



Energy Efficiency Economic Impact Analysis

Prepared for:
Public Service Electric & Gas
Company (PSE&G)

August 2026

Contents

- 1. Executive Summary.....3**
- 2. Project Background & Objectives.....5**
 - Project Background..... 5
 - Study Objectives..... 5
- 3. Study Scope & Approach..... 7**
 - Study Scope & Portfolio Boundary.....7
 - How Investments Create Economic Value (Conceptual Foundation)..... 8
 - Economic Impact Framework (Technical Approach) 8
 - Data Sources, Assumptions & Study Limitations.....10
- 4. Economic Impact Results.....11**
 - Industries Most Influenced by EE Investments..... 12
 - Employment Supported Across New Jersey Industries 13
- 5. Conclusion: Energy Efficiency Creates Value Beyond Energy Savings15**

1. Executive Summary

Public Service Electric & Gas Company (PSE&G) commissioned this analysis to quantify the broader economic value generated by its energy efficiency portfolio beyond traditional metrics such as energy savings, participation, and cost-effectiveness. The study evaluates how energy efficiency investments support economic activity, jobs, wages, and tax revenue across New Jersey and provides an additional perspective for communication portfolio value, supporting stakeholder engagement, and informing future investment planning.

The analysis focused on calendar year 2025 activity associated with PSE&G's Clean Energy Future Energy Efficiency II (CEF-EE II) portfolio. Using approximately \$404.5 million in program and participant investments as the basis for the analysis, the study evaluated how program expenditures, participant spending, and customer energy bill savings generated by completed energy efficiency projects contribute to economic activity throughout New Jersey.

The results demonstrate that energy efficiency investments generate meaningful economic benefits that extend well beyond energy savings alone. Analysis findings indicate that for every \$1 invested in energy efficiency programs, approximately \$2.85 in economic output was generated across New Jersey. In total, 2025 CEF-EE-II program activity supported more than \$1.15 billion in economic output, approximately 4,737 jobs, \$467 million in wages, and approximately \$164 million in local, state, and federal tax revenue. These impacts were realized across 477 industries, demonstrating the broad economic reach of PSE&G's energy efficiency portfolio.

Figure 1: Key Results



The findings, outlined in this report, highlight how energy efficiency investments create value through multiple economic pathways. For example, program expenditures and participant investments directly support contractors, suppliers, manufacturers, and service providers, while ongoing customer energy bill savings increase household and business spending power that can be reinvested elsewhere in the economy. Together, these direct, indirect, and induced effects support economic growth, employment, household affordability, and business activity across New Jersey.

Ultimately, this analysis demonstrates that energy efficiency is not only a tool for reducing energy consumption and managing customer costs, but also a meaningful driver of economic activity and community benefit throughout New Jersey. By quantifying these broader impacts, the study provides a more complete understanding of how PSE&G's energy efficiency investments support customers, strengthen the utility system, and contribute to the state's economy.

2. Project Background & Objectives

Project Background

Public Service Electric and Gas Company (PSE&G) serves a large and diverse customer base across New Jersey, including more than 2.4 million electric customers and 1.9 million natural gas customers. Its service territory spans urban, suburban, and industrial communities, making energy affordability, reliability, and customer access important considerations in how energy programs are designed, implemented, and evaluated.

Energy efficiency is a cost-effective and central component of PSE&G's efforts to help customers manage energy use, lower energy-related costs, and support New Jersey's broader clean energy and affordability priorities. While PSE&G has long supported energy efficiency initiatives, the company significantly expanded its efforts through the launch of the Clean Energy-Future Energy Efficiency (CEF-EE) portfolio in 2020.

As energy affordability and customer bill impacts have become increasingly important priorities across New Jersey, regulators, policymakers, utilities, and other stakeholders have sought a more comprehensive understanding of the benefits delivered by energy efficiency programs. Traditional program reporting provides a strong understanding of portfolio performance through metrics such as energy savings, peak demand reduction, customer participation, and cost-effectiveness. While these measures remain essential for evaluating program performance, they do not fully capture the broader value created as program investments flow through the economy. For example, program implementation activities, participant investments in efficient technologies, contractor and supplier spending, and customer energy bill savings can all generate economic activity that extends well beyond individual projects and participants. Together, these effects support businesses, workers, households, and communities throughout New Jersey.

