

Clean Energy Future: The Energy Cloud



January 2021

Under the program, PSE&G will replace more than 2 million electric, analog meters with smart meters, significantly benefiting customers by:

- Virtually eliminating the need for customers to notify PSE&G that their power is out
- Enabling more efficient outage response, and in some cases reducing the duration of the restoration process
- Increasing actual versus estimated meter readings
- Lowering energy bills by providing usage data that helps customers become more energy efficient and by increasing utility operational efficiencies
- Increasing customer engagement with energy usage, paving the way for innovative rates
- Supporting clean energy choices, including solar installations, electric vehicles and storage options
- Creating the foundation for additional smart products and services
- Creating networks that support smart homes and smart cities
- Improving the environment by reducing the number of vehicle trips required to operate and maintain the system, reducing harmful greenhouse gas emissions
- Improving customer service and better supporting emergencies, such as the need for remote operations during a pandemic.

Transforming the Customer Experience

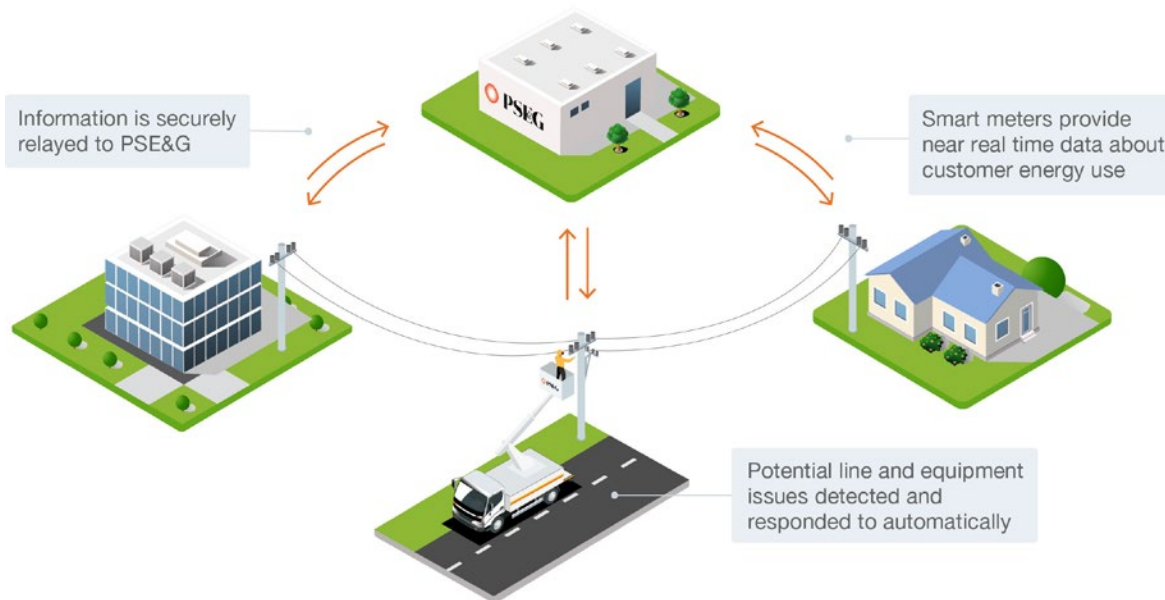
- The Energy Cloud is a smart system that transforms customers' electric experience by digitally connecting homes and businesses with a universe of clean energy sources and services, increasing reliability and empowering customers through better choices and more control. Smart meters, a communications network, and supporting customer systems, are the foundation of the Energy Cloud, which can help improve outage restorations, increase energy savings, and improve service quality.
- The Energy Cloud will allow two-way, near instantaneous communications that will provide our 2.3 million electric customers near real-time outage notification that can facilitate faster restorations, and more accurate billing and usage data, which would enable them to be more energy efficient. The Energy Cloud will also improve safety and reliability by detecting and fixing issues before they become problems, and will enable better integration of EVs, renewables and energy storage.

MORE THAN 98 MILLION
AMERICAN HOUSEHOLDS (OVER 70%)
HAVE SMART METERS

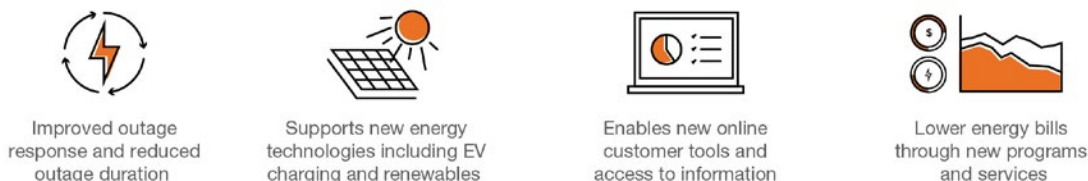
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THE ENERGY CLOUD BENEFITS FOR PSE&G CUSTOMERS



BENEFITS



- The Energy Cloud can strengthen and modernize the electric grid and, together with PSE&G's other proposed programs, will support a Clean Energy Future. PSE&G submitted the Energy Cloud program for approval by the New Jersey Board of Public Utilities in October 2018 and updated the proposal in April 2020
- The Energy Cloud is designed to provide new customer desired product solutions to improve PSE&G's processes and deliver environmental, societal and economic value for both our customers and communities. It also will automate and better manage the electric grid of the future and analyze customer data to better understand and provide for customer needs and develop tailored solutions.
- The core of the Energy Cloud is the implementation of Advanced Metering Infrastructure (AMI), or smart meters. At the end of 2018, New Jersey had less than 100,000 advanced meters deployed, and ranked 48th out of 50 states in terms of advanced meter penetration.
- If approved, PSE&G will install safe, state-of-the-art hardware and software that will provide two-way communications between the customer and PSE&G, allowing for near real-time data gathering and analysis.
- Meter replacements would start in 2021 and the first phase of the program would end in 2025. PSE&G estimates that the *\$785 million total cost would result in \$2.05 billion in customer and operational benefits for net benefits of nearly \$1.3 billion. PSE&G is proposing this deployment schedule ensuring all customers realize the benefits as quickly as possible.

*Includes \$0.64 billion of investment receiving accelerated recovery and \$71 million of stipulated base spending to be recovered in the next rate case.

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