

Green Mountain Energy Company

2002 ENVIRONMENTAL REPORT



Prepared in 2003 for CERES (Coalition
for Environmentally Responsible
Economies)

About this Report

Green Mountain Energy Company has chosen to use the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines pertaining to environmental performance for this environmental report. Green Mountain Energy Company is not a publicly held company. In some instances, specific economic information requested by the GRI Guidelines is confidential corporate information. Where possible, this report substitutes such confidential data with related publicly available information. Information about our environmental performance is presented in the Global Reporting Initiative's Sustainability Reporting Guidelines framework for environmental reporting during the 2002-operating year. Where possible, we have provided information on prior years for the reader's comparison. Unless otherwise indicated, this information covers the activities of Green Mountain Energy Company's Corporate Headquarters, located in located in Austin. Where noted, the information also incorporates activities of our smaller regional offices in California, Pennsylvania, New Jersey, Ohio and Vermont.

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About Units of Measure

For the ease of our stakeholders, we have quantified our environmental information in English units. Factors for converting English units to metric units are provided below:

1 pound (lb)	=	0.454 kilograms (kg)
1 gallon	=	3.78 liters (L)
1 kilowatt-hour (kWh)	=	3,600 kilojoules (kJ)
1 short ton (US)	=	0.9072 metric tons

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GREEN MOUNTAIN ENERGY COMPANY

2002 Environmental Report

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CERES (Coalition for Environmentally Responsible Economies) is the leading U.S. coalition of environmental, investor, and advocacy groups working together for a sustainable future. The network includes companies that have committed to continuous environmental improvement by endorsing the CERES Principles, a ten-point code of environmental conduct. By our endorsement of the CERES Principles, Green Mountain Energy Company made a commitment to conduct an annual self-evaluation of our progress in implementing the CERES Principles. This report is a product of that self-evaluation.

The CERES Principles

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.

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.

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.



Tom Rawls

Welcome

Green Mountain Energy Company has structured its business around a simple principle: Every kilowatt-hour of electricity we sell is cleaner on average than the typical kilowatt-hour purchased by customers in the region. As a result, the electricity we sell results in less environmental harm than generic electricity, and our customers can reduce their environmental footprint through their purchase of cleaner electricity.

We have all heard of “retail therapy,” the apparently simple act of shopping to drive away the blues. There’s nothing like a new--fill in the blank--CD, pair of shoes, or, perhaps, putter to make your world right, if only for the moment.

There is also “retail environmentalism,” shopping for goods and services that insult the environment (and human health) less than similar goods and services that are commonly sold. Green Mountain Energy Company offers consumers the opportunity to engage in this retail environmentalism, which may have the concomitant benefit of providing a dollop of retail therapy. Generally speaking, doing good makes one feel better.

The Company basically has two categories of products: First, those that sell at a premium above generic electricity and that provide substantial environmental benefit by significantly reducing the purchaser’s household footprint. Second, those that sell at close to or a discount from generic electricity and offer only modest environmental improvement to the household footprint per kilowatt-hour. Neither of our products alone are adequate to reverse worrisome environmental trends. But by purchasing cleaner electricity, one can, however, shift momentum in a positive direction, from leaving an ever more disruptive stamp on one’s surroundings to treading a bit more gently.

Perhaps there is a new oxymoron to contemplate: Good consumerism. Individual choice for renewable power and comparable forms retail environmentalism have created a democracy of the wallet that can, over time, turn personal conviction into a broad mandate for change.

Having set out to offer consumers a way to address their environmental footprint with an improved version of what they buy everyday, the Company has also taken steps to lighten its own footprint.

The Company’s practice has been to reduce the CO₂ footprint from its operations by 50%. We use a historical baseline, rather than simply cutting current annual emissions in half. By using a historical baseline, net CO₂ emissions do not grow, even as the Company grows. In 2001, we offset 1,251 tons of CO₂, and in 2002 we offset 542 tons.

Looking to the future, Green Mountain Energy has set aggressive targets and will face sizable challenges. The Company’s publicly stated goal is to build consumer demand to support 1000 MW of new renewable generation by 2010. At the conclusion of 2002, our customers supported 239.9 MW of new capacity; an increase of 514% over the 39.1 MW supported the year before and our largest annual increase to date. By buying cleaner electricity and supporting new renewable generation, our customers have effectively avoided 717,000 tons of CO₂ from entering the atmosphere. The generation of electricity nationwide causes billions of tons of greenhouse gases to be emitted, so our and our customers’ overall contribution to a healthier planet is a decidedly modest one. Nonetheless, choosing cleaner energy is one of the most powerful steps an individual household can take to address its greenhouse gas emissions. In this way, we enable our customers’ the ability to play a more substantial role in “retail environmentalism”.

Corporate Profile

Customers who choose Green Mountain Energy® electricity are helping to change the way power is made.

Green Mountain Energy Company is an electricity service provider of *Green Mountain Energy®* electricity. We offer our customers dramatically cleaner power derived from renewable resources like sun, wind, water, biomass, and geothermal heat, as well as the cleanest-burning fossil fuel, natural gas. We offer residential and small commercial customers the ability to choose the type of generation that is put onto power grids on their behalf.

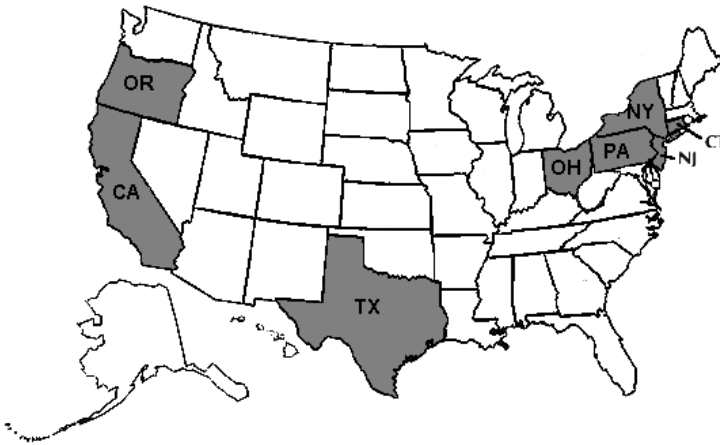
Cleaner Electricity. *Green Mountain Energy* electricity products vary from region to region—as do the availability of the cleaner and renewable resources that generate them. All of our electricity products are dramatically cleaner than system power offered in their respective regions.

An Easy and Powerful Way to Reduce a Household's Carbon Dioxide Footprint. Every *Green Mountain Energy* electricity product is generated in part by energy from new renewable facilities. When new renewable facilities are brought online, they help reduce our reliance on dirtier forms of generation. As a result, air pollution is avoided. Residential customers who purchase *Green Mountain Energy* electricity are able to reduce their household's share of carbon dioxide pollution. In 2002, customers buying *Green Mountain Energy* electricity can reduce their carbon footprint anywhere from 100 to 17,800 pounds depending on the product they buy and the generating mix in their region.



Green Mountain Wind Farm at Garrett, Pennsylvania

Green Mountain Energy Company At a Glance

		2002 Green Mountain Energy Electricity Service Regions
		<ul style="list-style-type: none"> • California • Connecticut • New Jersey • New York (NIMO¹ territory) • Ohio • Oregon • Pennsylvania • Texas
Nature of Ownership	Privately-held corporation	
Major Products/ Services	<i>Green Mountain Energy</i> electricity	
Country of Operation	United States	
Nature of Markets Served	<ul style="list-style-type: none"> • Direct Access: CA, CT, NJ, PA, TX • Utility Partnerships: OR, NY • Municipal Aggregation: OH 	
Consumers served with <i>Green Mountain Energy</i> electricity	Nearly 600,000 ¹ Niagara Mohawk	
Number of Employees	2002 monthly average: 159 of which 2 personnel exclusively assigned to environmental management responsibilities (environmental policy, corporate sustainability initiatives, stakeholder engagement)	
Corporate Offices	<ul style="list-style-type: none"> • Austin, TX (Corporate Headquarters) • Mt. Laurel, NJ • Cambridge, MA • Dublin, OH • Wayne, PA • Houston, TX • South Burlington, VT 	
Revenue	Range of \$200 to \$500 million. More than 99% of our revenues come from the sale of our <i>Green Mountain Energy</i> electricity). Sales and revenue by region are proprietary and confidential	
Recent Acquisitions	In July of 2002, Green Mountain Energy Company acquired USPowerSolutions Corporation, a developer of software solutions and services for regulated and unregulated energy companies.	



Prior CERES Reports: Reports for our 2000 and 2001 operating years are available online at www.greenmountain.com, or by contacting Environmental Affairs, 3815 Capital of Texas Hwy. S., Suite 100, Austin, TX 78704

Product Performance

Section 2

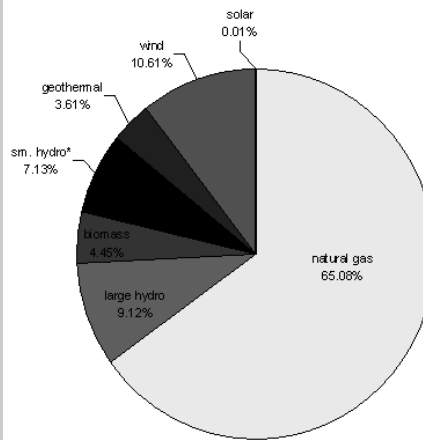
Green Mountain Energy Company uses the marketplace to promote the sale of cleaner electricity to individual consumers and corporations.

2002 Total Supply

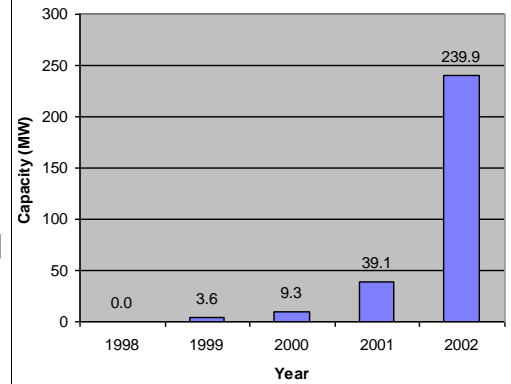
The chart at right illustrates overall supply from serving customers who have chosen *Green Mountain Energy* electricity.

Green Mountain Energy electricity offerings vary from state to state. All products feature generation from renewable resources (like wind, hydro, geothermal, and solar resources) and some also include the cleanest fossil fuel—natural gas.

