

Green Mountain Energy Company

CERES Endorsement

Adopted, Company-wide, April 1999

Endorsing Company Statement

By adopting these Principles, we publicly affirm our belief that corporations have a responsibility for the environment, and must conduct all aspects of their business as responsible stewards of the environment by operating in a manner that protects the Earth. We believe that corporations must not compromise the ability of future generations to sustain themselves.

We will update our practices constantly in light of advances in technology and new understandings in health and environmental science. In collaboration with CERES, we will promote a dynamic process to ensure that the Principles are interpreted in a way that accommodates changing technologies and environmental realities. We intend to make consistent, measurable progress in implementing these Principles and to apply them to all aspects of our operations throughout the world.

The CERES Principles

Protection of the Biosphere

We will reduce and make continual progress toward eliminating the release of any substance that may cause environmental damage to the air, water, or the earth or its inhabitants. We will safeguard all habitats affected by our operations and will protect open spaces and wilderness, while preserving biodiversity.

Sustainable Use of Natural Resources

We will make sustainable use of renewable natural resources, such as water, soils and forests. We will conserve non-renewable natural resources through efficient use and careful planning.

Reduction and Disposal of Wastes

We will reduce and where possible eliminate waste through source reduction and recycling. All waste will be handled and disposed of through safe and responsible methods.

Energy Conservation

We will conserve energy and improve the energy efficiency of our internal operations and of the goods and services we sell. We will make every effort to use environmentally safe and sustainable energy sources.

Risk Reduction

We will strive to minimize the environmental, health and safety risks to our employees and the communities in which we operate through safe technologies, facilities and operating procedures, and by being prepared for emergencies.

Safe Products and Services

We will reduce and where possible eliminate the use, manufacture or sale of products and services that cause environmental damage or health or safety hazards. We will inform our customers of the environmental impacts of our products or services and try to correct unsafe use.

Environmental Restoration

We will promptly and responsibly correct conditions we have caused that endanger health, safety or the environment. To the extent feasible, we will redress injuries we have caused to persons or damage we have caused to the environment and will restore the environment.

Informing the Public

We will inform in a timely manner everyone who may be affected by conditions caused by our company that might endanger health, safety or the environment. We will regularly seek advice and counsel through dialogue with persons in communities near our facilities. We will not take any action against employees for reporting dangerous incidents or conditions to management or to appropriate authorities.

Management Commitment

We will implement these Principles and sustain a process that ensures that the Board of Directors and Chief Executive Officer are fully informed about pertinent environmental issues and are fully responsible for environmental policy. In selecting our Board of Directors, we will consider demonstrated environmental commitment as a factor.

Audits and Reports

We will conduct an annual self-evaluation of our progress in implementing these Principles. We will support the timely creation of generally accepted environmental audit procedures. We will annually complete the CERES Report, which will be made available to the public.

Disclaimer

These Principles establish an environmental ethic with criteria by which investors and others can assess the environmental performance of companies. Companies that endorse these Principles pledge to go voluntarily beyond the requirements of the law. The terms "may" and "might" in Principles one and eight are not meant to encompass every imaginable consequence, no matter how remote. Rather, these Principles obligate endorsers to behave as prudent persons who are not governed by conflicting interests and who possess a strong commitment to environmental excellence and to human health and safety. These Principles are not intended to create new legal liabilities, expand existing rights or obligations, waive legal defenses, or otherwise affect the legal position of any endorsing company, and are not intended to be used against an endorser in any legal proceeding for any purpose.

Section 1: Company Profile

1-1 Name of the Company: GreenMountain.com (fka Green Mountain Energy, fka Green Mountain Energy Resources)

1-2 Please Provide:

Contact Person:	Thomas H. Rawls
Title:	Vice President and Chief Environmental Officer
Address:	55 Green Mountain Dr. S. Burlington, VT 05403
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E-mail:	rawls@greenmountain.com
Parent Dun & Bradstreet Number:	17-687-1481
Corporate Tax ID Number	03-0360441
Corporate Website	www.greenmountain.com

1-3 Time Period for which information is provided (unless otherwise noted):

January 1, 1998 through December 31, 1998.

1-4 Please define the core activities and main products of your company:

Greenmountain.com markets electricity to residential customers in deregulated electricity markets. One of GreenMountain.com's core purposes is to benefit the natural environment. Unlike many businesses, we offer consumers a way to begin to fight acid rain, smog, and climate change – a way to protect human health, to restore ecosystems damaged by acidity and nitrification, to keep our home state of Vermont a place where the sugar maples will thrive on the hillsides when our grandchildren's grandchildren grow old.

The Company does not own generation or energy distribution operations. Rather, it engages in the retail marketing of electricity, made possible through deregulation of the electric industry. On April 1, 1998, California opened its electricity markets to retail competition. By the end of that year, GreenMountain.com was serving thousands of residential customers throughout California, and had signed-up thousands more in Pennsylvania.

GreenMountain.com's corporate mission is to change the way electricity is made. The Company works to accomplish that mission by stimulating consumer demand for electricity produced from renewable and other environmentally preferable generation

sources. Renewable generation sources are those that produce electricity from abundant, sustainable natural resources like sun, wind, water, biomass, and geothermal.

In our first full year of operation, the Company concentrated its environmental efforts in several areas that support our basic business. These included regulatory issues related to the opening of electricity markets; stakeholder relations and renewable-energy policy concerns related to the new markets, particularly certification of electricity products; and guidelines related to environmental marketing claims. We focused our attention on ways to reduce the huge environmental footprint resulting from making electricity more than on the relatively small footprint of our office and marketing operations. In its infancy, GreenMountain.com has emphasized activities that make customer choice a reality. We are committed to unleashing the power for good that can result from the thoughtful purchase of a necessary service.

GreenMountain.com's energy products are produced from sources that, on average, release fewer air emissions than the generic electricity mix serving a state. Fuel blends offered in California in 1998 were Water Power, 75% Renewable Power, and Wind for the Futuresm. The table below outlines their content.

GreenMountain.com's Power Blends			
	Water Power	75% Renewable Power	Wind for the Future sm
Eligible Renewable Biomass & Waste Geothermal Small Hydroelectric Solar Wind	0%	75%	<i>Generation mix is the same as for the 75% Renewable Power blend.</i> <i>Commencing with the operation of new wind turbines (expected not later than November 1999), new wind will constitute 10% of the blend's mix by displacing an equal amount of the 75% Renewable Power blend</i>
Coal	0%	0%	
Large Hydroelectric	100%	25%	
Natural Gas	0%	0%	
Nuclear	0%	0%	
Other	0%	0%	
TOTAL	100%	100%	

The power blend information provided above describes the purchases of Green Mountain Energysm products over the course of a calendar year. For each calendar year or

portion thereof that a customer purchases Green Mountain Energysm, we deliver to the grid enough power from our energy blend resources to match that customer's energy usage during that period. These deliveries are subject to verification in accordance with the requirements of the Green-e Renewable Electricity Branding Program. Consistent with the Green-e Program requirements, we may take up to four months at the beginning of the next calendar year to make up any deficiency in a particular resource included in a blend.

Renewable and hydroelectric resource availability varies from hour to hour and from season to season, as does our customers' use. At any specific time, we are putting more or less of these energy sources into the grid than our customers use. We put system power into the grid to serve our customers' minute-by-minute consumption but will always match our customers' annual electricity use by delivering our energy blend resources into the grid. At all times our customers' electricity needs are served. Customers who choose Green Mountain Energysm do not have electricity from a specific generating facility delivered directly to their homes, but they are able to support generators of cleaner energy that provide electricity to the region's power system in an amount equal to the customers' usage.

As of 1998, two of the three products GreenMountain.com offered in California were Green-e certified: 75% Renewable Power and Wind for the Futuresm. The Green-e Renewable Electricity Branding Program is the country's first voluntary certification program for environmentally preferred electricity products. GreenMountain.com actually *exceeded* its Green-e requirements in 1998 in California. Of the total electricity purchased for customers of GreenMountain.com's products, 100% came from renewable resources, even though the Company's products were only marketed as coming from large hydroelectric facilities and having 50-75% renewable energy.

1-5 Total worldwide employees:

As of December 1998, GreenMountain.com had 61 employees worldwide.

Approximate number of full-time personnel assigned to environmental management and technical support worldwide (count those individuals in management positions who spend at least 50 percent of their time working in environmental areas. Identify any contract staff separately.)

As of December 1998, GreenMountain.com had one full-time staff member specifically assigned to environmental management. Given the nature of GreenMountain.com's business, every employee spends time on environmental matters in the course of his or her responsibilities.

1-6 Yearly Revenue

From February 26, 1997 (Company's inception) to December 31, 1997 GreenMountain.com had revenues under \$1.0 million. For the year ended December 31, 1998 revenues increased to an amount between \$1 – 3 million.

1-7 Coverage of information provided in this report, including geographic scope. (e.g., all facilities; wholly owned facilities only; wholly owned and majority owned facilities):

This report covers the activities of GreenMountain.com's corporate headquarters located in South Burlington, Vermont. Smaller regional offices are located in California and Pennsylvania.

The Company does not own generation or energy distribution operations. Rather, it engages the retail marketing of electricity, made possible through deregulation of the electric industry. As a result, the environmental impacts of the Company's operations are comparable to those of an office environment, rather than those of a traditional utility.



GreenMountain.com's corporate headquarters located in South Burlington, Vermont

1-8 If all activities are not covered, please describe your projected time-line for including additional aspects of your operations in this report

GreenMountain.com plans to incorporate the activities of our smaller regional offices for the CERES Report covering its 2000 operating year.

1-9 Industry Sectors and approximate percent of total revenues represented by each.

Sector		% Revenue
a.	Electricity- Retail Sales	100%
b.	Natural gas	0%
c.	Other energy	0%
d.	Non-energy	0%
Total		100%

1-10 Briefly describe any changes in the company structure (ie, acquisitions and divestitures), sectors and product lines during the last five years:

On August 6, 1997 Green Mountain Energy Resources, L.L.C. began operations under an agreement between Green Mountain Resources Inc. (a Green Mountain Power Corporation affiliate) and Green Funding I, an investment vehicle managed by the Sam Wyly family.

Green Funding I committed an additional capital in exchange for an additional equity interest, on September 29, 1997. By April 1, 1998 Green Mountain Energy Resources, L.L.C. began service to its first electricity customer in California.

Green Funding I committed an additional capital in exchange for an additional equity interest, raising their total equity interest, on November 20, 1998. On December 23, 1998 Green Mountain Energy Resources, L.L.C. purchased the remaining equity interest held by the Green Mountain Power affiliate.

1-11 Please provide the following information on the scale of your operations.

Greenmountain.com is an electricity provider primarily to residential customers in deregulated markets. The 1998 CERES Electric and Gas Industries Report suggests utilities provide sales information in terms of total MWh sold and MWh peak demand. As a privately held non-utility operating in competitive retail markets, GreenMountain.com regards that information as confidential. Therefore, the Company is reporting its total 1998 sales in terms of residential customers served.

Sector	Measure of Scale	Amount
Electricity		
Sales	total residential customers served as of December 31, 1998	15,146

Section 2: Environmental Policies, Organization, and Management

- 2-1 List all corporate environmental policies and their dates of issue and/or revision. Detail the geographic scope of these policies and indicate whether the texts of the policies are available to the public:

Policy	Issue Date	Latest Revision	Geographic Scope	Publicly Available
Environmental Charter	Fall 1997	June 28, 1999	company-wide	yes
CERES principles	April 1999	April 1999	company-wide	yes
Green Mountain's Values	Fall 1997	Fall 1997	company-wide	yes
Recycling Policy	Fall 1997	February 1999	company-wide	yes

- 2-2 Please describe your company's approach to the issue of sustainability, focusing on the following three elements: what does it mean for your company, how does it apply to your industry, how is your company making progress toward it?

