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August 28, 2008

<u>VIA ELECTRONIC DELIVERY</u>

Ann Cole, Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

RE: Docket No. 070626-EI
Review of Florida Power & Light's
Sunshine Energy Program

Dear Ms. Cole:

Attached for filing on behalf of Green Mountain Energy Company please find <u>*Green Mountain Energy Company FPL Sunshine Energy® Audit Discussion Paper.*</u>

The Discussion Paper describes Green Mountain revenues and marketing expenses associated with meeting its contract obligations for the FPL Sunshine Energy® Program.

Respectfully,

Paul N. Markovich
Senior Vice President

cc:

Dr. Mary Bane, Executive Director, Florida Public Service Commission
Michael Cooke, General Counsel

Green Mountain Energy Company
FPL Sunshine Energy® Audit Discussion Paper

Prepared for
Florida Public Service Commission

August 28, 2008

Green Mountain Energy Company (Green Mountain) would like to supplement the Florida Public Service Commission's (FPSC) current review of certain Green Mountain accounting records. These records relate to marketing expenditures made by Green Mountain as the vendor for FPL's Sunshine Energy® Program (Program). Review of these accounting records in isolation will provide an incomplete picture and could lead to inaccurate conclusions. It is important to understand how the Program worked, what Green Mountain's contract with FPL required it to do, and how Green Mountain's marketing expenditures related to the Program objectives and Green Mountain's contract obligations. This document is intended to facilitate that understanding by the FPSC. References to the "Services Contract" mean the Trademark and License Services Agreement entered into by Green Mountain and FPL in July 2003, as amended.

On August 26 and 27, 2007, Green Mountain hosted FPSC's audit team at the company's Austin, Texas headquarters. In keeping with its commitment of cooperation to the Commission, Green Mountain allowed the FPSC audit Staff access to its financial records and supporting documentation for the FPL *Sunshine Energy* Program. Before the auditors reviewed the financial records, Green Mountain provided an overview of the Services Contract and *Sunshine Energy* business operations to the auditors, and interested FPSC Staff in Tallahassee via teleconference, in order to provide context to Program revenues and expenses.

Introduction

Green Mountain's activities in Florida, its obligations to FPL, and its relationship to the Program are defined within the four corners of the Services Contract. The Services Contract obligated Green Mountain to market the *Sunshine Energy* product to FPL's almost 4 million residential customers consistent with marketing plans approved by FPL, to provide renewable energy certificates (RECs) to FPL for the Program, to develop solar generation facilities based on the number of customers in the Program, and to provide certain other administrative services for the Program. In exchange for performing those services, FPL was obligated to pay Green Mountain $9.10 for each 1,000 kilowatt hours (kWhs) of *Sunshine Energy* product sold to customers. Green Mountain was only paid if its marketing of the Program was successful, which meant that Green Mountain had to invest a significant amount of money up-front to launch the Program, before any payments from FPL were received. The marketing expenditures being reviewed by FPSC audit staff constitute the bulk of that up-front investment.

The Services Contract does not obligate Green Mountain to spend the $9.10 in any particular way. The Services Contract does not obligate Green Mountain to spend any particular percentage of the $9.10 received to purchase RECs or to develop solar facilities. The Services Contract does not obligate Green Mountain to spend any particular percentage of the $9.10 received on marketing the Program. Just as important, the Services Contract does not guarantee Green Mountain a profit or some specified rate of return. Neither does the Services Contract provide Green Mountain with additional cost recovery if its expenses exceed its revenues. The entire risk of failure was Green Mountain's. In exchange for taking this risk, Green Mountain was given the chance to earn a return on its investment in the program, but that opportunity was cut short and Green Mountain was left with significant losses when the Program was terminated.

To make an analogy, FPL might contract with a local General Motors dealer to purchase a fleet of trucks. FPL pays the dealer the agreed-upon price. The dealer purchases the trucks from General Motors and delivers the trucks to FPL. After the dealer has covered the cost of purchasing and delivering the trucks, any revenue left over from the purchase price belongs to the dealer. As long as the dealer delivers the agreed-upon trucks at the agreed-upon price, the dealer's cost of acquiring the trucks and operating the dealership is irrelevant. The dealer may or may not make a profit. This risk is the dealer's, as are any profits to be earned. Any inquiry into the dealer's advertising, selling or other costs is inappropriate and demonstrates a misunderstanding of the legal and economic basis of the relationship between the dealer and FPL. The same vendor relationship applies to the contract between FPL and Green Mountain. Instead of trucks, Green Mountain provided RECs, support for solar electric projects, and marketing services to FPL.

