

# JULY 2021 PSEG INVESTOR UPDATE



LEADING TOWARD A SUSTAINABLE FUTURE  
WHERE CUSTOMERS UNIVERSALLY USE LESS ENERGY, THE ENERGY THEY USE  
IS CLEANER AND ITS DELIVERY IS MORE RELIABLE AND MORE RESILIENT

• NYSE: PEG •



**PSEG**  
*We make things work for you.*

# Forward-Looking Statements

Certain of the matters discussed in this presentation about our and our subsidiaries' future performance, including, without limitation, future revenues, earnings, strategies, prospects, consequences and all other statements that are not purely historical constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to management. When used herein, the words "anticipate," "intend," "estimate," "believe," "expect," "plan," "should," "hypothetical," "potential," "forecast," "project," variations of such words and similar expressions are intended to identify forward-looking statements. Factors that may cause actual results to differ are often presented with the forward-looking statements themselves. Other factors that could cause actual results to differ materially from those contemplated in any forward-looking statements made by us herein are discussed in filings we make with the United States Securities and Exchange Commission (SEC), including our Annual Report on Form 10-K and subsequent reports on Form 10-Q and Form 8-K. These factors include, but are not limited to:

- any inability to successfully develop, obtain regulatory approval for, or construct generation, transmission and distribution projects;
- lack of growth or slower growth in the number of customers or the failure of our Conservation Incentive Program to fully address a decline in customer demand;
- any equipment failures, accidents, severe weather events, acts of war or terrorism or other incidents, including pandemics such as the ongoing coronavirus pandemic, that may impact our ability to provide safe and reliable service to our customers;
- any inability to recover the carrying amount of our long-lived assets;
- any inability to maintain sufficient liquidity;
- the impact of cybersecurity attacks or intrusions;
- the impact of the ongoing coronavirus pandemic;
- the impact of our covenants in our debt instruments on our operations;
- adverse performance of our nuclear decommissioning and defined benefit plan trust fund investments and changes in funding requirements;
- risks associated with the timeline and ultimate outcome of our exploration of strategic alternatives relating to PSEG Power's non-nuclear generating fleet;
- the failure to complete, or delays in completing, our proposed investment in the Ocean Wind offshore wind project, or following the completion of our initial investment in the project, the failure to realize the anticipated strategic and financial benefits of the project;
- fluctuations in wholesale power and natural gas markets, including the potential impacts on the economic viability of our generation units;
- our ability to obtain adequate fuel supply;
- market risks impacting the operation of our generating stations;
- changes in technology related to energy generation, distribution and consumption and changes in customer usage patterns;
- third-party credit risk relating to our sale of generation output and purchase of fuel;
- any inability of PSEG Power to meet its commitments under forward sale obligations;
- reliance on transmission facilities to maintain adequate transmission capacity for our power generation fleet;
- the impact of changes in state and federal legislation and regulations on our business, including PSE&G's ability to recover costs and earn returns on authorized investments;
- PSE&G's proposed investment programs may not be fully approved by regulators and its capital investment may be lower than planned;
- the absence of a long-term legislative or other solution for our New Jersey nuclear plants that sufficiently values them for their carbon-free, fuel diversity and resilience attributes, or the impact of the current or subsequent payments for such attributes being materially adversely modified through legal proceedings;
- adverse changes in energy industry laws, policies and regulations, including market structures and transmission planning and transmission returns;
- risks associated with our ownership and operation of nuclear facilities, including regulatory risks, such as compliance with the Atomic Energy Act and trade control, environmental and other regulations, as well as financial, environmental and health and safety risks;
- changes in federal and state environmental regulations and enforcement; and
- delays in receipt of, or an inability to receive, necessary licenses and permits.

All of the forward-looking statements made in this presentation are qualified by these cautionary statements and we cannot assure you that the results or developments anticipated by management will be realized or even if realized, will have the expected consequences to, or effects on, us or our business, prospects, financial condition, results of operations or cash flows. Readers are cautioned not to place undue reliance on these forward-looking statements in making any investment decision. Forward-looking statements made in this presentation apply only as of the date of this presentation. While we may elect to update forward-looking statements from time to time, we specifically disclaim any obligation to do so, even in light of new information or future events, unless otherwise required by applicable securities laws.

The forward-looking statements contained in this presentation are intended to qualify for the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended.

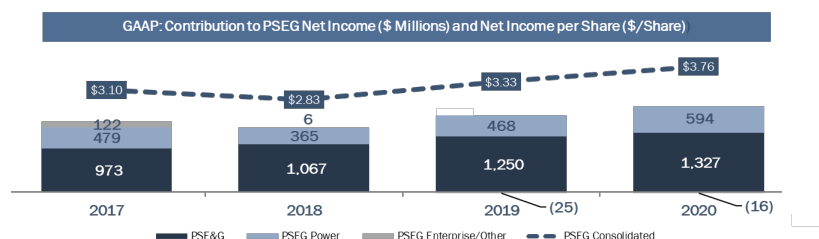
# GAAP Disclaimer

PSEG presents Operating Earnings and Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) in addition to its Net Income reported in accordance with accounting principles generally accepted in the United States (GAAP). Operating Earnings and Adjusted EBITDA are non-GAAP financial measures that differ from Net Income. Non-GAAP Operating Earnings exclude the impact of returns (losses) associated with the Nuclear Decommissioning Trust (NDT), Mark-to-Market (MTM) accounting and material one-time items. Non-GAAP Adjusted EBITDA excludes the same items as our non-GAAP Operating Earnings measure as well as income tax expense, interest expense and depreciation and amortization. The last two slides in this presentation (Slides A and B) include a list of items excluded from Net Income to reconcile to non-GAAP Operating Earnings and non-GAAP Adjusted EBITDA with a reference to those slides included on each of the slides where the non-GAAP information appears.

Management uses non-GAAP Operating Earnings in its internal analysis, and in communications with investors and analysts, as a consistent measure for comparing PSEG's financial performance to previous financial results. Management believes non-GAAP Adjusted EBITDA is useful to investors and other users of our financial statements in evaluating operating performance because it provides them with an additional tool to compare business performance across companies and across periods. Management also believes that non-GAAP Adjusted EBITDA is widely used by investors to measure operating performance without regard to items such as income tax expense, interest expense and depreciation and amortization, which can vary substantially from company to company depending upon, among other things, the book value of assets, capital structure and whether assets were constructed or acquired. Non-GAAP Adjusted EBITDA also allows investors and other users to assess the underlying financial performance of our fleet before management's decision to deploy capital.

The presentation of non-GAAP Operating Earnings and non-GAAP Adjusted EBITDA is intended to complement, and should not be considered an alternative to, the presentation of Net Income, which is an indicator of financial performance determined in accordance with GAAP. In addition, non-GAAP Operating Earnings and non-GAAP Adjusted EBITDA as presented in this release may not be comparable to similarly titled measures used by other companies.

Due to the forward looking nature of non-GAAP Operating Earnings and non-GAAP Adjusted EBITDA guidance, PSEG is unable to reconcile these non-GAAP financial measures to the most directly comparable GAAP financial measure. Management is unable to project certain reconciling items, in particular MTM and NDT gains (losses), for future periods due to market volatility. Guidance included herein is as of May 5, 2021.



From time to time, PSEG, PSE&G and PSEG Power release important information via postings on their corporate Investor Relations website at <https://investor.pseg.com>. Investors and other interested parties are encouraged to visit the [Investor Relations website](https://investor.pseg.com) to review new postings. You can sign up for automatic email alerts regarding new postings on the [Investor Relations website](https://investor.pseg.com) at the bottom of the webpage.

# A 118-year New Jersey-based business investing in critical energy infrastructure, providing safe and increasingly clean energy through two strong businesses



## Electric & Gas Distribution and Transmission

**Strategy:** Investments in energy infrastructure and clean energy support reliability and customer expectations and are aligned with public policy

**Value Proposition:** A \$13 Billion - \$15 Billion investment program expected to produce **6.5% - 8%** annual compound rate base growth through 2025

**2020**

**Assets \$36B**  
**Net Income \$1,327M**



## Regional Competitive Generation

**Strategy:** Carbon-free nuclear fleet; Exploring strategic alternatives for fossil generating fleet

**Value Proposition:** Provides substantial free cash flow and positioned to benefit from potential market rule improvements

**2020**

**Assets \$13B**  
**Net Income \$594M**  
**Non-GAAP Operating Earnings\* \$430M**

# Progress on strategic alternatives for non-nuclear fleet

- PSEG has completed the sale of Solar Source's 467 MW<sub>DC</sub> portfolio
- Fossil sale process ongoing - completion expected to occur in 2021
- Furthers PSEG transformation into a primarily regulated electric and gas utility, intended to:
  - ✓ Reduce overall business risk and earnings volatility
  - ✓ Improve business mix
  - ✓ Enhance PSEG's ESG position
  - ✓ Focus on New Jersey's Clean Energy agenda
- Remaining generation will consist of PSEG Power's carbon-free nuclear fleet, and regional offshore wind investments that will be significantly contracted
- No adverse impact on current shareholder dividend (subject to board approval)
- Takes into account interests of diverse stakeholders, including our employees
- No impact on PSE&G or PSEG LI customers, operations or tariffs



# PSEG Sustainability & ESG Summary

## Leadership

- **Clean Energy Future:** PSE&G has received regulatory approvals to invest \$2 billion to decarbonize the New Jersey economy
  - ✓ \$1B CEF-Energy Efficiency program
  - ✓ \$0.7B\* for smart meters (Energy Cloud-AMI)
  - ✓ \$0.2B for EV charging infrastructure
- PSEG accelerates climate vision for Net-Zero emissions to 2030 from 2050 for PSE&G and Power generation for direct emissions (Scope 1) and indirect emissions from operations (Scope 2)
  - ✓ PSEG Power is already at half the CO<sub>2</sub> intensity of PJM and U.S. averages
  - ✓ PSEG Power is now coal-free
  - ✓ PSEG Power has pledged not to build or acquire any new fossil-fueled power plants
  - ✓ PSE&G on track to achieve 2023 methane reduction goal of ~22% from 2018 levels
- PSEG completed acquisition of a 25% interest in Ocean Wind, NJ's first offshore wind farm
- Regulated Solar energy investments total ~\$1B
- **2020 Climate Report** follows TCFD
- **2019 Sustainability Report** is SASB compliant
- **2020 PSEG Performance Report**

## Policies & Goals

- PSEG is a vocal advocate for an economy-wide price on carbon emissions and preserving nuclear power plants for their carbon-free attributes
- Committed to rigorous oversight of political contributions and transparency in disclosure
- Diversity, Equity & Inclusion Commitment
- Human Rights Policy (2018)
- PSEG's long-term ESG goals and business strategy are aligned with many of the U.N.'s Sustainable Development Goals intended to stimulate action to set the world on a sustainable path by 2030



## Recognition & Scores

- Member of S&P Sustainability Yearbook 2021
- Named to Dow Jones Sustainability Index – North America 13 years in a row
- Among 2021 America's Most Responsible Companies by Newsweek
- Named to the Forbes Lists of: Best Employers for Diversity 2021 and Best Employers for Veterans 2020