2002 Total Supply



New Renewable Generation Supported Annually



Capacity base on total "new" MWh purchased, and converted using average capacity factors for each resource

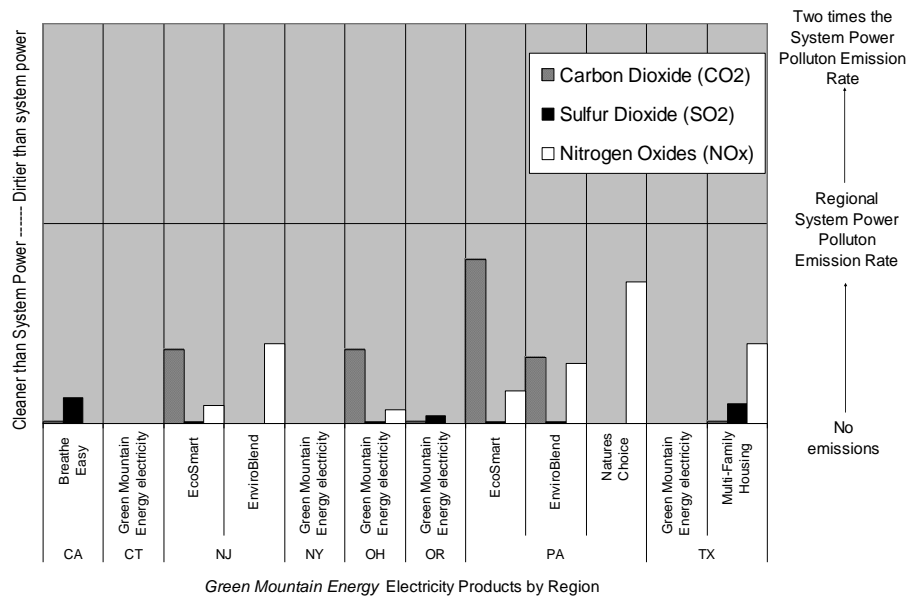
In 2002, we made substantial progress to our corporate goal of supporting 1000 MW of new renewable generation by 2010 by supporting 239 MW of new generation.

Cleaner Electricity

Green Mountain Energy electricity is dramatically cleaner than typical system power in a region.

The chart at right compares *Green Mountain Energy* electricity emission rates for 2002 products to regional system power¹, with respect to carbon dioxide, sulfur dioxide, and nitrogen oxides.

¹ Source: EPA eGRID

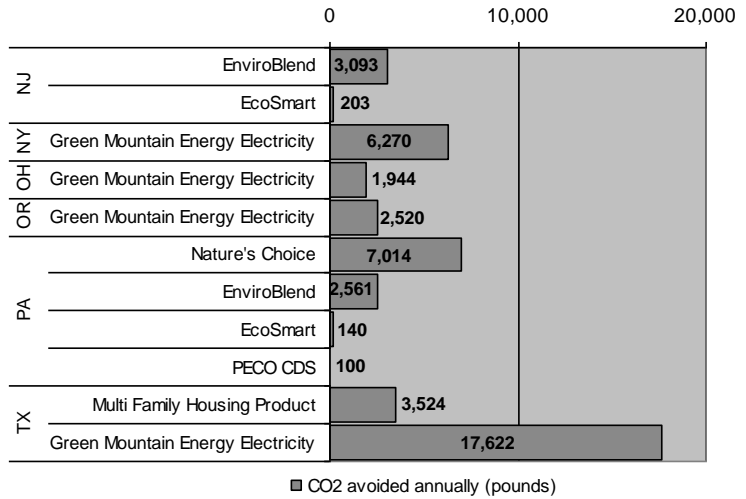


ENVIRONMENTAL PERFORMANCE

Carbon Dioxide Pollution Avoided by Household by Product

Households purchasing *Green Mountain Energy* electricity reduce their share of air pollution by supporting new renewable resources.

In 2002, *Green Mountain Energy* electricity enabled our customers, on average, to reduce their share of carbon dioxide from 100 to 17,600 pounds depending on their product and region.



Carbon Dioxide and Nitrogen Oxides Avoided Annually

Making electricity annually causes billions of tons of pollution in the United States.

By supporting new renewable facilities, customers choosing *Green Mountain Energy* electricity have together reduced their share of this pollution.

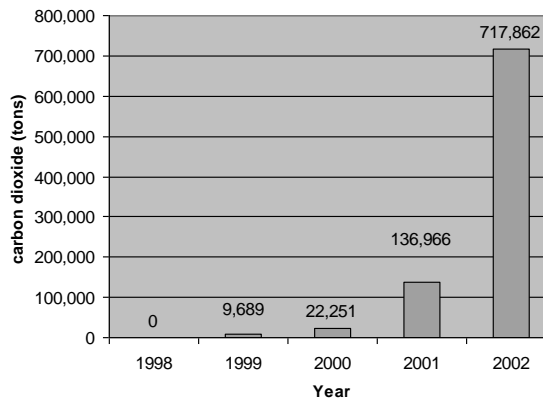
In 2002, customers purchasing *Green Mountain Energy* electricity avoided over 717,000 tons of carbon dioxide. That's an increase in pollution prevented of 424% from the prior year.

As a group, customers choosing *Green Mountain Energy* electricity prevented as much carbon dioxide as:

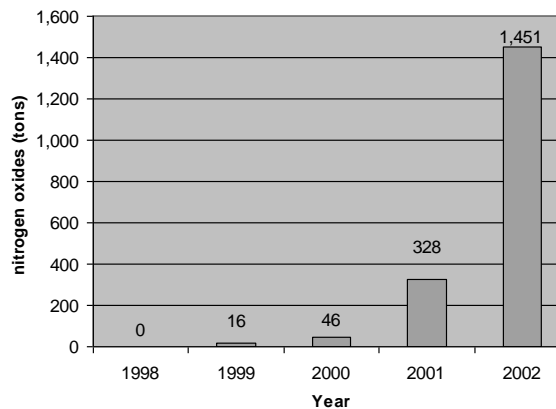
- not driving 1.5 billion miles
- taking 157,000 cars off the road for an entire year
- the annual carbon sequestration from 97 million trees

Green Mountain Energy electricity customers also prevented 1,451 tons of nitrogen oxide pollution from entering the air—a primary cause of acid rain and smog.

Carbon Dioxide Pollution Prevented by Green Mountain Energy Electricity Customers



Nitrogen Oxides Pollution Prevented by Green Mountain Energy Electricity Customers

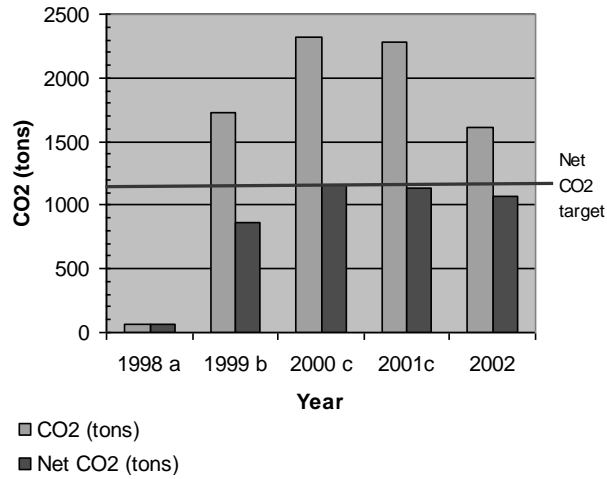


Operational Performance

Total Business Carbon Dioxide Emissions

Total carbon dioxide from business practices (excluding purchased generation for customer supply), decreased dramatically from 2001 to 2002.

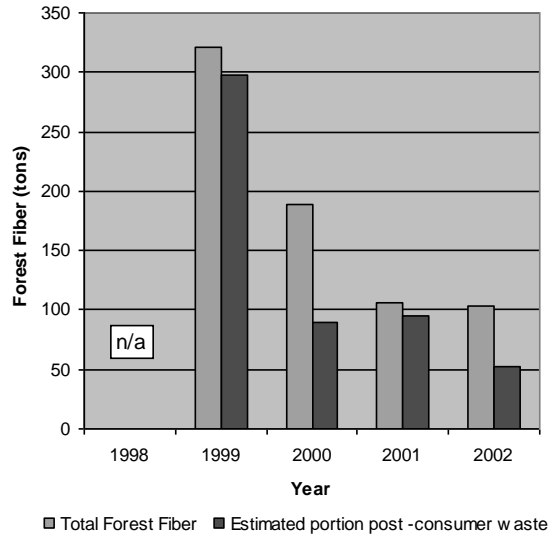
This decrease is due in part by making electricity use in our corporate headquarters effectively pollution-free.



Natural Resource Use, Forest Fiber

Forest fiber use continues to decrease, as the company reduces its reliance on direct-mail marketing.

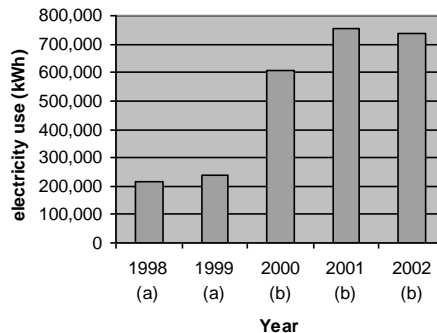
Post consumer recycled fiber accounted for approximately half of our forest fiber use, more than meeting our corporate standard for paper.



Office Energy Use

In 2002, we ensured that new wind generation was delivered to the grid specifically to match the corporate energy use in our headquarters and offices

By purchasing these renewable energy certificates and retiring them, we made our office's energy use essentially pollution-free.



- a. Electricity use in 1998 – 1999 is based on actual meter readings for our VT corporate headquarters only.
- b. Electricity use in 2000 for our TX corporate headquarters is estimated based on percentage of space shared in multi-tenant building without sub-metering. Electricity use also includes consumption in regional offices in CA, PA, and VT.

Section
3

Vision and Strategy

Nearly half of all Americans think (incorrectly) that hydroelectric dams are the primary source of electricity in the U.S. In reality, coal is burned to generate more than half of the United State's electricity, 51% to be exact. Nuclear reactors produce approximately 18%. Renewable resources account for only 11% of our nation's electricity generation.