PSE&G conducted this study to quantify the broader economic value generated by its energy efficiency portfolio beyond traditional metrics such as energy savings and cost-effectiveness. Specifically, the analysis evaluates how portfolio investments contribute to economic activity, jobs, wages, and tax revenues across the state. The results provide a more comprehensive view of the impacts associated with energy efficiency programs and offer an additional lens for communicating portfolio benefits, supporting stakeholder engagement, and informing future investment planning.

Study Objectives

Traditional energy efficiency metrics tell us how much energy was saved. This analysis helps explain what those investments do for New Jersey's economy.

The analysis was designed to answer a set of practical questions regarding how energy efficiency investments create value for customers, businesses, and the broader New Jersey economy. Specifically, the study examines the economic impacts generated by PSE&G's 2025 CEF-EE-II portfolio, including the amount of economic activity supported, the jobs created, the industries and stakeholders that benefit, the economic return per dollar invested, and more broadly, the role energy bill savings play in supporting customer affordability and spending power. These questions, outlined in Table 1 help frame the economic impacts evaluated throughout the remainder of this report.

Table 1: Key Economic Impact Questions

Key Question	Economic Impact Perspective
How much economic activity is generated by energy efficiency investments?	Measures the total economic output supported across New Jersey through program spending, participant investments, and energy bill savings
How many jobs are supported across New Jersey?	Evaluates employment impacts associated with program activity, supply chain spending, and broader economic effects
Which industries and stakeholders benefit?	Identifies the industries, businesses, workers, households, and communities that benefit from energy efficiency investments
What economic return is generated for every dollar invested?	Quantifies the economic output created relative to program and participant investments
How do energy savings support affordability and spending power?	Examines how customer energy bill savings increase disposable income that can be reinvested elsewhere in the economy

Collectively, these questions provide the foundation for understanding the broader economic value generated by PSE&G's energy efficiency portfolio. The sections that follow describe the study scope, methodology, and resulting economic impacts identified through this analysis.

3. Study Scope & Approach

Before presenting the results, it is important to define the portfolio activity represented in the analysis and the methodology used to estimate economic impacts. This section outlines the study scope, data sources, modeling framework, and key assumptions that underpin the results presented in the remainder of the report.

Study Scope & Portfolio Boundary

The analysis focused on calendar year 2025 activity associated with PSE&G's CEF-EE II portfolio, corresponding to Program Years 4 and 5 of New Jersey's second Energy Efficiency Triennium. Economic impacts were evaluated at the portfolio level and limited to economic activity occurring within the State of New Jersey.

The study incorporated actual portfolio data provided by PSE&G, including program expenditures, participant investments, and energy savings associated with completed energy efficiency projects across both residential and commercial customer segments. Residential programs consisted of the Whole Home, Income Qualified, Energy Efficient Products, Marketplace, and Behavioral programs, while commercial and industrial (C&I) programs included Energy Solutions, Prescriptive & Custom, and Direct Install programs. Multifamily projects were represented, where applicable, within relevant C&I programs. The total portfolio represented in the analysis is summarized in Table 2, below:

Table 2. Portfolio Inputs

Total Portfolio Input	Approximate Value
Portfolio Investment	\$404.5 million
Electric Savings (MWh)	6.3 million
Gas Savings* (MMBtu)	3.9 million
Participating Customers	60,000
Completed Projects	75,000

**Modeled gas savings may differ from reported program savings due to fuel-switching and measure interaction effects.*

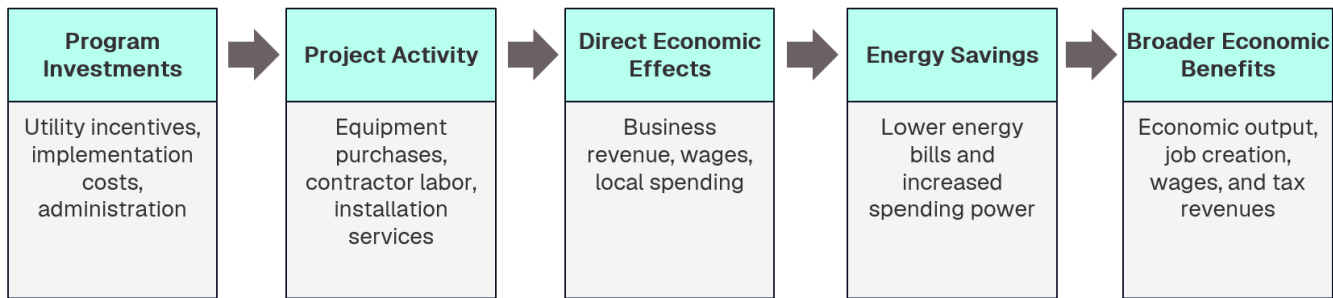
Consistent with the study objectives, the analysis focused on the portfolio activities most directly associated with energy efficiency economic impact creation. As a result, projects completed outside calendar year 2025, non-CEF-EE II programs, newer programs such as Building Decarbonization and Demand Response, the Comfort Partners program, and financing mechanisms such as On-Bill Repayment (OBR) as direct economic expenditures were excluded from this analysis.