### PSEG ESG Vital Signs: Relative Scores\*\*

MSCI



PSEG in top 20% of all MSCI rated companies

ISS



Bloomberg Disclosure



Sustainalytics

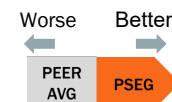


SSGA R-Factor



PSEG is top 10%-30% of SSGA's Industry rated companies

CPA-Zicklin Index



# PSE&G deploys capital consistent with a longstanding commitment to sustainability and environmental stewardship

## PSE&G's response to climate change has led to several major investment programs:

### Supporting development of solar generation in NJ:

- Solar4All® and Solar Loans \$1.0 billion

### Increasing system resiliency against severe weather events:

- Energy Strong I (2013 storm hardening) \$1.0 billion
- Energy Strong II (2019 extension) \$0.8 billion

### Modernizing energy infrastructure and reducing methane leakage:

- Gas System Modernization I (2015) \$0.9 billion
- Gas System Modernization II (2019 extension) \$1.9 billion

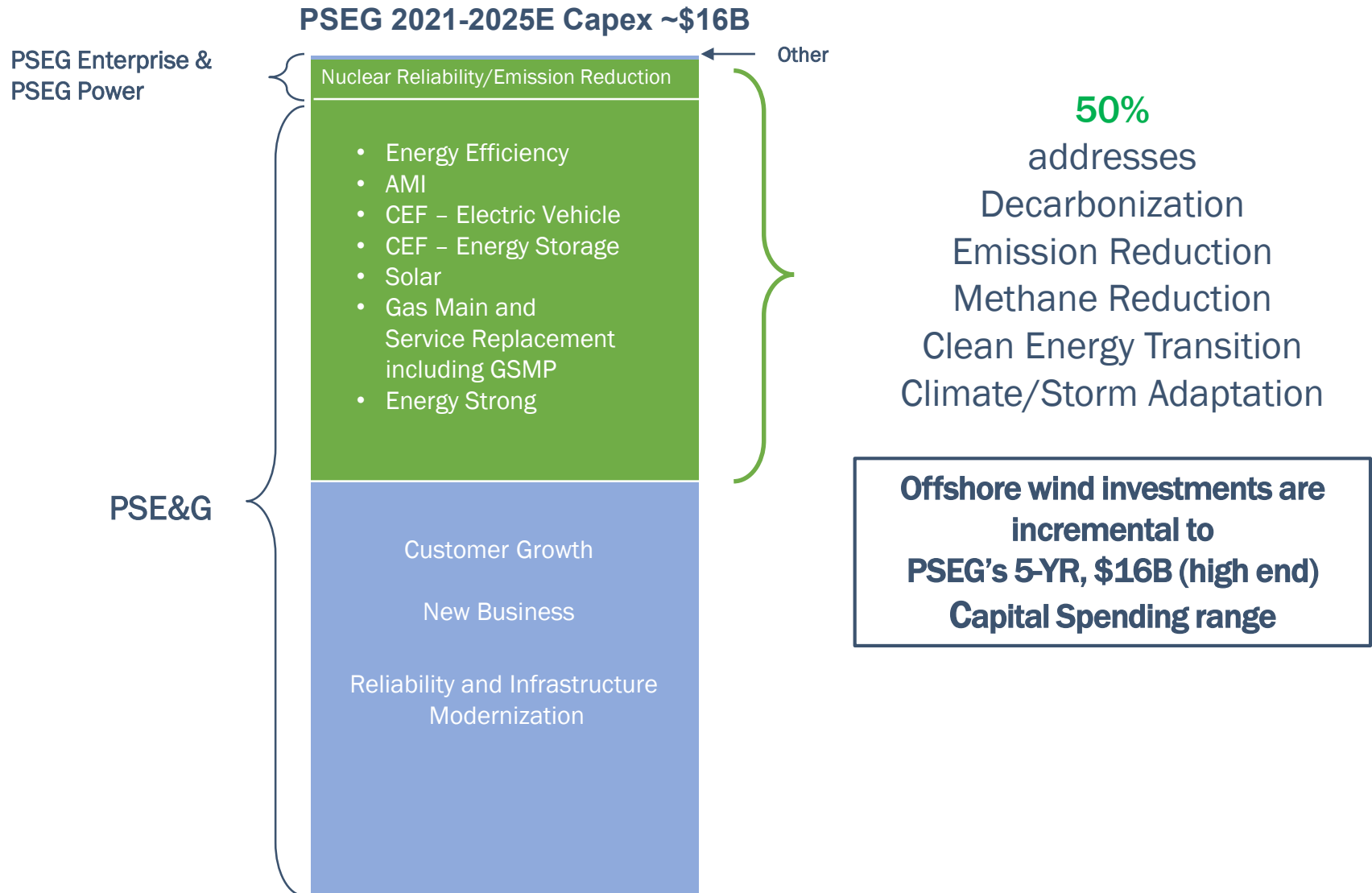
### Moving customers towards using less energy, that is cleaner, highly reliable & connected:

- Energy Efficiency I, II and III (2009–2020) \$0.5 billion
- Clean Energy Future (CEF) – EE (approved 2020) \$1.0 billion
- CEF – Energy Cloud (EC) – AMI (approved 2021) \$0.7 billion\*
- CEF – EV Charging Infrastructure (approved 2021) \$0.2 billion
- CEF – ES & Vehicle Innovation (pending) \$0.2 billion

“Climate change challenges us to think and act in new ways regarding how we use and provide energy ... an unmatched opportunity to grow the economy, promote innovation and create new jobs while protecting the planet for future generations.”

Ralph Izzo, Forbes – September 2007

# PSEG's Investments are aligned with New Jersey's clean energy goals and stronger reliability to meet customers' increasing expectations





# PSE&G's Clean Energy Future is doing right by the planet, focusing on the right things and done in the right way



PSE&G's Clean Energy Filing expands customer access to EE, EV charging, Smart Meters (AMI) and Energy Storage



PSE&G has invested more than  
**\$500M**  
in Energy Efficiency Programs



PSE&G's Solar 4 All® program has developed  
**158MW**  
of solar within our service territory



\$1 Billion, 3-year CEF-EE commitment approved & ready to create 3,200 direct and 4,300 total **jobs in the clean energy economy** to help NJ recover from the economic downturn due to COVID-19

## Electric Vehicles

PSE&G's approved program has significant investments in three customer segments: 40,000 residential smart chargers, 3,500 mixed-use Level 2 chargers and 1,200 public DC fast-chargers; and offers smart charging rebates

Since 2008, PSE&G has approved more than **\$335 Million** in loans and helped more than 1,600 PSE&G customers to finance nearly **145 MW** of solar on NJ homes and businesses



Continuing **Energy Strong** reliability and resiliency infrastructure improvements to minimize the impact of extreme weather events

Upon completion of the **Gas System Modernization Program II**, PSE&G will have invested

**\$2.8 Billion** to convert more than **1,450** miles of aging cast-iron and unprotected steel pipes to more durable materials, **reducing methane** emissions by ~22%, from 2018 levels, by 2023

# Regulatory and Policy Initiatives Update

## State Regulatory Proceedings

- NJBPU awarded continuation of \$10/MWh Zero Emission Certificates (ZEC) for all three NJ nuclear plants through May 31, 2025
- Resource Adequacy (FRR) recommendation and report by NJBPU Staff expected in summer 2021
- NJBPU working with PJM in conducting first-ever “State Agreement Approach” open window (to close on August 13<sup>th</sup>) to procure transmission solutions to support NJ’s 7,500 MW offshore wind target

## Investment Priorities Aligned with NJ’s Clean Energy Agenda

- PSEG completed acquisition of 25% interest in Ørsted's Ocean Wind project to expand its carbon-free fleet with contracted, renewable generation supporting New Jersey’s goal of 100% clean energy by 2050
- Remaining ~\$0.2 billion of CEF filings (Vehicle Innovation and Energy Storage) expected to be addressed following future stakeholder proceedings

## Federal Energy Regulatory Commission (FERC) / PJM

- FERC’s decarbonization agenda has an emphasis on promoting transmission and market policies that will facilitate renewables development while seeking to keep costs low for customers
- PJM will file at FERC in mid-July to significantly modify the MOPR with the objective of allowing most state-subsidized resources to clear future auctions
- PSEG, other PJM transmission owners, various trade associations and the RTOs themselves are engaged in advocacy to convince FERC to preserve the RTO incentive adder, which FERC has proposed to eliminate

## Long Island Power Authority (LIPA) / PSEG Long Island Update

- PSEG LI and LIPA have agreed to a non-binding term sheet to make various amendments to the Operations Services Agreement (“OSA”) and to resolve all claims related to Tropical Storm Isaias; the OSA term remains through 2025. The amended OSA is subject to approval by the NY Attorney General and the NY Comptroller.

# PSEG completed acquisition of 25% interest in Ørsted's Ocean Wind; investment aligned with NJ's clean energy goals

- PSEG Renewable Generation has acquired a 25% interest in the 1,100 MW Ocean Wind project, located off the coast of southern New Jersey via partnership with Ørsted, a global leader in offshore wind development
- PSEG's 25% interest includes both a conventional and tax equity component, which will have the effect of accelerating cash flow and earnings; PSEG's investment in Ocean Wind is expected to be earnings accretive upon commercial operation
- Ocean Wind could provide first power in late 2024 and was awarded a first year Offshore Wind Renewable Energy Certificate (OREC) price of \$98.10 per MWh generated with a 2% annual escalation over the 20-year term of the OREC
- The Bureau of Ocean Energy Management (BOEM) announced it would begin the environmental review of Ocean Wind as part of the preparation of an Environmental Impact Statement (EIS) for the project's Construction and Operations Plan (COP)
- PSEG will continue to evaluate additional offshore wind opportunities in New Jersey and other mid-Atlantic states
- In June 2021, the NJBPU awarded 2,658 MW to two projects, Atlantic Shores (1,510 MW, COD '27/'28, OREC \$86.62) and Ocean Wind 2 (1,148 MW, COD '28/'29, OREC \$84.03)



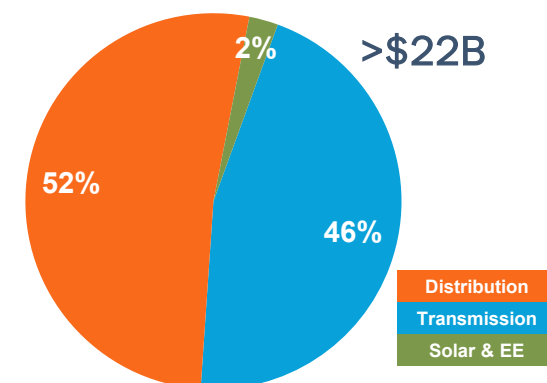
# PSE&G – New Jersey’s largest:

- Electric and Gas Distribution utility
- Transmission business
- Investor in renewables and energy efficiency
- Appliance service provider

	Electric	Gas
Customers	2.3 Million	1.9 Million
5-Year Annual Customer Growth*	0.8%	0.6%
2020 Electric and Gas Sales	39,666 GWh	2,370M Therms**
Sales Mix (2020)		
Residential	35%	60%
Commercial	56%	36%
Industrial	9%	4%







**PSE&G 2020 Rate Base\*\*\***





# PSE&G Clean Energy Future Program Overview

Energy Efficiency (EE)	Energy Cloud (EC) "AMI"	Electric Vehicles (EV)	Energy Storage (ES)
<p><b>\$1B</b> Commitment 3 years <i>Approved Sept 2020</i></p>	<p><b>\$707M*</b> Investment 4 years <i>Approved Jan 2021</i></p>	<p><b>\$166M</b> Investment ~6 years <i>Approved Jan 2021</i></p>	<p><b>\$109M</b> Investment <i>Filed amount, outcome pending</i></p>
			