The payments received by Green Mountain under the Services Contract were not ratepayer money. FPL paid Green Mountain for services provided under the Services Contract. If Green Mountain provided the services, FPL was, and is, obligated to pay Green Mountain. Separate and distinct from the contract is FPL's right, pursuant to tariff, to charge its ratepayers for participation in the Program. There are two separate cash flow streams – the payments Green Mountain earns under the Services Contract and the payments ratepayers make to FPL under the tariff. Nothing in the Services Contract suggests that ratepayer funds are to be flowed through to Green Mountain or that FPL's payment obligations to Green Mountain depend on FPL receiving payment from its ratepayers.

As FPL's green power vendor, Green Mountain marketed the Program and acted at the direction of FPL. Green Mountain fully performed its obligations under the Services Contract and earned the compensation paid to it for performing those obligations.

FPSC Program Audit - May 2008

The FPSC Bureau of Auditing completed a limited audit of certain aspects of FPL's *Sunshine Energy* Program for Docket No. 070626-EI on May 29, 2008.

Green Mountain did not have the opportunity to participate directly in the earlier audit or to provide any information directly to Staff in connection with that audit. Green Mountain cooperated with FPL (its client) and provided information on the program to them as requested. FPL, in turn, then provided some of that information to the FPSC auditor. Green Mountain had no control over what FPL gave the auditor. FPL did not give Green Mountain copies of the final submissions to the FPSC. The May 29, 2008 audit report suggests the auditor worked directly with Green Mountain to obtain a number of documents. This is incorrect. There was no contact or even a conversation between the audit Staff and anyone employed or authorized to represent Green Mountain.

To be clear, Green Mountain has offered to provide a great deal of information to the FPSC audit Staff, initially through FPL, and now directly, even though Green Mountain has no obligation under the Services Contract to do so. As far back as April 2008, Green Mountain offered, through FPL, to host the FPSC's auditor at the company's headquarters in Austin, in order to facilitate a review of accounting records relating to Green Mountain's performance of the Services Contract.

Green Mountain's Sunshine Energy Program Investments

To date, FPL has paid Green Mountain $10.8 million of the $11.3M of revenues that was earned under the Services Contract, and Green Mountain has invested more than $13.3 million in the *Sunshine Energy* Program.

The following is a breakdown of Green Mountain's investment:

RECs	**$2.7 million**	**(24% of $11.3 million in revenues)**
Solar Projects	**$2.8 million**	**(24.5% of $11.3 million in revenues)**
Marketing/Sales	**$5.8 million**	**(51.7% of $11.3 million in revenues)**
Administration	**$1.4 million**	**(12.5% of $11.3 million in revenues)**
Direct/Bad Debt	**$0.6 million**	**(5.3% of $11.3 million in revenues)**
Total spending	***$13.3 million***	***(118% of $11.3*** **million*****)***

The $5.8 million in Marketing/Sales expenses includes over $2 million spent up-front by Green Mountain to launch the Program with FPL's almost 4 million customers. Green Mountain spent money marketing the *Sunshine Energy* Program and increasing the Program customer base because that was what Green Mountain was hired to do.

Marketing the Program to almost 4 million residential customers could not be done for free; millions of dollars needed to be invested.

The $5.5 million spent by Green Mountain on renewable energy credits and solar projects represents 49% of the $11.3 million it earned under the Services Contract. The so-called "20%" figure for renewable energy focused on by the FPSC and the news media ignores the nearly $3 million in ongoing obligations Green Mountain has under its solar development contracts.

The numbers in the table above differ from those in the May 29, 2008 Audit Report because (1) they are through July 2008 and (2) the earlier Audit Report and FPSC Staff Report did not correctly reflect Green Mountain's investment in solar facilities. Green Mountain has committed $2.8 million to new solar development in Florida. These commitments will not end simply because the Program has been terminated.