How Investments Create Economic Value (Conceptual Foundation)

Energy efficiency investments generate value through several interconnected pathways. Program expenditures and participants investments support contractors, suppliers, manufacturers, and service providers that deliver energy efficiency measures. These activities create business and proprietor revenue, wages, and economic activity throughout New Jersey.

At the same time, energy-efficient upgrades reduce customer energy consumption and lower utility bills. These savings increase household and business spending power, allowing dollars to be redirected toward other goods and services. As these expenditures circulate through businesses, workers, and local communities, they create additional economic activity that extends beyond the original investment.

Figure 2: Economic Value Pathways



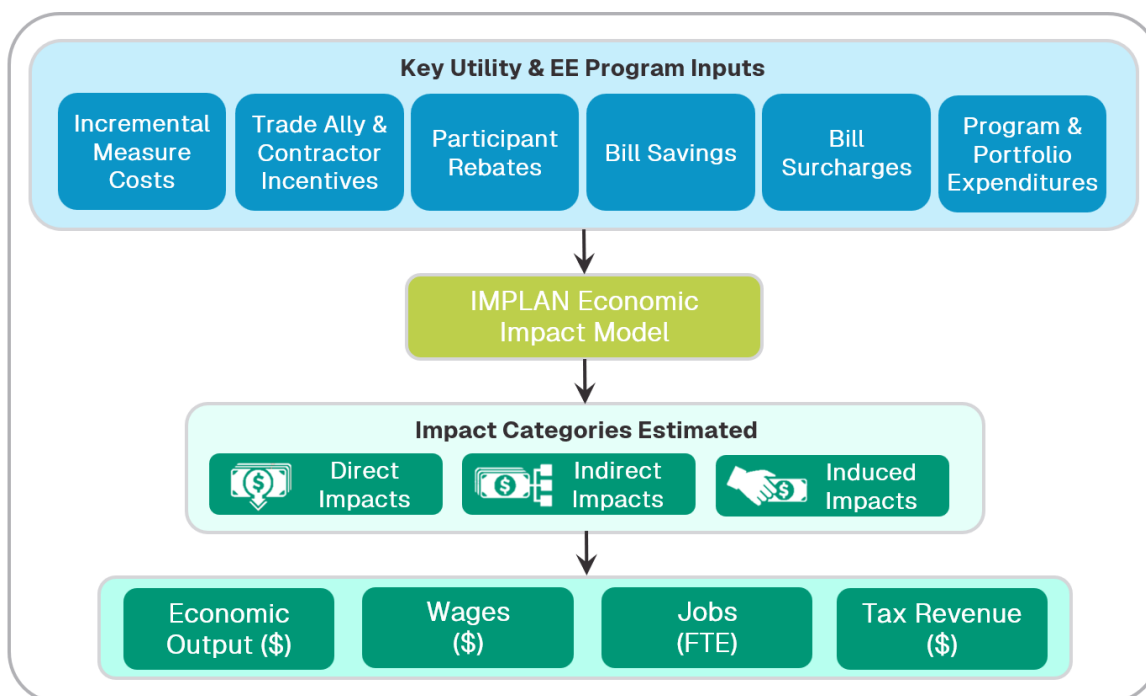
As illustrated in Figure 2, above, the economic impacts of energy efficiency investments originate from two distinct but interrelated sources: direct investment in program activity and customer savings that continue to circulate throughout the economy over time.

Economic Impact Framework (Technical Approach)

Economic impacts were estimated using IMPLAN, an industry-standard input-output economic modeling framework that incorporates New Jersey-specific economic relationships. IMPLAN is widely used to evaluate how spending circulates through an economy and to estimate the resulting economic outcomes associated with program investments, participant spending, and consumer savings.

