June 17, 2022

By e-mail to rule-comments@sec.gov

Vanessa A. Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549–1090

Re: The Enhancement and Standardization of Climate-Related Disclosures for Investors,
File No. S7–10–22

Dear Ms. Countryman:

Public Service Enterprise Group Incorporated (“PSEG”) welcomes the opportunity to comment on the SEC’s proposing release regarding The Enhancement and Standardization of Climate-Related Disclosures for Investors (the “Proposed Rule”). We applaud the SEC’s leadership and efforts to develop harmonized disclosure standards that will produce consistent and comparable information in registrant disclosures regarding their efforts to address climate change.

Climate change is one of the most important environmental and societal issues of our time, requiring a concerted global response to help mitigate and adapt to this significant threat. Transparent, consistent, comparable and reliable climate-related disclosures will serve both investors and the capital markets, and as a result PSEG broadly supports the requirements of the Proposed Rules. Without formal climate-related disclosure requirements applicable to all registrants, investors will continue to be unable to accurately and effectively compare and determine how effectively registrants are managing the risks and opportunities relating to climate change.

PSEG is a public utility holding company headquartered in Newark, New Jersey with approximately 12,500 employees, and serves 2.3 million electric customers and 1.9 million natural gas customers in the state. PSEG has demonstrated its leadership in the energy industry by establishing a goal to achieve “net zero” by 2030, joining the Business Ambition for 1.5°C and committing to develop science-based targets. PSEG’s nuclear plants generate more than 90% of New Jersey’s carbon-free energy, contributing to the state’s clean energy goals. We have addressed
certain physical risks of climate change by replacing or rebuilding electric substations in flood zones to better withstand storm damage, bringing significant benefit to our customers. In addition, we are investing in energy efficiency initiatives to help customers cut energy use and reduce greenhouse gas (“GHG”) emissions.

PSEG offers the following supportive observations and comments, as the SEC moves forward to finalize this important rule:

**Climate-related risk / opportunity definitions**

- Climate-related risks (or opportunities) are appropriately defined by the Proposed Rule to include the actual or potential negative (or positive) impacts of climate-related conditions on a registrant’s consolidated financial statements, business operations, or value chains, as a whole.

**Emissions metrics / intensity**

- The Proposed Rule’s approach of incorporating principles already described in third-party frameworks such as the Task Force on Climate-Related Financial Disclosure (“TCFD”) and the Greenhouse Gas Protocol (“GHG Protocol”) is helpful, as various registrants already prepare climate-related disclosures that are responsive to these frameworks. For example, PSEG has voluntarily disclosed information responsive to both the TCFD and GHG Protocol that we believe has provided investors with useful, consistent and comparable data.

- The proposed requirement to disclose GHG intensity for each fiscal year included in a registrant’s financial statements is also appropriate.

- The proposal to require Scope 3 emissions disclosures, if they are material to a registrant, or if a registrant has otherwise disclosed Scope 3 emissions targets, is likewise appropriate, as we believe these, along with other emissions disclosures, will be valuable to investors. As the SEC likely recognizes, however, in gathering and disclosing Scope 3 emissions data, it may be necessary for registrants to rely on third-party providers for the accuracy of this information, including emissions data for upstream suppliers and downstream customers. It will be important that, where registrants are doing this in good faith, they not be subject to liability for information that they neither control nor may effectively verify and, therefore, we support the proposed safe harbor from liability applicable to Scope 3 emissions disclosures.

**Attestation reports**

- The proposed requirement for attestation reports covering Scope 1 and Scope 2 emissions disclosure is appropriate, as such reports should further bolster investor confidence in these important disclosures.
**Board oversight / management risk assessment**

- Board oversight of climate-related risks is critical. PSEG has established good governance practices for robust oversight by our Board of Directors, including clear ownership of climate change risk by its Corporate Governance Committee and reviews of the risks and opportunities associated with climate change. In 2021, our Board met with several external experts on the topic of climate change and we disclosed climate-related expertise for several of our Board members in our 2022 Proxy Statement. We agree that, subject to calibration of the level of detail required, disclosure of climate-related expertise on the Board and in management, as well as the process for reviewing risks and opportunities, will be useful for investors.

**Processes for climate risk identification, assessment and management**

- The proposed requirement for disclosure by registrants of their processes for identifying, assessing and managing climate-related risks is appropriate.

**Climate-related risk impacts by financial statement line item**

- While we support the proposal to require registrants to describe the impact of climate-related risks on financial statement line items on a line-by-line basis, we believe the proposed 1% threshold could result in overbroad and immaterial disclosures. This proposed disclosure threshold is inconsistent with the concept of effective internal controls over financial reporting, which are designed to provide reasonable assurance that the financial data presented is materially correct. We would suggest that the SEC apply the traditional “materiality” standard to these disclosure requirements.

- Many registrants may need to expend significant cost and time to develop the internal reporting systems and controls required to provide mandated, climate-related metrics in the financial statement notes for audit. We recommend that that the Proposed Rule provide that such data may be disclosed in an unaudited schedule to the financial statements, or otherwise disclosed outside of the financial statements in the body of the applicable SEC filing (e.g., 10-K).

**Effective compliance dates / line item disclosure periods**

- While we support the Proposed Rule’s enhanced disclosure requirements, given the scope and complexity of these requirements, and the time needed to develop enhanced internal controls to ensure the completeness and accuracy of information prepared in response to these requirements, we recommend that large accelerated filers be required to achieve compliance with the Proposed Rule no sooner than two years after the Proposed Rule is finalized and adopted. By way of example, if the Proposed Rule is finalized in 2022, large accelerated filers would be required to achieve compliance for fiscal year 2024 (e.g., in a 10-K filed in the first quarter of 2025 for registrants with a calendar fiscal year), for all proposed disclosures other than Scope 3 GHG emissions metrics, and for fiscal year 2025
(e.g., in a 10-K filed in the first quarter of 2026 for registrants with a calendar fiscal year), for Scope 3 GHG emissions metrics. For the same reason, we also recommend that the line item disclosure requirements cover the most recently completed fiscal year and not the preceding historical years.

- Adjusting the effective compliance dates of the Proposed Rule, and the scope of covered historical years for line item disclosures, will provide adequate time for large accelerated filers to accurately assess and effectively implement the Proposed Rule’s enhanced disclosure requirements, and for third parties that may be requested to provide assurance of certain climate-related disclosures to accumulate the resources and expertise to successfully provide this assurance.

PSEG appreciates the opportunity to respond to the Proposed Rule and also your consideration of our recommendations as set forth herein.

If you have any questions or require additional information, please do not hesitate to contact me.

Respectfully submitted,

Tamara L. Linde
Executive Vice President and General Counsel