Making electricity is the leading cause of industrial air pollution in the United States. Carbon dioxide, sulfur dioxide, and nitrogen oxides from coal-burning power plants are largely responsible for pressing environmental problems such as acid rain, smog, and global warming. Making electricity causes:

- 67% of US sulfur dioxide emissions—a cause of acid rain
- 23% of US nitrogen oxide emissions—a cause of acid rain and smog
- 41% of US carbon dioxide emissions—a cause of global warming
- 33% of US mercury emissions—poisonous heavy metal that harms ecosystems

There are cleaner ways to generate electricity. We purchase supply from generators that tap into the natural occurring flows of energy—like wind, water, sunshine, organic material, and the heat of the earth itself. Unlike traditional forms of generation, they emit little to no air pollution and produce no nuclear waste. We also look to energy from cleaner burning non-renewable resources like natural gas for our supply needs. Natural gas creates lower quantities of greenhouse gases and criteria pollutants per unit of energy than any other fossil fuel, including coal or oil.

Our mission is to change the way power is made. We are the nation's largest and fastest growing provider of less-polluting electricity. Our three-pronged business strategy for selling cleaner electricity includes:

- Direct-access markets: Green Mountain Energy Company markets its less-polluting *Green Mountain Energy* electricity directly to consumers in states with competitive markets, such as Texas, New Jersey, and Pennsylvania.
 - Aggregation: Green Mountain Energy Company serves as the primary service provider to customer collectives. We currently serve hundreds of thousands of Ohio customers through the nation's largest municipal aggregation, NOPEC.
 - Utility Partnering: In some states Green Mountain Energy Company works with utilities to offer their customers a renewable electricity option. In these relationships, Green Mountain Energy Company assists in marketing, providing training, and obtaining renewable supply.
-

Section
4

Policies, organization, and management systems

Environmental stewardship underpins Green Mountain Energy Company's corporate mission and operations. We have environmental policies to guide our work, an organizational structure and management systems to implement those policies, and a commitment to engage our stakeholders.

Corporate Environmental Policies

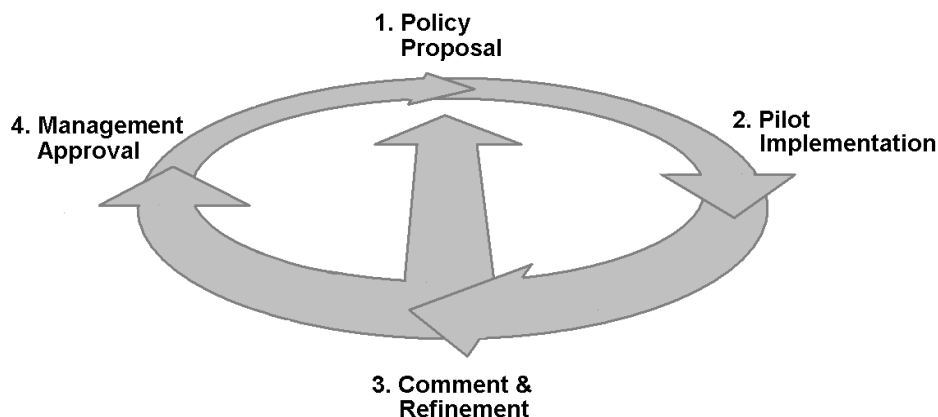
Our charter is the basis for the policies that guide our product and operational performance.

Green Mountain Energy Company's Environmental Charter sets out our objectives for environmental performance. It states:

- Green Mountain Energy Company will use the marketplace to promote the sale of cleaner electricity to individual consumers and corporations
- Green Mountain Energy Company will engage in policy work on energy issues, concentrating on developing competitive markets for energy sales
- Green Mountain Energy Company will be an environmentally responsible business, engaging in daily practices that promote a healthier planet and sustainable economy. These practices include working with our partners to encourage them to adopt sustainable business practices.
- Green Mountain Energy Company will encourage individual consumers and corporations to use energy resources wisely and efficiently
- Green Mountain Energy Company will be an educator; helping people to understand the environmental consequences of their energy choices and empowering people to choose cleaner electricity.

ENVIRONMENTAL PERFORMANCE

Our policies are guided by stakeholders and formed through a multi-step process.



1. Policy proposal: We are guided by the environmental community, corporate best practices, and internal stakeholders in advancing draft policies.
2. Pilot implementation: We test the draft policy on an interim basis. Often our pilots are limited in scope to specific departments or regions
3. Comment and Refinement: Through comments and suggestions from employees, we have the opportunity to improve and refine the proposal, if needed.
4. Management Approval: After successful pilot testing, the policy is implemented across the organization by approval of senior management.

Environmental Policies and Standards				
Policy	Issue Date	Latest Revision	Geographic Scope	Publicly Available
Environmental Charter	Fall, 1997	Summer 1999	Company wide	Yes (1,2)
CERES Principles	Spring, 1999	- - -	Company wide	Yes (1,2)
Green Mountain Values	Fall, 1997	Spring 2000	Company wide	Yes (1)
Commitment Regarding Old Growth Fiber	Winter, 2000	- - -	Company wide	Yes (1)
Recycling Policy	Fall 1997	Spring 1999	Company wide	Yes (1)
Paper Standard	Winter 1999	Summer 2000	Company wide	Yes (1)
Non-Energy Product Standard	Winter 2001	- - -	Company wide	Yes (1)
1. Available by contacting Green Mountain Energy Company's Environmental Affairs Department. 2. Available in this report.				

Environmental Management and Organization

We are organized for environmental responsibility. The Environmental Integrity Committee of our Board of Directors is responsible for reviewing our effect on the environment and our adherence to our environmental principles and making recommendations to the full board of directors aimed at improving environmental performance.

The company's Chief Environmental Officer assists the rest of the organization in following the company's environmental policies and practices. One full time staff person works under his leadership.

An informal network consists of regional and departmental representatives. This group meets as needed to coordinate environmental efforts and facilitate communication on environmental matters.



Stakeholder Engagement and Community Involvement

We work to strengthen our relationships with customers, neighbors, and the environmental community.

We sponsor and participate in community focused environmental events and programs as a way of informing the public about the environmental consequences of traditional generation and the benefits of renewable electricity. Through our Solar-Powered School's Program, for example, we've awarded a total of 10 solar systems to schools in CA, OH, and VT. These awards included a 1-2 kW solar system, a companion curriculum, and a "Solar Powered School Celebration" day to dedicate the system.

Business and Environmental Relations		
CERES	American Wind Energy Association	World Resources Institute
Green-e Renewable Electricity Branding Program	Mid Atlantic Renewable Energy Coalition	Clean Texas Program
National Wind Coordinating Committee	Green Energy Ohio	Texas Renewable Energy Industries Association

ENVIRONMENTAL PERFORMANCE

Green Mountain Energy Company participates in Earthshare, a program that encourages employees to make individual financial contributions to leading environmental organizations. In 2002, we donated \$8,766.08 through employee contributions and \$3,331.00 through our corporate matching policy.

As a way to foster dialogue with the national environmental community, we assembled an Environmental Advisory Board—a forum assembled to receive expert advice on environmental policy and other issues. The Environmental Advisory Board also encourages dialogue between the Company and other members of the environmental community. Board members serve in their individual capacity.

Environmental Advisory Board Members	
Ralph Cavanagh	Natural Resources Defense Council, <i>Co-Director Energy Program</i>
Elizabeth Cook	World Resources Institute, <i>Co-Director of Management Institute for Environment and Business</i>
Christopher Flavin	Worldwatch Institute, <i>President</i>
John Hanger	Citizens for Pennsylvania's Future (PennFuture), <i>President and CEO</i>
Dennis Kelly	Atlanta Zoo, <i>President and CEO</i>
Hunter Lovins	Natural Capital Academy, <i>Director</i>
Lewis Milford	Clean Energy Group, <i>President</i>
Rachel Shimshak	Renewable Northwest Project, <i>Director</i>

Environmental Performance: Products

Section 5

All Green Mountain Energy electricity products are dramatically cleaner than regional system power because they feature energy from renewable resources and the cleanest burning fossil fuel- natural gas.



Hydro – Uses the energy of moving water to generate electricity. Even the best hydro plants may affect fish and wildlife habitats, but they are a non-polluting resource.



Wind – Turbines are mounted on tall towers to harness the wind. This pollution-free form of generation is now the fastest-growing energy source in the world. The wind farms of today are constructed after studies conclude that the turbines will have little or no effect on the surrounding ecosystem, including birds.



Biomass - Biomass generation harnesses energy stored in organic materials. Biomass includes materials like wood and mill wastes, and energy crops, as well as the gases naturally produced when waste decomposes.



Solar – The sun’s energy can be used to generate electricity in two different ways. Photovoltaic (PV) cells can convert sunlight into electricity directly. Solar-thermal systems use the sun’s heat to generate electricity, often by creating steam to power a generator’s turbine.