Administration: Administration expenses for the program of $1.4 million encompassed more than the marketing management aspects of the Program. In the launch and early growth stages of the Program, administration costs primarily covered Green Mountain's program manager and sales employees, along with related expenses (office, phones, travel, supplies). Administration costs in this phase were specific to Program growth: developing and managing marketing and sales channels. As the Program grew to scale, more time and resources were spent on the solar projects, along with managing marketing activities, overseeing day-to-day program operations, and maintaining the business relationship with FPL. Wherever possible, Green Mountain looked for opportunities to reduce administrative costs. For example, as the program manager took a greater role in the solar projects, Green Mountain canceled the contract with its solar consultant. The $1.4 million expense for administration does not include much of the corporate overhead costs spent by Green Mountain to support FPL's *Sunshine Energy* program, such as any of the time invested in the Program by management or personnel at the company's corporate headquarters in the legal, supply acquisition and finance departments.

<u>The Services Contract</u>

Green Mountain's principal obligations under the Services Contract are:

- Use commercially reasonable efforts to execute a marketing plan for the *Sunshine Energy* Program, subject to FPL's approval.

- Create a "message map" and marketing communications for the *Sunshine Energy* Program, subject to FPL's approval.

- Market the *Sunshine Energy* Program to potential customers in FPL's service territory.

- Supply RECs to FPL for the *Sunshine Energy* product sold by FPL to its customers under the Program.

- Use commercially reasonable efforts (i) to acquire RECs first from Florida, then from the SERC region, then from Kansas, Oklahoma, Texas and West Virginia, and (ii) to provide increasing percentages of RECs from newer renewable facilities. (These are targets, and it is not a default under the Services Contract if Green Mountain cannot meet them. FPL and Green Mountain recognized when they entered into the Services Contract that Florida only has a limited supply of qualified and available renewable generation.)

- Substantiate the RECs sold to FPL by delivering attestations collected from generators or RECs suppliers.

- Use commercially reasonable efforts to cause the construction of 150 kW of solar resource capacity within one year for every 10,000 customers enrolled in the *Sunshine Energy* Program. Collaborate with FPL on the timing and location of the initial 50 kW of solar capacity.

In exchange for these services, FPL is obligated to pay Green Mountain $9.10 for each MWh of customer load for the *Sunshine Energy* product. This $9.10 per MWh is the only payment Green Mountain receives for providing marketing services to launch and build FPL's Program, for supplying RECs to FPL for the *Sunshine Energy* product, for constructing solar projects in Florida for every 10,000 customers, and for performing all of Green Mountain's other obligations under the Services Contract.

The Services Contract does <u>not</u> in any way specify how Green Mountain is to spend the $9.10 it receives from FPL.

Green Mountain performed its obligations under the Services Contract.

The *Sunshine Energy* Program, which prompted FPL to hire Green Mountain, was reviewed and approved twice by the FPSC. Further, the Program complied with the

FPSC Orders for the pilot program in 2003 and making the Program permanent in 2006, as well as FPL's tariff.

Sunshine Energy Program

Objective

FPL's *Sunshine Energy* Program offered a voluntary green power option for those customers who wanted one. The Program provided residential customers an affordable and convenient way to offset their carbon footprint through the purchase of "blocks" of renewable energy in the form of RECs. Each block equals 1,000 kilowatt hours (kWh) of renewable energy, the equivalent of one REC.

In just one year, a *Sunshine Energy* customer could offset over 10,800 pounds of CO2 emissions for each block purchased. Since the Program's inception in 2004, *Sunshine Energy* customers helped avoid more than one billion pounds of CO2 emissions through their purchases, supported 1.2 million MWhs of renewable generation in Florida and other states, and supported the development of at least 450 kilowatts of new solar electric development in Florida.

The Offer

The Program made two promises:

- For each month a customer participates, FPL ensured that 1,000 kWh of electricity is generated from sources such as bioenergy, wind and solar in Florida and other states; and

- By enrolling, customers help support the development of new solar electric projects in Florida.

Price and Product

FPL's *Sunshine Energy* Program provided the most kWh of renewable content at the lowest price to customers of any utility green power program block product in the U.S., according to data compiled by the National Renewable Energy Laboratory (NREL) of the U.S. Department of Energy.

FPL customers enrolled in the Program were charged a monthly premium of $9.75 for each 1,000 kWh block of renewable energy or 0.975 cents per kWh. This price was significantly below the national average of 2.12 cents per kWh price for other utility green power programs.

