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Utility 2.0 Plan Summary

Oversight and Clean Energy Committee – June 2026

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Agenda

- Introduction and Overview
- Cost Effectiveness
- Transportation Electrification Updates
- Building Efficiency & Electrification Updates
- Demand Flexibility & DER Updates
- Building Efficiency & Electrification Updates
- Closing

vision

2026 Utility 2.0 Filing and BEE *Plan Overview*

- ***Objectives:*** In alignment with New York's growing grid flexibility priorities, PSEG Long Island is positioning its Utility 2.0 and BEE programs to drive reliable, resilient, and equitable customer-focused and demand-side solutions.

- ***2026 Utility 2.0 and Building Efficiency & Electrification (BEE) Plan:*** This year's Plan includes accomplishments to-date, along with one-year program outlooks and a proposal for one new initiative – the ***Utility 2.0 Residential Active Managed Charging Pilot***. Chapters in the Plan are aligned to the following focus areas:
  - Demand Flexibility and Distributed Energy Resources (DERs)
  - Transportation Electrification (TE)
  - Building Efficiency and Electrification (BEE)
  - Digital Enablement (IEDR Platform)

- ***Funding:***
  - Utility 2.0 Portfolio Budget: **$22M** (**$4M** CAPEX; **$18M** O&M)
  - BEE Portfolio Budget: **$80M**
  - Total: **$102M**

The 2027 Utility 2.0 vision has evolved to adapt to advancing state and local priorities

- **Added focus on growing system needs,** including capacity growth and demand flexibility.
- **Connected NYS priorities** (clean energy, reliability, affordability) **to the Filing's three priority areas** (Demand Flexibility & DERs, TE, and BEE).

PSEG Long Island's Utility 2.0 Vision (Updated 2026)

PSEG Long Island's Utility 2.0 vision advances **statewide clean energy goals** and priorities by establishing **grid flexibility, distributed energy resources, energy efficiency, and building and transportation electrification** as integrated system tools to support grid modernization and reliable, resilient, and affordable electric service. Utility 2.0 is committed to **managing capacity concerns through program design and targeted incentives that enhance customer satisfaction while ensuring equitable access** and benefits for all customers, including disadvantaged and income-constrained households.

Draft figures, subject to change prior to Utility 2.0 Plan Filing submission. Budgetary values are rounded to the nearest whole number.

Utility 2.0 and BEE *Budget Estimates*

A proposed $102M[1] budget amounts to a 7% total budget decrease for 2027 compared to the approved 2026 budget, reflecting strategic reallocation to strengthen grid flexibility outcomes, consolidate PMO activities, shift costs from capital to O&M, and align TE and BEE funding with regulatory priorities.

Focus Area	Initiative Name	2026 Initiative Status	Capital ($M) 2026[1] Approved Budget	Capital ($M) 2027[2] Updated Budget	O&M ($M) 2026 Approved Budget	O&M ($M) 2027[3] Updated Budget
Demand Flexibility	DLM Tariff and Flexibility Programs	Active	0	0	2	8
	Demand Flexibility Total		**0**	**0**	**2[4]**	**8**
Transportation Electrification	Fleet Make-Ready Program	Active	2	<1	1	1
	EV Make-Ready Program	Active	1	1	11	7
	Residential Charger Rebate Program	Active	0	0	<1	<1
	DCFC Incentive Program	Active	0	0	<1	<1
	EV Phase-In Rate	Active	4	<1	0	0
	Managed Charging Pilot Program	Proposed	0	0	0	2
	Transportation Electrification Total		**7**	**2**	**13**	**11[5]**
Digital Enablement	IEDR Platform	Active	3	2	<1	<1
	Digital Enablement Total		**3**	**2**	**<1**	**<1**
		Total Utility 2.0 Programs	**10**	**4**	**16**	**18**
		Total BEE Programs	**0**	**0**	**85[6]**	**80**
		Total Utility 2.0 and BEE	**10**	**4**	**101**	**98**