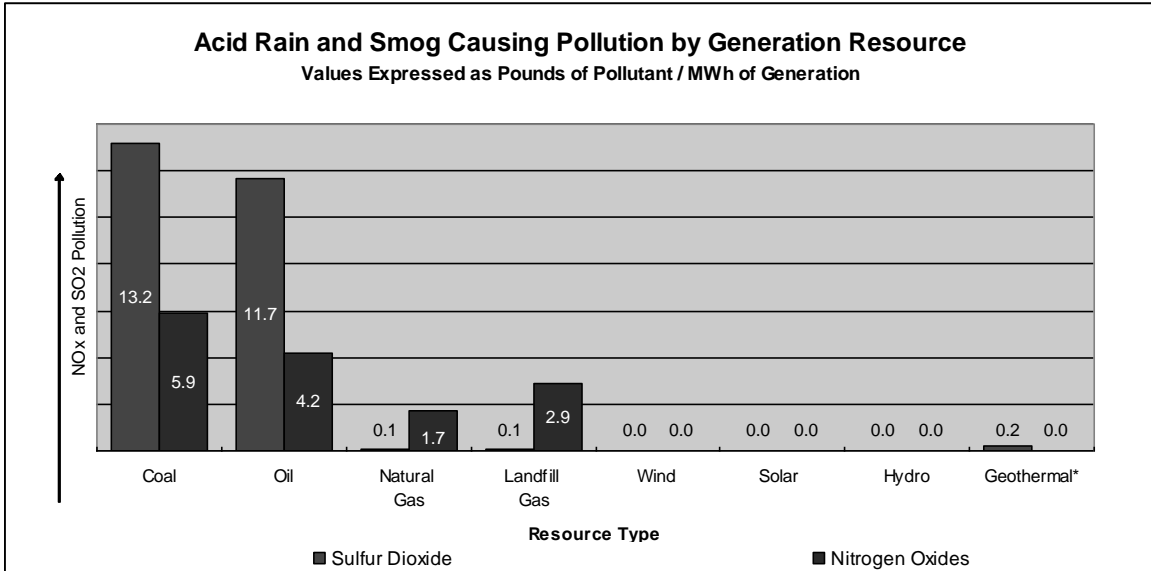
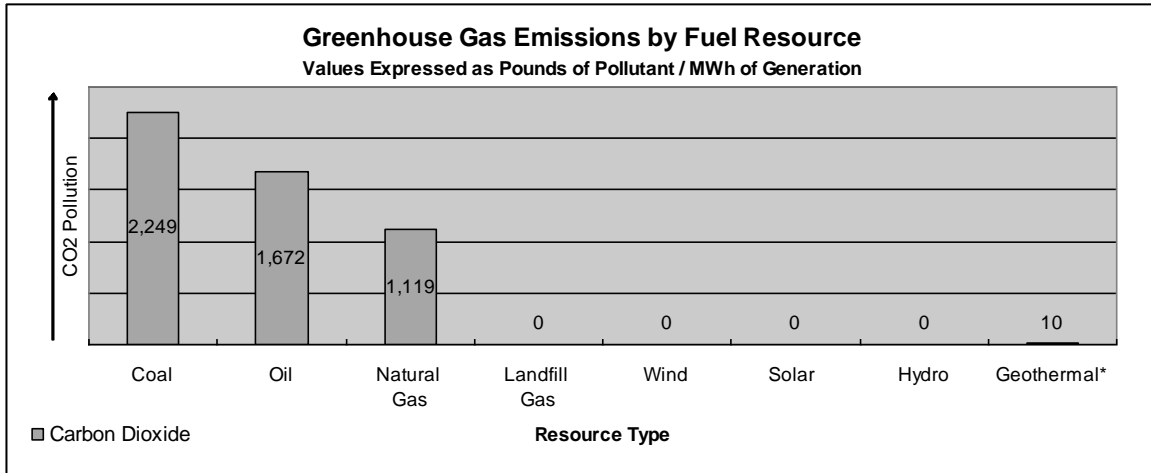
Geothermal – Geothermal generation relies on heat trapped within the earth’s crust, the same kind of heat that is evident in volcanic activities and geysers. Geothermal power plants tap steam and hot water trapped underground to convert that energy into electricity.



Natural Gas – Natural gas is not a renewable resource. It is, however, the cleanest burning fossil fuel. Compared to burning fuels like coal and oil for the same amount of energy, natural gas emits less of the pollution that causes global warming, acid rain, and smog.

Our Product Standard, Energy Supply, and Supplier Relationships

We have an internal standard to offer electricity products that: (1) are dramatically cleaner than the energy mix serving a region for combined emissions of carbon dioxide, sulfur dioxide, and nitrogen oxides; and (2) feature energy from new renewable facilities. New facilities are incremental renewable generation that has come online to serve customer choice (typically 1997 or later). In selecting generation sources for our products we examine several criteria, including the generation source (or fuel), vintage, and air emissions (if any) from the generation facility.



* - Emissions from geothermal and landfill gas generation are gross emissions. In accounting for emissions of undeveloped resources, (i.e. natural venting of geothermal gases and emissions from required flaring landfill gases) net emissions may be less.

Because we are committed to offering cleaner electricity blends that give customers a way to support incremental environmental improvement, our choice of power suppliers is important. We examine the generation source, vintage, and air emissions of generation facilities supplying our energy. We stipulate specific environmental criteria for generating facility performance in our contracts with our wholesale energy providers.

We have also been guided by the Green-e Renewable Electricity Program (Green-e) in developing our electricity products. In 2002, we offered Green-e certified products in the majority our service regions, including CT, NJ, PA, and TX. In order for an electricity product to be certified by Green-e, it must satisfy particular criteria, including:

- At least 50% of the product must come from specified renewable resources. Green-e excludes certain generation technologies from the Green-e definition of eligible renewable resources (e.g. municipal solid waste).
- Emissions of sulfur dioxide, nitrogen oxides, and carbon dioxide from any non-renewable component of the product must not exceed average emissions rates of fossil fuel in the region's system mix.
- Total fossil-fuel emissions of the product cannot exceed the average system power emissions rate.
- One year after deregulation, the product must contain at least 5% "new renewable" electricity. This requirement increases to 10% the next year.
- The product does not include nuclear power other than what is contained in any system power purchased for the product.
- The product must be offered by a company to following the Green-e Code of Conduct on ethical treatment of customers, including the use of simple contracts and disclosure labels.

About Green-e

Green-e was formed by the Center for Resource Solutions (CRS) as part of its mission to preserve and protect the environment by promoting sustainable energy technologies.

Working with environmentalists, consumer advocates, and renewable energy experts, CRS formed Green-e to provide a simple way for the public to understand the benefits of renewable electricity and to establish confidence by certifying renewable power from credible companies. More information is available at www.green-e.org

Energy Efficiency Efforts

In 2002, we expanded our Power Perks™ Products program offering customers more choices for energy efficiency products. Power Perks™ products help our customers save energy. Many of the offerings are certified by the Energy STAR program. We offer these products exclusively to our customers, often at a savings compared to national retailer's prices for the same or comparable items. We offer these products in partnership with Energy Federation Incorporated, one of the nation's largest distributors of energy efficient products.

Electricity Supply by Product and Region

The tables on the following pages summarize the projected and actual electricity energy supply mix purchased by our residential customers in California, Connecticut, New Jersey, New York, Ohio, Oregon, Pennsylvania, and Texas in 2002.

Customers who choose *Green Mountain Energy* electricity do not have electricity from a specific generation facility delivered directly to their house, but they are able to support generators of cleaner energy that provide electricity to regional power systems in an amount equal to their annual usage.

By purchasing and retiring renewable energy certificates or attributes from specific facilities we ensure that electricity from the promised resources equal to a customer's annual electricity usage is delivered to their region.

California Supply



California has abundant renewable energy resources. These include wind, solar, hydroelectric, biomass, and geothermal resources sufficient for electricity generation. Because of the exceptional renewable resource availability in California and surrounding regions, we were able to offer 100% renewable electricity. We were one of the first companies to enter the deregulated electricity market in California, but unfortunately due to regulatory changes during 2002, we are no longer able to serve customers in California.

Generation Resource	Breathe Easy® electricity		California Generic System ⁴
	Promised Supply	Actual Supply	(For Comparison)
Renewable	100%	100%	22.7%
Biomass		-	2.6%
Geothermal		86.6%	5.1%
Small Hydroelectric ²		-	13.1%
Large Hydroelectric ²	-	-	
Solar (PV)		0.31%	<1%
Wind		13.1%	1.5%
Coal	-	-	11%
Oil	-	-	-
Natural Gas	-	-	50.3%
Nuclear	-	-	15.6%
Other	-	-	0.4%
TOTAL	100%	100%	100%
% New Renewable³	10%	13.4%	

Columns may not sum to 100% due to rounding.

- (1) Promised Supply refers to power that we contracted to provide. Actual Supply refers to the actual resource mix of the electricity that a customer purchases during the year.
- (2) Small hydroelectric facilities are defined by the Green-e Renewable Electricity Branding Program as hydroelectric power plants less than or equal to 30 MW in size. Large hydroelectric facilities are defined as greater than 30MW in size.
- (3) In California, "new renewable resource" means that these facilities began commercial operation on or after January 1, 1997.
- (4) Average CA system power mix is derived from 2002 California Energy Commission generation data. Based on average state-wide use.

Connecticut Supply



According to EIA, wind and biomass have the best potential for development in New England. Connecticut has good wind sources, which if fully developed could provide/serve 22% of the state's electricity consumption. Thirteen percent of the state's electricity demand could be met with biomass power resources. The state has low potential for hydroelectric, mid-range solar resources, and no geothermal resources suitable for generating electricity.

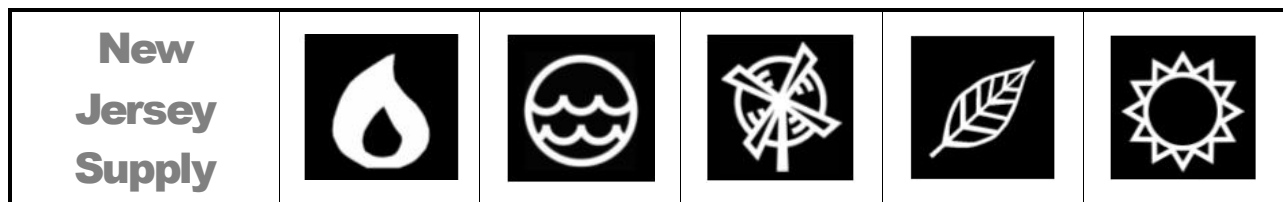
As of 2003, Green Mountain Energy Company made the decision to leave the Connecticut market. Regulatory hurdles in Connecticut made it impossible to continue offering our customers pollution-free electricity in an affordable manner.

Generation Resource	Green Mountain Energy electricity		Connecticut Generic System ⁴
	Promised Supply	Actual Supply	(For Comparison)
Renewable	100%	100%	15.1%
Biomass	-	-	6.9%
Geothermal	-	-	-
Small Hydroelectric ²	39%	39%	8.2%
Large Hydroelectric ²	50%	50%	
Solar (PV)	-	0.2%	-
Wind	11%	10.8%	< 0.1%
Coal	-	-	16.8%
Natural Gas	-	-	20.9%
Oil	-	-	16.0%
Nuclear	-	-	29.7%
Other	-	-	1.5%
TOTAL	100%	100%	100%
% New Renewable³	11%	11%	

Average CT system power mix is derived from EPA EGRID 2002 emission rates for the New England ISO / PCA.

Columns may not sum to 100% due to rounding.

- (1) Promised Supply refers to power that we contracted to provide. Actual Supply refers to the actual resource mix of the electricity that a customer purchases during the year.
- (2) Small hydroelectric facilities are defined by the Green-e Renewable Electricity Branding Program as hydroelectric power plants less than or equal to 30 MW in size. Large hydroelectric facilities are defined as greater than 30MW in size and are not an "eligible renewable" resource under Green-e Guidelines.
- (3) In Connecticut, "new renewable resource" means that these facilities began commercial operation on or after January 1, 1998.
- (4) Based on average state-wide use.