Sustainability for GreenMountain.com: Transition to Renewable Resources

Deregulation is empowering consumers to change the way that electricity is made through their choice of the sources of generation that will serve them. By giving customers the opportunity to choose power made from renewable sources, informed and environmentally conscious consumers can be agents of change for a cleaner and healthier environment.

GreenMountain.com's vision is a world powered by the sun and the wind and the moon. Its mission is to change the way power is made.

How does sustainability apply to the electric industry?

The current fossil fuel based electricity generation is unsustainable in two significant respects. First and foremost, it causes the amount of air pollutants in the atmosphere systematically to increase. As a result, making electricity causes more air pollution than any other industry in the United States. Through the effects of that air pollution, such as acid rain and global warming, the productivity and diversity of the natural environment are compromised to the detriment of future generations. Secondly, fossil-fuel-based electricity generation depletes finite resources like coal and natural gas.

How is our company making progress towards it?

GreenMountain.com is making its greatest strides toward sustainability by promoting the development of new renewable generation to serve its customers. Its Wind for the Futuresm product demonstrates significant- even if admittedly modest, progress in this regard. Wind for the Futuresm featured a commitment from GreenMountain.com to develop new renewable energy sources. A new wind turbine would be built for each group of approximately 3,800 customers who signed up for the Wind for the Futuresm blend, up to a limit of three turbines. GreenMountain.com would market the power from the turbines, which would be owned by PacifiCorp.

On October 22, 1998 GreenMountain.com announced the ground breaking for three new wind turbines at San Geronio Pass, California. The occasion marked the first new renewable electric generation sources to be constructed as a direct result of customer choice in a deregulated electricity market. Through GreenMountain.com's promise to build new wind turbines as customers chose Wind for the Futuresm, individual Californians gained the opportunity to support clean wind power development.

GreenMountain.com is also committed to being an environmentally responsible business, engaging in daily practices that promote a healthier planet and sustainable economy. This commitment has manifested itself in several program initiatives that focus on the GreenMountain.com's internal operations. During its first full year of operation, GreenMountain.com conferred with outside consultants to gain a better understanding of its environmental management practices and explore opportunities for improved environmental performance. Incorporating their recommendations, the Company began to re-evaluate and monitor the environmental impacts associated with its business practices.

2-3 Is there a staff member or members charged with your company's environmental responsibilities? To whom does this person report?

Thomas H. Rawls operates as Vice President and Chief Environmental Officer of the Company. He reports directly to the Company's Chief Executive Officer.

2-4 How is accountability for environmental performance organized in your company?

Accountability for environmental performance rests with the Company's environmental department, which was a single Director-level position. (In 1999, the Company created the position of Vice President and Chief Environmental Officer, reporting to the Chief Executive Officer. It also created a Board-level Environmental Integrity Committee, to review the Company's environmental challenges and performance.)

- 2-5 How is outstanding environmental performance of teams, operating units, and individuals recognized internally?

Outstanding environmental performance of teams, operating units, and individuals is not formally recognized internally.

- 2-6 Are your employees encouraged to take the initiative, submit suggestions for improvement, and to suggest actions or policies to reduce the company's environmental impact?

“Environmental stewardship” is one of five Green Mountain Values formally adopted by the Company. As an operational value, it applies to every employee in the Company, and serves as a basis by which any employee can make recommendations for environmental improvement.

From the Company's earliest beginnings, employees have taken the initiative in making recommendations to lower GreenMountain.com's environmental impact. In selecting the office environment in which GreenMountain.com would operate, interdepartmental employees formed the “Genesis Team.” This team of interested employees made recommendations on the facility's location- focusing on such issues as the energy efficiency of the prospective sites. Once a site was selected, the team worked in selecting office furniture that featured recycled content. This serves as but one example of the value of “environmental stewardship” applied by GreenMountain.com employees through their own initiative.

- 2-7 Does your company have, or provide access to, educational programs in which employees participate to update their environmental skills and knowledge?

The Company offered an off-site seminar on Strategic Sustainability, which was attended by the entire Company staff. The seminar was presented by Gil Friend. Mr. Friend is a systems ecologist and business strategist with more than 25 years experience in business development and environmental innovation.

The need for continuing environmental education for employees has been recognized and is a key component of the Company's 1999 environmental plan.

- 2-8 Does your company participate in external activities designed to share recent advances in environmental technology, management, and performance?

The primary focus of the Company's environmental activities externally has been in the environmental policy arena. GreenMountain.com's representatives have been

involved in discussions with Green-e Renewable Electricity Branding program regarding the appropriate standards for certification of environmentally preferred electricity products. The Company has been engaged in California, Pennsylvania, and New England regarding these standards.

Company representatives have also been engaged with American Rivers and others in the advocacy and hydropower community regarding criteria for “low-impact” hydropower. GreenMountain.com has been a leader in advancing the discussions regarding the low-impact criteria.

2-9 To what degree does your company use internal environmental cost information to support internal decision-making? Is this done through a managerial cost accounting system or other financial management system which routinely compiles, analyzes, and reports on environmental costs?

At this time, GreenMountain.com does not use environmental cost information to support its internal decision-making. However, environmental considerations are inherent in decisions regarding environmentally preferred energy sources that GreenMountain.com makes.

2-10 Does your company normalize environmental information (e.g., chemical release, energy usage, greenhouse gas emission) by an activity unit within the company (e.g., per unit of output, per unit of input, per labor hour, per employee)?

GreenMountain.com normalizes environmental information for several of the environmental impacts directly attributable to the Company’s internal business operations. Those impacts include the Company’s monthly energy use (natural gas and electricity), CO₂ emissions as a result of that use, and water use. This information is normalized per employee.

If yes, please describe the approach adopted. What successes or challenges were faced in developing/applying these normalization techniques? How did these experiences compare to your initial expectations?

One challenge that GreenMountain.com faced was whether the conventional physical output-based measures used by traditional energy utilities (i.e., kWh of service provided, ccf of natural gas processed) should be the basis for normalization of environmental information. As a retail provider of energy products that does not own generation itself, these measures seemed inappropriate. As a result, GreenMountain.com uses an alternative factor not based on output. The company normalizes its environmental information by the number of employees working during the time period.

This made particular sense given GreenMountain.com's profile as a service rather than manufacturing or production industry.

Another consideration was to ensure that corporate confidentiality was not compromised in the selection of normalization factors. Some business information, such as customer counts, would be useful in normalizing environmental information. However, the sensitivity around such information precludes it from being available to the general public. Lack of public access to normalized environmental information is in direct contradiction with goals of environmental reporting – accountability and full disclosure. Therefore, alternative normalization factors were employed for GreenMountain.com's publicly available environmental metrics.

2-11 Does your company have programs for workplace health, safety, and environmental auditing?

GreenMountain.com contracted with CGH Environmental Strategies to conduct an on-site Eco-Assessment that took place in early July of 1998. The assessment was conducted to gather an outside perspective on GreenMountain.com's environmental management practices at that time, and to explore opportunities for improved environmental performance. It's scope was limited GreenMountain.com's corporate headquarters located in South Burlington, Vermont.

The consultant reviewed the Company's systems inputs and outputs. From her observations, the consultant completed a baseline summary of the Company's operations. The report included a review of waste generation, property maintenance, materials use, energy use, water use, transportation impacts, and occupational health subjects.

2-12 Are these audits conducted by company personnel or outside individual/organizations? If both, what is the ratio of company personnel to outside auditors?

GreenMountain.com's environmental audit was conducted by an outside organization. In the course of the assessment GreenMountain.com employees were involved in a variety of capacities, including, staff interviews, a walk-through visual assessment, and research of documents related to facility maintenance.

GreenMountain.com's staff worked collaboratively with the consultant in a team fashion to accomplish the assessment.

2-13 What is the average time interval between audits of facilities or operations? Give details if this varies according to specific operations.

GreenMountain.com's environmental assessment of July 1998 was the only assessment from that year.

2-14 Are your audit results made available to the public? How?

The results of GreenMountain.com's 1998 environmental assessment are not yet available to the public.

2-15 Describe other notable aspects of your company's environmental policies, organization, and management not otherwise covered in this section:

Where competitive electricity markets are scheduled to open, the Company has been active in regulatory proceedings related to environmental policy concerns, like information disclosure and renewable portfolio standards. The Company has taken positions in support of these policy prescriptions, while working to ensure that the details regarding their implementation work to complement the competitive market. Like many policy approaches, what makes sense in principle can have unintended consequences in practice if the details are not thoughtfully designed.

Supplemental Information

2-16 Does your company have an internal energy audit program for identifying conservation opportunities and progress?

GreenMountain.com conducted an internal energy audit late in 1997. A third party representative from Green Mountain Power Corporation conducted an on-site energy audit of the facilities. The audit was focused on the four primary areas of energy use: lighting, electrical appliances, heating ventilation and air conditioning, and building envelope.

Several opportunities for improved energy efficiency were identified and many were implemented throughout the course of 1998. Improvements included: installation of high efficient fluorescent lighting, installation of high pressure sodium exterior lighting, installation of high efficiency exit signs and removal of some existing incandescent lighting. Improvements were also made to the envelope of the building with the installation of panel sheet-rock and insulation.

Section 3 Workplace Health and Safety

3-1 Describe any company programs which go beyond those required by law for minimizing health and safety risks to employees.

GreenMountain.com has implemented several programs and initiatives designed to minimize health and safety risks to Company employees in compliance with OSHA regulations. In addition to those required programs, GreenMountain.com has also instituted programs that exceed the requirements of law.

In CGH Environmental Strategies' Eco-assessment report, several important characteristics of GreenMountain.com's office environment were noted:

- GreenMountain.com has open offices with cubicle dividers
- Company employees work at computer terminals and desks most of the day
- An employee's distance to copiers and employee eating area is short

The consultants recommended that GreenMountain.com explore occupational and environmental health issues for workers in that type of environment by examining ergonomics, indoor air quality, injury prevention, and employee exercise programs.

As a result, GreenMountain.com consulted with Choice Physical Therapy to assess office environment ergonomics. Employees were given individual ergonomics evaluations with particular attention to environmental noise level, administrative considerations (break schedule and workload), work area composition and organization, and work method. The consultants also conducted an instructional session with employees that covered simple stretching exercises designed to reduce stress and physical injury.

In 1998, GreenMountain.com began the process of implementing workstation assessment recommendations. As a result, items like ergonomically designed keyboards, wrist rests, and phone headsets are available to employees at their request

3-2 Does the company have a program or system to investigate and minimize workplace hazards?

GreenMountain.com contracts for routine inspection and maintenance of the facility's ventilation and safety equipment by qualified third parties.

Hazards arising from indoor air quality are minimized through quarterly heating ventilation and air conditioning inspections. These inspections include the replacement of air filters.

The risk of fire is addressed through safety equipment inspections conducted by D&M Fire Safety Equipment. Inspection of the facility's fire extinguishers takes place

on a monthly basis. The facility's fire alarm system is tested semi-annually. The building's sprinkler system is inspected annually.

3-3 What challenges and successes has your company experienced in the area of workplace health and safety?

Because of the nature of the Company's business and office work environment, GreenMountain.com has no serious regulatory compliance issues in the area of workplace health and safety.