<p>Programs for Residential and C&amp;I Customers including low-income, multi-family, small business and local government</p>	<p>"Smart meters," new software and product solutions to improve PSE&amp;G processes and better manage the electric grid</p>	<p>Residential Smart Charging, Level 2 Mixed-Use Charging, and Public DC Fast Charging</p> <p><i>Medium- and heavy-duty vehicle investments pending</i></p>	<p>Solar Smoothing, Distribution Deferral, Outage Management, Microgrids, Peak Reduction for Municipal Facilities</p>

# Landmark \$1 Billion CEF-Energy Efficiency program opens new opportunities for customers and PSE&G

- NJBPU approved CEF-EE settlement to commit \$1B in energy efficiency investments over the next 3 years through a suite of 10 utility-led programs
- Increases annual investment spend on new and existing EE by 10X to ~\$350M/year
- CEF-EE investment began Q4 2020; 2021 ramp up year of ~\$125M
- A typical residential customer\* can save \$17 (9%) per month in 2025E by participating in programs with smart thermostat, smart power strip, 5 LED light bulbs, efficient HVAC equipment and home energy reports; non-participating customer bill increase is \$1 (<1%) per month
- Lost revenue recovery through Conservation Incentive Program starting June/October 2021 (electric/gas) aligns incentives for utility, customer and state policy goals; first NJ electric utility approved for the CIP recovery mechanism
- Creates 3,200 direct and 1,100 indirect clean energy jobs
- Energy savings targets measured over 5 years; No incentives or penalties during first 3 years
- Improves New Jersey into a national leader in EE

Clean Energy Future - EE	Investment	ROE	Amortization	Lost Revenue Recovery**
Approved	\$1B	9.6%	10 Year	CIP



# CEF-Energy Cloud/AMI Settlement Approved

- NJBPU approved settlement of the CEF-EC filing between NJBPU Staff and Rate Counsel
- Total investment of \$707 million over four years\*
- PSE&G will defer earnings and cash return of and on CEF-EC investment until its next base rate case; Roll-in will include full investment plus deferred return
- Rate base amount grows each year until next rate case by investment amounts and deferred return and is not reduced by depreciation/deferred taxes
- Project O&M and stranded costs (old meters) deferred for recovery beginning with next rate case
- Next distribution base rate case filing expected year-end 2023 with a 2024 resolution
- PSE&G plans to install over 2 million meters beginning in 2021 and concluding in 2024
- Recovery lag minimized by spend pattern, concentrated in 2023-24 and closer to rate case resolution; mechanism exists to roll-in any spend post-test year
- Customer rate impact will be deferred until rate case determination

Clean Energy Future – EC/AMI	ROE	2021	2022	2023	2024	Total
Approved Investment	9.6%	\$50M	\$100M	\$270M	\$270M	~\$700M
Planned AMI Installs		80,000	300,000	900,000	900,000	~2.2M

\*CEF-EC/AMI PROGRAM IS \$707M, ADDITIONAL RATE BASE IS ~\$600M GIVEN ANNUAL METER SPEND OF ~\$30M.

# CEF-Electric Vehicle Infrastructure Approved



**Investment  
\$166M  
~6-Year Program**

**Development of smart charging infrastructure to facilitate EV adoption across a broad range of customers and segments**

## CEF-EV Subprograms:

1. Residential Smart Charging
2. Level 2 Mixed-Use Charging
3. Public DC Fast Charging

## Environmental Benefits



an electric mile is

**70%**

cleaner than an average mile  
fueled by gasoline

**14**

million metric tons of CO<sub>2</sub> avoided  
through 2035

## Other Benefits

**270**

direct  
clean energy jobs

**Advancement of  
NJ EV and clean  
energy goals**

**Mitigation  
of  
EV market  
barriers  
& reduction  
in range  
anxiety**

# Driving innovation and efficiency for our customers through investments in technology

## Advanced Metering Infrastructure



Providing real-time information to **help customers manage their usage**, improving **operational efficiencies**, and **supporting new energy technologies** through the deployment of ~2.3 million smart meters over the next four years

## 360° View of the Customer



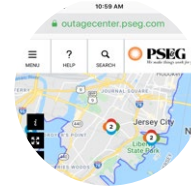
Creating a **holistic view of a customer's profile**, **transactions**, and **participation in energy efficiency programs** through deployment of a new integrated customer relationship management platform

## Mobile Access



Providing customers **convenient ways to pay**, **track outage status**, **review their bill**, and **make appointments** through a new self-service application that runs on mobile phones, tablets, and watches

## Outage and Distribution Management



Enhancing **real-time awareness of power outages**, improving the capabilities of **outage prediction models** and enabling **faster outage detection and restoration** with a new advanced distribution management system and a new outage management system

## Asset and Work Management



Optimizing **resource utilization**, enabling **proactive asset management** and **gaining better insights into work status** through a new mobile work management system; deploying Tech Talk virtual diagnostics to improve response time for WorryFree® appliance service

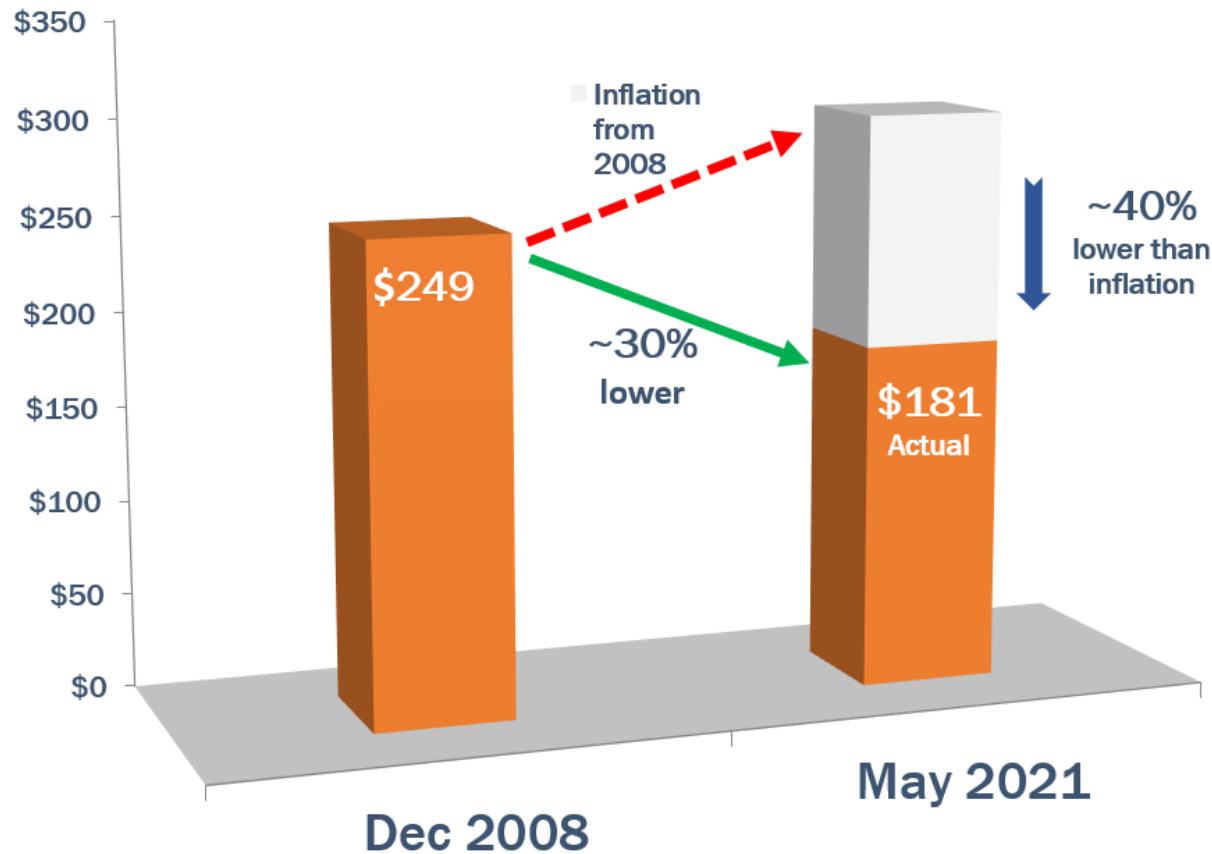
## Mobile Geographic Information System



Reducing **cycle time of reporting damage** during storm events and enabling **digitization of T&D field processes**, including **public safety** through deployment of a suite of mobile geographic information system applications and dashboards

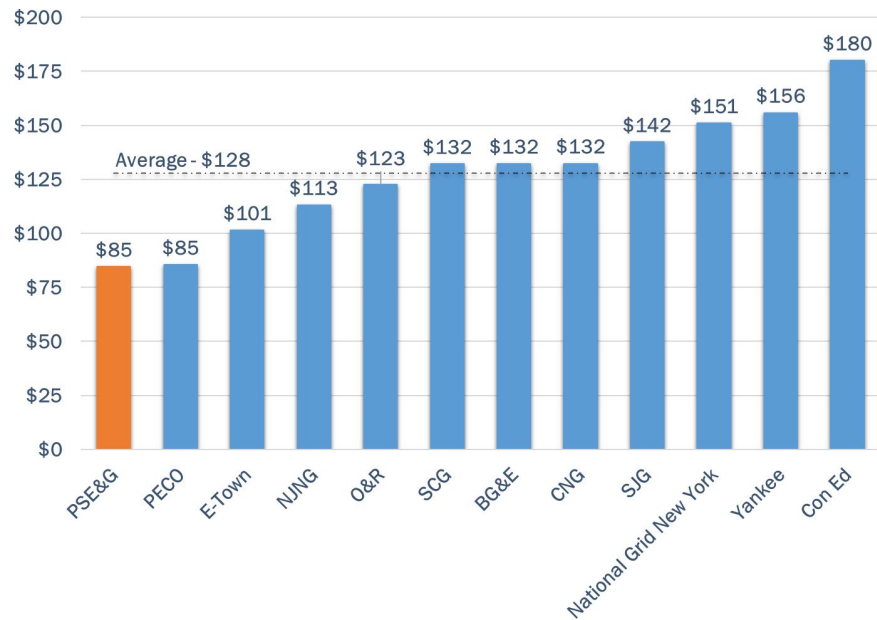
# Customer Focus – Customer bills have declined, supporting needed investment in the system

Combined Typical Residential Electric and Gas Customer Bill Comparison 2008 to 2021 with Inflation

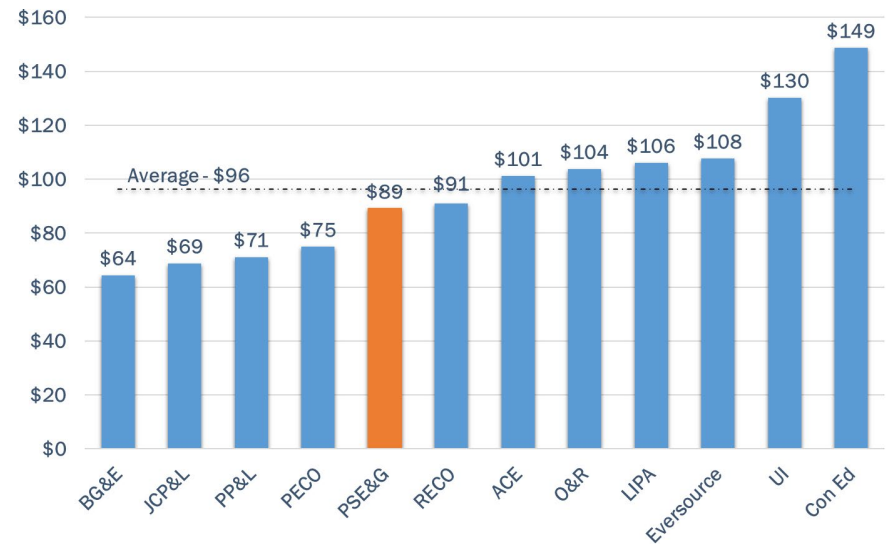


# PSE&G: Lowest residential bills among 12 regional Gas Utilities and below the average of 12 regional Electric Utilities