According to EIA, wind and biomass resources offer the best potential for renewable electricity generation in the Mid-Atlantic region. Portions of New Jersey are characterized as having “good” wind resources. Biomass also offers a promising form of renewable generation. The state has relatively few hydropower resources. Less than 1% of New Jersey’s electricity needs could come from hydropower located within its borders. EIA characterizes New Jersey’s solar resources as useful or marginally useful depending on the type of solar technology employed. The state has no geothermal resources capable of generating electricity.

	EcoSmart® electricity		EnviroBlend® electricity		New Jersey System Power ⁴
	Promised Supply ¹	Actual Supply	Promised Supply ¹	Actual Supply	(for comparison)
Renewable	2.5%	4.0%	50%	50%	<1%
Biomass		2.2%		33.6%	-
Geothermal		-		-	-
Small Hydroelectric ²		1.1%		13.4%	<1%
Solar (PV)		-		-	-
Wind		0.7%		3.0%	-
Large Hydroelectric ²		51.7%	50%	50%	<1%
Natural Gas	97.5% ⁵	44.3%	-	-	9%
Coal	-	-	-	-	45%
Nuclear	-	-	-	-	40%
Oil	-	-	-	-	3%
Other	-	-	-	-	2%
TOTAL	100%	100%	100%	100%	100%
% New Renewable³	1%	3.0%	10%	36.6%	

Columns may not sum to 100% due to rounding.

- (1) Promised Supply refers to power that we contracted to provide and included an unspecified mix of eligible renewable resources dependant upon resource availability. Actual Supply refers to the actual resource mix of the electricity that a customer purchases during the year.
- (2) Small hydroelectric facilities are defined by the Green-e Renewable Electricity Branding Program as hydroelectric power plants less than or equal to 30 MW in size. Large hydroelectric facilities are defined as greater than 30MW in size.
- (3) In New Jersey, “new renewable resource” means that these facilities began commercial operation on our after January 1, 1998.
- (4) Average NJ system power mix is derived from 2002 EPA E-GRID Generation Resource Mix data, Pennsylvania-Jersey-Maryland ISO power control area. Based on average state-wide use.
- (5) 97.5% of EcoSmart electricity was derived from large hydroelectric and natural gas

New York Supply



According to EIA, New York has excellent wind resources in portions of the state while useful solar resources are present throughout the state. New York has a good hydropower resource as a percentage of the state's electricity generation and a good biomass resource potential. The state has no geothermal resources capable of generating electricity.

	<i>Green Mountain Energy</i> electricity		New York Generic System ⁴
Generation Resource	Promised Supply ¹	Actual Supply ¹	(For Comparison)
Renewable	100%	100%	19%
Biomass	-	-	2%
Geothermal	-	-	-
Large Hydro	50%	-	17%
Small Hydro	-	-	
Solar (PV)	-	-	-
Wind	50%	100%	<0.1%
Coal	-	-	18%
Natural Gas	-	-	29%
Oil	-	-	11%
Nuclear	-	-	23%
Other	-	-	<1%
TOTAL	100%	-	100%
% New Renewable³	50%	100%	

Average NY system power mix is derived from EPA EGRID 2002 emission rates for the NYPOOL PCA region
Columns may not sum to 100% due to rounding.

- (1) Promised Supply refers to power that we contracted to provide. Actual Supply refers to the actual resource mix of the electricity that a customer purchases during the year.
- (2) Small hydroelectric facilities are defined by the Green-e Renewable Electricity Branding Program as hydroelectric power plants less than or equal to 30 MW in size. Large hydroelectric facilities are defined as greater than 30MW in size.
- (3) In New York, "new renewable resource" means that these facilities began commercial operation on or after January 1, 1998.
- (4) Based on average state-wide use.

Ohio Supply



Ohio has marginal wind resources according to EIA. Studies indicate that Ohio has good resources for generating electricity from biomass. If fully developed, they could supply 64% of the state's residential electricity demand.

Making electricity causes billions of tons of carbon dioxide to be released annually in the United States. As a group, our Ohio customers prevented over 306,100 tons of carbon dioxide in 2002—as much as would be prevented by taking 54,425 cars off the road for a year.

Generation Resource	<i>Green Mountain Energy</i> electricity		Ohio Generic System ⁴
	Promised Supply ¹	Actual Supply ¹	(For Comparison)
Renewable	2.0%	25.7%	1.0%
Biomass		4.6%	0.5%
Geothermal		-	-
Large Hydro		11.8%	0.4%
Small Hydro ²		9.3%	
Solar (PV)		-	-
Wind		-	-
Coal	-	-	87.3%
Natural Gas	98.0%	74.3%	2.7%
Oil	-	-	0.5%
Nuclear	-	-	8.1%
Other	-	-	0.4%
TOTAL	100%	100%	100%
% New Renewable³	2%	9.8%	

Columns may not sum to 100% due to rounding.

- (1) Promised Supply refers to power that we contracted to provide. Actual Supply refers to the actual resource mix of the electricity that a customer purchases during the year.
- (2) Small hydroelectric facilities are defined by the Green-e Renewable Electricity Branding Program as hydroelectric power plants less than or equal to 42 MW in size. Large hydroelectric facilities are defined as greater than 42 MW in size.
- (3) In Ohio, "new renewable resource" means that these facilities began commercial operation on or after January 1, 1997.
- (4) Average OH system power mix is derived from EPA EGRID 2002 emission rates for the ECAR NERC region

Oregon Supply



According to EIA, **Oregon has excellent wind resources** in portions of the state. EIA estimates that About 1.5% of the state of Oregon has wind resources that could be developed, not including land that is subject to land-use conflicts, has urban development, or is environmentally sensitive. If all this potential was developed with utility-scale wind turbines, the power produced each year would equal 43,252,500 megawatt-hours - or 92% of the entire state's electricity consumption.

Oregon also has good biomass resources, useful solar resources in the eastern part of the state, very good hydropower resource (as a percentage of the state's electricity generation) and geothermal resources sufficient to generate electricity.

	<i>Green Mountain Energy</i> electricity		<i>Oregon Generic System</i> ³
Generation Resource	Promised Supply¹	Actual Supply¹	(For Comparison)
Renewable	100%	100%	42.3%
Biomass	-	-	1.1%
Geothermal	85%	85%	1.2%
Large Hydro	-	-	40%
Small Hydro	-	-	
Solar (PV)	-	-	-
Wind	15%	15%	-
Coal	-	-	46.3%
Natural Gas	-	-	6.1%
Oil	-	-	1.3%
Nuclear	-	-	4.0%
Other	-	-	-
TOTAL	100%	100%	100%
% New Renewable²	15%	15%	

Columns may not sum to 100% due to rounding.

- (1) Promised Supply refers to power that we contracted to provide. Actual Supply refers to the actual resource mix of the electricity that a customer purchases during the year.
- (2) In Oregon, under Renew 2000 guidelines a facility, or portion thereof, is generally considered "new" if it is built, re-powered, or enhanced on or after May 1, 1999.
- (3) Average Oregon system power mix is derived Northwest Power Pool, Oregon Office of Energy 2001

**Pennsylvania
Supply**



According to EIA, biomass and wind resources offer the best potential for electricity generation within Pennsylvania. The state also has some useful solar generation resources. Our renewable supply was generated with landfill gas, hydroelectric resources, wind and modest amounts of solar. The state has no geothermal resources capable of generating electricity.

	EcoSmart [®] electricity		EnviroBlend [®] electricity		Nature's Choice [®] electricity		Pennsylvania System Power ⁵
	Promised Supply ¹	Actual Supply	Promised Supply ¹	Actual Supply	Promised Supply	Actual Supply	(for comparison)
Renewable	1%	6.7%	50%	62.0%	100%	100%	<1%
Biomass		0.7%		20.0%		60.0%	-
Geothermal		-		-		-	-
Small Hydro ²		-		32.0%		29.9%	<1%
Solar (PV)		-		0.1%		0.1%	-
Wind		0.7%		5.5%		10.0%	-
Large Hydro ^{2,3}		5.3%		4.4%	-	-	<1%
Natural Gas ³	99%	93.3%	50%	38.0%	-	-	9%
Coal	-	-			-	-	45%
Nuclear	-	-			-	-	40%
Oil	-	-			-	-	3%
Other	-	-			-	-	2%
TOTAL	100%	100%	100%	100%	100%	100%	100%
% New Renewable⁴	1%	1.4%	10%	25.6%	10%	70.1%	

Columns may not sum to 100% due to rounding.

- (1) Promised Supply refers to power that we contracted to provide and included an unspecified mix of eligible renewable resources dependant upon resource availability. Actual Supply refers to the actual resource mix of the electricity that a customer purchases during the year.
- (2) Small hydroelectric facilities are defined by the Green-e Renewable Electricity Branding Program as hydroelectric power plants less than or equal to 30 MW in size. Large hydroelectric facilities are defined as greater than 30MW in size.
- (3) Our power supply agreements required that 99% of EcoSmart[®] and 50% of EnviroBlend[®] provided in Pennsylvania would consist of large hydroelectric and/or natural gas. To the extent available, renewable resources would be substituted.
- (4) In Pennsylvania, "new renewable resource" means that these facilities began commercial operation on our after January 1, 1998.
- (5) Average PA system power mix is based on 2002 EPA E-GRID Generation Resource Mix data, Pennsylvania-Jersey-Maryland ISO power control area.

Texas Supply



Texas has tremendous wind resources and solar resources, as well as high temperature geothermal resources capable of electricity generation. If all of Texas's potential for wind was developed, excluding lands in urban development, accounting for land-use conflicts, and environmentally sensitive areas, the power produced could supply 421% of the state's annual electricity consumption. Given the phenomenal wind resources in the state, Green Mountain Energy Company could offer a first of its kind product in Texas—100% new renewable wind.