3-4 Provide information on workplace safety performance (using measures such as lost days, lost-time incidents, fatalities, etc.) normalized appropriately. Please provide such information for a base year, 1996, 1997, 1998 and a target year.

The following table summarizes information on workplace safety performance for GreenMountain.com from its inception in 1997 through 1998

Year	Number of Incidents	Description	Result	Incidents per employee
1997	1	repetitive strain using computer	no time missed	.027
1998	1	repetitive strain using computer	no time missed	.018

3-5 Do you use other measures for workplace health and safety performance? Please explain and give trends:

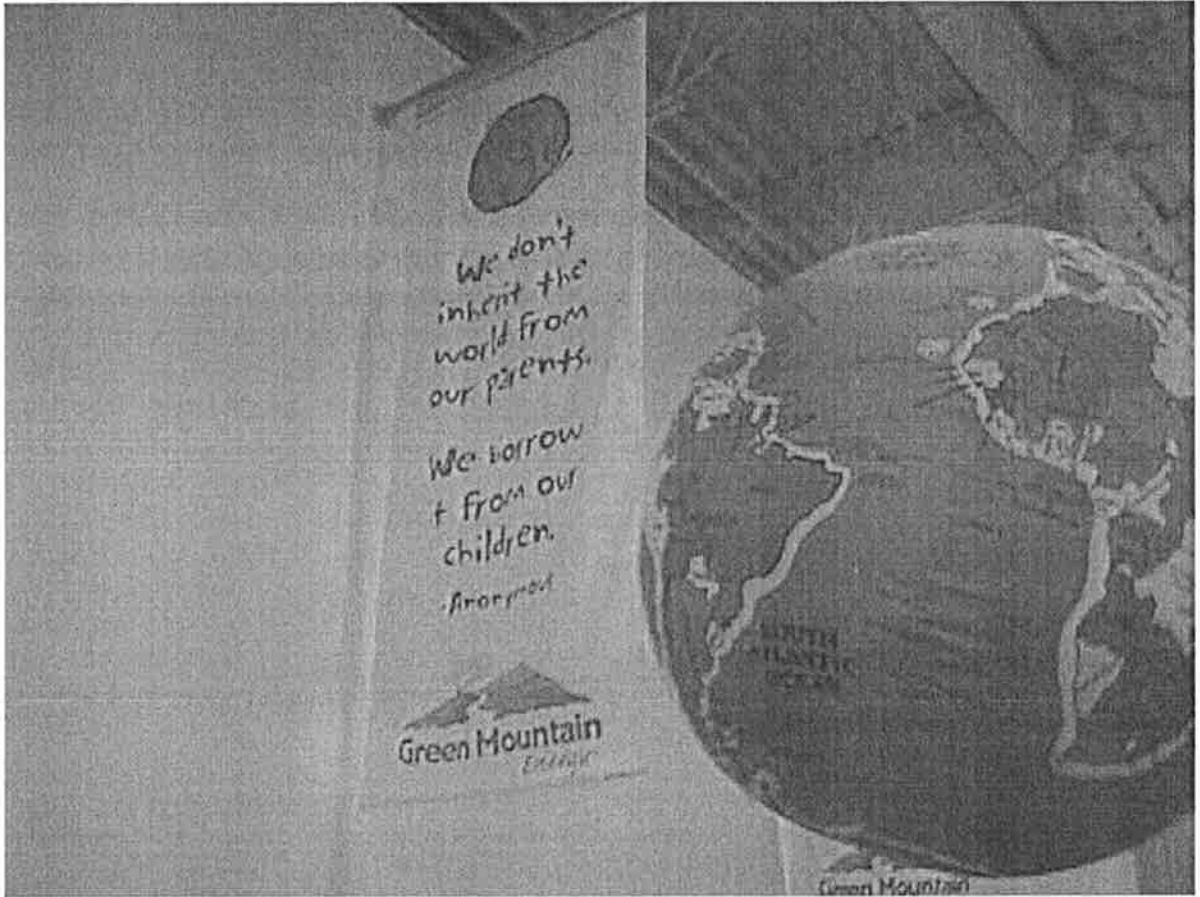
GreenMountain.com does not use any other measures for workplace health and safety performance.

3-6 Describe other notable aspects of your company's workplace health and safety not otherwise covered in this section.

GreenMountain.com partnered with Yamamoto Moss to review and enhance GreenMountain.com's South Burlington facility through a Workplace Brand Audit. With regard to physical structure and appearance, Yamamoto Moss provided an outline of opportunities to bring both the tangible and intangible aspects of an employee's experience in line with the GreenMountain.com mission.

GreenMountain.com's mission is "to change the way power is made." As a result of the workplace brand audit, the excitement and spirit of the Company's business mission has been brought "inside." Large open spaces provide a colorful backdrop for inspirational banners with quotations from Lao Tsu to Paul McCartney and others. Giant globes are suspended from the ceilings, reminding employees of the significance of their

work. Progress made in these areas has helped GreenMountain.com's employees to live GreenMountain.com's mission as they perform their work.



Section 4 Community Participation and Accountability

4-1 Does your company have a policy/procedure to consider community impacts in its decision making? Does this policy provide for direct community involvement? If so, how?

Through the course of its business, GreenMountain.com has the opportunity to positively affect many different communities—both geographic and intellectual. While GreenMountain.com is physically located in California, Pennsylvania and Vermont the Company considers itself a member of a larger community that knows no geographic bounds—the environmental community. Accordingly, GreenMountain.com seeks direct involvement from the environmental community in making decisions.

In the selection and design of its energy products GreenMountain.com participates in the Green-e Renewable Electricity Program- the country's first voluntary certification and verification program for environmentally preferred electricity products. Green-e provides a forum for interested stakeholders through its advisory committees. Under Green-e's Code of Conduct, GreenMountain.com must provide customers with information about the sources of the electricity they purchase.

GreenMountain.com also formed an Environmental Advisory Board to seek guidance from the environmental community in its decision making. In 1998, members of the advisory board included:

- Lewis Milford, a lawyer, and founder and Executive Director of the Clean Energy Group in Vermont, a new non-profit organization dedicated to increasing the use of cleaner energy technologies through competitive markets.
- Ralph Cavanagh, a senior attorney at Natural Resources Defense Council and co-director of the Energy Program.
- V. John White, the Executive Director of the Center for Energy Efficiency and Renewable Technologies (CEERT), which he co-founded in 1990.
- Chris Flavin, Senior Vice President at Worldwatch Institute, where he directs the Institute's research programs and heads its climate and energy team, which analyzes energy resource, technology, and policy trends.

Each member of the Environmental Advisory Board serves in an individual capacity and not as a representative of the organization with which he is affiliated.

4-2 Are employees encouraged to participate in community activities aimed at improving environmental quality? Explain, if yes, give specific examples of methods used to encourage such activities and noteworthy results:

Through GreenMountain.com's marketing program, employees are directly involved in community activities aimed at educating people about the impacts of electric generation and the need for a transition to renewable energy. GreenMountain.com's

KNOW YOUR POWER FESTIVALsm, described in question 4-3, is an example of our employees' participation.

Aside from its marketing, GreenMountain.com does not yet have a corporate program specifically designed for community involvement. However, when community centered opportunities are brought to the attention of the Company by employees, the Company is supportive of their initiatives. On one such occasion, the practical application of the GreenMountain.com Value "Environmental Stewardship" happened right in the Company's neighborhood.

GreenMountain.com's next door neighbor, Vermont Commons School opened its doors at 75 Green Mountain Drive for the first time in September 1997. The mission of the Vermont Commons School is to provide an education that crosses traditional boundaries and develops ecological citizenship, with the goal of empowering students with the knowledge, character, skills, and moral vision necessary to become responsible, pro-active members of the world community.

Vermont Commons assigned a renewable energy project to a team of 8th and 9th graders. Their charge was to review all the potential options for renewable energy and to make a practical recommendation to power their school. GreenMountain.com's Senior Energy Analyst kicked off the project by reviewing the renewable energy options in Vermont in a classroom setting. Next, GreenMountain.com and Vermont Commons made arrangements for the team to visit a small hydroelectric plant on the Winooski River. GreenMountain.com members joined the team in the visit and related the experience back to the classroom presentation. GreenMountain.com also made arrangements for the class to visit a private home on a Lake Champlain Island that is partially powered by solar panels and a wind farm at Searsburg, Vermont.

4-3 List up to three community-oriented environmental activities sponsored by your company.

GreenMountain.com sponsors community-oriented marketing activities designed to inform the public that electricity generation is the number one industrial source of air pollution in this country and that renewable energy offers a solution to the problem.

The most notable example was the KNOW YOUR POWER FESTIVALsm. The event was attended by over 50,000 Pennsylvanians on September 26, 1998 at the Mann Center for the Performing Arts in Philadelphia's Fairmount Park.

The KNOW YOUR POWER FESTIVALsm was a way of showing people how simple and fun choosing energy featuring renewable resources can be. The free-of-charge, eight-hour education and music festival devoted to cleaner energy and the power of consumer choice, featured informational exhibits, children's activities and performances by top entertainers such as James Taylor, Kenny Loggins, The Robert Cray Band, and Shawn Colvin.

GreenMountain.com's Clean Caravan was another community activity designed to celebrate forms of transportation fuel that are safer and less harmful to the environment. The caravan featured several alternative vehicles whose fuels ranged from bio-fuel derived from vegetable oil to ethanol made from soft drink waste. The caravan toured the state of California for 3-5 months starting with Clean Power Day in Sacramento.



GreenMountain.com's KNOW YOUR POWER FESTIVALsm

4-4 What challenges and successes has your company faced in the area of community participation and accountability?

One of the greatest challenges GreenMountain.com has faced is the skepticism of some regarding the potential benefits of the market for "green" energy. The simple question that has been asked is: "Will the market make an environmental difference?"

Making electricity is the single largest source of industrial air pollution. We have arrived at this place through a system of monopoly utilities regulated by state commissions. Some argue the solution is with improved regulation. We firmly believe there is a better way: Individuals making choices in the marketplace.

One key to the success of competitive markets is educated buyers, customers who understand the consequences of their decisions. In its marketing, GreenMountain.com has consistently sought to alert potential customers to the damage to the environment and to human health that results from our current portfolio of generation. The Company has highlighted the problem because its success depends on an informed public making sound buying decisions.

Finally, the Company believes that some critics of the competitive market have suggested a false dichotomy—either policy prescriptions or market solutions. These choices are not mutually exclusive. Indeed, consumers entrusted with the responsibility of determining the portfolio of generation serving them will, over time, become more knowledgeable. And we believe that the better informed they are, the more support they will give not only to clean choices in the marketplace, but to wise policies in the political arena.

A further crucial challenge for the Company, even if not specifically related to environmental concerns, deserve mention. GreenMountain.com has simply been working to create new competitive markets for electricity. GreenMountain.com cannot effectively promote renewable generation unless customers have a choice of supplier. Consequently, the Company has worked to get laws and rules that support a customer's ability to choose his or her electric supplier.

The following section of the report discusses the way environmental issues have affected our public policy work. It would be a mistake, however, to ignore the challenges to our business posed by more general policy issues related to the opening of electricity markets. The so-called "green" electricity market is part of the overall competitive framework, and its success will be seriously constrained if laws and rules inhibit competitive activity in the electricity marketplace. For that reason, GreenMountain.com has made significant efforts to develop rules for new electricity markets that allow all competitive suppliers, not just green suppliers like GreenMountain.com, to be able to compete.