As illustrated in Figure 3, below, the analysis combined portfolio expenditures, participant investments, rebates, incentives, cost recovery mechanisms, and customer energy bills savings to estimate the broader economic impacts generated throughout New Jersey. These inputs were translated into estimates of economic output, jobs, wages, and tax revenue across direct, indirect, and induced impact categories.

Figure 3: Economic Impact Framework



The model estimates four primary economic outcomes:

1. **Economic Output:** Total economic activity generated within New Jersey.
2. **Employment:** Jobs supported through direct program activity and resulting economic effects.
3. **Wages:** Employee compensation and proprietor income generated through economic activity.
4. **Tax Revenue:** Local, state, and federal tax revenues associated with the modeled impacts.

These outcomes are estimated across three categories of economic impact:

- **Direct Impacts:** Economic activity created directly through program expenditures and participant investments, including contractor labor, equipment purchases, implementation services, and related project activity.
- **Indirect Impacts:** Supply-chain activity generated as businesses purchase goods and services from other businesses to support energy efficiency-related work.
- **Induced Impacts:** Economic activity resulting from changes in household and business spending supported by wages and customer bill savings.

Together, these three impact categories provide a comprehensive view of how energy efficiency investments support economic activity throughout New Jersey. By capturing both the immediate effects of program and participant spending and the broader ripple effects associated with

supply-chain activity, wages, and energy bill savings, the framework helps quantify the full economic footprint of PSE&G's energy efficiency portfolio.

Data Sources, Assumptions & Study Limitations

The analysis integrated program, savings, and economic data to estimate the economic impacts associated with PSE&G's 2025 CEF-EE II portfolio. Inputs were compiled from program administration records, including participation, project and savings datasets, statewide energy efficiency technical references, and New Jersey-specific economic data incorporated within the IMPLAN modeling framework. Together, these data sources were used to quantify how program expenditures, participant investments, and energy bill savings contribute to economic activity across the state.

Table 3: Data Sources

Category	Inputs
Program Activity	- Program expenditures and implementation costs - Incentive and cost recovery data - Customer participation and project records - Participant incremental measure costs (NJ IMC Database)
Energy Savings	- Measure-level electric and natural gas savings data - Customer bill savings estimates - Gross electric and natural gas savings values associated with completed 2025 projects
Economic Modeling Inputs	- IMPLAN New Jersey economic relationships - Census, labor, income, employment, and tax data - Industry-specific spending patterns and economic multipliers

Several key modeling decisions were made to establish a consistent study boundary and align the analysis with the project objectives, including:

- Portfolio Boundary:** The analysis was limited to CEF-EE II projects completed during calendar year 2025. Results were evaluated at the portfolio level and limited to economic activity within New Jersey.
- Model Inputs:** The analysis utilized gross savings values and gross incremental measure costs associated with completed projects to estimate both investment-related impacts and customer bill savings impacts.
- Scope Exclusions:** Financing mechanisms such as On-Bill Repayment (OBR) were excluded from direct economic impact calculations. Environmental benefits, emissions reductions, grid impacts, and other non-energy benefits were outside the scope of the analysis. *As a result, the findings should be interpreted as a conservative estimate of the measurable economic activity associated with PSE&G's 2025 energy efficiency portfolio.*

4. Economic Impact Results

PSE&G's 2025 CEF-EE-II portfolio generated measurable economic value across New Jersey through program expenditures, participant investments, and customer energy bill savings. Collectively, these activities supported more than \$1.15 billion in economic output, approximately 4,737 jobs, \$467.4 million in wages, and \$164.4 million in tax revenues, with impacts extending across 477 industries throughout the state.

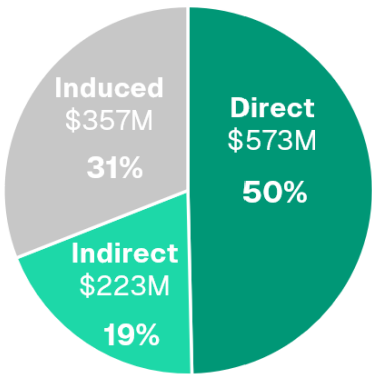
For every \$1 invested in Energy Efficiency programs, approximately \$2.85 in economic output was generated across New Jersey.

