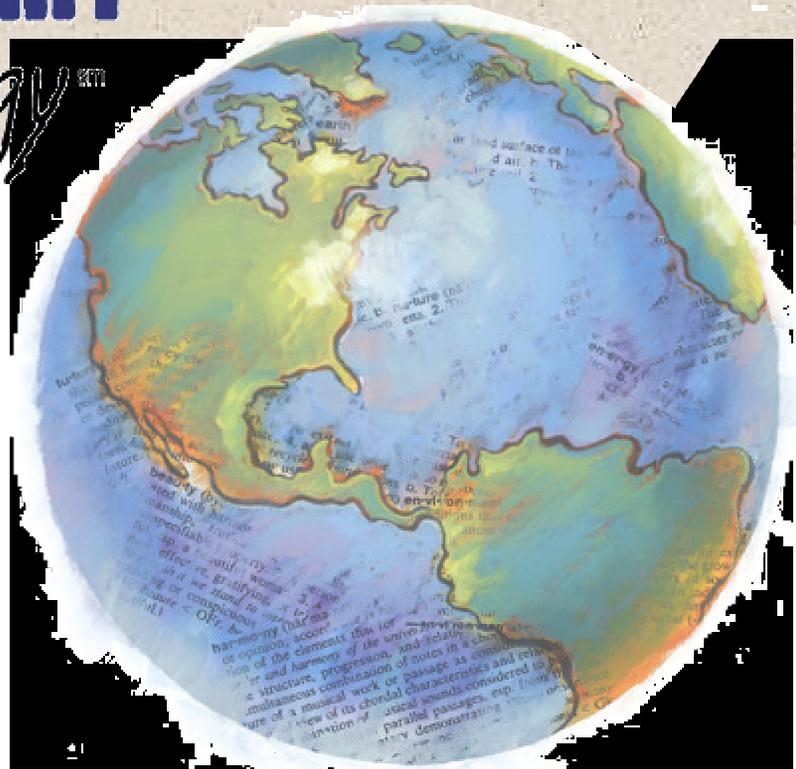




Green Mountain Energy

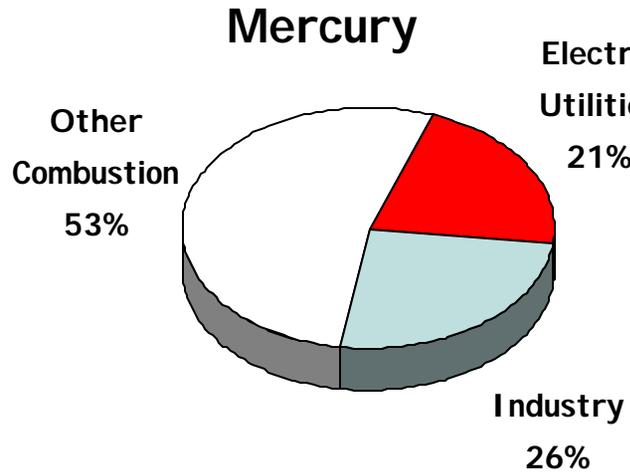
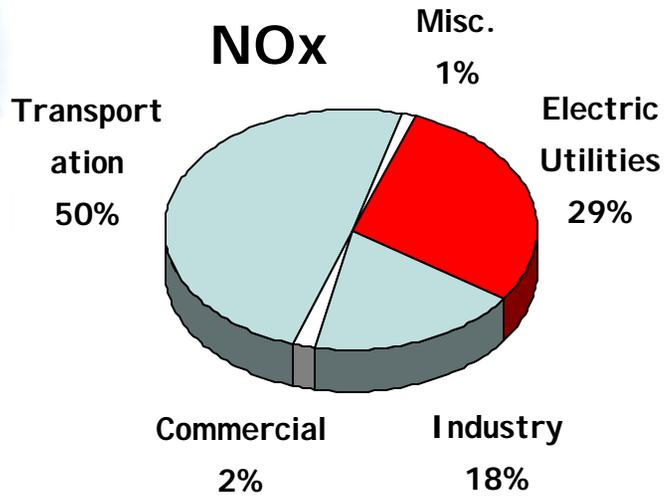
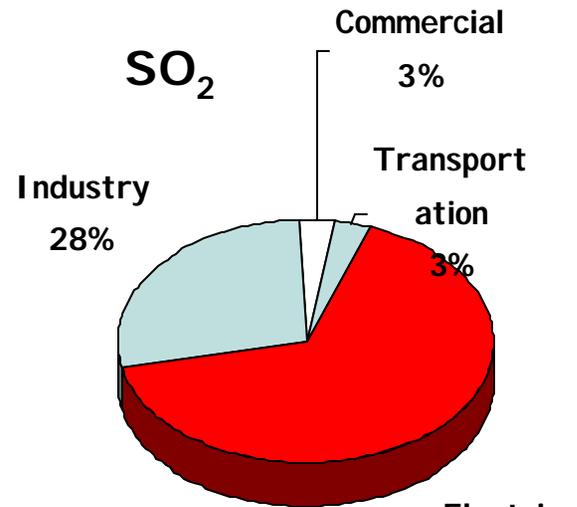
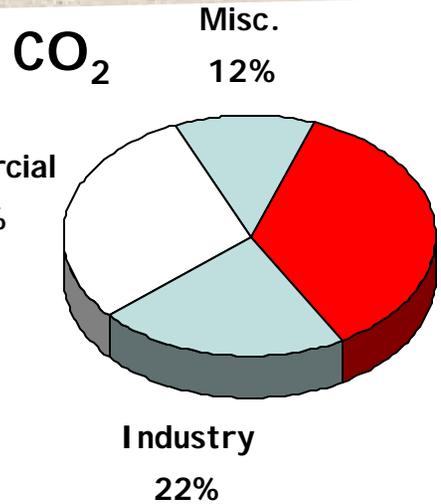
**What do
Consumers
Want?**



