



Energy Efficiency Economic Impact Analysis

Executive Summary Report August 2026

Executive Summary

Study Objective

PSE&G commissioned this analysis to quantify the broader economic value generated by its Energy Efficiency portfolio beyond traditional metrics such as energy savings and cost-effectiveness. The study evaluates how investments in Energy Efficiency (EE) support economic activity, jobs, wages, and tax revenues across New Jersey. The results provide an additional lens for communicating portfolio value, supporting stakeholder engagement, and informing future investment planning.

Scope of Analysis

- Focused on 2025 CEF-EE II Energy Efficiency program activity
- Examined how program expenditures, participant and program investments, and energy savings support economic activity across the state
- Evaluated impacts at the portfolio level using a New Jersey-focused economic modeling framework
- Excluded non-EE portfolios and financing mechanisms as direct economic expenditures

Every \$1 Invested in EE Generated \$2.85 in Economic Output

2025 EE investments triggered nearly **three times** their value in economic activity while supporting jobs, businesses, and communities across New Jersey. This includes more than **\$1.15 billion in economic output**, approximately **4,737 jobs**, about **\$467 million generated wages**, and roughly **\$164 million in local, state, and federal tax revenue**.

Energy efficiency investments create value beyond energy savings, resulting in lasting economic benefits for workers, businesses, households, and communities throughout New Jersey.

Impact Results

Impacts from CEF-EE II projects completed in calendar year 2025



**\$1.15
Billion**

total lifetime impact brought to
New Jersey by 2025 program
activity

\$164

Million

in local, state, and federal
taxes generated



4,737

jobs generated & supported
through operating EE
programs



\$467

Million

in wages produced



477

industries impacted

\$2.85

economic value added for
every **\$1** invested in EE
programs



Expanding on Results

Economic Value Is Created Through Both Direct Investment and Broader Ripple Effects

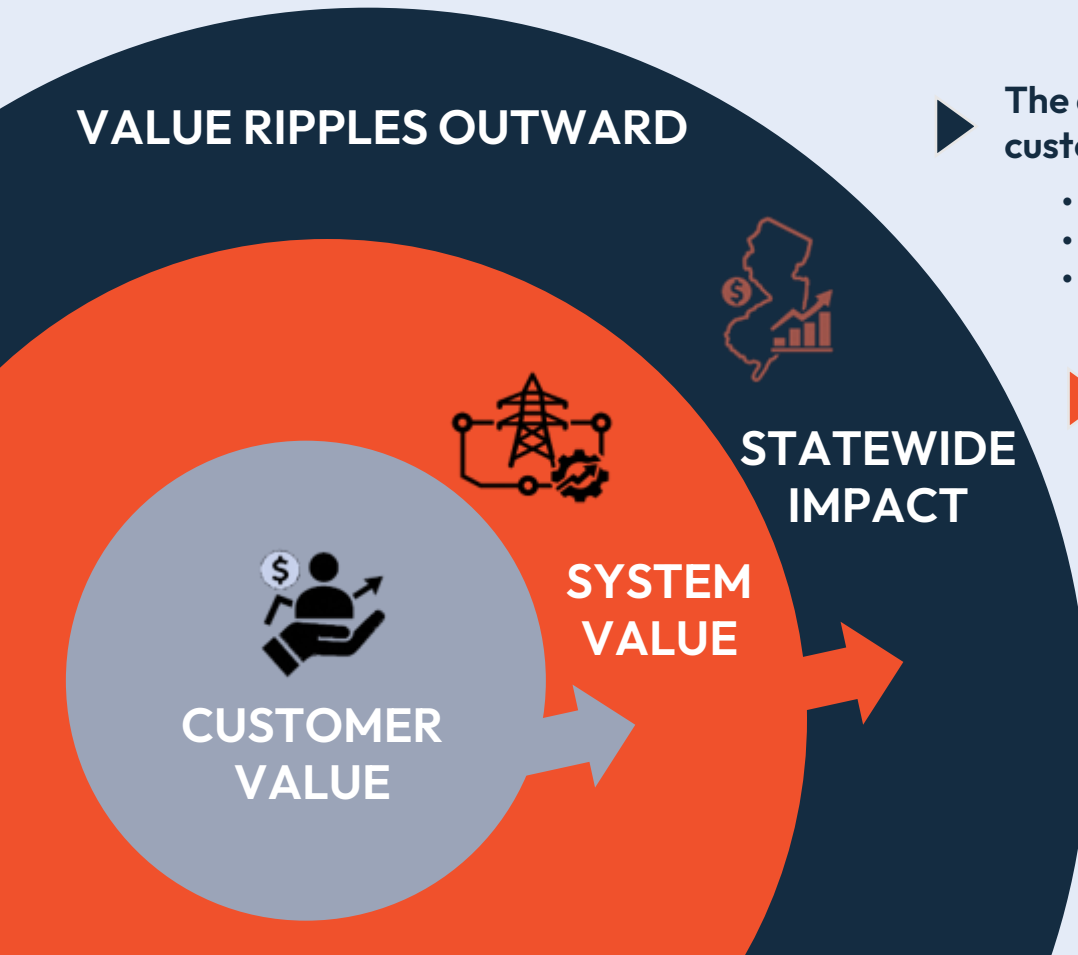
	Economic Output	Total Wages	Tax Revenue	Jobs
Total	\$1.15B	\$467.4M	\$164.4M	4,737
Direct	\$572.6M (50%)	\$259.2M (55%)	\$74.6M (45%)	2,261 (48%)
Indirect	\$223.5M (19%)	\$82.3M (18%)	\$33.0M (20%)	829 (18%)
Induced	\$357.0M (31%)	\$125.9M (27%)	\$56.8M (35%)	1,647 (35%)
Additional Key Metrics	Every \$1 invested generated \$2.85 in economic output	Wages distributed across 477 industries	Local: \$25.8M State: \$30.7M Federal: \$107.9M	Every \$1 million invested generated 11.7 jobs