	Green Mountain Energy electricity		Multi-Family Housing sm		Texas System Power ⁴ (for comparison)
	Promised Supply ¹	Actual Supply	Promised Supply ¹	Actual Supply	
Renewable	100%	100%	25%	25%	0.7%
Biomass	-	-	-	-	0.4%
Geothermal	-	-	-	-	-
Small Hydroelectric ²	-	-	-	-	0.2%
Large Hydroelectric ²	-	-	-	-	-
Solar (PV)	-	-	-	-	-
Wind	100%	100%	25%	25%	0.1%
Natural Gas	-	-	75%	75%	50.1%
Coal	-	-	-	-	37.1%
Nuclear	-	-	-	-	9.9%
Oil	-	-	-	-	0.7%
Other	-	-	-	-	1.4%
TOTAL	100%	100%	100%	100%	100%
% New Renewable³	100%	100%	25%	36.6%	

Columns may not add, due to rounding.

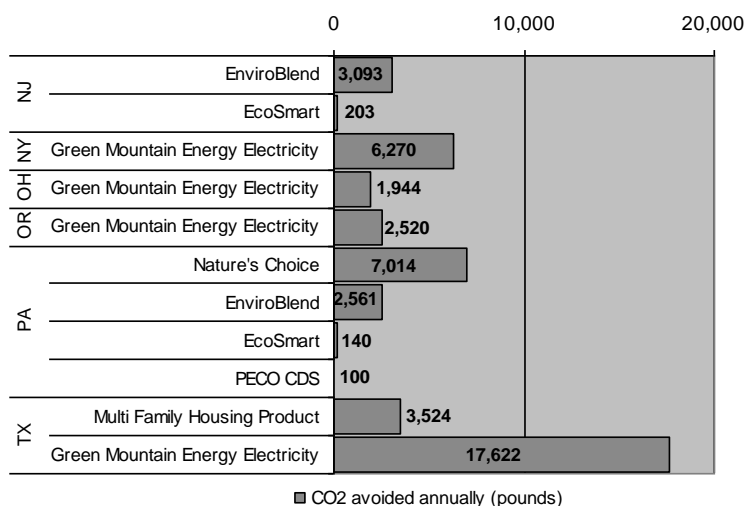
- (1) Promised Supply refers to power that we contracted to provide. Actual Supply refers to the actual resource mix of the electricity that a customer purchases during the year.
- (2) Small hydroelectric facilities are defined by the Green-e Renewable Electricity Branding Program as hydroelectric power plants less than or equal to 30 MW in size. Large hydroelectric facilities are defined as greater than 30MW in size.
- (3) In Texas, "new renewable resource" means that these facilities began commercial operation on or after September 1, 1999.
- (4) Average TX system power mix is based on EPA EGRID 2002 emission rates for the State of Texas.

Helping to Clean the Air



Green Mountain Energy Company customers are helping to clean the air by supporting new renewable generation. The cutoff date for whether a facility is new varies from region to region. Typically, a facility is defined as "new" if it comes online after electricity choice is initiated in a region.

When electricity goes onto the grid to meet our customer demand, it decreases reliance on electricity generated from conventional sources. As a result, customers are able to reduce their household's share of pollution.

Carbon Dioxide Avoided by Product in 2002



2002 Carbon Dioxide Avoided by Green Mountain Energy Company Customer with Average Statewide Electricity Usage

State	Product	Carbon Dioxide (pounds)	Preventing atmospheric CO2 as much as...	
			 ...not driving this many miles	 ...this many trees, annually.
NJ	<i>EnviroBlend</i>	3,090	3,430	210
	<i>EcoSmart</i>	200	220	10
NY	<i>Green Mountain Energy</i> Electricity	6,270	6,960	420
OH	<i>Green Mountain Energy</i> Electricity	1,940	2,160	130
OR	<i>Green Mountain Energy</i> Electricity	2,520	2,800	170
PA	<i>Nature's Choice</i>	7,010	7,790	470
	<i>EnviroBlend</i>	2,560	2,840	170
	PECO CDS	140	150	10
	<i>EcoSmart</i>	100	110	7
TX	Multi Family Housing Product	3,520	3,910	240
	<i>Green Mountain Energy</i> Electricity	17,620	19,580	1190

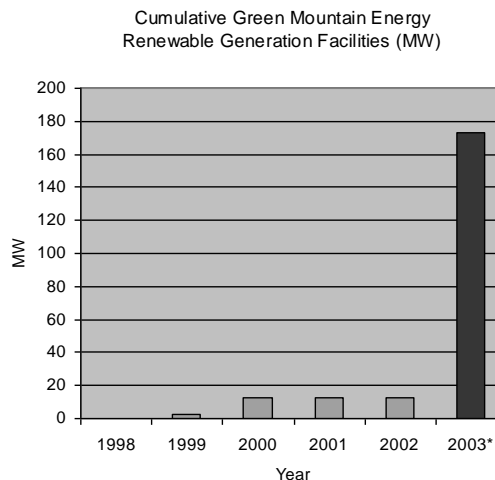
In the United States, making electricity causes billions of tons of carbon dioxide every year

Green Mountain Energy New Renewable Facilities

Green Mountain Energy electricity customers don't just purchase renewable energy, they help develop it.

The new renewable facilities that we purchase from include this special group of facilities that were developed specifically to meet Green Mountain Energy Company customer demand.

In 2003 we announced plans to help develop the largest *Green Mountain Energy* New Renewable Facility to date—Green Mountain Wind Farm at Brazos. This 160 MW facility will be one of the 10 largest wind farms nationwide and is expected to be operational in the beginning of 2004.



Green Mountain Energy Company New Renewable Facilities			
Facility Name	Date	Location	Size
BJ's Solar	Spring 1999	Conshohoken, PA	50 kW
San Gorgonio Wind	Summer 1999	Palm Springs, CA	2.1 MW
Solar 2000 Mendocino	Fall 1999	Hopland, CA	106 kW
Green Mountain® Wind Farm	Spring 2000	Garrett, PA	10.4 MW
<i>Green Mountain</i> Solar – Berkeley	Winter 2000	Berkeley, CA	100 kW
<i>Green Mountain</i> Solar – Pittsburgh	Fall 2001	Pittsburgh, PA	30 kW
<i>Green Mountain</i> Solar – Winston School	Spring 2002	Dallas, TX	58 kW
<i>Green Mountain</i> Solar – Upper Kirby District, Houston	Spring 2002	Houston, TX	43 kW
<i>Green Mountain</i> Solar – Lake Metropark, OH	Spring 2002	Kirtland, OH	26 kW
<i>Green Mountain</i> Solar– Southern New Jersey	Spring 2002	Deptford, NJ	52 kW
<i>Green Mountain</i> Solar—Discovery Museum, CT	Spring 2002	Bridgeport, CT	19 kW
Green Mountain Energy® Wind Farm at Brazos	Groundbreaking, 2003 Operational, 2004	Brazos, TX	160 MW
Green Mountain Energy® Wind Farm at Bowling Green	Groundbreaking, 2003 Operational, 2003	Bowling Green, OH	3.6 MW

New Renewable Development: Land Use and Biodiversity

In our endorsement of the CERES principles, we affirmed to safeguard all habitats affected by our operations and protect open spaces and wilderness, while preserving biodiversity. We recognize the potential for land-use consequences when new renewable facilities are developed. Working with our development partners we ensure that these facilities are sited to avoid significant negative affect on their surroundings. To learn more about the review that accompanied the Green Mountain Wind Farm at Garrett, reference our 1999 and 2000 CERES reports.

Operational Performance: Environmental, Health, and Safety

We do not own generation or energy distribution operations. Rather, we engage in retail electricity marketing. Consequently, the environmental, health, and safety considerations of our business operations are comparable to those of an office environment, rather than those of a traditional electric utility.

Compliance

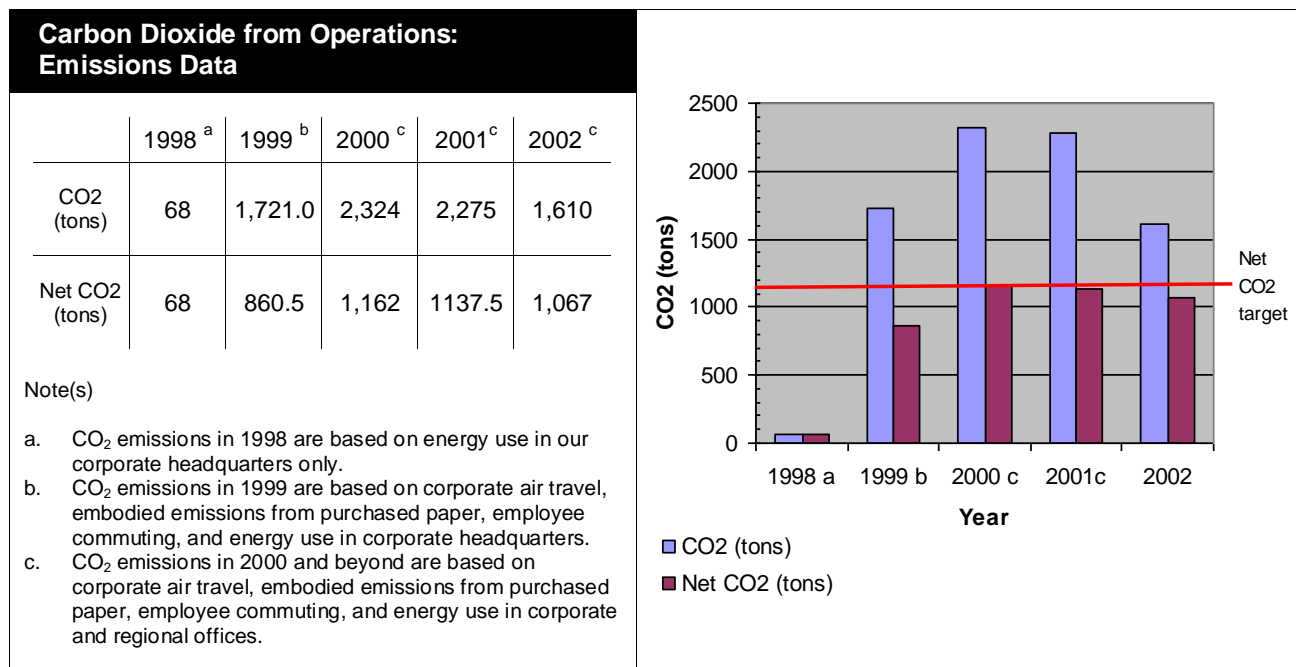
CERES asks endorsing companies to complete the accompanying chart, indicating if their operations in any way require compliance with environmental, health, or safety regulations at either the national, sub-national or supra-national level, in key environmental categories.