The Problem



Electricity is the largest industrial source of air pollution.



•1994, 1995 EPA National Air Pollution Trends Report

•1990 anthropogenic mercury emission in the US, excluding mobile sources, refineries, byproduct coke production, and manufacturers of mercury and mercury compounds. [Mercury Study Report, SAB Review Draft, EPA-452/R-96-001b. June 1996]

Green Mountain's Mission



- † Change the way electricity is made in the United States by unleashing the consumer demand for cleaner sources of electricity
- † Make the solution simple
 - † Educate customers on the impact renewable energy sources can make
 - † Provide the means for consumers to vote for the environment with their checkbooks every month

Deregulation



Significant & Successful Companies from Monopoly Break Up

TELEPHONE INDUSTRY

- † \$70B Market Size
- † Federally Regulated
- † No Product Differentiation

UTILITY INDUSTRY

- † \$200B Market Size
- † State Regulated
- † Product Differentiation by Generation Source



Switching Activity



California

- † started April, 1998
- † 90% eligible to switch
- † 100,000 switched (represents 1% of state)
- † over 50% chose a green provider

Pennsylvania

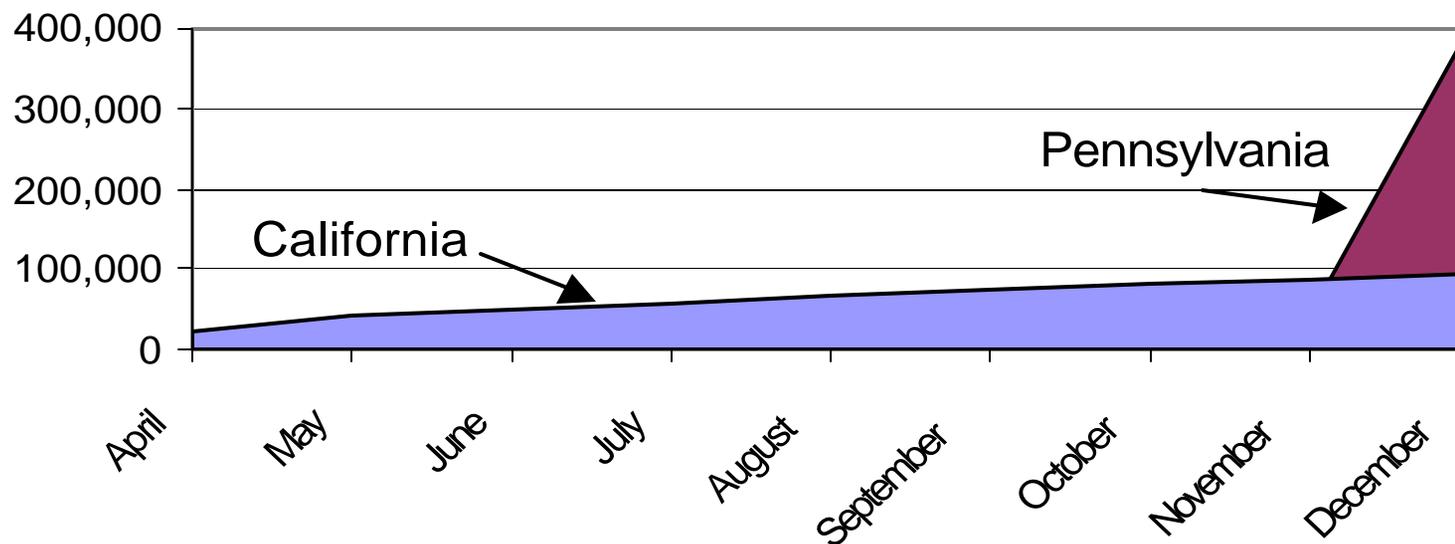
- † started January, 1999
- † 67% (2/3) eligible to switch
- † 400,000 switched (represents 15% of state; 5% switched by first day)
- † 30% chose a green provider

Priority 1 = Price Competition



*Retail price to compare in PA provides for real competition.
Wholesale price to compare in CA means few switchers.*

