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PSEG POWER ANNOUNCES PLANS FOR 400Mw OF NEW PEAKING CAPACITY

PSEG Power, a wholly owned subsidiary of Public Service Enterprise Group, announced today that it has initiated with PJM the planning required for construction of up to 400 megawatts (Mw) of new gas-fired peaking capacity. Depending on the timing and outcome of the process, PSEG Power intends to bid this capacity into PJM's Reliability Pricing Model (RPM) Base Residual Auctions in 2008 for supply beginning as early as 2010.

William Levis, president of PSEG Power, said, "The RPM auction process is working well. The pricing provided by the auctions held in 2007 provides sufficient return to support an expansion of PSEG Power's investment in new peaking capacity. The auction pricing also has increased our focus on the operating performance of our reliability based units, resulting in lower forced outage rates at PSEG Power's existing fleet."

PJM received FERC approval for the RPM process in December 2006 and initiated the new auction process in early 2007. RPM has been successful in providing the market with greater clarity around the value of investments in new and existing capacity to meet reliability requirements.

PSEG Power has requested that PJM perform a feasibility study to determine its ability to add up to a total of 1000 Mw of new gas-fired capacity at some of its existing generating stations located in the Eastern MAAC reliability region.

The study is the first step in the process to determine the feasibility of adding the new generation capacity. Levis said the cost to build the new capacity that would be available to bid into the 2008 RPM auctions (300-400 Mw) could be in the range of \$250-\$350 million. He added that "the final decision to proceed with construction would take into account capital and interconnection-costs, available siting and the impact of any potential environmental permitting restrictions."

"The new capacity," Levis said, "will complement PSEG Power's existing fleet of 13,600 Mw, improve the overall efficiency of the fleet, and enhance reliability, in particular for New Jersey customers, where PJM indicates additional energy supply is needed."

FORWARD-LOOKING STATEMENT

Readers are cautioned that statements contained in this press release about our and our subsidiaries' future performance, including future revenues, earnings, strategies, prospects and all other statements that are not purely historical, are forward-looking statements for purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995. Although we believe that our expectations are based on reasonable assumptions, we can give no assurance they will be achieved. The results or events predicted in these statements may differ materially from actual results or events. Factors which could cause results or events to differ from current expectations include, among other things: the effects of weather; the performance of generating units and transmission systems; the availability and prices for oil, gas, coal, nuclear fuel, capacity and electricity; changes in the markets for electricity and other energy-related commodities; changes in the number of participants and the risk profile of such participants in the energy marketing and trading business; the effectiveness of our risk management and internal controls systems; the effects of regulatory decisions and changes in law; changes in competition in the markets we serve; the ability to recover regulatory assets and other potential stranded costs; the outcomes of litigation and regulatory proceedings or inquiries; the timing and success of efforts to develop domestic and international power projects; conditions of the capital markets and equity markets; advances in technology; changes in accounting standards; changes in interest rates and in financial and foreign currency markets generally; the economic and political climate and growth in the areas in which we conduct our activities; and changes in corporate strategies. For further information, please refer to our Annual Report on Form 10-K and subsequent reports on Form 10-Q and Form 8-K filed with the Securities and Exchange Commission. These documents address in further detail our business, industry issues and other factors that could cause actual results to differ materially from those indicated in this release. In addition, any forward-looking statements included herein represent our estimates only as of today and should not be relied upon as representing our estimates as of any subsequent date. While we may elect to update forward-looking statements from time to time, we specifically disclaim any obligation to do so, even if our estimates change, unless otherwise required by applicable securities laws.