## Monthly Gas Bills



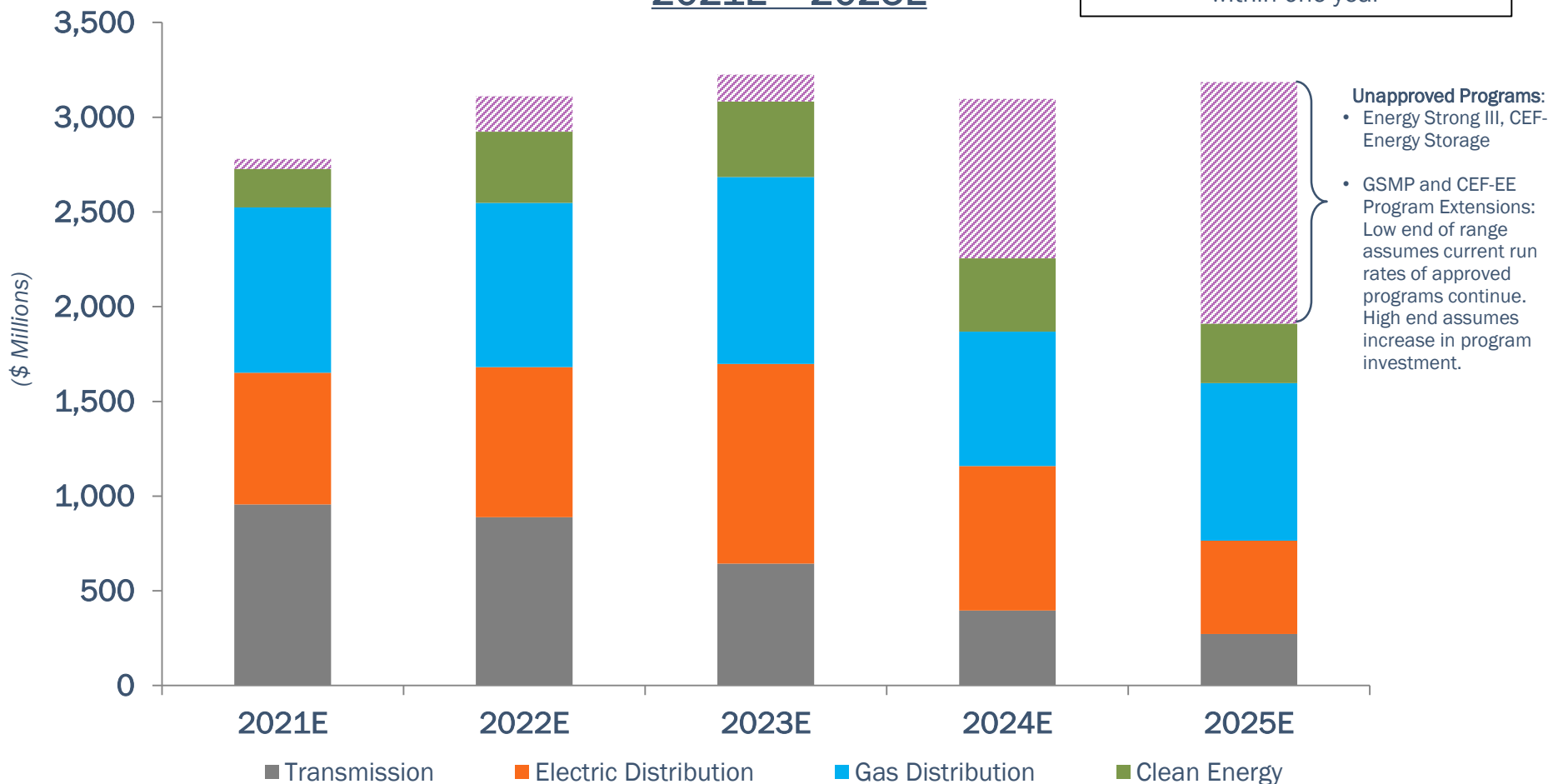
## Monthly Electric Bills



# PSE&G's capital program of \$13 billion to \$15 billion focused on reliability, resiliency, grid modernization and clean energy investments

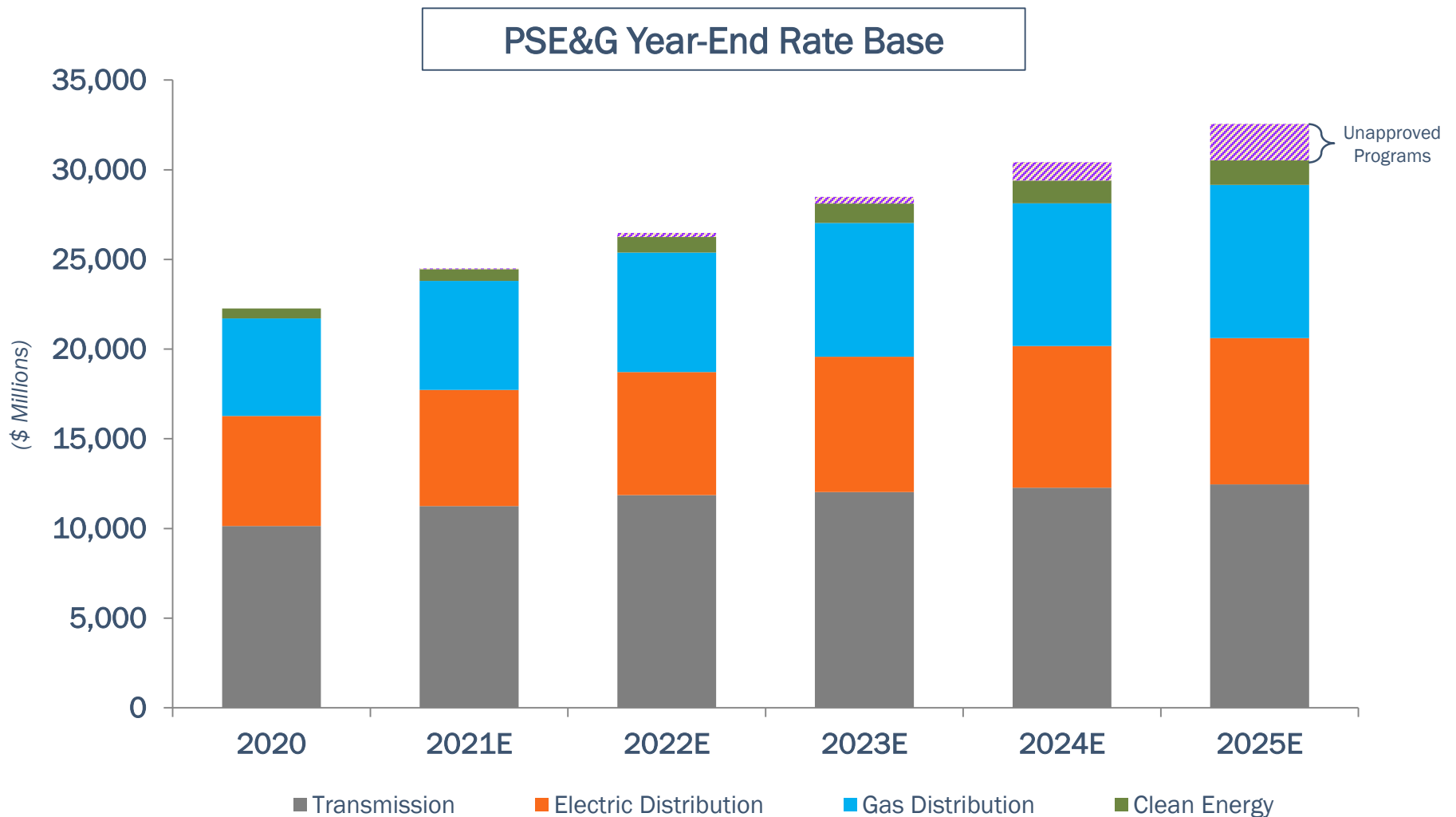
## PSE&G Capital Spending 2021E – 2025E

~90% of our capital investments receive earnings and cash recovery within one year





# PSE&G's investment program provides opportunity for ~6.5% to 8% compound annual growth in rate base



# Gas Distribution Investments

**Gas System Modernization Program** focused on modernizing and replacing cast iron and unprotected steel main, resulting in a reduction in methane leaks, safety enhancements and supports customer usage of high efficiency appliances.

- **2020:** Completed replacement of ~175 miles of gas main and ~25,000 services
  - ✓ Annual methane emissions reduced by ~25,000 metric tons of CO<sub>2</sub> equivalent

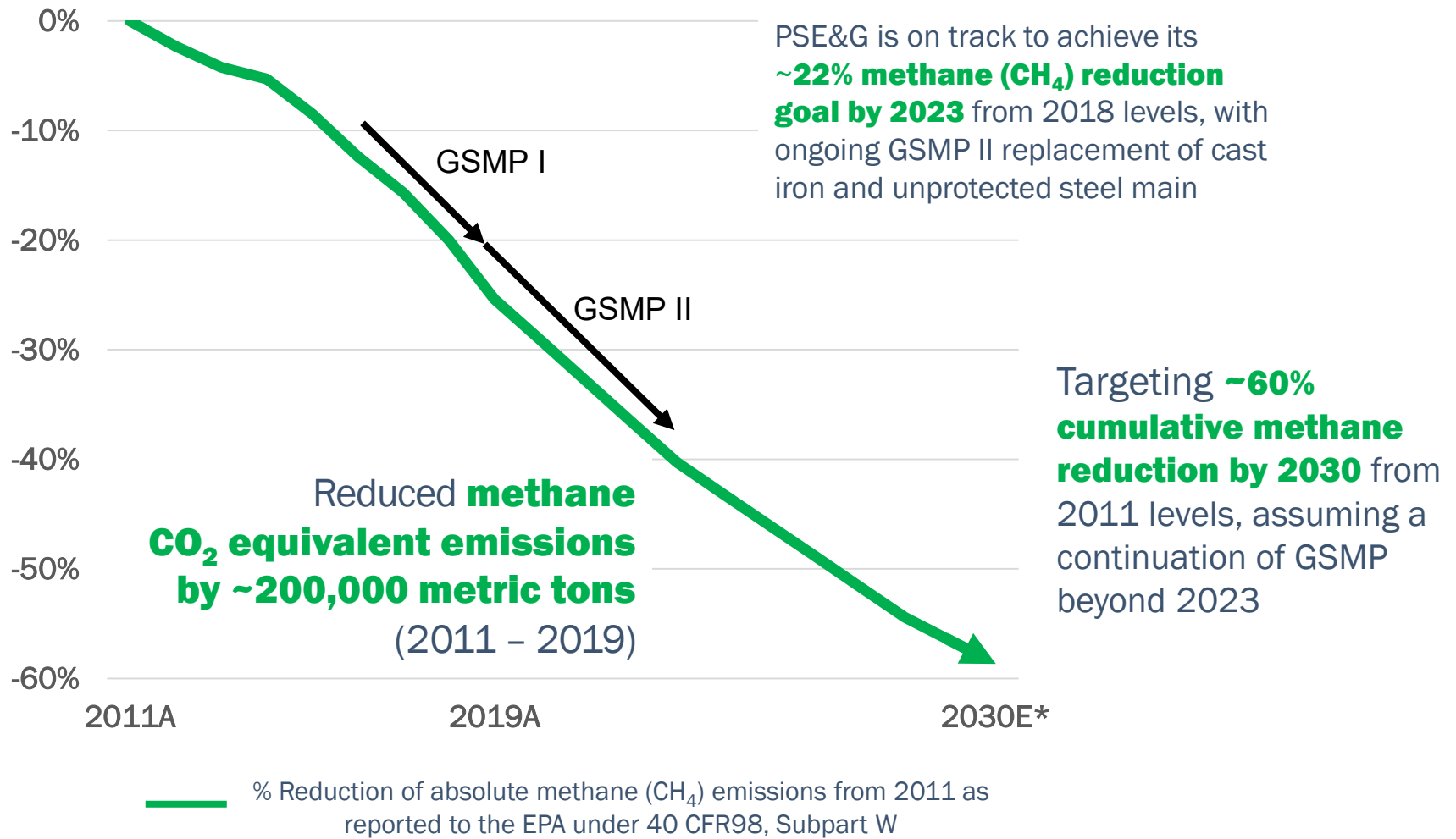
**GSMP II program provides for replacement of 875 miles over five years**