Table 4: Results Summary

Impact Metric	Total Impact
Economic Output	\$1.15 Billion
Wages	\$467.4 Million
Tax Revenue	\$164.4 Million
Economic Output per \$1 Invested	\$2.85
Jobs Supported	4,737
Jobs per \$1M Invested	11.7
Industries Impacted (of 495 total)	477

Source: IMPLAN Economic Impact Analysis of PSE&G 2025 CEF-EE II portfolio

Figure 4: Economic Output Breakdown



The results demonstrate that energy efficiency investments generate both immediate and sustained economic benefits. Approximately half of total economic output was generated through direct project activity, while the remaining impacts were driven by supply-chain spending and the continued circulation of wages and customer energy bill savings throughout the economy. Combined, these findings indicate that the benefits of energy efficiency investments extend well beyond participating customers and project implementation, supporting businesses, workers, and communities across New Jersey.

To better understand how these impacts are created, the results can be examined across the direct, indirect, and induced impact categories that collectively make up the total economic footprint of the portfolio.

Table 5: Detailed Results

Impact Category	Economic Output	Labor Income	Tax Revenue	Jobs
Direct	\$572.6M (50%)	\$259.2M (55%)	\$74.6M (45%)	2,261 (48%)
Indirect	\$223.5M (19%)	\$82.3M (18%)	\$33.0M (20%)	829 (18%)
Induced	\$357.0M (31%)	\$125.9M (27%)	\$56.8M (35%)	1,647 (35%)
Total	\$1.15B	\$467.4M	\$164.4M	4,737

The detailed results further illustrate how energy efficiency investments generate value through multiple economic pathways. Direct impacts accounted for approximately half of total economic output and nearly half of total jobs supported, reflecting the significant economic activity created through program implementation, contractor services, and customer investments. More than half of total labor income (\$259.2 million) was generated through direct impacts, indicating that energy efficiency investments support substantial workforce and contractor activity in addition to equipment and technology deployment.

Indirect impacts highlight the important role of the broader supply chain, including manufacturers, distributors, suppliers, and other professional service providers that support the delivery of energy efficiency projects. These businesses benefited from increased demand generated by program and participant spending, creating additional economic activity beyond the initial investment. Lastly, induced impacts demonstrate how investments continue to circulate over time. Wages earned through direct and indirect activity, combined with customer energy bill savings, supported additional household and business spending that generated more than one-third of total jobs supported and tax revenues.

Industries Most Influenced by EE Investments

Energy efficiency investments generated economic activity across approximately 96% of New Jersey industries, demonstrating the broad reach of portfolio benefits. The largest impacts were concentrated in industries directly connected to the manufacturing, distribution, and installation of energy efficiency technologies, equipment, and services. However, economic activity was generated well beyond these sectors as investment dollars flowed through supply chains, businesses, and households throughout the state.

Table 6: Top Industries Impacted

Industry	Share of Total Economic Output
Relay & Industrial Control Manufacturing	23.3%
Lighting Fixture Manufacturing	21.9%
Major Household Appliance Manufacturing	20.2%
Automatic Environment Control Manufacturing	7.5%

Industry	Share of Total Economic Output
Air Conditioning, Refrigeration, & Warm Air Heating Equipment Manufacturing	5.8%
Other Industries*	21.3%