[1] The Total Utility 2.0 and BEE budget reflects budget to support the direct implementation and management for the Utility 2.0 and BEE initiatives and is not encompassing of all PSEGLI EE/RE Departmental costs.
[2] A portion of 2027 Capital will be attributed to external U2.0 PMO support for U2.0 programs with Capital budget.
[3] PMO budget for Utility 2.0 Program support and Special Projects is not included in the 2027 O&M budget request as it will be included in the core PSEGLI Operating budget.
[4] $0.10 M in approved 2026 O&M budget is attributed to the RFP support for the NWA Retail Energy Storage Pilot, which has been canceled in support of a full-scale program for 2027.
[5] The 2027 TE O&M total also includes budgetary support for marketing and outreach efforts ($0.25M), which are all encompassing across the TE focus area and as a result are not allocated to a specific sub-project. Thus, the Transportation Electrification O&M Totals do not equal the sum of the sub-project O&M Totals.
[6] Represents the total 2026 BEE Portfolio approved budget without the DLM Tariff Programs ($2.21 M) and U2.0 Filing support (Engineering Consultant; $1.30 M). While the costs for these programs were included in last year's BEE Portfolio, going forward, they will be included within the Utility 2.0 Portfolio budget and core PSEGLI Operating budget, respectively.

Cost Effectiveness and Benefits

Portfolio-Level Cost Effectiveness

Effectiveness of the Utility 2.0 and BEE program portfolios are evaluated using the societal cost test (SCT), which compares project and customer costs with avoided electricity and other supply-side costs, to determine the benefits and costs to society.[1]

Utility 2.0 Program Portfolio:

- **2021 – 2025**: Historical average SCT benefit-to-cost ratio (BCR) of **0.96**
- **2027**: Forecasted SCT BCR of **2.79**

BEE Program Portfolio:

- **2021 – 2025**: Historical average SCT BCR of **1.51**
- **2027**: Forecasted SCT BCR of **2.22**

Programs within the Utility 2.0 and BEE portfolios promote clean energy technologies that both **reduce incremental demand and provide the potential for DR programs in the future**. These programs are expected to produce a total of **72 MW capacity savings relative to our 5,650+ MW peak demand.** This can equate to **$6M or more in PSEG Long Island's 2028 capacity purchase costs**.

[1] The SCT results for Utility 2.0 and BEE programs follow the standards and guidance outlined in the 2016 NYS BCA Framework Order.
SOURCES: 2026 EV + Fleet Make-Ready BCA Update (2021-2025 Actuals); Annual EM&V Evaluation Reports (2021 – 2025); Annual DLM Reports & BCA Workbooks (2021 -2025).

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Transportation Electrification Updates

Transportation Electrification *2027 Notable Changes*

EV Make-Ready (Public Charging)

- Data and regulatory risk driven by PSC order and the April 2026 EnergyHub termination, creating an immediate data aggregation gap.
  - Near-term vendor procurement is underway while long-term AMI/NSP solutions are evaluated.
- 2027 port targets have been right-sized to reflect utilization (100 L2; 125 DCFC).

Fleet Make-Ready

- Incentive structure shifts from $/project to $/port, simplifying program design and better aligning incentives with actual charger deployment.
- 2027 targets are reset to 50 L2 and 15 DCFC ports (Change in port target from program target model).

EV Program

- **Residential Active Managed Charging Pilot** to launch in Q1 2027; vendor selection currently underway via RFP.
- **EV Phase-In Rate** implementation to conclude in Q1 2027, enabling customer participation for Rate 281 customers.
  - DC Fast Charging (DCFC) Incentive Program to sunset concurrently with customer eligibility transition.