There is a long list of important market rules unrelated to environmental considerations that are essential to our being able to conduct our business—and deliver environmental benefits. A few of these key issues include: the price of electricity charged to customers who do not choose a new supplier, the rules governing the sign-up of a new customer, standards regarding the electronic transfer of information among market participants, and licensing requirements for new suppliers. The move to competitive electricity markets is inexorable, but the developing the new rules to spur that transition has posed some of the greatest challenges the Company has faced.

4-5 How are environmental considerations incorporated into your company's public policy activities?

The focus of the Company's policy work has been two-fold, first to encourage the development of robust competitive markets for retail electric service, and second to collaborate with environmental stakeholders to develop policies that ensure that competitive electricity markets will yield benefits to the environment and human health. GreenMountain.com is built on the fundamental premise that significant numbers of customers, when given the power to choose the sources of electricity serving them, will choose power that does less damage to the environment and human health than alternative sources. Our efforts to open markets for electricity choice have been aimed at

allowing everyday citizens the opportunity to do environmental good when they purchase an everyday necessity.

In 1998, GreenMountain.com worked in a number of states—notably California, Massachusetts, and Pennsylvania. Key public policy issues specifically related to the environment that the Company has addressed include:

- Environmental disclosure: A simple, meaningful approach to labeling the fuel sources of the electricity serving the customers of retail electric providers and, in some jurisdictions, the emissions characteristics of those sources. This label will help customers to weigh environmental considerations when choosing their electric supplier.
- Renewable portfolio standard (RPS): The RPS is a policy mechanism that mandates that a portion of each customer's (or each supplier's) portfolio of generation comes from designated renewable resources. It is a mechanism to ensure that environmentally preferred renewable resources are developed in the competitive markets.
- Certification criteria: GreenMountain.com has engaged environmental and renewable-energy stakeholders to develop criteria for certification of environmentally preferred products. We have worked with Green-e, the national certification program for electricity products, in developing criteria for California, Pennsylvania, and New England. We have also worked with American Rivers in developing criteria for "low-impact" hydropower facilities. The criteria include water quality, water flows, fish passage, watershed protection, endangered species, and more. The purpose is to assess the environmental footprint of hydroelectric facilities' actual operations rather than relying on an arbitrary—and potentially meaningless—standard based on the size of the facility.

4-6 Environmental justice refers to actions in support of populations most negatively affected by environmental factors, as they tend largely to be those populations most vulnerable due to economic, political, or other factors. In support of environmental justice, described if and how your company ensures the protection of particularly vulnerable or at-risk groups in communities directly affected by your activities.

According to a 1990 EPA report "racial minority and low-income populations experience higher than average exposures to selected air pollutants." The American Lung Association of California adds that thousands of California families live in areas subject to air pollution from nearby industries. The vast majority of those families are in low-income communities of color.

The Lung Association cites "emissions from motor vehicles, power plants, and other industries" as causes of ozone formation. The Lung Association states that "nearly 62 percent of African American children, 70 percent of Latino children and 70 percent of

Asian American children live in areas that exceed the ozone standard, compared to less than 51 percent of white children.”

By its mission to change the way power is made, GreenMountain.com works to reduce the disproportionate affects of air pollution on the most vulnerable communities.

4-7 Are there any chemical substances, or other risk factors, used in or resulting from your operations which present a risk to nearby communities?

There are no chemical substances, or other risk factors, used in GreenMountain.com’s operations that present a risk to nearby communities.

4-8 Does your Company keep local emergency responders informed of risks created by, or chemicals used by, your operations?

There are no chemical substances, or other risk factors, used in GreenMountain.com’s operations that present a risk to nearby communities.

4-9 Are the neighbors at your plant informed of the existence of any procedures and evacuation plans that may be need in case of incident?

There are no chemical substances, or other risk factors, used in GreenMountain.com’s operations that present a risk to nearby communities. Because there is no risk of incident, GreenMountain.com has not developed an evacuation plan involving its neighbors.

4-10 Describe other notable aspects of your company’s involvement with communities directly affected by your activities not otherwise covered in this section.

This year, GreenMountain.com donated electricity to Under One Roof, the San Francisco shop that provides financial support to more than 50 participating AIDS service organizations in the San Francisco Bay Area.

“Giving back to the communities in which we do business is part of our company’s culture,” said Dave Furhman, GreenMountain.com’s liaison to the Gay and Lesbian Community. “We admire the fine work and mission of Under One Roof, and as a newcomer to the California and San Francisco communities, are proud to support their efforts.”

Under One Roof operates a widely acclaimed, year-round retail shop with one hundred percent of the profits from every purchase directly benefiting participating organizations. Since its inception nearly nine years ago the organization has raised almost \$5 million for the fight against AIDS.

Section 5 Product Stewardship

- 5-1 Does your company have a formal, written commitment requiring an environmental, health, and safety evaluation of its products, whether these products are tangible (e.g. consumer goods) or intangible (e.g. financial services)? If yes, what is this commitment and how can this be obtained by the public?

GreenMountain.com has two formal commitments in environmental, health, and safety evaluations of its energy products. The first occurs through its participation in the Green-e Renewable Electricity Program--the country's first voluntary certification and verification program for environmentally preferred electricity products.

As a Green-e participant and signatory to the Green-e Code of Conduct, GreenMountain.com is required to submit an application to certify its products. The application includes a contract and a legal affidavit on the resource mix for the "product offering" GreenMountain.com would like to certify. The contract requires that GreenMountain.com undergo the Green-e annual audit on the Company's certified products.

The Green-e standard has several requirements. First, "the product must contain 50% or more renewables content averaged over one year, Eligible renewable resources for Green-e certification include: wind, solar, geothermal, small hydroelectric (Green-e is developing a low-impact hydroelectric standard; the current standard is less than 30MW.); and biomass (including landfill gas)."

Second, "the fossil portion (if any) of an eligible product must have equal or lower air emissions (SO_x, NO_x, and CO₂) than an equivalent amount of system power, Air emissions from a renewable energy generator using waste materials for fuel must be equal to or less than the emissions that would otherwise be produced from the most common alternative disposal of the waste. The product must not contain any nuclear power other than what is contained in system power purchased for the eligible product's portfolio."

Third, "one year after deregulation, the product must contain at least 5% "new renewable" electricity. This percentage requirement increases to 10% in the next year. Green-e increases this requirement 5% each year until 25% of the total product content is from new renewable resources."

In 1998, two of GreenMountain.com's three electricity products were Green-e certified.

The second evaluation occurs internally and results from GreenMountain.com's formal commitment that the energy products that the Company provides will be cleaner than the current energy mix traditionally serving that region.

5-2 In this evaluation, which of the following are considered:

In designing its products and services the following are considered in terms of their environmental impacts:

	Manufacturing	Packaging	Distribution	Use	Disposal	Other
Materials Use	X	X				
Energy Use				X		
Water Use						
Hazardous Materials in Product						
Generation of Waste	X	X				
Other – pollution	X					

Explain, providing detail on the scope of these considerations (e.g. are all products considered? what changes have resulted? etc.)

While the traditional stages of product development: manufacturing, packaging, distribution, use, and disposal are not easily applied to GreenMountain.com’s business, the Company considers environmental ramifications at every stage of the Company’s development process.

Broadly speaking, manufacturing is the making of electricity. The Company selects generation based on the fuel source. In 1998, GreenMountain.com’s products featured energy generated from water and geothermal (heat from the earth).

The wastes involved in generating energy (emissions) are also considered. The blends that GreenMountain.com offers must be cleaner than the current energy mix traditionally serving a region. In 1998, none of GreenMountain.com’s products resulted in air emissions.

While GreenMountain.com does not use packaging in the traditional sense, the Company does use extensive direct-mail marketing to promote its brand in the marketing materials it uses. In 1998, GreenMountain.com used materials printed on recycled paper

(100% post-consumer waste) with soy-based inks, for the Company's direct mail campaigns.

GreenMountain.com considers inefficient energy use to be misuse of the Company's products. Through the Eco-Credits program, the Company has encouraged its customers to reassess their relationship to the energy they use, and strive to be energy efficient. GreenMountain.com has plans to further encourage its customers to use their energy efficiently.

5-3 What do you believe to be the main environmental impacts associated with the use and disposal of your products?

The main environmental benefits associated with the use of the Company's energy products are reductions in air pollution and progress to a sustainable economy through the transition to renewable energy. In 1998, all of the products offered by GreenMountain.com resulted in zero air emissions.

When new-renewable sources are developed, they displace the generation serving an area, and air emissions are reduced. By building demand for renewable energy, GreenMountain.com can stimulate the growth of new renewable energy projects. Through products like Wind for the Futuresm, it spurs the immediate development of new renewable projects.

Is it possible to estimate this impact for products sold over the last three years (e.g. emissions resulting from product use, volume of product and/ or product packaging requiring disposal)?

All of the electricity products offered by GreenMountain.com in 1998 were emission free, with the exception of trace emissions as a result of geothermal generation.

In 1998, none of the products offered by GreenMountain.com had *new* renewable content, only renewable energy from previously existing facilities. As a result, the Company does not claim that the use of its products result in any emissions savings. However, through its customers' purchase of Wind for the Futuresm product, the Company has spurred the construction of three wind turbines to serve its California customers.

Each of these turbines will generate 2,500 MWh (megawatt hours) in an average wind year. This is expected to displace approximately 1,000 tons of carbon dioxide a year, per turbine, based on the average electricity mix that serves California. This is equivalent to the amount of carbon dioxide emitted by a car driven over 2.45 million miles.

GreenMountain.com plans to measure its direct mail activities starting in 1999. This effort is directed at understanding the amount of “packaging” that is required for disposal as a result of the Company’s activity.

5-4 Does your company have a procedure for determining if a product misuse problem exists. If yes, what are these procedures? What steps do the procedures dictate in addressing the problem, over what period of time?

GreenMountain.com considers the inefficient use of energy to be product misuse. The Company has not yet made a program for determining the scope of energy inefficiency among its customers. However, the Company has made some progress not only in educating customers about energy efficiency, but also in encouraging customers to reassess the way that they use energy.

The Company has plans to develop further its energy efficiency program in the near future.

5-5 What challenges and successes has your company faced in the area of product stewardship?

GreenMountain.com has experienced many successes in the area of product stewardship. The Company has successfully sold products that have resulted in zero air emissions.

Additionally, GreenMountain.com is proud that two of the three products it offered to its customers in California in 1998 are Green-e certified. Both the 75% Renewable blend and Wind for the Futuresm blend met the criteria adopted by the Green-e Renewable Electricity Program. Through sales of the latter product, GreenMountain.com is fulfilling its commitment to build three new wind turbines in California.

San Gorgonio Pass, north of Palm Springs, CA, site of three new 700-kilowatt wind turbines built for GreenMountain.com customers in 1998 and 1999.



Photo provided courtesy of PacifiCorp

Supplemental Information

- 5-6 Does your company have a formal policy requiring an environmental, health, and safety evaluation of its new and existing energy products and services (e.g. rate structures, “green” power offerings, conservation services)?

Please refer to question 5-1.

If yes, how can this be obtained by the public?

As a participant in the Green-e Renewable Electricity Program and signatory to its Code of Conduct, GreenMountain.com is required to undergo an environmental evaluation of those “green” power offerings which are to be certified. Under the Green-e Code of Conduct, those products which are not be certified, still must be verified by Green-e.

The Green-e Code of Conduct is publicly available at the Green-e web site: <http://www.green-e.org/power/code/code.html#Preamble>. A copy of the Code of Conduct also appears at the appendix of this document.

- 5-7 Does your company have procedures in place to monitor the commitments it makes in this policy? Explain

Please refer to the question above.

