

# Green Mountain Energy Company



## Florida Public Service Commission Audit Presentation

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# Overview

## **Green Mountain Energy Company was hired to do a job, and we did it.**

- ▶ Hired as green power vendor by FPL to supply and market *Sunshine Energy* Program
  
- ▶ FPL paid Green Mountain \$9.10 per customer to:
  - Supply RECs to match customer purchases
  - Support the construction of new solar electric projects in Florida according to certain customer enrollment milestones
  - Provide marketing and sales services to grow the *Sunshine Energy* Program

***Green Mountain met or exceeded all of its obligations under the Services Contract with FPL.***

## Promises kept

### Green Mountain's contract promises to FPL:

- ▶ For each month a customer participated, Green Mountain would deliver to FPL 1,000 kWh (one REC) of electricity generated from sources such as bioenergy, wind and solar in Florida and other states. ***Delivered!***
- ▶ For every 10,000 Program participants Green Mountain would support the development of 150 kW of new solar electric projects in Florida. ***Delivered!***

***Green Mountain supplied more than 1.2 million MWhs of renewable energy and supported over 500 kW of new solar projects in Florida.***

# A good value for customers

**For \$9.75 *Sunshine Energy* customers purchased 1,000 kWh of renewable energy**

- ▶ Sunshine Energy was priced significantly below the national average of other utility green power programs.
  - **National average price:** 2.12 cents/kWh
  - ***Sunshine Energy* price:** 0.975 cents/kWh - - *less than a penny*
  
- ▶ Other Florida utility green pricing programs:
  - TECO: 200 kWh block: 2.5 cents/kWh
  - City of Tallahassee: 1.85 cents/kWh – 11.6 cents/kWh
  
- ▶ FL customers cannot buy 1,000 kWh of carbon offsets or RECs in the retail market for less than \$15

***Sunshine Energy* customers purchased renewable energy; they did not pay for marketing. Green Mountain paid for marketing the Program.**

# Green Mountain's Program Investments

## Breakdown of Green Mountain spending:

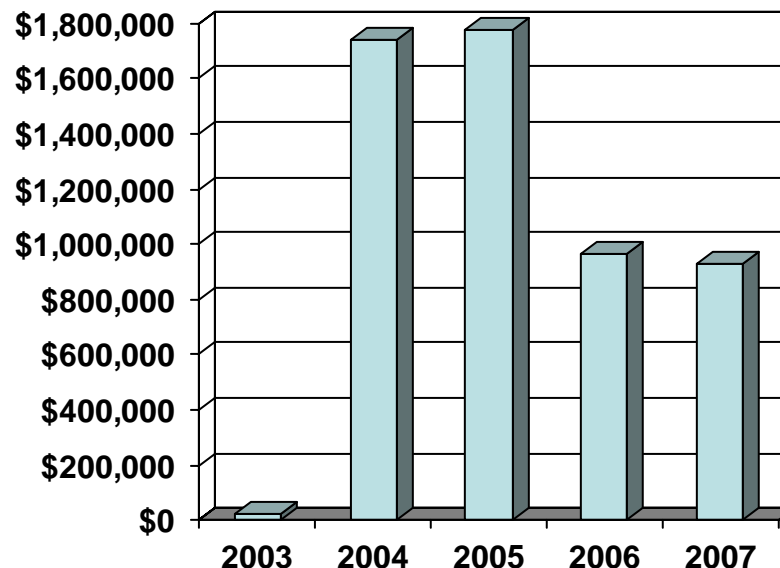
RECs	\$2.7 million	(24% of \$11.3 million in revenues)
Solar Projects	\$2.8 million	(25% of \$11.3 million in revenues)
Marketing/Sales	\$5.8 million	(52% of \$11.3 million in revenues)
Administration	\$1.4 million	(13% of \$11.3 million in revenues)
Direct/Bad Debt	<u>\$0.6 million</u>	( 5% of \$11.3 million in revenues)
Total spending:	<i>\$13.3 million</i>	<i>(118% of \$11.3 million)</i>

***Green Mountain invested \$5.5 million in RECs and solar projects:  
49% of total revenues from the Program.***

# Green Mountain Marketing

- ▶ Green Power programs do not sell themselves.
- ▶ Sizable investment required to build a brand and go from zero to tens of thousands of participants.
- ▶ Takes an average of 20 months to break even on new customers.
- ▶ Marketing dollars are spent up front; renewables are delivered over time. The percent of marketing costs goes down while an ever-increasing volume of renewables is delivered throughout the life of the program.