EV Make-Ready *Updates*

Port Target Adjustments

Port Type	2026 (Current)		2027	
	Forecast	Actual (Energized)	Forecast (from: 2025 filing)	Modified Forecast
L2	*720*	*202*	*1100*	**100**
DCFC	*115*	*36*	*117*	**125**

- **Current Year:** DCFC has reached pre-approval capacity and is **on-track to meet forecast**
- **2027:** Port count **targets right-sized to reflect utilization** and need, significantly reducing budgetary needs

Data Collection Challenge

- **Regulatory & Data Risk:** PSC has issued compliance actions due to data collection and reporting failures, compounded by PSEGLI's termination of EnergyHub services in April 2026, creating an urgent gap in data aggregation capabilities
- **Financial Planning Needs:** 2026 funding is secured, but future requirements are uncertain. The 2027 request is based on historical vendor pricing, and until an RFP is issued, actual vendor costs — including any price differences — remain unknown, creating risk that the request may not match final bids.
- **Path Forward:** Near-term focus on procuring a new data aggregation provider, alongside evaluating longer-term solutions such as **in-house data collection leveraging NSP integrations and AMI data for reporting and analytics**.

Fleet Make-Ready *Updates*

Program targets refined to reflect realistic conversion timelines, with increased engagement efforts underway to accelerate participation and adoption

Update	Key Change	Strategic Rationale	Business Impact
Incentive Model	Shift from **$/project to $/port**	Simplifies structure and aligns incentives to ports deployed	Update external materials and processes; targeted customer communication required
Program Targets	Set 2027 targets: **50 L2 / 15 DCFC** ports	Reflects market uptake and improves achievability	Lower budget needs; updates to forecasting and reporting
Customer Engagement	Expand outreach and education efforts	Drives awareness and improves conversion to participation	Increased Marketing/Comms involvement and resource alignment

Demand Flexibility & DER Updates

Demand Flexibility *2027 Budget Estimates*

The 2027 budget drives enhanced demand flexibility outcomes through background VPP, TOD thermostat daily optimization, and expanded customer engagement efforts.

Cost Item	**2027** Updated Budget ($M)	Cost Item Overview
Base DLM Tariff Program Contract	4	Driven by expected enrollment levels for and includes fixed and variable fees for the platform.
Other DLM Tariff Programs (Background VPP)	2	Micro-adjustments for non-enrolled thermostats.
EnergyHub Total	**6**	
TOD Thermostat Daily Optimization	<1	OEM-supported customer outreach, in-app engagement, and analytics to increase adoption of thermostat TOD features that automate daily load shifting and reduce peak demand.
TOD Total	**<1**	
Internal PSEGLI Labor	1	Internal PSEGLI Labor to support Demand Flexibility & DERs programs.
Marketing & Outreach	<1	Marketing and customer engagement support for DLM Tariff Programs.
Administration Total	**2**	
Total Demand Flexibility Portfolio Budget	**8**	

Demand Flexibility *2027 Notable Proposed Changes*

DLC (Smart Savers Thermostat) Program

- Incorporate dynamic loading shaping to normalize hourly participation in Smart Savers.

DLC (BYOB) Program

- Integrate the BYOB Program into the DLC Program rather than CSRP / DLRP.

CSRP / DLRP (Demand Response)

- Focus on enhancing marketing strategies, strengthening trade-ally engagement, and targeting process improvements.

Other Demand Flexibility Support

- **Background VPP Capability** – Introduce customer opt-in based virtual power plan (VPP) program to support peak-load control via smart thermostat micro-adjustments.
- **TOD Daily Thermostat Optimization Initiative** – Coordinate with smart thermostat OEM providers to drive additional voluntary customer enrollment in programs that automate daily load shifting aligned with TOD rates.

Building Efficiency & Electrification Updates

Building Efficiency & Electrification *Draft 2027 Plan*

PROGRAM NAMES	2027 DRAFT BUDGET ($M)	ANNUAL ENERGY SAVINGS (MMBTU)
Residential Space Heating	$30	257,542
Residential Water Heating	$2	11,372
Residential Building Envelope	$24	TBD[1]
Residential Efficient Products	$1	42,279
Residential Income-qualified (REAP)	$4	5,728
Residential Total	**$61**	**316,921**
Commercial Total	**$10**	**87,301**
Multifamily Total	**$5**	**42,342**
Programmatic Total	**$76**[2]	**446,565**
Other Budget Components (Evaluation, G&A, Labor, Advertising)	$5	-
Total Building Efficiency & Electrification (BEE) Portfolio	**$80**	**446,565**

[1] Implementation details (including MMBtu savings) to be finalized when the NYS guidance on minimum weatherization requirements becomes available.
[2] Includes Rebates/Incentives and Implementation Fee.