At our offices, we are subject to regulation in workplace health and safety. We are also subject to local regulations prohibiting introduction of the nickel cadmium batteries we use in some portable electronic devices into the waste stream. No enforcement action in any environmental, health, and safety regulation has been raised against Green Mountain Energy Company.

Category	Compliance Required?
Air Quality	No
Water Quality	No
Drinking Water	No
Chemical Certification	No
Hazardous Waste*	Yes
Emergency Response	No
Workplace Health & Safety	Yes
Radioactive Materials	No
Habitat Protection	No
<i>* Nickel cadmium batteries used in pagers</i>	

Operational Performance: Carbon Dioxide Emissions

Because of the threat of global warming from increased CO₂ concentrations in the air, we are guided by the precautionary principle. Therefore, we estimate the CO₂ emissions from our key business activities and act to reduce or offset them. We calculate our emissions from activities like: corporate air travel, manufacturing of the paper we purchase, employee commuting, and our office energy use.

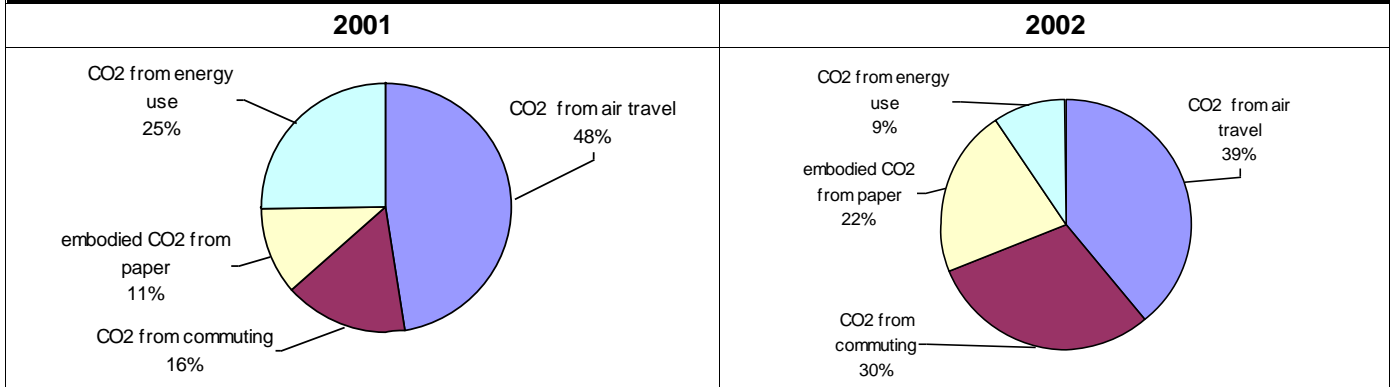


In 1998, we set out to identify the major components of our company's CO₂ footprint. Since then, we have developed a method to estimate the amount of carbon dioxide emitted to the atmosphere as a result of our business operations and increased the boundaries of our reporting to include regional offices.

The tables on the following page detail our carbon dioxide emissions by source for 2001 and 2002. Overall, we reduced our carbon dioxide footprint by approximately 29% from 2001 to 2002. The bulk of that reduction came from reductions in CO₂ from energy use. In 2002, we began a program to support enough new wind generation to match the electricity use of our corporate offices. That reduced carbon dioxide from electricity use by 74% compared to the prior year.

Our CO₂ from paper use and commuting increased from 2001 to 2002 levels, by 39% and 32% respectively- due to increases in staffing and reductions in the amount of post-consumer waste fiber in our purchased paper.

Carbon Dioxide Emissions by Source 2001-2002



Our Carbon Dioxide Mitigation Program

In past years, we had acted on our interim commitment simply to mitigate 50% of carbon dioxide emissions resulting from our business operations each year. In 2002, we began pilot testing a mitigation strategy based on reductions to a baseline (50% of 2000 gross CO2 emissions = 1162 short tons of CO2). This new approach is motivated by our desire to transition to an absolute emission reduction target—one that ensures over time, that our footprint will get no larger.

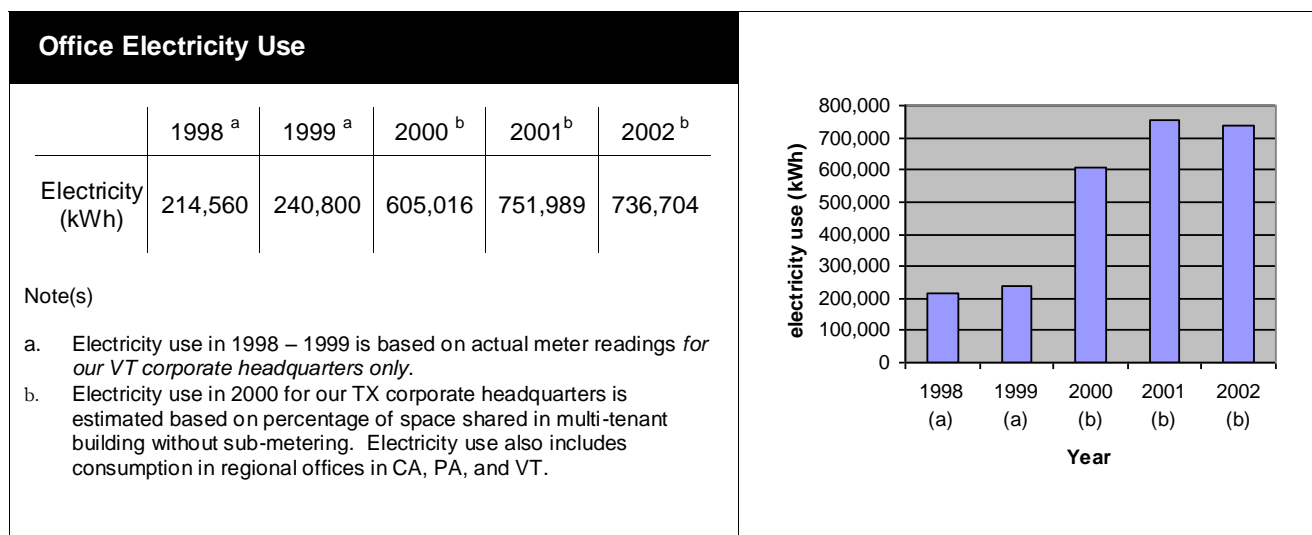
Actual reductions to our 2002 footprint are largely attributable to purchasing wind energy credits to match the electricity use in our Austin headquarters. We also engaged Oregon Climate Trust for carbon dioxide offsets. These offsets reduced our net CO2 emissions to 1067 tons of CO2, 95 tons more than necessary to meet our target. Our offset purchase partially funded a program that helps low income Oregon residents implement energy efficiency measures in their homes. By using less energy, these Oregonians help prevent the emission of thousands of tons of carbon dioxide.

“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.”

CERES Principle, Protection of the Biosphere

Operational Performance: Corporate Energy Use

Green Mountain Energy Company's primary energy use is the electricity necessary to operate the company's offices. We have taken steps to decrease the environmental consequences of our energy use by purchasing renewable electricity and exercising energy efficiency in our offices. In 2002, we purchased enough wind energy credits to match the electricity use in our Austin headquarters, drastically reducing the environmental toll of our corporate energy use.



We also operated a modest photovoltaic generation system atop our corporate headquarters in Austin, TX.

- The project consists of 60 individual BP Millennium series solar panels. Each panel uses "thin film" technology, a promising low-cost source of solar energy.
- The system's estimated annual energy output is about 3,500 kWh per year. The system displaces approximately 1% of our overall energy use in the office.

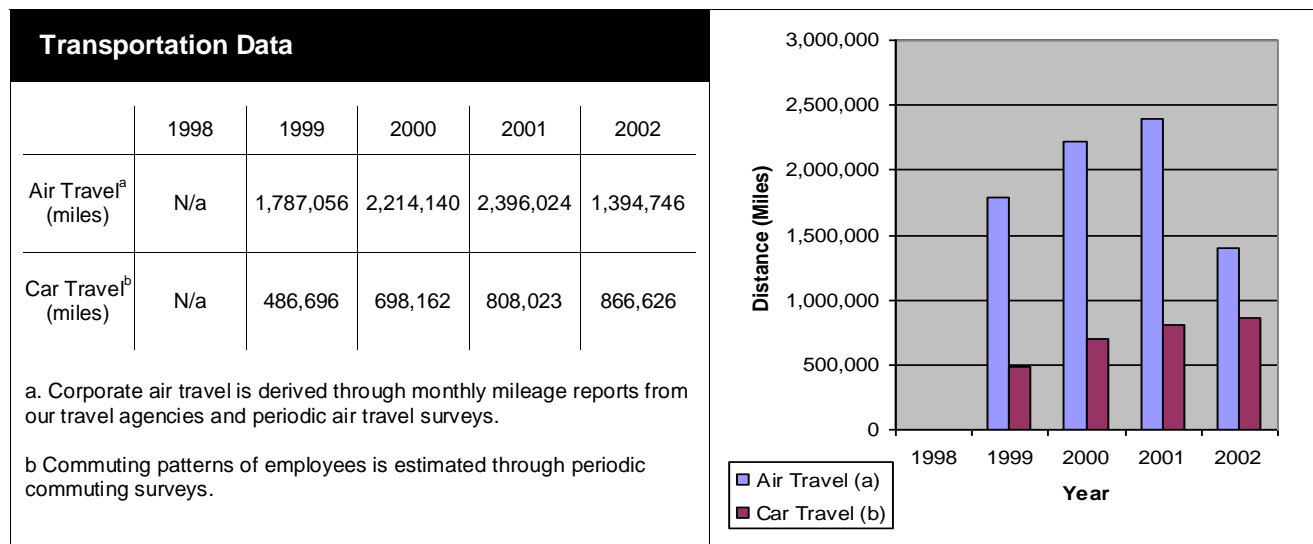


"We will conserve energy and improve the energy efficiency of our internal operations and of the goods and services we sell. We will make every effort to use environmentally safe and sustainable energy sources"

CERES Principle, Energy Conservation

Operational Performance: Corporate Transportation

As a growing company that is expanding into several regions, we rely on commercial air transportation to meet with each other, with suppliers and counterparties and to attend key sessions with stakeholders. We recognize the consequences that our corporate transportation has on our environment.