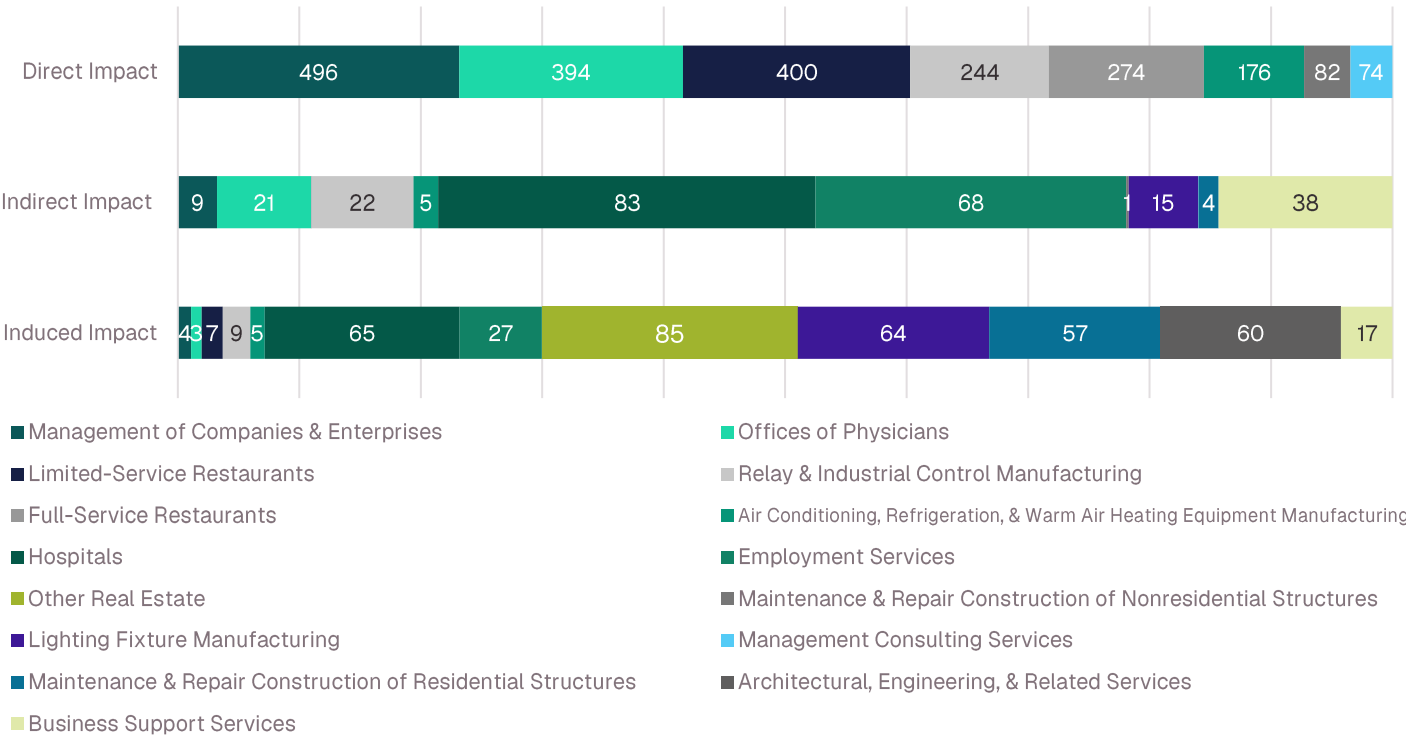
*The 'Other' Category represents the aggregate impact of 472 industry sectors, ranging from an impact of 3.21% to 0.01%

The concentration of impacts among controls, lighting, appliance, and HVAC-related industries reflects the technologies most commonly deployed through energy efficiency programs. These sectors represent the front end of the energy efficiency value chain, where customer investments and program incentives directly support equipment purchase and installation activity. At the same time, the remaining 472 industries represented within the “Other” category demonstrate how benefits extend broadly through supplier networks, business services, transportation, and local commerce across New Jersey.

Employment Supported Across New Jersey Industries

The portfolio supported approximately 4,737 jobs across New Jersey through a combination of direct project activity, supply-chain spending, and household expenditures enabled by wages and energy bill savings. Employment impacts were distributed across a diverse set of industries, reflecting the broad economic influence of energy efficiency investments.

Figure 5: Top 15 Industries Job Impact



As demonstrated in Figure 5, above, employment impacts occurred through three primary pathways:

- **Direct Employment:** Jobs created or supported in delivering energy efficiency projects and programs, including equipment installation activity, construction-related work, and program implementation services.
- **Indirect Employment:** Jobs generated as suppliers and supporting businesses hire or retain workers to meet demand created by energy efficiency activity, including manufacturers, distributors, and other supply chain participants.
- **Induced Employment:** Jobs supported by household and business spending associated with wages earned through direct and indirect activity that drive additional demand for goods and services.

Employment impacts were concentrated among business services, engineering, consulting, construction, and equipment manufacturing industries, reflecting the workforce needed to implement and support energy efficiency projects. Direct employment accounted for approximately 2,261 jobs, while indirect and induced impacts supported an additional 2,476 jobs across the state. This distribution demonstrates that the employment benefits of energy efficiency investments extend beyond project delivery and continue to support economic activity through supplier networks, local businesses, and household spending throughout New Jersey.