Building Efficiency & Electrification (BEE) Portfolio

May 2025 PSC Orders Guidance	PSEGLI's 2027 Portfolio – Draft[1]
Target a minimum of 80% of annual **budget for Money out the Door (MOTD)**[2] EE/BE spending by 2030	**76%** of annual BEE **budget** serving customers as **MOTD**

EE/BE budget
▪ **≥25% on Weatherization** (Small Res)
▪ **≤50% on Heat Pumps**
▪ **30% for Low-to-Moderate Income (LMI) customers**
	BEE budget
	▪ **29% on Weatherization**
	  ▪ 1,400 to 1,900 Dwellings to be Weatherized[3]
	▪ **50% on Heat Pumps**
	  ▪ 4,085 Single Family Dwellings with Heat Pumps
	  ▪ 1,458 Multifamily Dwellings with Heat Pumps
	▪ **38% of MOTD** allocated for **LMI customers**

≥85% of **budget** for **Strategic measures**, **up to 15% Neutral**	**99%** of **budget** for **Strategic Measures**, 1**%** for **Neutral**
No ratepayer funds to rebate **Lighting** (Res and non-Res), **Appliances,** and **Home Energy Reports**	Excludes Lighting, Appliances, and Home Energy reports (Per NYSERDA guidance, LED Lighting to be permitted for LMI customers through 2027)

Climate Leadership & Community Protection Act Requirement[4]

Over 50% of 2024 and 2025 spend was directly attributed to benefiting Disadvantaged Communities (DACs), **surpassing** the statewide **40% minimum and 45% goal**.

[1]Subject to change if there are budgetary changes prior to Utility 2.0 Plan Filing submission.
[2]Money out the door (MOTD) refers to the expenditure of funds to customers in the form of rebates or incentives. PSEGLI is awaiting a more granular definition of the MOTD metric from the state and is developing a plan to closely track results.
[3]This is to be finalized when the NYS guidance on minimum weatherization requirements becomes available.
[4]May 2026 TED Budget Bill increased the DAC target from the prior "at least 35% with a goal of 40%" framework to a "minimum of 40% with a goal of 45%."

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Thank *you*

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Appendix

DERs – 2026 Open Items

PSEG Long Island is working with LIPA to evaluate opportunities for solar PV and residential energy storage to support customers given the expiration of the federal ITC.

Retail Energy Storage

- Proposing to fund through PSEGLI Fuel & Power Purchase department.
- Launching a retail energy storage program.
- Proposing an incentive – to align with DRV duration of 5-hours – for systems up to 5 MW / 20 MWh, with payments available for up to 10 years.
- Incorporating LSRV zone requirement and enabling PSEGLI SCADA access.

Residential Energy Storage

- Coordinating with LIPA and NYSERDA on funding opportunities for Blocks 3 and 4 ($1.5M).

Residential Solar PV

- Exploring opportunities for additional industry support - maintenance services and enhanced customer education for Solar + Storage.

Commercial Solar PV

- Considering increased DRV compensation through VDER payment statements and grid hosting capacity upgrades via interconnection improvements.

Building Efficiency & Electrification – 2027 Open Items

May 2025 PSC Order Mandate:* *Starting in 2028, dwellings must be weatherized before installing a heat pump and must meet minimum weatherization requirements.

Residential Building Envelope

- Establish a new incentive for a "Weatherized" Tier.
- Implementation details for a "Weatherized" tier **to be finalized when NYS guidance becomes available:**
    - Eligible Measures
    - Minimum Requirements
    - Project Cost Cap
    - Incentive Amounts

Residential Space Heating

- New incentive structure: a "Heat Pump-Ready" rebate and a "Base Heat Pump" rebate.
- Eligibility for the "Heat Pump-Ready" rebate will require completion of "Weatherized" tier measures.