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Via e-mail

March 28, 2003

Hon. Eleanor Stein
Administrative Law judge
NYS Department of Public Service
Three Empire State Plaza
Albany, NY 12223-1350

RE: Case 03-E-0188 - Retail Renewable Portfolio Standard

Dear Judge Stein:

Evolution Markets LLC ("Evolution") hereby submits its initial comments pursuant to the Commission's Order Instituting Proceeding, issued February 19, 2003 ("Order"), and Administrative Law Judge Eleanor Stein's Ruling Revising Schedule, issued March 6, 2003.

Evolution Markets supports the Commission's effort to develop and implement a renewable portfolio standard ("RPS") for the New York State retail electricity market. We are confident that a well-designed program will foster the efficient development of markets for renewable energy resources in the state. We would also like to make the general observation that flexibility is very important, and that in some instances, too narrow a focus on specific policy goals can result in costs that outweigh the overall benefits. As introductory brokers, we have a unique perspective from which to evaluate the efficiency and liquidity of the markets we serve, and in particular, we have a very good basis from which to evaluate the merits of various programs.

We would like to suggest that one of the overarching objectives of the RPS should be to increase the total amount of renewable capacity. If developers are to build this capacity, the market must send the right signals—namely, there must be clear opportunities for rewards for participants willing to assume risk. A key factor in increasing the potential for reward is to build as much flexibility into the system as possible. As such, we would like to express our support for a certificate-based trading system. Because certificate-based systems offer the greatest economic efficiency, this translates into the greatest environmental benefits.

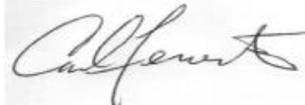
Evolution Markets is the highest volume broker in the compliance markets for renewable energy certificates in the U.S. In addition, Evolution Markets is actively involved the development of voluntary markets for RECs, also known as "green tags", which align consumer demand for clean

energy with generators of renewable certificates. In both types of markets, the company provides expert brokerage services to generators seeking to maximize the value of their projects and buyers seeking to improve their environmental performance and sustainability.

Evolution's involvement in the rapidly expanding domestic compliance markets for renewable energy began in Texas, where we are founding members on the Board of Directors of the Texas Renewable Energy Industries Association (TREIA). We assisted in the design and implementation of the Texas Renewable Energy Credit (REC) program and brokered some of the first trades in Texas RECs. We continue to be the top broker in this market, and are also actively involved in the emerging markets in PJM and NEPOOL.

Evolution Markets would like to offer support to the Commission in this proceeding through the sharing of information and experience from other emissions markets, both domestic and international. Thank you for this opportunity to participate.

Respectfully Submitted,



Carl T. Ferrentino
Environmental Programs Director/
Environmental Counsel
Evolution Markets, LLC

cc: Active Party List (by e-mail)

About Evolution Markets LLC: Evolution is a brokerage and advisory services company in the emerging commodity markets, with a focus on serving the institutional energy and heavy industry sectors. Formed in March 2000, the company specializes in structuring transactions in the emissions, renewable energy credit, weather derivative, and over-the-counter (OTC) coal markets. The company has brokered more than \$5 billion in environmental transactions, including some of the first trades in renewable energy certificates. More information can be found at our website, www.evomarkets.com