National average price:	**2.12 cents/kWh**
FPL *Sunshine Energy* price:	**0.975 cents/kWh - - *less than a penny***

FPL's *Sunshine Energy* product is lower than other Florida utility green pricing program offers.

Tampa Electric Company price:	**2.5 cents/kWh**
City of Tallahassee price:	**1.85 cents/kWh – 11.6 cents/kWh**
FPL *Sunshine Energy* price:	**0.975 cents/kWh - - *less than a penny***

It should be noted, it would be difficult for an individual Florida customer to buy 1,000 kWh of carbon offsets or renewable energy credits in the retail market for less than $15.

Additionally, FPL's *Sunshine Energy* block size of 1,000 kWh was the highest among utility green pricing programs in the nation, according to NREL. The next highest block size was 200 kWh.

Green Mountain's RECs Purchases

In accordance with the Services Contract, Green Mountain matched customer purchases with RECs, kilowatt hour for kilowatt hour. Since 2004, Green Mountain has purchased more than 1.2 million MWhs of RECs to match customer purchases. Data regarding these RECs purchases has been previously submitted to FPL for submission to the FPSC, including attestations substantiating volumes and generation sources.

Green Mountain's Solar Development

In fulfillment of its obligations under the Services Contract, Green Mountain supported the development of more than 450 kW of new solar electric in Florida. These projects included the largest solar electric array in Florida, the 250 kW *FPL Sunshine Energy Solar Array at Rothenbach Park* in Sarasota. Overall, Green Mountain has invested and contracted to invest $2.8 million in new solar development in Florida. Green Mountain's payments for those solar projects do not end simply because the Program has been terminated.

<u>Green Mountain's Marketing of the Program</u>

FPL's *Sunshine Energy* Program has been ranked among the Top Ten utility green pricing programs in the U.S. by the federal government for four consecutive years. *Sunshine Energy* has also received a Green Power Leadership Award from both the U.S. Environmental Protection Agency (EPA) and the U.S. Department of Energy (DOE).

Green Mountain achieved these successful results for the Program while spending less than $1.50 per FPL residential customer to market the program since the launch of *Sunshine Energy* in 2004.

FPL Sunshine Energy Program Performance
2004 - 2008

- **2004**
  - ✓ **10,674 year end participants**
  - ✓ **Ranked #10 in number of participants by NREL**
- **2005**
  - ✓ **23,338 year end participants**
  - ✓ **Fastest growing green pricing program in the U.S.**
  - ✓ **Ranked #4 in sales & #6 in participants by NREL**
  - ✓ **Recipient of US DOE Green Power Leadership Award**
- **2006**
  - ✓ **28,742 participants**
  - ✓ **Ranked #3 in sales & #6 in participants by NREL**
- **2007**
  - ✓ **37,184 year end participants**
  - ✓ **Ranked #4 in sales & #6 in participants by NREL**
- **July 2008**
  - ✓ **38,308 participants as of July 1**

Market Development

In January 2004, FPL's *Sunshine Energy* Program had no brand awareness, no marketing activities, no sales organization and no customers. The public's awareness of 'green power' was just beginning. Plus, shopping for electricity-related services is not something that consumers often think about, particularly in a regulated state.

Green products do not sell themselves. It takes sizable investment in market development, sales and supply to go from zero customers to tens of thousands of program participants. Early in these types of utility green pricing programs, particularly in the first three years or more, market development is especially expensive and these costs greatly exceed revenue.

Customers must be educated about what a green power product is and how it benefits the environment, and then be convinced of the value of paying more on their electric bill for the product. For example, in the case of a voluntary green power program, customers need to be educated about the basics of making electricity and the connection to pollution, what renewable energy is, the benefits of renewable energy and how they can make a difference by signing up for a renewable energy program like *Sunshine Energy*.

According to NREL, in order to launch and develop a successful green pricing program, a utility needs to spend a considerable amount of money on marketing, especially in the beginning. NREL's most recent industry report, <u>Trends in Utility Green Pricing</u>

Programs, October 2007, showed that the top performing utilities have the highest marketing expenditures.

FPL also recognized the importance of providing adequate marketing support for the Program. An internal research report prepared by FPL in January 2001, as part of the work done to develop FPL's green pricing program, concluded that "significant marketing support is indeed crucial to the long term success of any green program." FPL's research noted the cost to acquire customers may be as much as $70 per customer. However, FPL's report went on to state that this $70 figure may be low.