1998 Residential Switchers: CA v. PA



Creating a Vibrant Retail Market

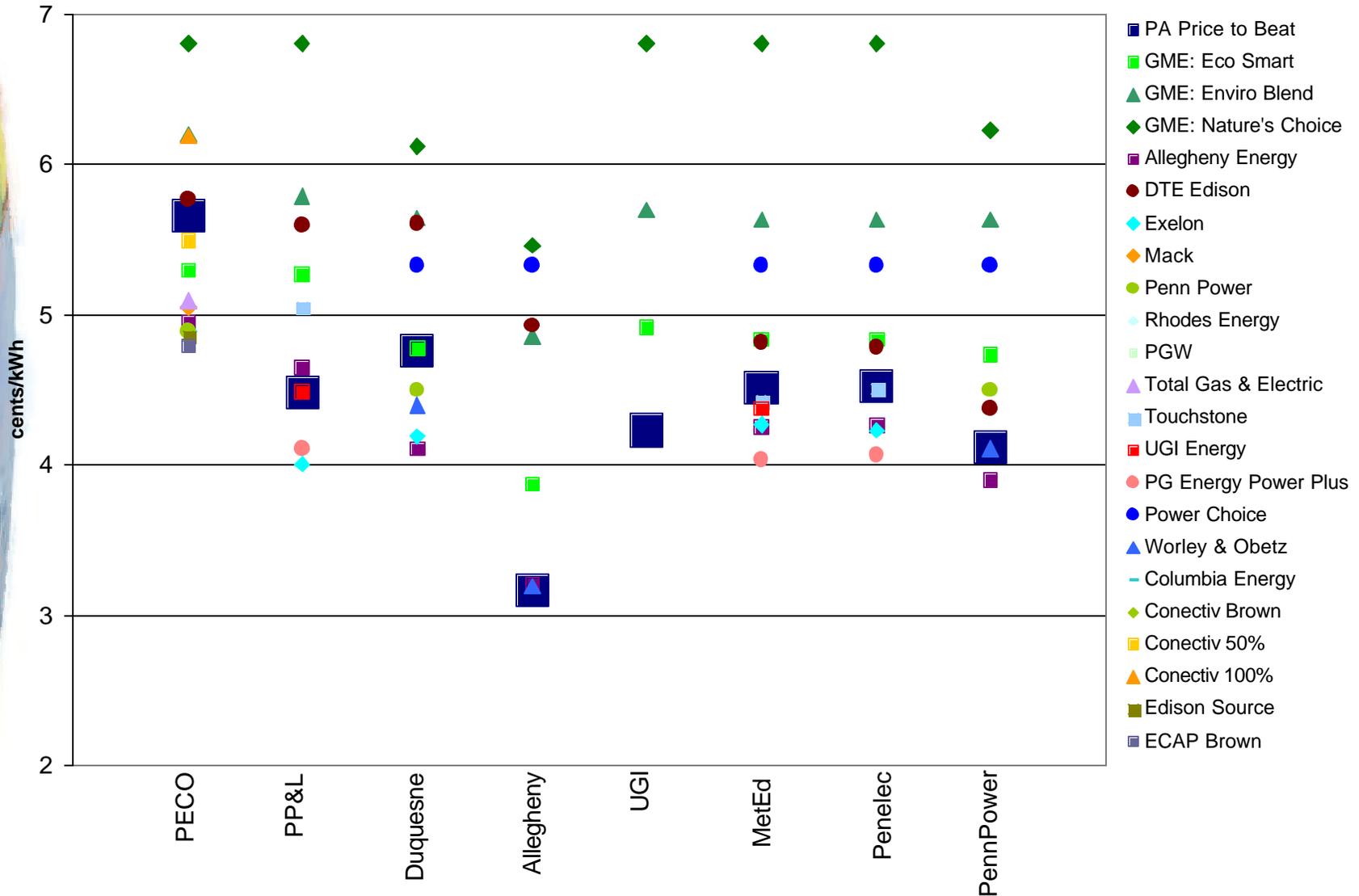
The threshold issue is
price competition

- † drives suppliers into the market
- † drives customers to go shopping

Customers look for meaningful choice
with price as the basis

Pennsylvania Price to Compare

Many suppliers offer residential choices



Other Challenges



- † Consumers don't know where electricity comes from and what the impacts are
 - † Consumer education is a massive undertaking

- † Intangible commodity and transport system
 - † Unlike other consumer goods
 - † Requires proof of claims

- † Consumer advocate resistance to deregulation
 - † Traditional view of deregulation's impact
 - † Loss of historical power base

Other Challenges (con't)



- † Regulatory and utility rules vary from state to state
- † Limitations in certain renewable resources
 - † Availability and/or price
- † Conflicting viewpoints of what is green
 - † Wide array of environmental advocates and views
 - † Consumer interest groups

Disclosure and Consumer Confidence



- † **Green-e:** Certifying independent organization of the retail renewable energy market
- † **State disclosure requirements**
- † **Advertising claims verified**
- † **Environmental Organization Support**