- 5-8 Has your company instituted procedures to assist energy product and service designers create products or services (e.g. rate structures, “green” power offerings, energy efficiency services) with the potential for lowered impact?

GreenMountain.com’s fundamental business is to sell “green” energy in competitive retail markets.

If yes, which of the following are considered?

- fuel source
- conservation efficiency
- level of use

Fuel source has been the main consideration in the energy products that GreenMountain.com develops.

- 5-9 Describe demand side management, energy efficiency, and environmental education programs undertaken by your company.

Please refer to questions 2-7 and 2-16 for a description of demand side management programs, energy efficiency, and employee environmental education programs implemented by GreenMountain.com in its internal operations. The following question addresses consumer energy-efficiency and environmental education programs undertaken by GreenMountain.com.

5-10 Describe consumer energy efficiency and environmental education programs undertaken by your company.

GreenMountain.com has implemented a modest program aimed at helping customers reassess their relationship to energy and their energy efficiency. Customers earn EcoCreditssm by completing the eco-activities the Company suggests in its monthly bill and in our newsletter. Eco-activities include activities like using public transit. A customer can then purchase products, like compact fluorescent light bulbs, at a discount when they use their Eco-credits

Environmental education is central to the success of GreenMountain.com's environmental mission. GreenMountain.com is of necessity an educator, helping people understand the environmental consequences of their energy choices and empowering people to chose cleaner electricity. The Company's marketing materials, web-site, and community activities have been aimed at informing the public about the role of coal based electricity generation in pollution and the risks associated with nuclear energy.

5-11 Does your company's rate structure promote reduced consumption?

At this time, GreenMountain.com's pricing does not promote reduced consumption.

Section 6: Supplier Relationships

6-1 Does your company have a policy to incorporate environmental criteria in the selection of suppliers for the goods and services it purchases?

GreenMountain.com does use environmental criteria when selecting generating sources to supply its electricity products. It is guided by the Green-e Electricity Branding Program's standard. Of course, other criteria for selecting energy suppliers include price and the supplier's ability to perform the services the Company requires.

The Company is currently assessing what criteria it may apply to the suppliers of the goods and services for its internal business operations.

Please describe in detail your procedures for determining which suppliers to select:

In the selection of its energy suppliers, GreenMountain.com attempts to select a portfolio of suppliers that enable the Company to create blended energy products that meet Green-e requirements. As a result, particular consideration is given to a supplier's generation source and air emissions.

In November of 1998, GreenMountain.com began a process of developing its own draft energy supplier standard to complement the Green-e product standard. The standard proposes additional criteria such as environmental philosophy, compliance, and environmental awareness. Work in this area is still in its preliminary stages.

GreenMountain.com is also developing other standards for its hydroelectric supplier selection. In 1998, GreenMountain.com and American Rivers began working together to develop a mechanism to determine low-impact criteria for hydroelectric plants. Eight goals were identified to determine a hydro facility's impact on the environment:

- fish protection
- satisfactory river flow
- watershed protection
- threatened and endangered species protection
- land mitigation
- protection of cultural resources
- availability of recreational opportunities
- facilities removal recommendation

6-2 What challenges and successes has your company experienced in working with suppliers on environmental issues?

Challenges arise in obtaining renewable energy supply in general. These issues include: discrepancies is to what energy is "green," limits in the amount of eligible

resources available in a given area, the price premium at which eligible resources are available, and the intermittent nature of renewable resources. Additionally, challenges occur in instances of distributed generation because of difficulties in connecting smaller facilities to the electric grid.

GreenMountain.com has also experienced specific challenges in working with its wholesale energy suppliers. These challenges are a direct result of GreenMountain.com's looking at electricity in an innovative way: electricity is not merely a fungible commodity where one source of generation is as good as any other. Rather, electricity derived from renewable sources has an added inherent environmental value that non-renewable energy does not. GreenMountain.com's customers recognize the added value of "green" electricity. Therefore, in its business, GreenMountain.com must not only be able to effectively get supply of renewable resources, but also provide a means of verifying that supply to its customers.

GreenMountain.com has also experienced challenges relating to suppliers in its internal business practices. For example, GreenMountain.com has begun working with the Coastal Rainforest Coalition to implement an old-growth-free policy for the wood products that it purchases.

The primary challenges involved in the process involved whether to adopt a supplier-based or product-based standard. Under a supplier-based standard GreenMountain.com would purchase products only from suppliers who pledge to that *no aspect of their business* involves harvesting old-growth timber. Under a product-based standard, GreenMountain.com would commit to purchasing only products that have been identified by the supplier as old-growth free.

To this date, GreenMountain.com's paper suppliers will not make the affirmations necessary to implement a broad supplier-based standard. Instead, they will only affirm that the products they sell to GreenMountain.com will not contain old-growth fiber, irrespective of other products they sell.

6-3 If your company purchases energy (e.g. electricity or natural gas) for resale, what environmental criteria, if any, does it incorporate in selecting a supplier?

Please refer to questions 5-1 and 6-1, above.

6-4 Does your company have procedures in place to monitor its supplier selection criteria? Explain.

Please refer to questions 5-1 and 6-1, above.

6-5 If you sell electricity to the end user, please provide the information regarding primary energy source specified in the table below. If this information is not known for some or all electricity (e.g. purchased power) please note that fact.

The 1998 CERES Electric and Gas Industries Report suggests utilities provide sales information in terms of total MWh sold . As a privately held non-utility operating in competitive retail markets, GreenMountain.com regards that information as confidential. Therefore, the Company is reporting its total 1998 sales in terms of residential customers served.

Primary Energy Source	Source of MWh Sold	% of Total Electricity Sales
Unknown (explain)	--	0.0
Oil	--	0.0
Coal	--	0.0
Natural Gas Combustion	--	0.0
Hydro (excluding pumped storage)	Fall Creek* Lake Siskiyou* Big Pine* Pleasant Valley* Haiwee* Franklin* Foothill* San Fernando*	90.3
* indicates that generating facility is small scale hydro power (<30 MW)		
Nuclear	--	0.0
Solar	--	0.0
Wind	--	0.0
Geothermal	Blundell Geothermal NCPA Geothermal	9.7
Biomass	--	0.0
Other (please specify)	--	0.0
Total Sales		100%
Total Residential Customers Served		15,146

Section 7: Internal Use and Conservation of Natural Resources

7-1 Describe how your company incorporates environmental guidelines into its selection of goods and services (as distinct from its selection of suppliers):

GreenMountain.com incorporates environmental criteria in the selection of the energy that it purchases for resale. GreenMountain.com offers electricity products featuring renewable energy content, and relies on Green-e standards as discussed in Section 5.

GreenMountain.com also incorporates environmental guidelines into its selection of goods and services used for its internal business operations. With regard to office products GreenMountain.com gives preference to products that contain recycled content. For example, the Company currently uses recycled paper (100% post-consumer waste) for its marketing materials. Process chlorine free, recycled paper, (20% post-consumer waste) is used for the company's billing materials. Office paper is 100% recycled (30% post-consumer waste.)

GreenMountain.com began working with Coastal Rainforest Coalition October 27, 1998 in effort to cease using any paper products containing old-growth fibers. GreenMountain.com is currently working with its suppliers in order to meet a verifiable old-growth free status. Efforts in this area are ongoing.

7-2 Does your company have a formal written policy regarding materials/resource conservation, reduction, reuse, and recycling? Explain, if yes, give details and year of adoption and revisions to this policy

As a member of CERES, GreenMountain.com has formally committed to the CERES principles. "We will reduce and where possible eliminate through source reduction and recycling. All waste will be handled and disposed of through safe and responsible methods."

GreenMountain.com instituted a formal recycling policy in Fall of 1997. Under the recycling program, recyclable paper and cardboard, cans, glass, select plastics, and cartridges are recycled. A well-organized recyclable waste collection area is established in the employee break room/lounge. The policy was updated and broadened in scope in February of 1999.

7-3 Are the following targeted by that policy?

Our Company adopted the CERES principles. They address the following areas, relevant to our business.

Principles Adopted by GreenMountain.com			
	Yes	No	Not applicable
Reduced Consumption of Virgin Materials through product or process design	X		
Water conservation	X		
Energy conservation	X		
Habitat conservation	X		
Risk reduction	X		
Procurement of reused goods	X		
Procurement of goods with recycled content	X		
Recycling of solid waste	X		
Recycling of hazardous material (<i>nickel cadmium batteries used in pagers</i>)	X		
Other (please specify)			

7-4 If you have a formal materials, resource conservation policy, what specific programs are in place to ensure that your policies are implemented?

To date, no formal programs have been initiated to ensure that resource conservation policies are implemented in internal business practices.

7-5 Give some examples of techniques, practices and procurement methods employees are using to conserve materials/resources (such as product redesign, process modifications, changes in procurement practices, improved housekeeping, training and maintenance, etc.)

GreenMountain.com efforts in materials and resource conservation have centered on the Company's process modifications, procurement practices, and product redesign.

The traditional office environment is resource intensive with regard to paper use. GreenMountain.com has made significant efforts to use technology in ways that reduce its reliance on paper products. All employees have personal e-mail and voice-mail systems. The Company strongly encourages its employees to use these technologies for intra-office communication in lieu of paper and transparencies. Additionally, GreenMountain.com's Information Technology department has designed the Company's

computer network such that public access drives can be used to provide Company wide access to documents in electronic form rather than hard copy.

GreenMountain.com has also designed its marketing materials and customer communications to use recycled, high post-consumer-waste content paper products where possible. Office supplies with recyclable content are given preference over other supplies.

7-6 Have you established specific targets for material/resource conservation programs? If yes, what are they? And what progress have you made in meeting them? (Note: energy conservation is considered later in this section and should not be addressed here)

GreenMountain.com has not yet established targets for material/resource conservation programs. The Company is in the process of developing environmental metrics with regard to resource use in order to understand areas of greatest use and opportunities for improvement with regard to resource conservation.

7-7 Does your company, routinely or in specific circumstances, track chemical use through materials accounting or mass balance methods (as distinct from, or in addition to, tracking environmental releases)?

GreenMountain.com does not use chemicals in its business operations. Therefore, accounting or mass balance methods are not used by the Company.

7-8 Does your company have an energy conservation program? If yes, is this program part of a formal written energy conservation policy.

As a CERES member, GreenMountain.com has formally committed to the CERES principle regarding energy conservation. That commitment entails conserving energy and improving the energy efficiency of both its internal operations and the goods and services it sells. Please refer to question 2-16 for details of GreenMountain.com's energy conservation efforts.

7-9 Please describe your specific goals for energy conservation:

GreenMountain.com's primary goal for energy conservation is to implement all of the cost-effective changes recommended in the Company's 1997 energy audit.

7-10 a) Does your company have a program to maximize the use of environmentally safer and more sustainable energy sources?

b) Does your company include environmental criteria in its purchasing of electricity in deregulated environments?

Vermont's electric utilities are not yet deregulated. As a result, the Company does not have the opportunity to choose environmentally safer and more sustainable energy sources.

7-11 What steps have you taken to minimize the environmental burdens associated with employee transportation for work-related or other purposes?

GreenMountain.com has taken only symbolic steps to minimize the environmental burdens associated with employee transportation for work-related purposes. The Company estimated that in 1998, its three most-traveled employees logged 250,068 airline miles among themselves. The Company realized that with CO₂ emissions of 0.9 pounds per passenger mile, those employees were responsible for 112 tons of CO₂.