Marketing Tactics

Effective marketing must successfully move customers through the steps in the buying cycle, from awareness to consideration to decision to purchase. Launching a new brand and convincing customers to buy a new product requires resource-intensive and expensive marketing activities.

In the initial phases of the Program, Green Mountain deployed and tested many of the marketing and sales channels that have been successful with utility green pricing programs in other regions of the country, such as setting up sales tables at storefronts and events, telemarketing, direct mail and bill inserts or bangtails. The only two channels that worked well were direct mail and bangtails. Since 2006, those two channels have become key in the Program's annual marketing plans.

Channel	Quantity
Telemarketing	56,000 call hours
Direct Mail	3.6 million pieces
Bangtails	38 million envelopes
Bill inserts	7.6 million inserts

Direct Sales: This method of selling green power products requires a conversation with prospective customers. It involves person-to-person contact, spanning several minutes or longer. In the first year and a half of the Program, Green Mountain employed an on-the-ground sales force to perform customer outreach. Sales activities included setting up sales tables at targeted events, at high-traffic venues (such as sponsorship/exhibit booths at Miami Dolphins and Miami Heat games, the Palm Beach County Boat Show, and other public events), and at retail storefronts and shopping centers. The costs of these direct sales activities included the compensation for representatives (hourly rate, benefits and commissions), tabling fees and sponsorships, and the cost of sales collateral such as brochures and promotional items. At the end of 2005, Green Mountain determined that while the channel was effective at signing up customers, high churn (cancellation) rates of customers signed up through the direct sales channel did not justify the investment. The channel was shut down.

Telemarketing: Green Mountain also conducted extensive telemarketing activities for the Program in 2004 and 2005. During the first two years of the Program, Green Mountain spent more than $1.2 million on telemarketing sales. Costs included payments of more than $900,000 to telemarketing vendors, as well as the costs of Green Mountain personnel to manage the channel and vendors. More than 50,000 hours of calling were conducted. Telemarketing accounted for approximately one third of all Program sales during the period from 2004 through 2005. Over time, this channel's performance suffered as the telemarketers ran out of new prospects to call. As a result, sales conversions went down and costs went up. Additionally, like the Direct Sales channel, the churn rate for telemarketing sales proved to be significantly higher than other channels. The telemarketing channel was closed after 2005. However, two additional telemarketing tests were conducted in 2006 and 2007at the direction of FPL. The results did not support further use of this channel. Green Mountain reimbursed FPL $800 in 2007 for costs associated with using FPL's outbound call center vendor for one of the tests.

Direct Mail: Since 2004, Green Mountain has conducted 13 direct mail campaigns. From 200,000 to as many as 575,000 pieces of mail were sent with each campaign. In all, 3.6 million pieces of mail were delivered to targeted groups of FPL customers. Costs associated with direct mail included creative services, paper, envelopes, postage, mailing house fees, sales processing, and mailing lists purchases. Green Mountain paid a printing vendor more than $1.1 million for postage and printing. Green Mountain also spent heavily on targeted mailing lists since they are critical to the success of a direct mail campaign. In all, more than $163,000 was spent on targeted mailing lists and related consulting.

Bangtails: Green Mountain designed a tear-off sign-up form for the flap of FPL customer bill envelopes. Known as bangtails, this channel was used, on average, four times a year. In each instance, bangtails were sent to FPL's nearly 4 million residential customers. Bangtails were sent to FPL's entire residential customer base on 10 occasions from 2005 through the first quarter of 2008 for a total of approximately 38 million bangtails mailed. A large portion of the costs of bangtails was the envelope. Payments to FPL's envelope vendor totaled $960,000. Other costs associated with bangtails included costs of creative and design services, copy writing and sales processing.

Other channels: In addition to the bangtails, bill inserts were sent to FPL's entire residential customer base of approximately 4 million accounts in February and June of 2004. Green Mountain paid FPL approximately $63,000 for the bill insert space. It should be noted that this expense represented the cost of competing for bill insert space with other FPL programs and vendors. In 2007, Green Mountain conducted two email marketing campaigns to FPL residential customers. Green Mountain reimbursed FPL $3,320 for the cost of sending the emails through its server.

