

Ralph LaRossa
President & COO, PSE&G
Remarks from PSE&G's Carbon Abatement Initiative Press Conference

Thursday Dec. 6th, Noon
Isles Youth Build Facility
Trenton, NJ

Good afternoon. Today, we are pleased to announce a new carbon abatement initiative to jumpstart investments in energy conservation to benefit New Jersey's environment, economy and our customers.

Energy-saving investments are critical to the fight against climate change. They're the best place to get started.

This initiative uses the power of a utility to scale up these investments and provide them on a universal basis – bringing to the table our expertise, capital and employees.

We're proposing to start in Trenton and Newark with a number of pilot programs because of the importance of involving urban areas – and hopefully, expand the effort based on what we learn across the state.

It's been a busy year for us:

- Six months ago, we announced our solar proposal to spur renewable energy development in NJ.
- We followed this with a plan to replace our auto fleet with hybrids and upgrade our electric system with new energy-efficient circuits and transformers.
- Our CEO Ralph Izzo has testified twice before Congress this year for nationwide, aggressive greenhouse gas reductions.
- We're deeply engaged in the Energy Master Plan process here in NJ; and
- Just a couple of weeks ago we began a campaign to distribute for free 100,000 energy-saving light bulbs to customers. Some of the bulbs are here. Feel free to take one.
- And a bit later this afternoon, Rick Thigpen, our VP of State Government Affairs, will be testifying before the NJ Assembly Environment and Solid Waste Committee on legislation that we believe is important to aligning the interests of utilities with the needs of the state to combat climate change.

By now, we hope you're convinced we're serious about climate change and being out front in efforts to address it.

I want to underline the need for urgent action. CO2 keeps on building up in the atmosphere, even as we speak.

It's essential to get the ball rolling toward a low-carbon future if our state is to have any chance of reaching its aggressive greenhouse gas reduction goals.

Under this new Carbon Reduction filing, we are asking for an expedited regulatory review so that we would be able to launch it soon, ideally in the first quarter of 2008.

We're pleased to have with us today partners in this initiative, and I want to thank them all:

- Mayor Palmer;
- Assembly Majority Leader Bonnie Watson Coleman;
- Marty Johnson, president of Isles, Inc.;
- Paul Chrystie, executive director of the Coalition for Affordable Housing and the Environment; and
- Michael Potts, executive vice president of Orion Energy Systems. Orion and GE are to work with us on the large-business component of this program.

You'll be hearing from them shortly. But let me spend a few minutes telling you about the carbon abatement initiative, which has some important goals:

- To help our customers lower their energy consumption, save on their energy bills and reduce CO2 and other greenhouse gas emissions;
- To build a solid foundation for a new green economy with new green jobs in cities like Trenton and across NJ. [We are already partnering with Mayor Palmer on his Trenton Green Initiative.]
- And to expand the availability of energy-saving investments so that all customers, including low-income families and individuals, have access to them – in short, to make these investments as accessible in urban areas as they are in the suburbs.

With these goals in mind, we developed a range of pilot programs, reflecting the needs of different groups of customers:

- Residential Customers – especially low-income customers.

Under this initiative, we would be providing them with Home Energy Tune-Ups and Programmable Thermostats –

The Home Energy Tune-Up begins with an energy audit, including a blower door test, to identify steps customers can take to make their home more energy efficient.

Based on the audit, PSE&G will install caulking, weather-stripping, energy-saving light bulbs (CFLs), programmable thermostats or other efficiency measures.

And the installation will be provided free to low-income customers, while other customers will be required to repay only a portion of the cost over two years.

Of all the pilots, this one addresses the most critical need: Investments in relatively simple things like better home insulation can make a big difference for a family's comfort, especially at this time of year.

We're also looking to address the needs of business customers with this initiative.

- Small Businesses – We all know their key role in the economy. We would help them invest in similar energy-saving steps and things like better refrigeration.
- Large Businesses – We all know their importance to NJ's staying globally competitive. To help them with new energy-saving strategies and investments as part of this initiative, we will be collaborating with Orion and GE.

Initially with this customer segment, our focus will be on the needs of warehouses that could benefit from more efficient lighting systems.

- Hospitals – We're targeting the needs of existing hospitals and those under construction. The more help they get with energy savings, the more they can devote their resources to critical health-care needs.

To sum up,

From what we learn in this pilot, we hope to be better able to target effective energy-saving investments for all our customers – and go a long way toward building a greener and brighter future for NJ.

It's now my pleasure to introduce....

Mayor Palmer

In 1990, Doug Palmer was elected as the first African American mayor of Trenton, the city in which he was born and raised, and he has been re-elected four times since.

He is widely recognized for his leadership in promoting Trenton's ongoing revitalization and serves as president of the U.S. Conference of Mayors.

We are proud to work closely with Mayor Palmer in many areas, including as a partner in Trenton's Green Initiative. This new initiative dovetails with that effort.

Mayor Palmer....[Mayor Speaks]

We're also delighted to have with us today....

Assembly Majority Leader Bonnie Watson Coleman

She is the first African-American woman to serve as Majority Leader and the first woman to hold the position since 1964.

She represents the 15th Legislative District, which includes several Mercer County communities including Trenton.

She has been a tireless advocate for civil rights, children and disadvantaged families throughout her professional and legislative careers.

Ms. Watson Coleman began her first term in the New Jersey General Assembly on January 13, 1998, so this is a fitting time to congratulate her on a decade of distinguished service in our state legislature.

Bonnie Watson Coleman.....[Speaks]

Our next speaker is Marty Johnson, President, Isles, Inc.

Marty is the founder and CEO of Isles, Inc. and widely respected as a leader in the community development sector, statewide and on a national level.

Isles has done incredibly important work since being started by Marty in 1981 to foster more self-reliant families in healthy, sustainable communities.

Each year, Isles reaches more than 10,000 central New Jersey residents, providing at-risk youth job training, promoting affordable housing development and offering a programs in environmental health and education among other areas. We are proud to be a partner of Isles....

Marty Johnson....[Speaks]

Next we will hear from Paul Chrystie.

Paul is executive director of the Coalition of Affordable Housing and the Environment, a statewide group of community and environmental organizations that includes many of our partners, including Isles, Inc. (and others such as NJ Audubon, Ironbound Community Corporation, La Casa de Don Pedro and NJ Future).

They do fantastic work on behalf of open space, a clean environment, healthy cities and reasonable housing opportunities for the residents of our state.

Paul has organized three successful statewide coalitions around these issues.

Paul Chrystie....

Last but not least, we're pleased to have with us Michael Potts, executive VP of Orion Energy Systems.

Orion Energy Systems is a leader in lighting and other energy best-practice strategies and serves companies in a wide variety of industries....Its expertise and relationship with GE made Orion a natural collaborator for us in the large-customer component of this initiative, and we look forward to working with them on behalf of our customers.

Michael Potts....

[Ralph LaRossa – concluding remarks]

To wrap up...

We're excited about this initiative – and the contribution it can make to progress on climate change.

And we're eager to apply:

- Our experience,
- Our capital, and not least,
- The skills of our dedicated workforce to make energy-saving investments universally accessible.

But it's not just up to us. All of us have a tremendous stake in winning the fight against climate change.

Strong partnerships are the key to progress – bringing together government officials, environmental and community organizations, companies and individuals.

So I want to thank all our partners – and thank everyone for joining us today.

We'd be happy to answer questions.