In February of 1999, GreenMountain.com caused 500 trees to be planted in Two Rocks Run Global ReLeaf Forest in Pennsylvania through American Forests. These trees restored two acres of native forest and are expected to sequester approximately 56 tons of carbon (205 tons of carbon dioxide) over a 40 year period. This was GreenMountain.com's first experience in using carbon sequestration to mitigate corporate impacts through employee travel. The Company plans to further develop a comprehensive carbon offset strategy in the near future.

7-12 What challenges and successes has your company faced in managing its use of natural resources?

GreenMountain.com has faced challenges in managing its use of natural resources in two ways. The first involves the use of natural resources for internal operations. The second involves the use of resources for the generation of electricity that GreenMountain.com sells.

The Company uses substantial forest products—notably paper for direct-mail materials. To date, to manage that potential drain on natural resources, GreenMountain.com has used paper that is made of 100 % post-consumer waste for direct-mail.

The energy required for employee commuting is another burden on natural resources that depletes fossil fuels and produces harmful air emissions from their combustion. Given the limited public transportation in Vermont and the employee residence patterns, no ready solutions present themselves. The Company is currently working to quantify the problem and—if possible—find a solution appropriate to the size of the problem.

As noted, the potential environmental consequences of electric generation to our customers far outweigh the damage to the environment that results from our daily operations. The Company has made it its business to provide customers with electricity from renewable resources, insofar as possible. The use of renewable resources is not without consequences. Hydropower facilities, while they produce no air pollution, can reduce—even extirpate—migratory fish populations and diminish water quality. Combustion of biomass waste—crop residues and sawmill waste, for example—can also have harmful consequences, like particulate and NO_x pollution. GreenMountain.com has collaborated with environmental advocates to establish reasonable criteria for these forms of generation. These criteria allow for the use of these renewable resources while at the same time ensuring that they are not exploited thoughtlessly.

7-13 In what ways has your company addressed issues of habitat protection and stewardship (such as watershed management, wilderness protection, biodiversity, etc.) in areas affected by your operations?

GreenMountain.com's mission is to change the way electricity is made- reducing our national reliance on fossil fuels and nuclear energy and helping to clean up the air. This mission ultimately leads to the protection of habitat by reducing the air pollutants that cause acid rain and global warming.

Habitat protection is also a concern in choosing facilities from which to purchase energy for resale. GreenMountain.com's work in developing a low-impact hydro criteria standard with American Rivers will help to ensure that the energy source sites used by the Company do not compromise satisfactory river flow, watershed health, and habitat of threatened or endangered species.

7-14 In situations where company operations have caused environmental damage are there mechanisms in place for environmental restoration?

Company operations have not directly caused environmental damage such that mechanisms are in place for environmental restoration.

Section 8: Emissions and Waste

- 8-1 Is your company endeavoring to reduce and eliminate the following emissions from its internal operations? Greenhouse gases, key air pollutants, ozone depleting chemicals.
If yes to any of the above, please explain, list goals, if any, and discuss the sources of the emissions. (e.g. from energy, transportation, facility heating and air conditioning, etc.)

GreenMountain.com is in the formative stages of working to reduce and offset greenhouse gas emissions from its internal operations attributable to its natural gas use, employee commuting and corporate air travel.

The Company's primary goal is to quantify its impacts in greenhouse gas emissions as a result of its operations. The first step toward managing these emissions is successfully measuring them. As a result, the Company is developing a program to assess overall corporate environmental impacts, with greenhouse gas emissions as a critical component of that strategy.

In 1998, GreenMountain.com's measurements were limited to CO₂ as a result of energy use at its facility. The Company plans to examine transportation-related emissions in the coming year.

Please provide estimate of releases and reductions for 1996, 1997, and 1998, in an appropriate format. Provide both absolute and normalized data, as well as the unit(s) of output used in normalization

Carbon Dioxide Emissions 1998									
Month	Employees	electric		natural gas		total		carbon dioxide emissions*	
		kWh	kWh/ Emp.	CCF	CCF/ Emp.	MBTU's	MBTU's/ Emp.	lbs. CO2	lbs. CO2/ Emp.
JAN	37	18,240	493	2,429	65.65	305,135	8,247	30,894	835
FEB	37	14,720	398	2,190	59.19	269,225	7,276	27,703	749
MAR	38	15,760	415	1,348	35.47	188,573	4,962	17,640	464
APR	38.5	15,600	405	949	24.65	148,127	3,847	12,814	333
MAY	39	18,440	473	150	3.85	77,917	1,998	3,427	88
JUN	40.5	18,200	449	103	2.54	72,398	1,788	2,839	70
JUL	42	19,560	466	2	.05	66,939	1,594	1,740	41
AUG	44.5	18,240	410	19	.43	64,135	1,441	1,830	41
SEP	46	20,560	447	35	.76	73,651	1,601	2,226	48
OCT	48.5	18,720	386	283	5.84	92,173	1,900	5,055	104
NOV	50.5	18,120	359	1,465	29.01	208,325	4,125	19,258	381
DEC	53.5	18,400	344	688	12.86	131,581	2,459	9,912	185
Cumulative Total		214,560	5,044	9,661	240	1,698,179	41,240	135,337	3,340
Average		17,880	420	805	20	141,515	3,437	11,278	278

Notes:

- CO₂ emissions are those emissions attributed to combustion of natural gas and electric generation only. Emissions do not include employee commuting and air travel. CO₂ emissions are based on the following emission coefficients: 0.08774 lbs CO₂/ kWh based on Vermont Generation Profile obtained from EPA at <http://www.epa.gov/acidrain/egrid/egrid.htm> and 12.06 lbs CO₂/ccf Natural Gas, obtained from US DOE EIA at <ftp://ftp.eia.doe.gov/pub/oiaf/1605/cdrom/pdf/1605EZ99.pdf>
- Number of Employees is calculated by averaging number of employees located in the Burlington site as of the first and last day of each month.

8-2 Has your company formally adopted a climate change policy?

According to the United States Department of Energy/ Energy Information Administration's "Flash Estimate of U.S. Carbon Emissions for Fossil Energy Consumption by End-Use Sector," the amount of carbon emitted by electric utilities in 1998 is 550 million metric tons. These emissions are greater than any other end-use sector— residential, commercial, transportation, or industrial.

While GreenMountain.com has not formally adopted a policy regarding global warming, the Company's efforts to change the way electricity is made are motivated in part to reduce the threat of climate change resulting from the emission of greenhouse gases in coal-based electricity generation. Through its operation, the Company endeavors to stimulate the demand for emission-free energy products to speed the transition from coal-based electric generation.

8-3 Does your company have goals to reduce and eliminate and the release of potentially harmful chemicals?

Not applicable.

8-4 Does your company generate hazardous waste, or has it done so over the last three years?

The only hazardous waste generated by GreenMountain.com's facility stems from its use of batteries for electronic devices and fluorescent light bulbs. As a result of recommendations made in GreenMountain.com's 1998 eco-assessment, GreenMountain.com's waste segregation program was expanded to ensure as a matter of policy that fluorescent light fixtures and battery wastes are segregated for disposal at the Chittenden County Solid Waste District Hazardous Waste Depot.

8-5 Please identify any significant non-hazardous waste streams generated by your operations (e.g., solid, agricultural, office, packaging, dairy). Please provide estimates of releases and reductions for 1996, 1997, 1998, in an appropriate format. Provide both absolute and normalized data, as well as the units of output used for normalization.

GreenMountain.com produces solid and recyclable wastes are generated routinely. The following waste stream information is based estimates from GreenMountain.com's on-site eco-assessment conducted in July of 1998.

Estimated Waste Volumes 1998		
Waste Description	Estimated Volume (cubic yards)	Cubic yards per employee per year
Solid waste	156	2.8
Recyclable paper	123	2.2
Corrugated cardboard	156	2.8

GreenMountain.com is currently developing a corporate metrics program in order to obtain more accurate estimates of its monthly waste.

8-6 Does your company have specific programs in place to encourage waste minimization?

GreenMountain.com has several programs in place to encourage waste minimization. Since 1997 a waste segregation programs is in place to collect solid waste, recyclable paper and cardboard, cans, glass, select plastics, and toner cartridges. In 1998, this program was formally expanded to include fluorescent bulbs and batteries. A well-organized waste collection area is established in the employee break room/lounge.

GreenMountain.com also collects its office's spent toner cartridges for recycling and re-manufacturing. In order to close the recycling loop, GreenMountain.com purchases remanufactured toner cartridges for its in-house use. By working with its vendor in this way, GreenMountain.com has achieved waste minimization and cost savings.

8-7 Does your company investigate the environmental performance of its waste disposal vendors?

GreenMountain.com has worked with its waste disposal vendors in exploring the potential of their verification of Company waste volumes. To date GreenMountain.com has not investigated the environmental performance of its waste disposal vendors.

8-8 Do your company's operations create the risk of oil spills, chemical spills, and other accidental releases (e.g. effluent spills)?

GreenMountain.com's operations do not create the risk of oil spills, chemical spills, or any other accidental release

8-9 What challenges and successes has your company faced in managing its emissions and waste?

GreenMountain.com has encountered several challenges in managing emissions and waste generated as a result of its internal business practices. First among the challenges has been developing initiatives whereby the Company can begin to measure its emissions and waste. Through our on-site eco-assessment, several areas have been identified as requiring our attention, notably emissions resulting from employee transportation and waste resulting from corporate activities (office waste, marketing waste, and customer communications, and water use). The Company is currently designing processes to quantify these impacts.

Late in 1998, GreenMountain.com undertook the task of articulating an Environmental Waste Management Policy to govern its internal business operations. This policy will formally articulate many of the recycling practices that GreenMountain.com has been exercising since its inception.

Section 9: Compliance

9-1 Do your operations in any way require compliance with environmental, health or safety regulations at either the national, sub-national or supra-national level, in any of the following areas:

	?		?		?
Air Quality	no	Chemical Certification	no	Workplace Health & Safety	yes
Water Quality	no	Hazardous Waste- <i>nickel cadmium</i> <i>batteries used in pagers</i>	yes	Radioactive Materials	no
Drinking Water	no	Emergency Response	no	Habitat Protection	no

GreenMountain.com has never had any enforcement action in any area.

Section 10: Priorities and Challenges

10-1 Please briefly summarize your environmental, health, and safety performance for the last year, and priorities for the future. Please focus on the following, and as necessary, use facts and figures not elicited in the CERES Report:

- What do you believe are your company's three most important environmental metrics that indicate impact?

Three key environmental metrics indicating GreenMountain.com's internal and external impact are (1) annual CO₂ reductions resulting from customer energy use, (2) corporate paper use per employee per year, and (3) corporate CO₂ emissions per employee per year.

The annual CO₂ reductions resulting from customer energy use is an instructional metric in several respects. For example, in 1998 all of GreenMountain.com's products were emission-free. However, the products featured renewable energy sources that had been in operation prior to the deregulation of the electric industry. As a result, regardless of the number of customers served and the product purchased, no CO₂ emissions were avoided as a result of electricity sales. This situation illustrates the need for the Company to expand its portfolio to include new renewable sources developed as a result of consumer choice in the competitive electricity marketplace. With new renewable generation in the Company's generation portfolio, CO₂ emissions are avoided.

As GreenMountain.com's products change to include "new" renewable generation, the Company's CO₂ metric can measure the amount of CO₂ kept out of the atmosphere as a result of its electricity sales.

Corporate paper use per employee per year and corporate CO₂ emissions per employee per year are directly indicative of the environmental impacts that are the most common for businesses like GreenMountain.com's. While the Company is not manufacturing intensive, it does have significant energy impacts (on-site, employee commuting, and corporate air travel) and resource use (paper). In 1999, GreenMountain.com will begin recording these metrics.