New Channel Development: At the time that FPSC terminated the Program, Green Mountain and FPL were developing lower cost channels, such as email campaigns, inbound service connects call center sales, and an online service connect web site. These channels were expected to be approximately one third the cost of the direct mail, bangtails, direct sales and telemarketing initially used to launch and build the Program to a sustainable size.

Marketing Direction from FPL

FPL directed Green Mountain's marketing of the Program from the beginning. FPL helped develop marketing plans and FPL approved marketing plans, marketing expenses, and many of the details of day-to-day marketing activities. For example, FPL and Green Mountain held an off-site conference August 8 and 9, 2007 in Jupiter, Florida to collaborate on the details of the 2008 marketing and sales plan for the Program.

Green Mountain and FPL met quarterly and annually to review marketing results and approve marketing activities for the coming period. Green Mountain and FPL conducted bi-weekly marketing and operations meetings. Green Mountain and FPL's respective program managers had a standing weekly meeting to discuss marketing activities.

Throughout the Program years, FPL often encouraged Green Mountain to take measures to increase sales. FPL set ambitious annual sales goals for Green Mountain and told Green Mountain that these ambitious sales goals had been provided to the FPSC. In January 2007, FPL challenged Green Mountain to think about how to grow the program to 200,000 customers - - a participation level unheard of in the utility industry.

Green Mountain's Marketing Investment

Green Mountain spent over $2 million at the start of the Program before enough customers were enrolled to generate any meaningful revenue. Green Mountain alone provided this capital and bore all the risk associated with its expenditure. If marketing expenditures did not lead to the successful acquisition of customers, Green Mountain bore that loss entirely. For each customer acquired, it took approximately 20 months for Green Mountain to recoup its acquisition costs.

Channel	Average Cost per Sale 2004 – 2008
Storefronts/Events	$167
Bangtails	$124
Telemarketing	$115
Direct Mail	$108

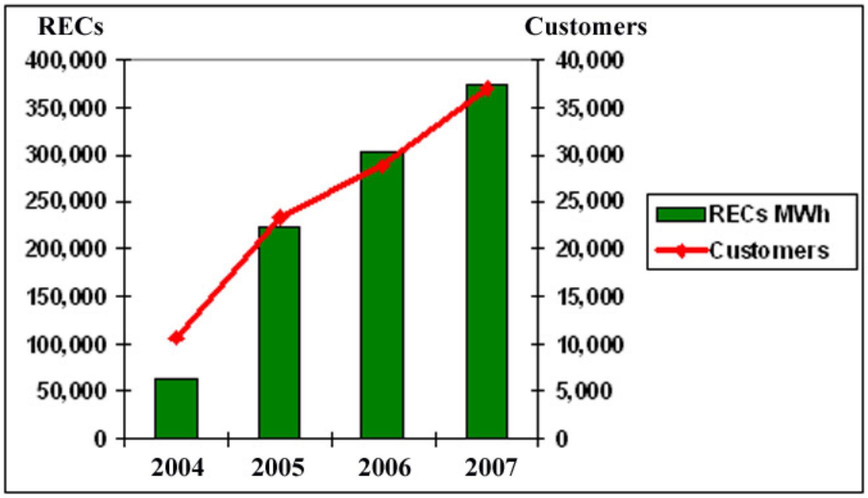
The need for a significant upfront investment in order to build a successful Program is what prompted Green Mountain to seek a 10-year contract term with FPL.

After supplying RECs to fulfill customer purchases and investing in solar projects for the Program, Green Mountain invested its remaining revenue toward increasing the number of customers participating in the Program. The growth of the Program brought on by Green Mountain's investment in marketing lead to increasingly larger amounts of renewable generation, as well as the installation of new solar electric projects in Florida.

From 2003 to date, Green Mountain spent $5.8 million on marketing and sales for the Program, representing 52% of the revenues received from FPL.

The equation is simple: marketing creates customers, customers create demand, and demand supports renewable energy.

The chart below shows increasing RECs volumes supported by the Program, driven by annual growth in served customers from 2004 through 2007.



<u>Note:</u> *Green Mountain purchased 247,792 RECs for the FPL Sunshine Energy Program in 2008 through July 31.*

More than 1.2 million MWhs of renewable energy has been supported by the demand of *Sunshine Energy* customers.