- \$1.9 Billion investment began in 2019
- \$1.6 Billion recovered through clause
- Improved terms, with semi-annual recovery
- Creating 750 jobs
- GSMP I replaced ~450 miles/3 years for \$905M

**Base capital and new business >\$1 Billion over five years**



# GSMP drives PSE&G's methane reduction goals



# Energy Strong II: Continuing critical energy infrastructure program

Old Station Below/New Station Raised  
Above Flood Elevations



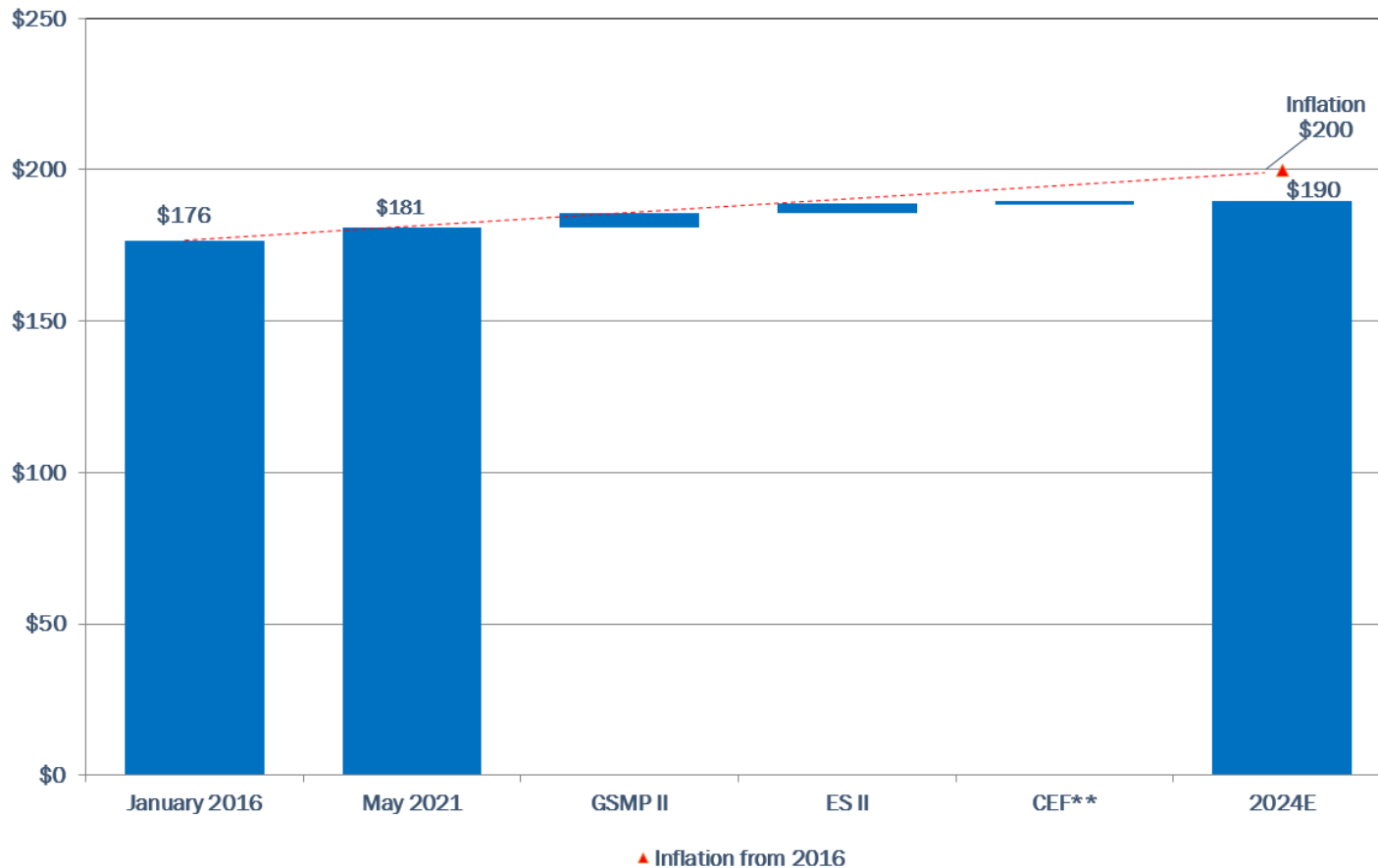
New Equipment Raised  
Above Flood Elevations



- \$842M total spending (Clause \$692M, Stipulated Base \$150M)
  - \$741M Electric (Clause \$641M, Stipulated Base \$100M): substation life cycle and flood mitigation, contingency reconfiguration and grid modernization
  - \$101M Gas (evenly split between Clause and Stipulated Base): M&R station life cycle
- Program work began Q4 2019, extending through December 2023
- Improves reliability and resiliency, modernizes system

# Bill Impacts from our infrastructure and clean energy programs are expected to remain in line with inflation

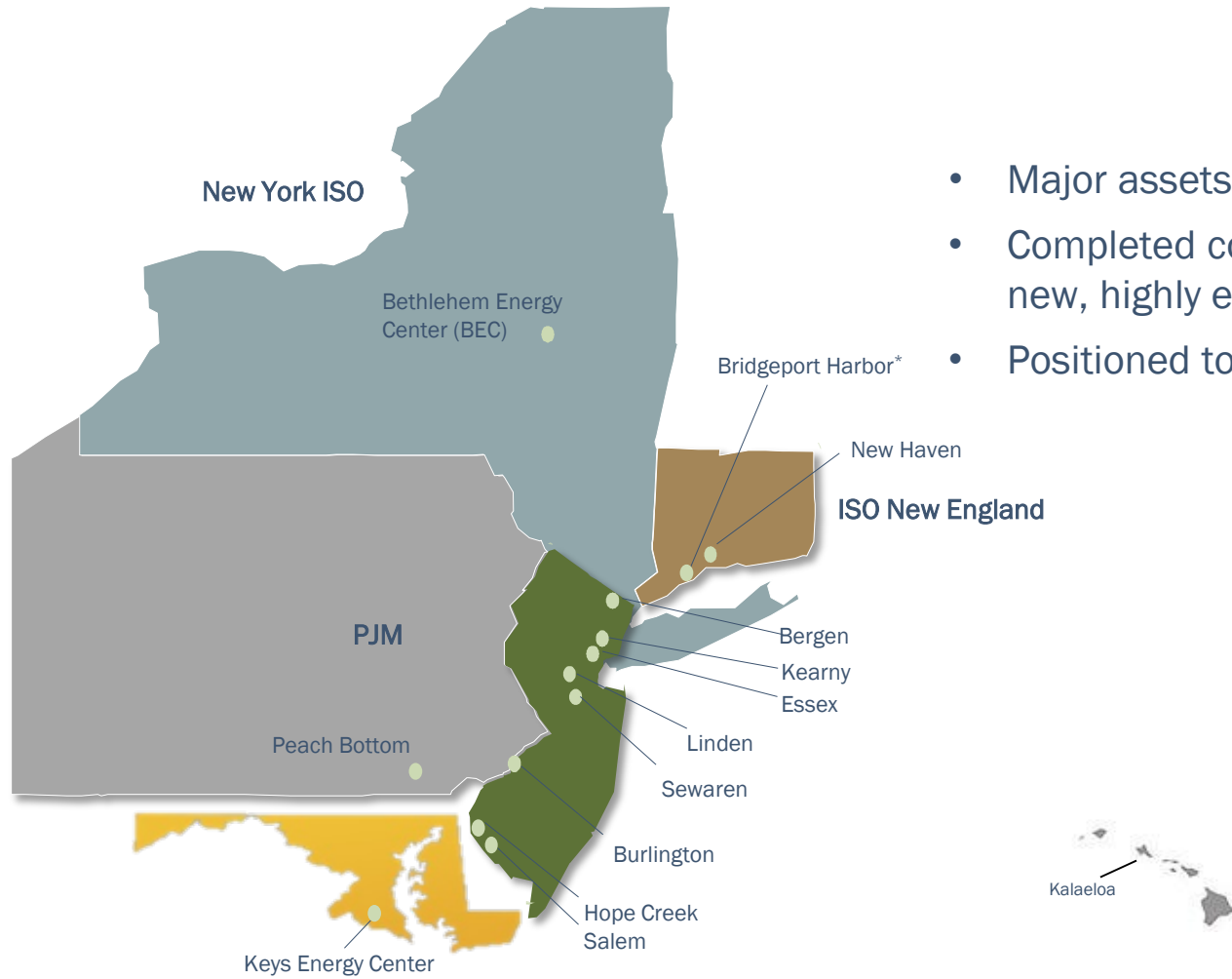
Combined Typical Monthly Residential Electric and Gas Customer  
2024E Bill Impacts\* of Projected Program Asks



- Bills remained flat in real terms from 2016 to 2021, even with inclusion of GSMP I, ES I, 2018 Rate Case, the commencement of GSMP II and ZECs
- Over the next four years, the impact of GSMP II, ES II and CEF-EE on customer bills will be ~2%/year

... and EE participants can lower their bills going forward.