## Marketing Costs



***Green Mountain spent over \$2 million of its own money at the start before enough customers were enrolled to generate revenue.***

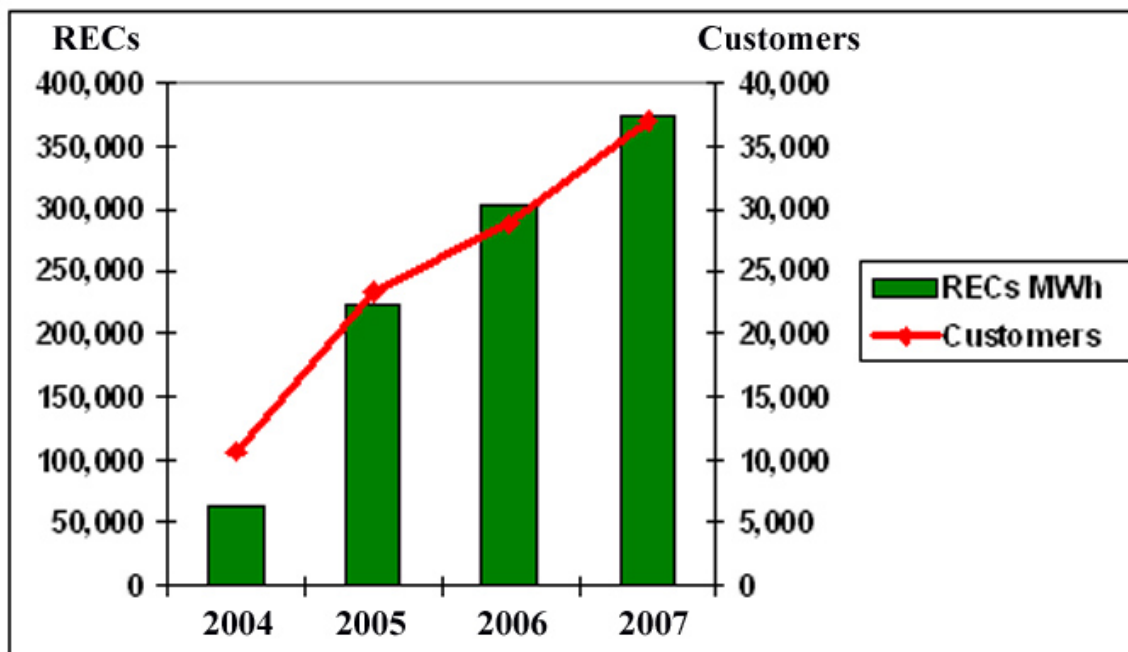
# Marketing by the Numbers

**Since 2004, Green Mountain . . .**

- **Made 56,000 hours of telemarketing calls**
- **Mailed 3.6 million pieces of Direct Mail**
- **Delivered 38 million Bangtails**
- **Sent 7.6 million Bill Inserts**

*FPL directed Green Mountain's marketing of the Program, set sales goals and approved all marketing plans.*

# Marketing = Green Power Demand



*The equation is simple: marketing creates customers, customers create demand, and demand supports more renewable energy and greater environmental impact.*

# Sunshine Energy Performance

- ▶ **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 no. of 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

*Green Mountain participates in three of NREL's "Top Ten" performing utility green pricing programs.*

# Summary

- ▶ Green Mountain Energy's obligations were defined by its contract with FPL
  - FPL (not the ratepayer) was the payer
- ▶ Green Mountain Energy met or exceeded all material terms of the contract
  - The customers received what they were promised – RECs and solar development
- ▶ Green Mountain Energy invested \$13.3 million in the Sunshine Energy program and was only paid \$11.3 million
  - Costs to buy RECs and develop solar were \$5.5 million, 49% of revenues
  - Costs for sales and marketing were \$5.8 MM, 52% of revenues, all of which went towards growing the number of participants from zero to 38,000 in 5 years.
- ▶ Sunshine Energy was ranked among the Top Ten utility green pricing programs in the U.S. by NREL for four consecutive years