If Green Mountain had not spent money on effective marketing for the Program, or had spent it in a way that didn't result in ever-increasing numbers of participants, there would not have been a customer base or customer demand for supporting RECs purchases and the development of the Program's solar projects.

Summary

Green Mountain successfully grew FPL's *Sunshine Energy* Program to one of the top performing utility green pricing programs in the U.S. while meeting its obligations under the Services Contract.

Green Mountain invested $13.3 million in the *Sunshine Energy* Program, yet was only paid $10.8 million by FPL under the Services Contract. Green Mountain expected to recover its costs and earn a reasonable profit over the ten-year term of the Services Contract. To date, Green Mountain stands to lose over $2 million on the Program.

Green Mountain's costs for purchasing RECs and developing solar projects represented 49% of the revenue it earned under the Services Contract. Green Mountain committed $2.8 million in new solar development in Florida, expenses which do not go away just because the Program was terminated.

Marketing and sales costs for the Program represented 52% of the payments received by Green Mountain under the Services Contract. Green Mountain repeatedly marketed the Program to FPL's entire residential customer base of almost 4 million customers.

Since the launch of the *Sunshine Energy* Program in 2004, Green Mountain spent less than $1.50 per FPL residential customer to market the Program to customers in FPL's service territory.

Under the Services Contract, Green Mountain was to be paid by FPL $9.10 per customer per month to market and sell the *Sunshine Energy* Program, to supply RECs to match customer purchases, and to support the construction of new solar generation projects in Florida according to certain customer enrollment milestones. Green Mountain performed its obligations under the Services Contract with FPL. The $9.10 per 1,000 kWh paid to Green Mountain by FPL was earned by Green Mountain through its successful marketing of the Program and its performance of its other contract obligations.

Green Mountain was not obligated to spend any particular portion of the $9.10 on RECs, on solar development or on marketing the Program. Nor was Green Mountain obligated to reinvest the $9.10 per REC back into the Program, as Green Mountain in fact did.

The Program was reviewed and approved twice by the FPSC. The Program complied with the FPSC Orders of 2003 and 2006, and with FPL's tariff.

As a result of Green Mountain's successful marketing, the Program was ranked among the "Top Ten" utility green pricing programs in the nation for four consecutive years.

Since the Program's inception in 2004, *Sunshine Energy* customers helped avoid more than one billion pounds of carbon dioxide (CO2) emissions.

FPL's *Sunshine Energy* provided the most kWhs of renewable content at the lowest price to customers of any utility green power program block product in the U.S.

Protection of Confidential Business Information

In the interest of cooperating with FPSC's review of FPL's *Sunshine Energy* Program, Green Mountain would like disclose to the Commissioners and Staff as much as possible of our accounting records relating to the Services Contract.

Green Mountain has requested confidential treatment for proprietary confidential business information in accordance with the provisions of Florida law. Florida law recognizes a legitimate interest in protecting proprietary confidential business information.

As a privately held company that operates in competitive markets, Green Mountain must limit the availability of its proprietary confidential business information. Disclosure of this information to the public will harm Green Mountain. In addition, Green Mountain must protect information it is prohibited from disclosing by the terms of its contracts with third parties.

About Green Mountain Energy Company

Green Mountain is the nation's leading provider of cleaner energy and carbon offset solutions. The company was founded in 1997 and is based in Austin, Texas. Green Mountain has been serving cleaner energy to customers longer than any other retail provider.

The company offers consumers and businesses the choice of cleaner electricity products using renewable sources such as wind, water and solar that help reduce the amount of carbon dioxide (CO2) emitted into the air. Green Mountain customers have collectively helped avoid over 3.3 million tons of carbon dioxide (CO2) emissions.

Green Mountain supplies RECs, marketing services and/or enrollment services for three of the "Top Ten" utility green pricing programs in the U.S., as ranked by the National Renewable Energy Laboratory (NREL) of the U.S. Department of Energy.

Most recently, Green Mountain was the top award recipient in the *J.D. Power and Associates 2008 Texas Retail Electric Provider Residential Customer Satisfaction Study*[sm]. Green Mountain ranked the highest in customer satisfaction among retail electric providers in the Texas residential market.

* * *

s/Paul N. Markovich
Sr. Vice President
Green Mountain Energy Company