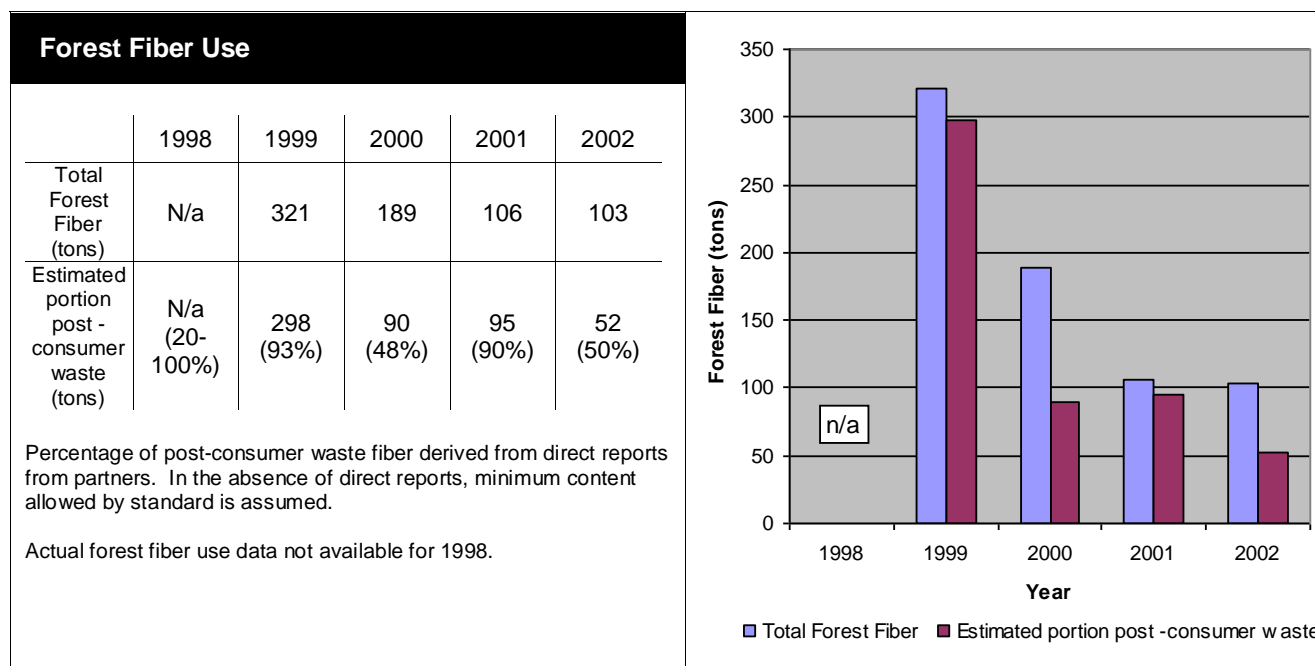


From 2001 to 2002 our corporate air travel decreased by approximately 40% through concerted efforts to avoid non-essential travel. We estimate that CO₂ emissions from air travel and employee commuting constituted 39% of our corporate CO₂ footprint in 2002. Our annual CO₂ mitigation program is designed to offset a portion of carbon dioxide emissions from our employee commuting and air travel.

We are challenged to find effective ways to reduce our employee commuting. In late 2002, we began developing an employee incentive carpool incentive program to begin in 2003. This program rewards employees who use environmentally preferable transportation for a meaningful part of their daily commute. Participating employees are included in a drawing for cash award monthly, based on the number of days they've commuted. Our environmental goal is to have 4.0% of employees use environmentally preferable transportation (carpooling, public transportation, and non-motorized transportation) as their most often used form of commuting weekly.

Operational Performance: Natural Resource Use

As a retailer, our use of materials and water is similar to that of any company operating in any office environment. Paper constitutes the most substantial portion of our materials footprint. We've taken steps to reduce the environmental harm from our paper use by setting clear environmental guidelines for the paper we buy.



Paper Use

In our first few years of operation we relied heavily on direct-mail educational efforts to inform potential customers about electricity generation and the benefits of supporting renewable technologies. These undertakings required a considerable amount of forest fiber. Subsequently, we scaled back our direct-mail efforts.

We've taken several initiatives to reduce the environmental consequences of the paper use:

- Since 2000, we've had a policy to (1) inform our suppliers that it is our policy not to purchase forest products that contain old-growth fiber; (2) actively work with our suppliers to verify that the forest products we purchase do not contain old-growth fiber; (3) ask our suppliers to verify the companies and regions from which virgin fiber content is derived; and (4) measure and benchmark the amount of forest products we use, as well as their content of post-consumer waste. We achieve compliance with this policy by selecting paper made with recycled fiber content (preferably post-consumer recycled content) and by requiring written statements from our manufacturers disclosing the origins of virgin fiber.

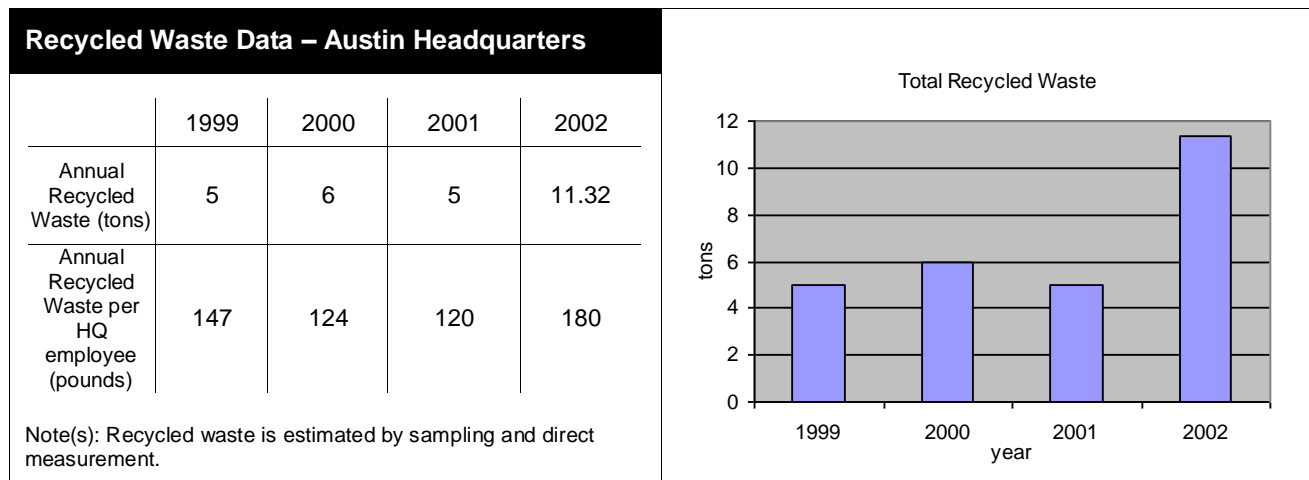
- A formal standard addressing fiber content and chlorine processing has guided our paper purchases since 1999. Under our current standard, paper must contain at least 30% post-consumer waste recycled content. The paper must be processed using process chlorine free or elemental chlorine free technologies. Lastly, any virgin fiber within the paper should not be derived from old-growth forests. We also use soy-based inks for printing. Our paper selections meet, and often exceed, the requirements of the standard. For example, in 2002 50% of the paper we used came from post-consumer recycled content.

“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.”

CERES Principle, Sustainable Use of Natural Resources

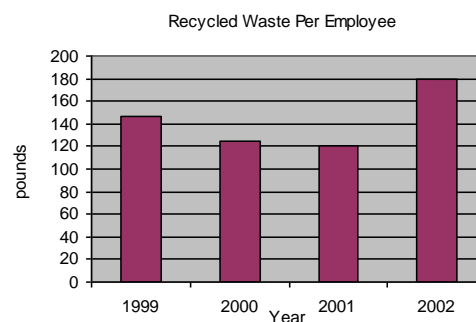
Business Practices: Office Waste

Our waste stream is typical of most office environments. Working with our recycling partners and maintenance staff, we are able to estimate the amount of material recycled in our corporate headquarters. The chart above summarizes the recycled waste from the operation of our corporate headquarters.



In keeping with our companywide recycling policy, we have taken actions to reduce the amount of waste attributable to our operation and mitigate its consequence on our environment:

- We have organized waste and recycling collection areas for paper, glass, and plastics. We educate our employees on the importance of proper recycling.
- We have instituted a program for the secured recycling of confidential business documents.
- The only hazardous waste generated in our facilities is expended batteries for electronic devices and spent fluorescent light bulbs. As a matter of policy, these wastes are segregated for disposal at local hazardous waste depots.
- We request that recipients of our customer communications recycle them after use.



Our total recycled waste increased by more than 100% from 2001 to 2002. Recycled waste per employee increased by approximately 50% over the same time period. This increase coincided with an increase in educational and instructional efforts to get our employees to recycle.

“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.”

CERES Principle, Reduction and Disposal of Wastes

Operational Performance: Suppliers and Partners

As an electricity retailer, most of our effort in supply chain management has focused on energy supply issues. For more information about our work with energy suppliers, refer to page 15.

In our business operations, we've begun to address supplier issues in marketing activities, focusing particularly on the paper that we use and the products that we offer customers.

Standards for Non-Energy Product Offerings

Our standard promotes products that are environmentally superior to others in the same category.

To accomplish that, we work with the product's manufacturer or supplier to ensure that each product excels in at least one significant category: durability, reusability, recycled content, natural content, energy efficiency or water efficiency.

We also receive written assurances from our suppliers and manufacturers stating that those products: (1) did not contain old growth forest fiber, (2) did not contain substances that damage the ozone layer, (3) had emission-free operation, and (4) were made free of child labor.

Operational Performance: Water Use

Our corporate water use is limited to that drawn by our 150 or so employees in our corporate offices. Green Mountain Energy Company operates in office environments and does not engage in water intensive or manufacturing processes.

Early in our business operations, we tracked our water use in our corporate headquarters. After gathering a year's worth of data, we concluded that our water use was of relatively little significance compared to other aspects of our environmental footprint. That said, we make an effort to be efficient with our water use. Where possible, we have ensured that our offices are equipped with low-flow water fixtures to promote water conservation.

“Green Mountain Energy Company will be an environmentally responsible business, engaging in daily practices that promote a healthier planet and sustainable economy. These practices include working with partners to encourage them to adopt sustainable business practices.”

Green Mountain Energy Company, Environmental Charter