- What do you believe are your company's three most important environmental program priorities?

GreenMountain.com's three most important environmental program priorities reflect the Company's commitment to change the way electricity is made while acting as a socially responsible Company.

Public education is a priority for GreenMountain.com's environmental program. In order to bring about the transition to a sustainable energy economy, it is critical that the public understands the dangers associated with fossil fuels and nuclear power.

A large number of Americans don't know where their energy comes from. GreenMountain.com's educational efforts are designed to end the disconnect between the damage resulting from electric generation and the public's understanding of the sources of energy.

In addition, GreenMountain.com is striving to develop coherent internal policies and practices. As a Company in its first year of service, GreenMountain.com has made meaningful progress in incorporating environmental considerations in its everyday business decisions. Perhaps more importantly, the Company is well aware of the opportunities it has to work further toward sustainable business practices.

- Give examples of three key environmental, health and safety accomplishments your company has achieved over the last year (e.g. awards, favorable publicity, outside ratings, successful implementation of goals):

GreenMountain.com's efforts have resulted in many environmental accomplishments over this first year of business. It has offered energy products that are emission free- the majority of which are certified by the Green-e Renewable Electricity Program.

The Company has received favorable media publicity, including: Pittsburgh Post Gazette, The Morning Call, The Patriot News, Sunday News, NPR's Morning Addition, USA Today, ABC News, The San Diego Union Tribune, and San Francisco Examiner.

Even more importantly, GreenMountain.com's environmental message is being well received – the Company served tens of thousands of customers in California by the end of 1998. Customer choice as a result of deregulation is allowing a growing community of informed and environmentally conscious consumers a convenient way to direct market forces toward positive environmental change.

- Give examples of three environmental, health and safety challenges your company has experienced over the last year (e.g. community problems, unfavorable publicity, outside ratings, disappointments in performance):

Of the many challenges we have faced as a new company offering cleaner electricity products, one stands out.

In October of 1998, Public Citizen issued a report that was critical of the "green" energy market in general and, in several instances, of GreenMountain.com in particular. The report raised questions about our work in a number of key areas, pulling together criticism that the Company had been hearing since the California opened its electricity market.

First, the report questioned the fundamental premise on which we operate: That the marketplace can be a force for positive environmental change.

Second, it also criticized the make-up of electricity products the Company offered for sale, questioning whether sales of our products would have a positive impact on the environment.

Third, the report attacked what the Company considered an innovative product design, wherein new wind turbines would be constructed in response to customers' signing up for a particular energy product. Public Citizen suggested this was an "abuse" of consumers, charging them "extra now for promised electricity."

Fortunately for us, others in the environmental community responded to the Public Citizen report, expressing support for our work and that of other green marketers. GreenMountain.com is a commercial enterprise that seeks to use the power of the marketplace to do good. A key issue for GreenMountain.com is that the report seemed to set up a false dichotomy—markets versus policy as a means to develop renewable energy resources. At GreenMountain.com, we don't see that these are either/or choices. In fact, it is our profound belief that the market can help build support for good environmental policy. GreenMountain.com's marketing campaigns are major environmental education campaigns as well, alerting people to the insults to the environment that result from electric generation. Highlighting the problem of making electricity builds demand for our products, but we believe that our education work will also to provide a boost to policy options that promote renewable resources.

In our view, the ultimate victory in any environmental challenge is a both/and proposition—both establishing appropriate regulation to steer laggards and effectively marshalling the power of the marketplace to do good.

Green-e Code of Conduct: Draft IX

I. Preamble

Creating environmentally preferable electricity services and products provides customers with choices that make a positive difference in the environment, encourages the development and deployment of clean renewable energy technologies, and opens exciting new market opportunities for entrepreneurs in the energy sector. In order to realize this potential, and to maintain and improve customer confidence, power marketers must provide customers with easily understood information about their electricity products and services, and adhere to the highest standards of professionalism in business practices. Signatories of this Code of Conduct pledge to abide by the standards reflected in this Code, and to cooperate with the Green Power Board in ensuring that these standards are effective in providing customers information about environmentally superior services and products in competitive electricity markets.

All power marketers committed to providing electricity supply from renewable resources, as defined by this Code of Conduct, are eligible to become signatories to the Green Power Board's Code of Conduct. In addition to signing the Code, power marketers providing a product that reflects over 50% renewable electricity supply are eligible to use the Green-e assuming they meet additional eligibility requirements. Marketers with a product that reflects less than 50% renewable electricity content, but more than that contained in system power (to the nearest higher 10% increment), may sign the Code of Conduct and have the product verified. However, verified products may not display the Green-e Brand, which is reserved for products that meet the minimum criteria listed below.

Environmental performance is at the heart of the classification of electric generation technologies as "environmentally preferable." The Green Power Board has adopted a definition for renewable energy primarily based upon the existing law in states where the program is active. In addition, the Board is committed to developing and incorporating a new renewable energy supply requirement, improved emissions and other environmental performance standards and introducing a standard for low-impact hydro electric generation technologies over time. The Board anticipates that any substantive changes made to the Code of Conduct will be done with the advice of marketers and generators, and that most changes will be made on a prospective basis. The content of the Code of Conduct could also change to be consistent with changes in state and federal laws and regulations.

II. Mission Statement

The Green Power Board seeks to:

1. Bolster customer confidence in the reliability of retail electricity products reflecting renewable energy generation.
2. Expand the retail market for electricity products incorporating renewable energy, including expanding the demand for new renewable energy generation.
3. Provide customers clear information about retail "green" electricity products to enable them to make informed purchasing decisions.
4. Encourage the deployment of electricity products that minimize air pollution and reduce greenhouse gas emissions.

III. Definitions

Eligible Renewable Resource Facility: A certified project generating electricity from a renewable resource.

Eligible Renewable Resource Product: A "green" electricity product that meets the following conditions:

- i) obtains at least 50% of its total electricity supply from "eligible renewable resource facilities;"
- ii) the non-renewable generation component of an eligible product must have an emissions rate per kWh for SO₂, NO_x, and CO₂ that does not exceed the average emissions rates for the fossil portion of system power; moreover, in no event may the total fossil emissions from an eligible product exceed the average system power emissions rate;
- iii) the product does not include nuclear power other than what is contained in any system power purchased for this product;
- iv) the product meets the standard for "new" renewables outlined in Section VII of this document.

It is the intent of the Green Power Board that the total emissions from an eligible renewable facility using waste fuel be a net emissions benefit. To achieve this, the total emissions from an eligible renewable facility using waste biomass fuel must be less than the emissions from the most common alternative method for disposing of that fuel plus the emissions associated with producing an equivalent quantity of system power. We do not anticipate a problem in this area, but the Green Power Board reserves the right to develop an official standard of this type in the future and verify compliance if necessary.

Eligible Retail Customers: Customers who satisfy their total external electricity need (i.e., power not generated on-site) from an "eligible renewable resource product."

Environmentally Superior Product: A product that reflects 1) a greater proportion of renewable energy and 2) lower emissions per kilowatt hour of SO_x, NO_x, and CO₂ than system power.

Fossil Resources: Electric generation using natural gas, oil, coal, or petroleum coke or other petroleum based fuels.

Green Power: This term is synonymous with "eligible renewable resource product."

Green Power Board (Board): The Governing Board for this project (see Attachment COC-A -- Governance Policies). The Board meets twice annually as a full board, and may convene meetings in subcommittee as necessary.

Green-e Brand: The certification mark, registered and owned by the Center for Resource Solutions, representing an electric power product conforming with and used in conformance with the requirements of this Code.

Green-e Certified Supplier: An electric power product supplier who has agreed to abide by the Code of Conduct and who sells products conforming with Board standards, including a minimum renewable resource content not less than the next 10% increment greater than the renewable resource content of system power. Board certified providers may not use the Green-e Brand in conjunction with any product unless the product reflects no less than 50% of its energy supply from renewable resources and meets the additional eligibility requirements.

Net System Power: Mix of electricity fuel source types based upon governmental reporting and record collection activities for electricity generation source that are not disclosed or marketed as specific purchases.

New Renewable Resource Power: Energy generated by a certified renewable resource facility must either be: (1) placed in operation (generating electricity) on or after January 1, 1997; (2) repowered on or after January 1, 1997 such that at 80% of the fair market value of the project derives from new generation equipment installed as part of the repowering, or; (3) a separable improvement to or enhancement of an operating existing facility that was first placed in operation prior to January 1, 1997, such that the proposed incremental generation is contractually available for sale and metered separately than existing generation at the facility. Any enhancement of fuel source that increases generation at an existing facility, without the construction of a new or repowered, separately metered generating unit, is not eligible to participate. Green-e excludes the use of hydropower to meet the program's new resource requirements.

Product: Under the Green-e Program a product is defined as a mix of specific purchase and possibly system power resources offered to consumers that conforms to the Program's resource content and emissions guidelines. Pricing variations that do not change a given product's resource mix, SO_x, NO_x, or greenhouse gas emissions, do not constitute different products.

Renewable Resources: Technologies using biomass (including waste-to-energy and land-fill gas); geothermal; small hydro-electric (£30MW); solar; wind or ocean-based renewable resources to generate electricity. This definition may be modified upon recommendation of a state or regional stakeholders advisory group establishing the Green-e Program. In California, the definition is intended to be consistent with California Resources Code Section 2805, Article 7, 381.b.3, and PURPA's relevant "technology definitions." In Pennsylvania, the definition of biomass excludes municipal waste incineration, coal and other fossil fuel incineration, and tire incineration. The Pennsylvania definition also includes use of approved energy efficiency measures (see "Green-e Energy Efficiency Option: Marketer Guidelines"). In all cases, the definition applies unless and until the Board adopts more rigorous standards.

Secondary Use of the Brand: Secondary use of the Brand includes any and all uses of the Brand by eligible retail customers, whether in advertising, public display or otherwise. Secondary use requirements are provided in the Green-e Compliance Review Procedures, Attachment C ("Green-e Logo Use Standards and Guidelines: Large Customers").

Specific Purchases: Electricity transactions which are traceable to specific generation sources by an auditable contract trail or equivalent, such as a tradable commodity system, that provides commercial verification that the electricity source claimed has been sold once and only once to retail consumers.

Supply: Specific purchases of power reflected in the product produced for ultimate sale and sold over the electric grid.

This Code does not intend to assert that products reflect an actual physical relationship between electrons generated at a particular facility and those used by a particular customer.

IV. Ethical Guidelines

The following ethical guidelines, policies for censure, data for verification, and required customer contract information applies to a participating company's non-eligible products as well as their to eligible products.