# PSEG Power's generating assets mainly located in three competitive markets



- Major assets located near key load centers
- Completed construction program of three new, highly efficient combined-cycle units
- Positioned to benefit from market volatility

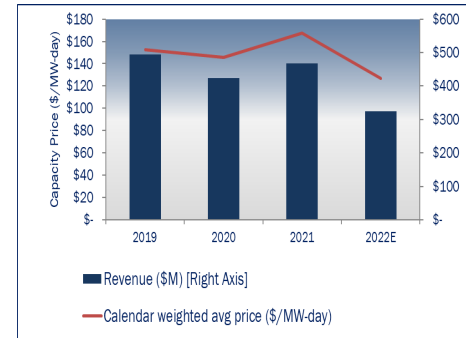


# Capacity markets provide a solid and continuing revenue stream

## PJM's Capacity Auction Results\*

Delivery Year	2020/2021	2021/2022	2022/2023
PSEG Power's Average Prices (\$/MW-day)	\$167	\$166	\$98
Rest of Pool Prices (\$/MW-day)	\$77	\$140	\$50
PSEG Power's Cleared Capacity (MW)	7,700	7,700	6,310

## PJM Capacity Revenue



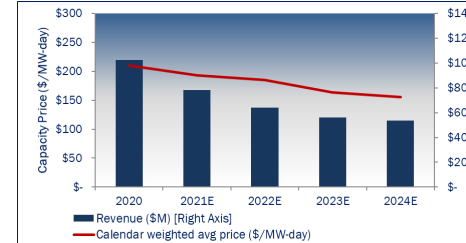
**2023/2024 Auction is scheduled to occur late December 2021 and be informed by changes in:**

- Net CONE
- Demand Response Rules
- Load Forecasts
- PJM Parameters
- Environmental Regulations
- FERC Market Reforms

## ISO New England's Forward Capacity Market Auction Results\*\*

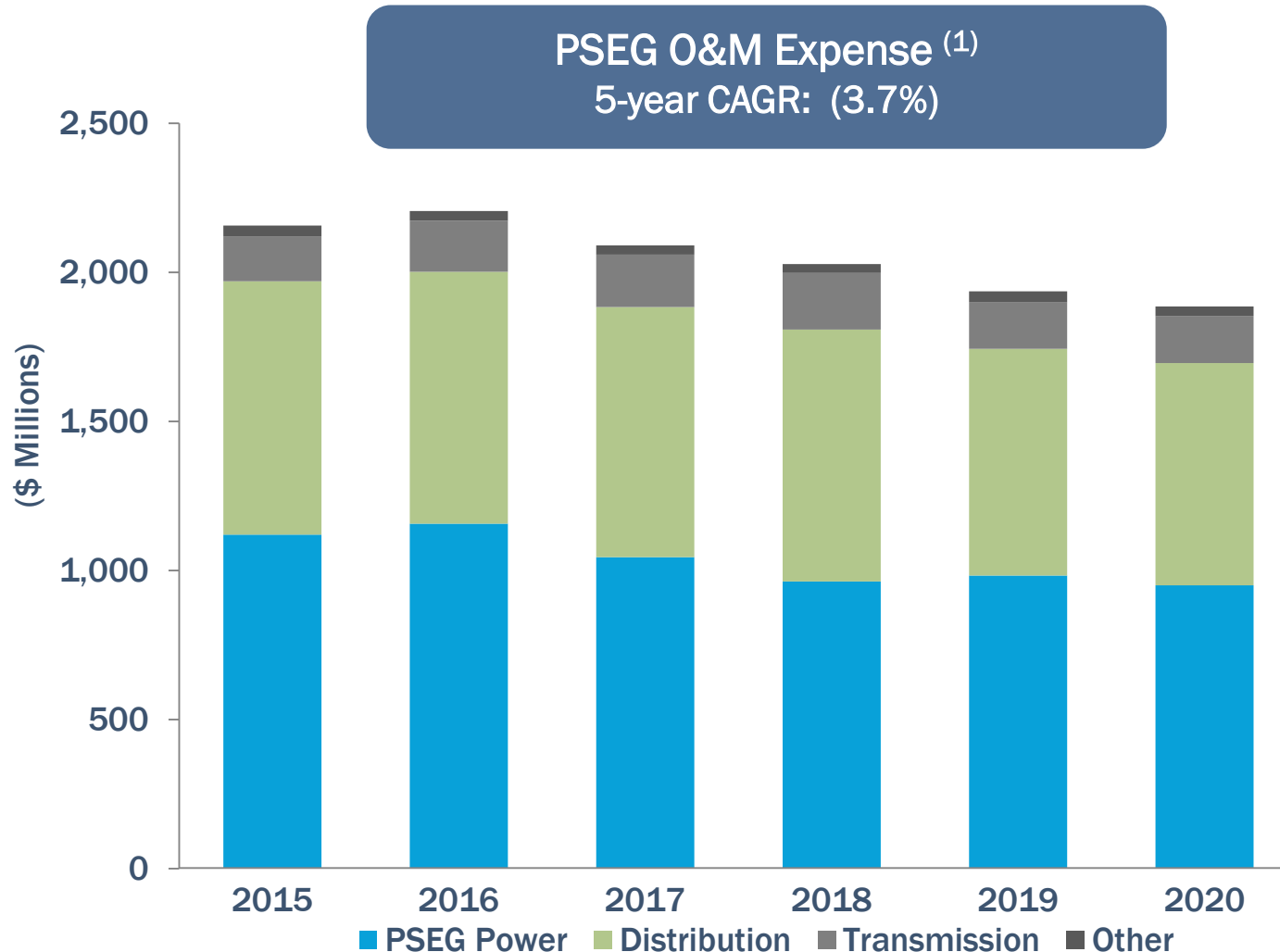
Delivery Year	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
PSEG Power's Average Prices (\$/MW-day)	\$195	\$192	\$179	\$152	\$158
PSEG Power's Cleared Capacity (MW)	1,330	950	950	930	950

## NE Capacity Revenue



**PSEG Power's average price reflects Bridgeport Harbor 5, which cleared the 2019/2020 auction at \$231/MW-day for seven years, with escalations based on Handy-Whitman Index**

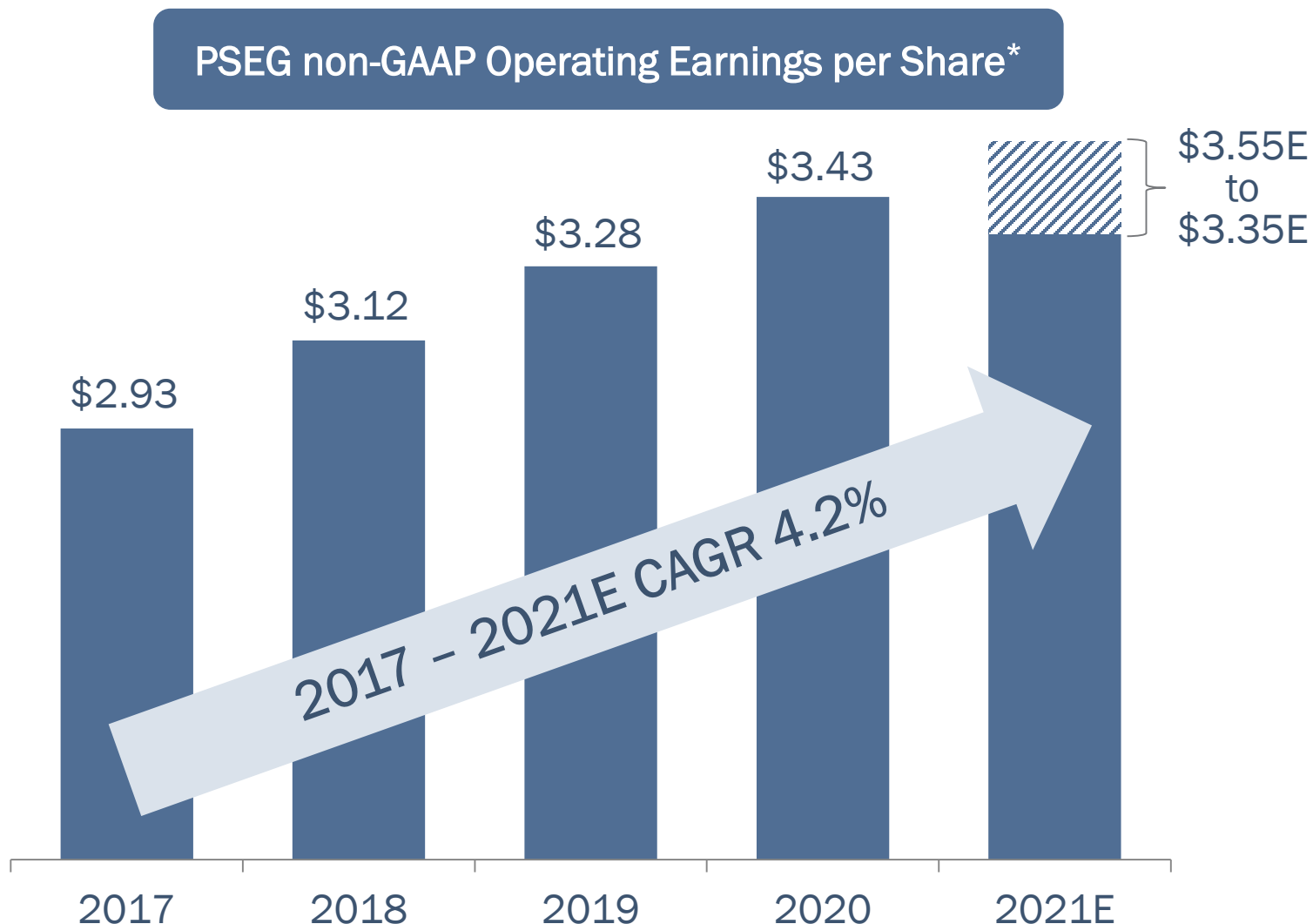
# PSEG has controlled O&M with actions focused on continuous improvement



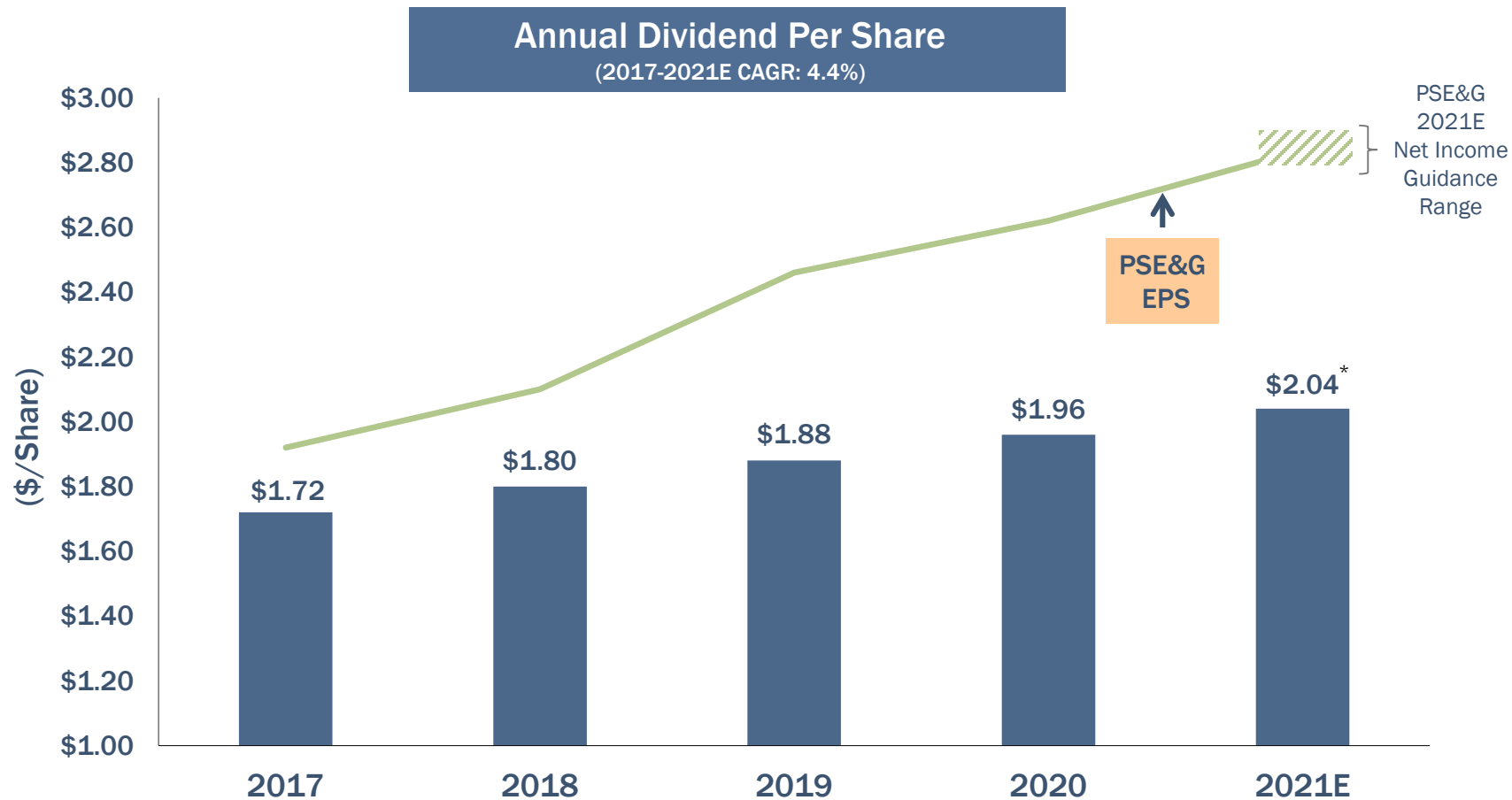
## Cost control actions

- 'Best practices' teams focused on improving performance while managing costs
- Technology investments to improve productivity
- Power plant optimization
- Frequent organizational reviews to drive efficiency and cost optimization
- Continued focus on vendors to ensure maximum value
- Favorable results on Pension/OPEB