Roughly half of total economic output is generated through direct impacts, reflecting the immediate market activity created by EE program investments and customer projects. The remaining value comes from supply-chain effects and household spending, demonstrating how the benefits extend beyond the initial investment.

EE Creates Value Beyond Energy Savings

Energy efficiency creates value that extends beyond energy savings. Customer savings and improved energy performance create benefits for the utility system, which ripple outward to support economic growth, jobs, and broader public value across New Jersey.



► The cumulative statewide economic impact quantified in this study reflect how customer and utility benefits accumulate across New Jersey's economy

- Economic Output
- Jobs Supported
- Wages
- Tax Revenue
- Economic Growth

► Efficiency-driven reductions in energy use and peak demand create operational and planning value for the utility system

- Reduced Energy Demand
- Reduced Peak Load
- Improved System Efficiency
- Enhanced System Planning
- Deferred Infrastructure Investments

► Customer Savings and improved energy performance are the foundation that creates broader utility and economic value

- Lower Energy Bills
- Improved Affordability
- Increased Comfort
- Improved Energy Performance
- Reduced Operating Costs

Appendix

Study Scope & Portfolio Boundaries

Portfolio Scale Represented in Analysis



~\$404.5M portfolio investment modeled



6.3 million MWh in electric savings



3.9 million MMBtu in gas savings¹



~60,000 participating customers and
~75,000 projects

¹ Modeled gas savings may differ from reported program savings due to fuel-switching and measure interaction effects



IN SCOPE

Timeframe: 2025 Calendar Year (*Program Years 4 & 5*)
Programs: CEF EE II Programs

Residential:

- Whole Home
- Income Qualified
- Energy Efficient Products
- Behavioral

Commercial & Industrial¹:

- Energy Solutions
- Prescriptive & Customer
- Direct Install



OUT OF SCOPE

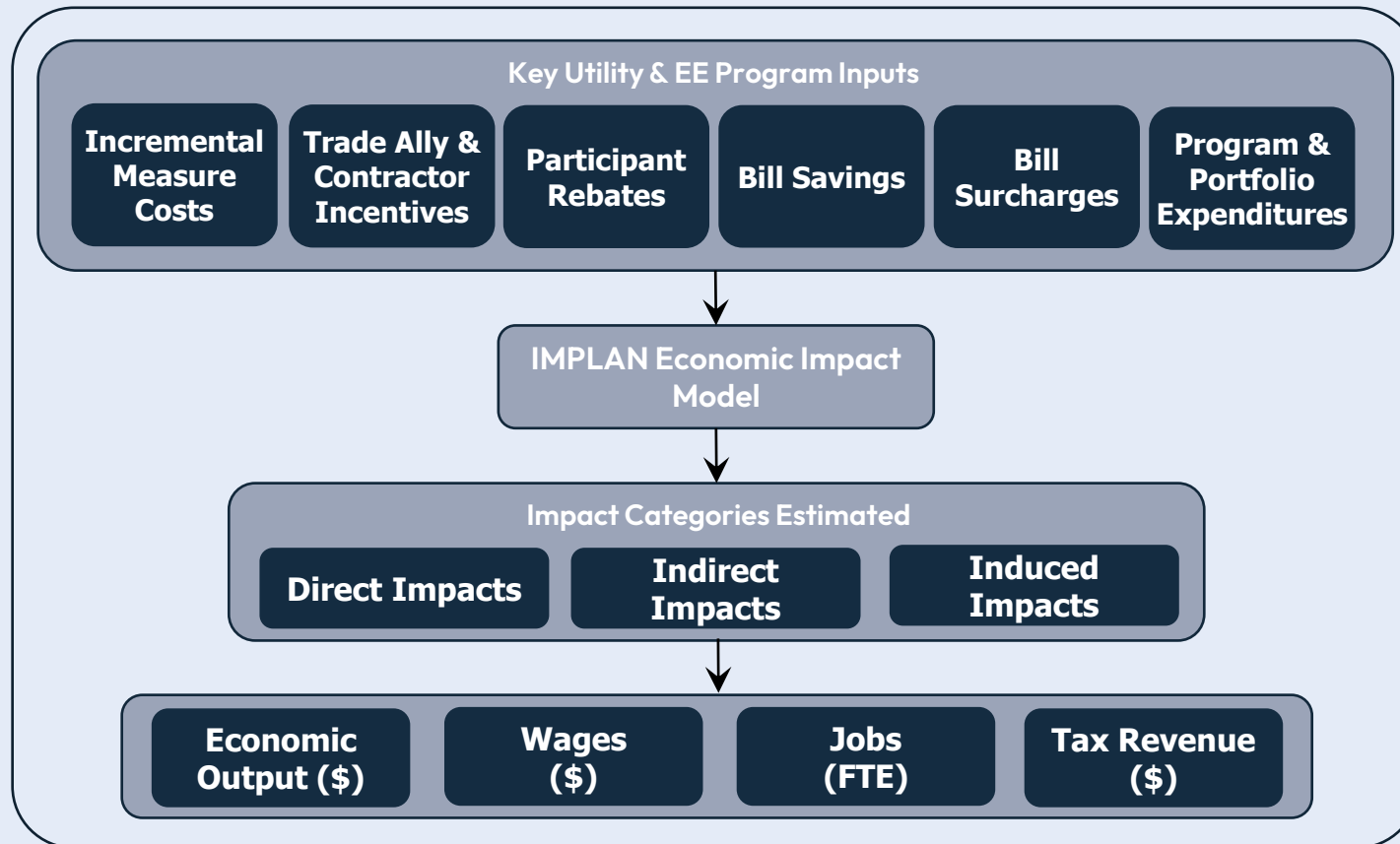
Timeframe: Projects completed outside of 2025
Programs: Non CEF EE II Programs, OBR Financing

- Building Decarbonization
- Demand Response
- Comfort Partners
- State Clean Energy Programs
- Electric Vehicles
- Other emerging non-EE Portfolios

¹ Multifamily projects are captured within C&I programs and were not modeled as a separate category.

Economic Impact Framework

Economic impacts were estimated using IMPLAN, an industry-standard input-output economic modeling framework that includes New Jersey-specific economic relationships



Economic Impacts Measured

IMPLAN converts inputs into three impact categories that roll up to the results in this report:

- **Direct Impacts:** Economic activity created by program spending and participant investments
- **Indirect Impacts:** Supply-chain activity generated as businesses purchase goods and services from other businesses
- **Induced Impacts:** Household spending generated from wages and energy bill savings

How to Interpret the Results

Economic output, jobs, wages, and tax revenue represent the cumulative economic activity resulting from direct, indirect, and induced impacts across New Jersey

See [Appendix](#) for more detailed information about economic impact modeling

Data Sources & Key Modeling Decisions

DATA INPUTS

Program Activity & Spending

- PSE&G program expenditures and implementation costs
- Utility cost recovery and incentive data
- Customer participation records
- Participant incremental measure costs

Energy Savings

- Measure-level electric and gas savings data
- Customer bill savings estimates
- Gross savings values associated with completed 2025 projects

Economic Modeling Inputs

- IMPLAN New Jersey economic relationships
- Census and Labor Data, including income, employment, and tax data
- Industry-specific spending patterns

See [Appendix](#) for more detailed scope matrix

KEY MODELING DECISIONS

Portfolio Boundary

- Analysis focused on CEF-EE II projects completed during calendar year 2025
- Economic impacts evaluated at the portfolio level
- Impacts constrained to economic activity occurring within New Jersey

Impact Estimation

- Direct, indirect, and induced impacts estimated using IMPLAN
- Program expenditures, participant investments, and bill savings were modeled as primary drivers of economic activity
- Gross savings and gross incremental measure costs were used in the final analysis

Scope Exclusions

- Financing mechanisms (e.g., OBR) were excluded from direct economic impact calculations
- Non-energy benefits, environmental benefits, and grid impacts were outside the scope of this analysis

This analysis estimates economic impacts associated with EE investments, participant spending, and energy savings. It is intended to complement, not replace EM&V, cost-effectiveness testing, and other program evaluation activities.