5. Conclusion: Energy Efficiency Creates Value Beyond Energy Savings

Energy efficiency is often evaluated through traditional program metrics such as energy savings, demand reduction, participation, and cost-effectiveness. While these metrics remain essential, the results of this study demonstrate that energy efficiency investments also create broader customer, utility system, and statewide economic value.

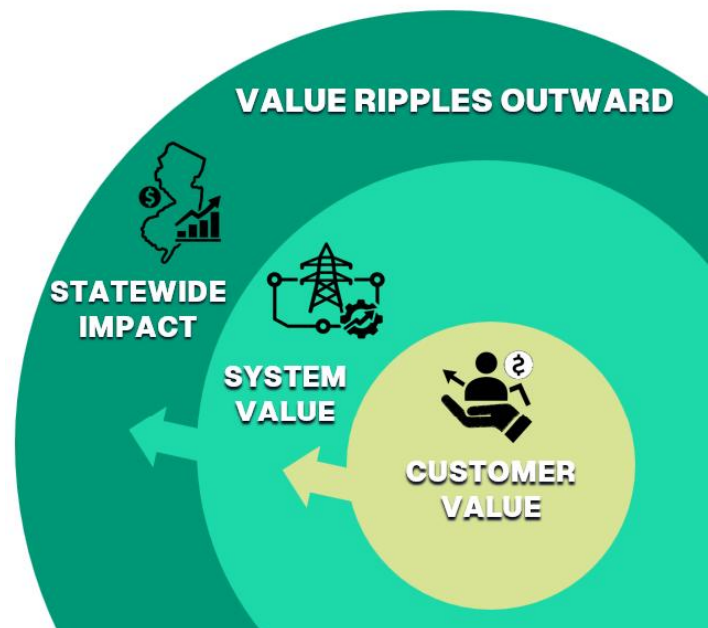
As illustrated in Figure 6, below, the value begins with customers. Lower energy bills, improved affordability, increased comfort, reduced operating costs, and improved energy performance create direct benefits for participating households and businesses. These customer benefits form the foundation for broader value creation.

Customer savings and improved energy performance also create value for the utility system. For example, reductions in energy use and peak demand can improve system efficiency, support planning flexibility, and help defer future infrastructure needs. These system-level benefits complement the direct savings experienced by customers and reinforce the role of energy efficiency as a long-term resource.

As customer and system benefits accumulate, additional economic and public benefits are created across New Jersey. The economic impacts quantified in this study, including more than \$1.15 billion in economic output, approximately 4,737 jobs supported, \$467 million in wages, and \$164 million tax revenue, reflect the cumulative effect of how customer savings and utility system benefits ripple outward through the economy.

Together, these findings show that energy efficiency investments create value, generating benefits that extend well beyond energy savings to support affordability, economic growth, and broader public priorities.

Figure 6. Energy Efficiency Creates Value Beyond Energy Savings





Total clarity.
Accelerated impact.

About

For more than 40 years, E Source has been a trusted partner to utilities, delivering actionable insights grounded in real data. Over half of all investor-owned utilities rely on our research to make informed decisions, navigate industry change, and stay ahead in a rapidly evolving landscape. Our long-standing relationships are built on consistent value—guidance, expertise, and support that utilities depend on year after year.

As regulatory pressures increase and financial constraints intensify, utilities are expected to do more with fewer resources. That's why they turn to E Source for precise, evidence-based insights they can't get anywhere else. We help teams anticipate challenges, plan effectively, and make confident decisions, providing clear direction on what works, what doesn't, and what will deliver meaningful results. Our commitment to honesty and transparency helps clients cut through industry hype and focus on the strategies that drive real impact—allocating resources where they create the greatest reliability, efficiency, and long-term value.

We combine advanced data science with decades of grid operations expertise to help utilities anticipate risks, strengthen resilience, and invest smarter for the future. More than predictions, we turn complex data into actionable insights that support better investment decisions and enable a more personalized customer experience—equipping utilities for what's next.

Contact:
Meridith Uniacke
Director
meridith_uniacke@esource.com

E Source corporate headquarters | 1321 Upland Drive, Suite #3413
Houston, TX. 77043 | 1-800-ESOURCE (1-800-376-8723)

©2026 E Source Companies L.L.C. All rights reserved.
All product or company names that may be mentioned in this publication are
tradenames, trademarks or registered trademarks of their respective owners.

esource.com