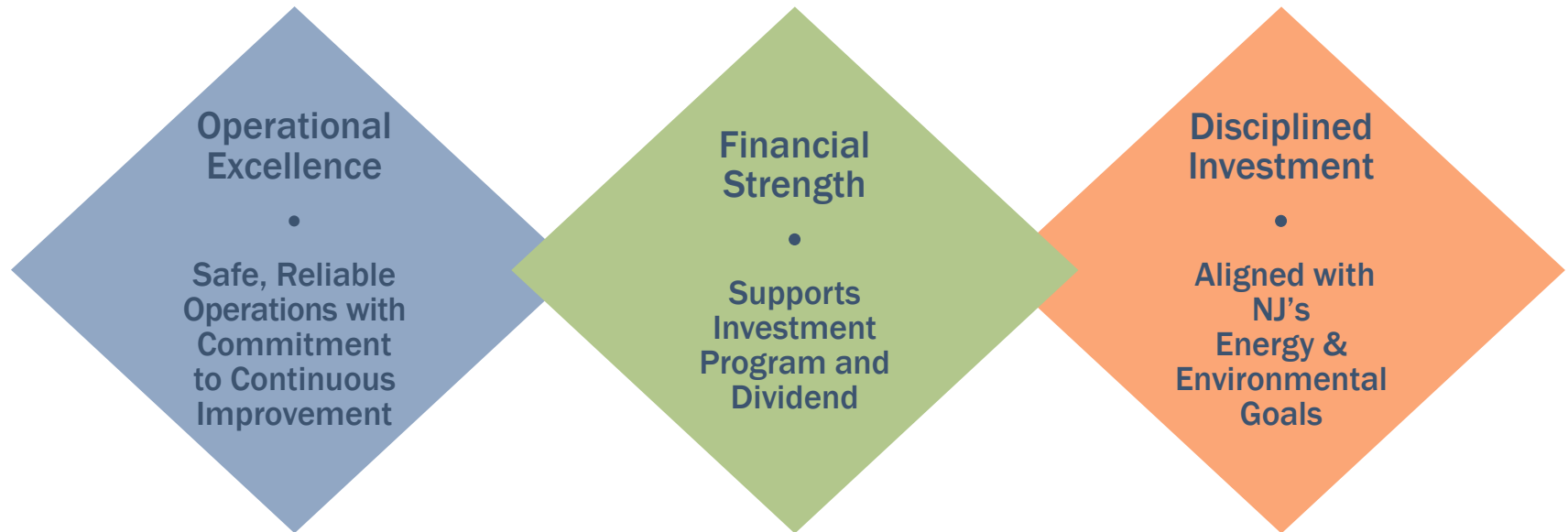
# Strategic focus continues to deliver solid results



# Opportunity for consistent and sustainable dividend growth



# PSEG Value Proposition



- PSE&G – Delivering on promise for rate base growth through alignment with customer interests and state policy goals
- PSEG Power – Progressing on strategic alternatives for solar and fossil assets, seeking to preserve its carbon-free nuclear generation
- Focus on providing strong, sustainable returns of invested capital reinforced by operational excellence, financial strength and disciplined investment
- 114-year record of paying common dividend with opportunity for consistent, sustainable growth

# PSEG Meeting Takeaways

## Regulatory Stability & Opportunities Consistent with NJ Energy Policy

- NJBPU approved \$1B in CEF-EE investments, ~\$875M in CEF-Energy Cloud/AMI\* and EV infrastructure
- Next distribution base rate case not required before year-end 2023
- Continued progress on strategic alternatives for PSEG Power's fossil and solar generating fleet
- Continuing ZECs at \$10/MWh helps support nuclear through May 2025 and stabilize gross margin
- New investment in contracted renewables: 25% stake in Ørsted's 1,100 MW Ocean Wind project

## Among Highest Regulated Growth Rates

- Rate Base CAGR of ~6.5%-8% (2021-2025) fueled by GSMP II, ES II, transmission & CEF investments
- Realizing NJ's Clean Energy Act and NJ Energy Master Plan's investable potential

## Financial Strength Remains Intact

- Stable credit metrics enable accelerated return of excess deferred taxes and increases rate base
- Higher 54% equity ratio at PSE&G post rate case settlement
- Expect strong cash flow will enable funding the entire 5-year capital spending program during the 2021-2025 period without the need to issue new equity
- Common Dividend: 2021 indicative \$0.08 per share increase to \$2.04 per share

\*CEF-EC/AMI PROGRAM IS \$707M, ADDITIONAL RATE BASE IS ~\$600M GIVEN ANNUAL METER SPEND OF ~\$30M.



# APPENDIX



**PSEG**

*We make things work for you.*

# PSE&G to invest \$1B of capital in Energy Efficiency, one of the largest efforts in the U.S.

**PSE&G Investment:  
\$1 Billion, 3-Year Commitment**

delivering universal access to lower customer bills through a comprehensive suite of EE programs

## Other Benefits

Conservation  
Incentive Program  
addresses  
lost revenues

**3,200**  
direct  
clean energy jobs

**8**  
million metric tons  
of CO<sub>2</sub> avoided\*

**2.2**  
NJ cost  
test score\*\*

## PSE&G Energy Efficiency (EE) Offerings

Residential Programs \$300M	Commercial & Industrial Programs \$700M
Efficient Products	Prescriptive
Existing Homes	Custom
Behavioral	Small Non-Res Efficiency
Multi-Family	Energy Management
Income Eligible	Engineered Solutions

# PSE&G's Energy Efficiency Offerings:

## A Suite of Ten Residential, Commercial & Industrial Programs

Residential Programs\*

Commercial & Industrial

Program	Description
Efficient Products	Rebates and on-bill repayment for HVAC, smart thermostats, appliances, lighting, and other equipment
Existing Homes	Rebates and on-bill repayment for energy audit, direct install of efficient equipment, and broader weatherization / appliance replacement services
Behavioral	Data analytics, home energy reports and online energy audits
Multi-Family	Energy audit and direct install of efficient equipment at no charge to tenants
Income Eligible	Energy audit, direct install of efficient equipment, and broader weatherization / appliance replacement services at no charge for income-eligible customers and properties located within low- and moderate-income census tracts
Prescriptive	Rebates and on-bill repayment for HVAC, lighting, motors and drives, refrigeration, water heaters, air compressors, and food service equipment
Custom	Custom incentives for large energy efficiency projects, including on-bill repayment
Small Non-Res Efficiency	Rebates and on-bill repayment for direct-installed EE measures to small non-residential customers of lighting, controls, refrigeration, heating and air conditioning updates, etc.
Energy Management	Retro-commissioning and strategic energy management: optimizing existing systems with little to no equipment upgrades
Engineered Solutions	Whole-building engineered energy saving solutions to hospitals, school districts, universities, municipalities, apartment buildings, other non-profit / public entities

# CEF-EV Program Descriptions

## Residential Smart Charging



Single-Family Homes

\$80M investment

~40,000 chargers

- PSE&G will provide funding towards the installation of Level 2 networked EV Chargers at residences in the PSE&G territory.
- PSE&G will also provide customer incentives to encourage charging during off-peak periods.



## Level 2 Mixed-Use Charging



Multi-Family,  
Municipality,  
Retail Centers

\$35M investment

~3,500 chargers, 875 locations

- PSE&G will deploy Make-Ready electrical infrastructure and provide financial incentives towards the cost of Level 2 charger installation.
- This subprogram will target a diverse set of customers and serve a variety of end-use EV Charging needs, such as multi-family, municipalities, and retail centers.

## Public DC Fast Charging



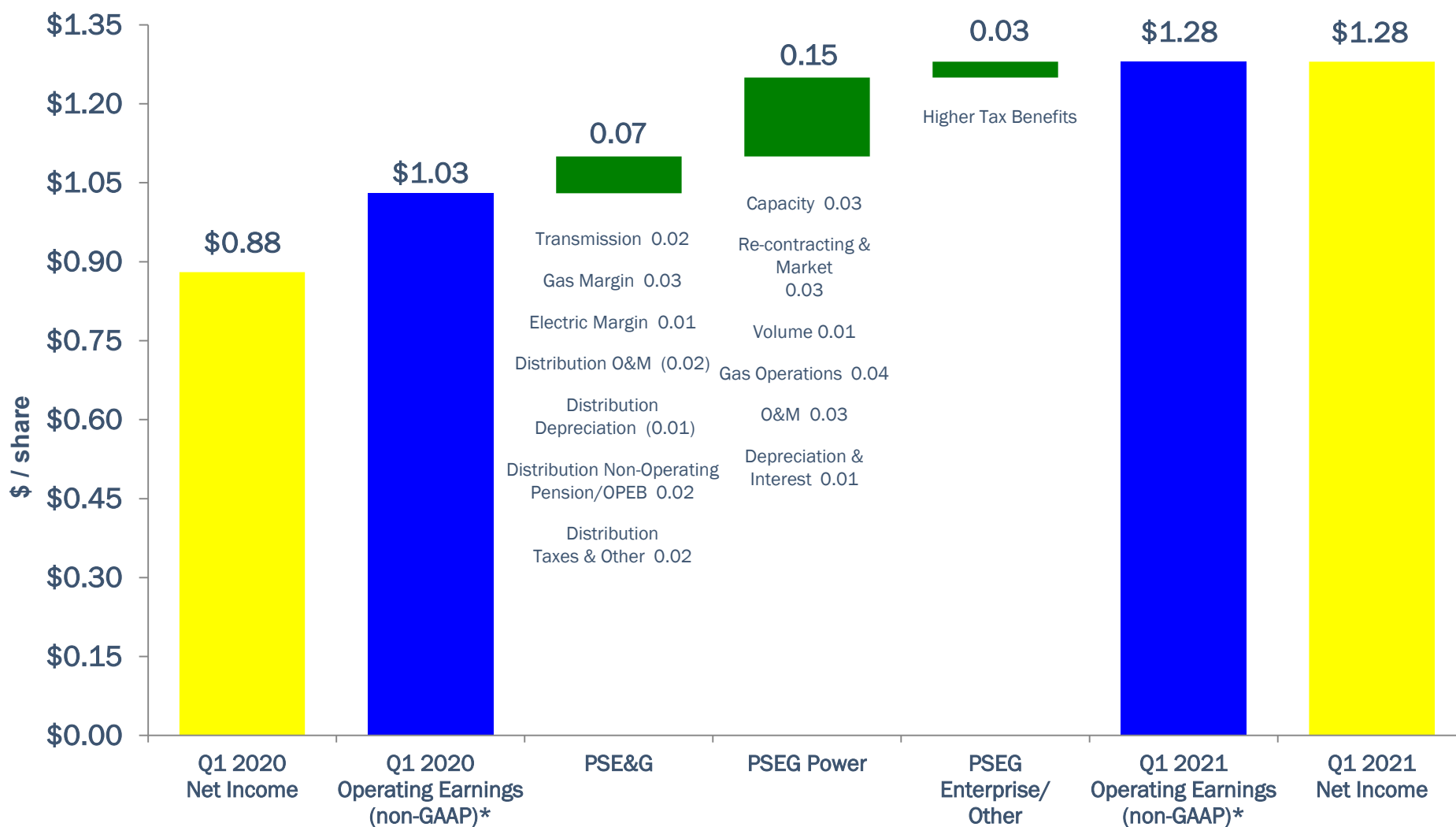
Travel Corridors

\$45M investment

~1,200 chargers, 300 locations

- PSE&G will deploy Make-Ready electrical infrastructure and provide financial incentives towards the upfront cost of DC Fast Charging equipment installation.
- PSE&G will also provide financial incentives to defray electricity costs.