Each company wishing to use the Green Power Board Brand (Green-e logo) or to claim status as a Green Power Board Certified Supplier agrees to do the following:

1. Provide all customers, at the time of subscription, a one page summary of contract information (using the adopted format and guidelines) written in clear, simple and easily understood terms.
2. Provide a disclosure statement to prospective customers that lists (using the standard format provided) the resources from which the electricity in the product being marketed will be generated (prospective disclosure). The resource disclosure statement shall be provided with any mailed marketing materials, before switching a customer and once per year thereafter. If applicable, this information will also be posted on the company's website. The proposed format of the disclosure statement is listed in Attachment COC-B; in California, the final format will remain consistent with implementation of state of California disclosure requirements.
3. Provide customers with an annual report that includes data on the resources used to generate the past year's electricity purchased by the customer (historic disclosure - format consistent with Attachment COC-B).
4. Provide the Center for Resource Solutions with the information necessary to substantiate the portfolio electricity sources and air emission content required for program eligibility.
5. Agree to sell retail renewable energy only once and, in the case of a reseller that purchases a wholesale product for retail sale, to take reasonable measures, to ensure that suppliers (if different from the marketer) also do not sell renewable energy more than once.
6. Environmental marketing claims used in advertising will be factually based (and be objectively verifiable to the extent technically possible) and:
 - Be sufficiently clear and prominent to prevent deception;
 - Not represent that customers are actually delivered electrons from specific generation facilities;
 - Not overstate environmental attributes or benefits, expressly or by implication; and
 - Present comparative claims in a manner that makes the basis for the comparison sufficiently clear to avoid customer deception.
7. Disclose information, but not make specific claims about the attributes of system power purchased as part of an electricity product.
8. Use the Green-e Brand only in compliance with the Brand usage standards and guidelines outlined in the contract under "Use of Logo" and in accordance with the Green-e Compliance Review Procedures, including using the specified artwork and colors as indicated. Violators of the usage standards and guidelines can lose their eligibility to use the Green-e upon action by the Board.
9. Submit to the Board only applications from "eligible retail customers," as defined above, for licensed secondary Brand use.
10. Notify customers and the Green Power Board annually if/when an eligible product does not meet its eligibility requirements (e.g., if the renewables fraction is reduced by over 5 percent even after the four month remedy period) and:
 - i) allow the customer the option of canceling the service if the product reflects a lower renewable content than that for which they have contracted;

- ii) provide the Center for Resource Solutions with the information required to substantiate claims for new product supply elements; and
- iii) if this change results in a product that does not meet threshold criteria, notify customers that this product is no longer eligible to use the Green-e Brand.

V. Guidelines for Presenting Customer Terms of Service Information

A summary of primary contract terms and provisions will be provided to potential customers so they have information for making informed decisions. A format for this summary sheet is provided in the Green-e Compliance Review Procedures, Attachment A ("Price, Terms, and Conditions of Service"). The Green Power Board will coordinate with appropriate regulatory officials to ensure that the content and format of this information is compatible with state regulations. The Green Power Board reserves the right to require additional information beyond that required by law and regulation.

This information includes:

- Name of the Company and/or joint venture partners with whom the customer is contracting (if a subsidiary or joint venture, list name of parent company).
- Primary customer contact person and their phone number (and customer service number, email or website, if available).
- Brief summary (2 or 3 sentences) of the advantages of the portfolio being marketed (e.g., "Solar B Power is a competitively priced electric service product that reflects more than 50% power from solar thermal and solar electric "photovoltaic" renewable resources. Solar B Power has 75% lower air emissions (SO₂, NO_X, and CO₂ - greenhouse gases) than system power. Solar B subscribers purchase the power output from the newly constructed Solar III Power Tower and Sacramento photovoltaic facilities.")
- Duration of the contract (contract length in months).
- The proposed rate structure, including fixed and variable charges.
- Price volatility or other price, environmental, or availability risks associated with the product.
- A disclosure statement indicating the percentage of the energy portfolio that will be contributed by various resources. (Prospective disclosure -- see label sample).
- The obligations/charges associated with changing from the current portfolio and/or retail provider to another (if any).

The resource disclosure statement shall be included in written marketing materials, at the time of subscription in a written report to customers once per year thereafter, and, if applicable, will be posted on the company's website.

VI. Product Substantiation Information

An independent audit that verifies a marketer's purchases of renewable and non-renewable supply, consistent with a marketer's claims, will be kept on file at the Green Power Board (or its agent's) offices and will be made available upon request. The Green Power Board (or its agent) will verify each product the first year it is introduced, and will spot check products subsequently. Substantiation data must be provided each year, and this information must include:

- Verification that the appropriate information on renewable resource purchases and basic resource information has been filed with the Center for Resource Solutions;
- An affidavit that the product (averaged over one year) will be comprised of energy from the resources indicated (within + 5% or will be remedied within

- 4 months of receiving the tally of the average resource contributions for that year);
- An annual affidavit attesting to the product content for the past calendar year;
- Documentation using the program's adopted algorithms (or some other credible source such as EPA or local air district reports) that show the fossil portion of the product has the same or lower air emissions in each category than does the fossil portion of an equivalent amount of system power (or other undifferentiated power source).
- Data for verification of non-eligible product claims, prices or contract conditions may be requested of a marketer if complaints relevant to the Green Power Board's Code of Conduct provisions are received by the Board about a participating marketer's product(s) and/or professional conduct.

VII. Censure of Marketers Using Deceptive or Unethical Practices or Advertising

Retail electric power marketers who do not adhere to the Code of Conduct or knowingly use deceptive or unethical practices/advertising will be denied the right to use the Green-e or statement of verification on any of their electricity products for 18 months. A repeat or egregious offender could be permanently censured at the discretion of the Board, and may be liable for damages incurred by this program and/or its Board as a result of these offenses.

In the event that the Board decides that a retail electric power marketer shall not be eligible to use the Brand, the Board may require the marketer to:

- Immediately desist using the Green-e; and
- Refrain from making public reference to participation in the Green-e Program's activities in marketing and other materials; and
- Allow any customer to terminate (without penalty) any existing contracts for previously Certified products and offer to compensate any customer for switching expenses.

Further, pursuant to the terms of this Code of Conduct and participation in the Green Power Board's activities, the Board reserves the right to:

- Notify the censured power marketer's customers in writing of the marketer's loss of authority to use the Brand;
- Provide such customers with a list of alternative suppliers offering products authorized to use the Brand.

VII. STANDARD FOR NEW RENEWABLES

On September 3, 1998 the Green Power Board finalized the following provisions for the Green-e standard on use of new renewable resources.

Definition of New Renewables

An eligible "new renewable generation facility" must meet the eligibility guidelines for "renewable resources" described in the Green-e Code-of-Conduct. Given Green-e's possible incorporation of a "low-impact" hydro standard which will apply to existing hydro facilities, but not necessarily new ones, at this point hydro facilities may not contribute toward achievement of the standard for "new" renewables. Incremental hydro generation at existing units will be reviewed for applicability under the standard at a later date. An eligible new renewable generation facility must either be: (1) placed in operation (generating electricity) on or after January 1, 1997; (2) repowered on or after January 1, 1997 such that at 80% of the fair market value of the project derives from new generation equipment installed as part of the repowering, or; (3) a separable improvement to or enhancement of an operating

existing facility that was first placed in operation prior to January 1, 1997, such that the proposed incremental generation is contractually available for sale and metered separately than existing generation at the facility; or (4) a separately metered landfill gas resource from a landfill that was not collecting landfill gas to generate electricity prior to Jan 1, 1997. Any enhancement of fuel source that increases generation at an existing facility, without the construction of a new or repowered, separately metered generating unit, is not eligible to participate, with the exception of new landfill gas resources identified in (4) above. This definition is intended to be broadly consistent with California State law.

Certified vs. Verified Products

2) All products, whether wholesale or retail, must meet the new standard to remain Green-e certified. Green-e will, however, verify wholesale products that meet all Green-e criteria other than the new standard. These products will be unable to use the Green-e logo, which is used only to denote certified products. In all other respects, marketers with verified products will have equal standing within the Green-e program.

Standard Start Date

3) All products offered in California beginning 1/1/2000 must meet the new standard. In all other states, the new standard will begin one year after Green-e launch.

Percentage Requirements for New Resources

4) The new standard starts at 5% of total product content in the first year, increasing to 10% in the following year. Green-e has a goal of increasing the percentage further to 25% by year five, most likely in 5% increments over the course of the five years. Recognizing that market conditions may change, however, Green-e will only commit to the 5% and 10% standards at this time. Green-e commits to reviewing the standard level, at least two years before a change is made, to assess whether and how to meet the year five 25% new content goal. These standards are strict minimum standards.

Accounting/Audit Mechanism

5) Total demand for each certified product in a given year must be met with the appropriate level of new renewables required in that year, to be supplied no later than one year later. Using the year one standard as an example, the 5% new requirement in California for the year 2000 must be met no later than the end of 2001. That is, total demand for a certified product in the year 2000 must be met with 5% new renewables that is supplied no later than the end of the year 2001. Total demand for a certified product in year 2001 must be met with 10% new renewables by year end 2002.

Customer Notification Requirements

6) Once the new standard is in place, all Green-e certified products must meet that standard. Green-e respects the fact that some customers will remain with their existing products (i.e., those that were certified prior to the new standard "start date") and that marketers may decide not to upgrade those products to meet the "new" standard for existing customers. As these products no longer meet Green-e requirements, they may no longer bear the Green-e logo and all communications with customers purchasing these products must not include any reference to the Green-e certification program after the new standard "start date." In most cases, it is expected that to meet this requirement marketers will simply remove any reference to the Green-e certification program from customer bills and other communications material. If requested by marketers, these products will be eligible for Green-e verification after the new standard "start date" (i.e., resource supply can be verified through completion of the Green-e audit). On the new standard "start date," marketers are not required to immediately notify these customers that their

product no longer meets Green-e certification criteria. However, such notification must be provided, with an offer to upgrade the customer's product at a cost if the customer so wishes, at the expiration of the customer-marketer agreement term (typically one year) or by one year after the new standard "start date," at the discretion of the marketer. Green-e staff will work with marketers to develop suitable notification language.

Green-e staff recommend to marketers that they begin marketing products meeting the "new" standard earlier than the new standard "start date," and at the same time they cease marketing "old" Green-e certified products that will no longer be certifiable on the "start date." This will reduce situations such as a customer signing up for a 1999 Green-e certified product that is marketed as such in December 1999, but not being served until February 2000.

PA POWER CONTENT LABEL			
	Percent Supply¹		
	Eco Smartsm (projected)	Enviro Blendsm (projected)	Nature's Choicesm (projected)
Eligible Renewable	1%	50%	100%
- Biomass	--	--	--
- Geothermal	--	--	--
- Small hydroelectric ²	--	--	--
- Solar (PV)	--	--	--
- Wind	--	--	--
- Energy efficiency	--	--	--
Coal	0%	0%	0%
Large Hydroelectric	99%*	50%*	0%
Natural Gas			0%
Nuclear	0%	0%	0%
Oil	0%	0%	0%
Other	0%	0%	0%
TOTAL	100%	100%	100%

PA POWER CONTENT LABEL			
	Percent Supply		
	Eco Smartsm (actual in 1999)	Enviro Blendsm (actual in 1999)	Nature's Choicesm (actual in 1999)
Eligible Renewable	2%	64%	100%
- Biomass (landfill gas)	2%	51%	79%
- Geothermal	--	--	--
- Small hydroelectric ²	--	11%	18%
- Solar (PV)	--	--	--
- Wind	--	2%	3%
- Energy efficiency	--	--	--
Coal	0%	0%	0%
Large Hydroelectric	8%	3%	0%
Natural Gas	90%	33%	0%
Nuclear	0%	0%	0%
Oil	0%	0%	0%
Other	0%	0%	0%
TOTAL	100%	100%	100%

¹ These figures reflect the power that we have contracted to provide. Actual figures may vary according to resource availability. We will annually report to you the actual resource mix of the electricity you purchased during the preceding year.

² Small hydroelectric facilities are defined as those less than or equal to 30 megawatts in size.

* Our power supply agreements require that 99% of Eco Smartsm and 50% of Enviro Blendsm will consist of large hydroelectric and/or natural gas. To the extent available, renewable resources may be substituted.

For comparison, the average mix of resources supplying Pennsylvania includes: Coal (58%), Nuclear (36%), Oil (2%), Natural Gas (2%), Hydroelectric (1%) and Other (1%).

