help residential customers just in time for cold winter weather. Other program elements will follow in 2009.

PSE&G will work with municipal, local community and non-profit groups to identify the specific areas in which these sub-programs will be offered. This "neighborhood" approach will build upon relationships that PSE&G has established over the years with these groups and their customers.

The program will enable the utility and regulators to determine the best way to implement broader initiatives during the next several years. "We see this program as a solid example of addressing the current state of the economy by significantly helping customers reduce energy bills," LaRossa said. "We stand ready to pursue efficiency through more expanded programs in a stable and supportive regulatory environment that will permit the company to make business investments while helping customers, improving the environment and stimulating the economy by creating jobs."

*Public Service Electric and Gas Company (PSE&G) is New Jersey's oldest and largest regulated gas and electric delivery utility, serving nearly three-quarters of the state's population. PSE&G is the winner of the ReliabilityOne Award for superior electric system reliability. PSE&G is a subsidiary of Public Service Enterprise Group Incorporated (PSEG) (NYSE:PEG), a diversified energy company ([www.pseg.com](http://www.pseg.com)).*

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