# PSEG EPS Reconciliation – Q1 2021 versus Q1 2020



# PSEG maintains a solid financial position

## PSEG Senior Unsecured Credit Ratings

Moody's = Baa1 / Outlook = Stable

S&P = BBB / Outlook = Stable

## PSEG Senior Notes Outstanding

2.00% Sr. Notes due November 2021	\$300M
2.65% Sr. Notes due November 2022	\$700M
2.88% Sr. Notes due June 2024	\$750M
0.80% Sr. Notes due August 2025	\$550M
1.60% Sr. Notes due August 2030	\$550M
8.63% Sr. Notes due April 2031	\$96M

**Total Long-Term Debt Outstanding as of 3/31/2021: \$2.9B**

**Debt to Capitalization: 52%**

## PSE&G Senior Secured Credit Ratings

Moody's = Aa3 / Outlook = Negative

S&P = A / Outlook = Stable

## 2021 PSE&G Debt Issuances

Secured 0.95% MTNs due March 2026	\$450M
Secured 3.00% MTNs due March 2051	\$450M

**Total Long-Term Debt Outstanding as of 3/31/2021: \$11.5B**

## PSEG Power Senior Unsecured Credit Ratings

Moody's = Baa1 / Outlook = Stable

S&P = BBB / Outlook = Stable

## PSEG Power Senior Notes Outstanding

3.00% Sr. Notes due June 2021* (Retired 5/17/21)	\$700M
4.15% Sr. Notes due September 2021* (Retired 6/15/21)	\$250M
3.85% Sr. Notes due June 2023	\$700M
4.30% Sr. Notes due November 2023	\$250M
8.63% Sr. Notes due April 2031	\$404M

**Total Long-Term Debt Outstanding as of 3/31/2021\*\*: \$2.3B**

**Debt to Capitalization: 28%**

\*3% SR. NOTES DUE 6/2021 REDEEMED ON 5/17/2021 AT PAR AND 4.15% SR. NOTES DUE 9/2021 ON 6/15/2021 AT PAR



# PSEG's COVID-19 Response & Support

## Communities

- ✓ \$4 million in support in 2020; PSEG Foundation pledged \$2.5 million; includes \$1 million to NJ Pandemic Relief Fund and major support to food banks; \$1.5 million end-of-year donation to New Jersey and Long Island nonprofits based on their core area of support in alignment with critical needs arising as a result of the pandemic with food insecurity remaining the primary area of consideration. Support was subsequently awarded to nonprofits providing social services
- ✓ Donated 50K N95 masks & 200K pairs of gloves to New Jersey health care organizations in 2020
- ✓ PSEG sponsored the COVID-19 testing site in Salem County, and continues to support local food and community organizations and events to ease the financial hardship in the Salem community

## Customers

- ✓ Voluntarily suspended shutoffs of service due to non-payment during the state of emergency; continue to work cooperatively with customers needing payment flexibility
- ✓ Maintained full customer service staffing and hours of availability via telephone
- ✓ WorryFree Tech-Talk Appliance Repair introduced to remotely assist appliance repair customers
- ✓ Provided assistance with electricity provisioning for emergency medical facilities construction

## Employees

- ✓ Maintained workforce levels and employee benefits
- ✓ Provided remote access and implemented remote work practice for all employees where job could be performed remotely
- ✓ Expanded paid time off for employees to receive vaccination, take care of themselves and family members, and navigate school and daycare closures due to COVID-19
- ✓ Expanded childcare resources, including discounted home and remote placement services, expanded referrals and tutoring support
- ✓ Enhanced bereavement leave allotments to accommodate any employee suffering a loss of a family member
- ✓ Provided frequent education to front line managers and the workforce by PSEG's medical director and Health and Safety teams
- ✓ Pandemic response hotline exclusive for PSEG employees to guide them through questions on their health and safety, contact tracing for employee COVID-19 exposure, clinical assessments to determine quarantine needs and appropriate return to work procedures
- ✓ Increased leadership communication platforms, including "The Link" employee social media channel and ongoing pulse surveys during the critical period of the pandemic to ensure employee well-being and engagement
- ✓ Designing Responsible Reentry approach and playbook for future business practices

# Reconciliation of Non-GAAP Operating Earnings

## Public Service Enterprise Group Incorporated - Consolidated Operating Earnings (Non-GAAP) Reconciliation

Reconciling Items	Three Months Ended March 31,		Year Ended December 31,			
	2021	2020	2020	2019	2018	2017
	(\$ millions, Unaudited)					
<b>Net Income</b>	<b>\$ 648</b>	<b>\$ 448</b>	<b>\$ 1,905</b>	<b>\$ 1,693</b>	<b>\$ 1,438</b>	<b>\$ 1,574</b>
(Gain) Loss on Nuclear Decommissioning Trust (NDT) Fund Related Activity, pre-tax <sup>(a)</sup> (PSEG Power)	(55)	219	(231)	(255)	144	(133)
(Gain) Loss on Mark-to-Market (MTM), pre-tax <sup>(b)</sup> (PSEG Power)	47	(107)	81	(285)	117	167
Plant Retirements and Dispositions, pre-tax (PSEG Power)	-	-	(122)	402	(51)	975
Oil Lower of Cost or Market (LOCOM) adjustment, pre-tax (PSEG Power)	-	20	2	-	-	-
Goodwill Impairment, pre-tax (PSEG Power)	-	-	-	16	-	-
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	-	-	-	58	8	77
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform <sup>(c)</sup>	10	(60)	106	37	(74)	(427)
Tax Reform	-	-	-	-	-	(745)
<b>Operating Earnings (non-GAAP)</b>	<b>\$ 650</b>	<b>\$ 520</b>	<b>\$ 1,741</b>	<b>\$ 1,666</b>	<b>\$ 1,582</b>	<b>\$ 1,488</b>
<b>PSEG Fully Diluted Average Shares Outstanding (in millions)</b>	<b>507</b>	<b>507</b>	<b>507</b>	<b>507</b>	<b>507</b>	<b>507</b>
	(\$ Per Share Impact - Diluted, Unaudited)					
<b>Net Income</b>	<b>\$ 1.28</b>	<b>\$ 0.88</b>	<b>\$ 3.76</b>	<b>\$ 3.33</b>	<b>\$ 2.83</b>	<b>\$ 3.10</b>
(Gain) Loss on NDT Fund Related Activity, pre-tax <sup>(a)</sup> (PSEG Power)	(0.11)	0.44	(0.46)	(0.50)	0.28	(0.26)
(Gain) Loss on MTM, pre-tax <sup>(b)</sup> (PSEG Power)	0.09	(0.21)	0.16	(0.56)	0.23	0.33
Plant Retirements and Dispositions, pre-tax (PSEG Power)	-	-	(0.24)	0.79	(0.10)	1.92
Oil LOCOM adjustment, pre-tax (PSEG Power)	-	0.04	-	-	-	-
Goodwill Impairment, pre-tax (PSEG Power)	-	-	-	0.03	-	-
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	-	-	-	0.11	0.02	0.15
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform <sup>(c)</sup>	0.02	(0.12)	0.21	0.08	(0.14)	(0.84)
Tax Reform	-	-	-	-	-	(1.47)
<b>Operating Earnings (non-GAAP)</b>	<b>\$ 1.28</b>	<b>\$ 1.03</b>	<b>\$ 3.43</b>	<b>\$ 3.28</b>	<b>\$ 3.12</b>	<b>\$ 2.93</b>

- (a) Effective January 1, 2018, unrealized gains (losses) on equity securities are recorded in Net Income instead of Other Comprehensive Income (Loss).
- (b) Includes the financial impact from positions with forward delivery months.
- (c) Income tax effect calculated at 28.11% statutory rate for 2020, 2019 and 2018 and 40.85% statutory rate for 2017, except for lease related activity which is calculated at a combined leveraged lease effective tax rate, and NDT related activity which is calculated at the statutory rate plus a 20% tax on income (loss) from qualified NDT funds.

# Reconciliation of non-GAAP Operating Earnings and non-GAAP Adjusted EBITDA as non-GAAP Financial Measures

## PSEG Power LLC

### Operating Earnings (Non-GAAP) and Adjusted EBITDA (non-GAAP) Reconciliation

Reconciling Items	Three Months Ended March 31,		Year Ended December 31,
	2021	2020	2020
	(\$ millions, Unaudited)		
<b>Net Income</b>	<b>\$ 161</b>	<b>\$ 13</b>	<b>\$ 594</b>
(Gain) Loss on NDT Fund Related Activity, pre-tax	(55)	219	(231)
(Gain) Loss on MTM, pre-tax <sup>(a)</sup>	47	(107)	81
Plant Retirements and Dispositions, pre-tax	-	-	(122)
Oil LOCOM adjustment, pre-tax	-	20	2
Income Taxes related to Operating Earnings (non-GAAP) reconciling items <sup>(b)</sup>	10	(60)	106
<b>Operating Earnings (non-GAAP)</b>	<b>\$ 163</b>	<b>\$ 85</b>	<b>\$ 430</b>
Depreciation and Amortization, pre-tax <sup>(c)</sup>	90	93	360
Interest Expense, pre-tax <sup>(c) (d)</sup>	26	33	118
Income Taxes <sup>(c)</sup>	42	(10)	82
<b>Adjusted EBITDA (non-GAAP)</b>	<b>\$ 321</b>	<b>\$ 201</b>	<b>\$ 990</b>
<b>PSEG Fully Diluted Average Shares Outstanding (in millions)</b>	<b>507</b>	<b>507</b>	<b>507</b>

(a) Includes the financial impact from positions with forward delivery months.

(b) Income tax effect calculated at the statutory rate except for NDT related activity which is calculated at the statutory rate plus a 20% tax on income (loss) from qualified NDT funds.

(c) Excludes amounts related to Operating Earnings (non-GAAP) reconciling items.

(d) Net of capitalized interest.