



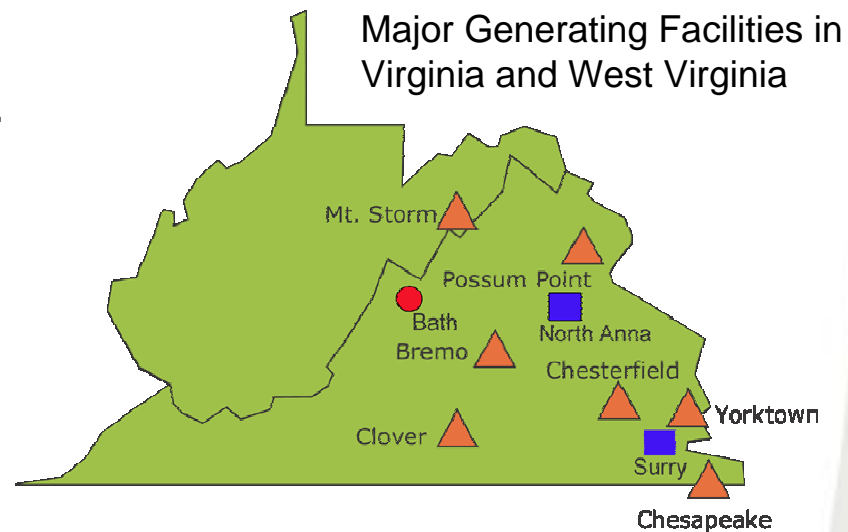
# ***Dominion: Climate Change Perspective***

Presentation to Governor's Climate Change Commission  
April 22, 2008  
Pam Faggert  
Vice President and Chief Environmental Officer

# Dominion: One of America's Leading Energy Companies

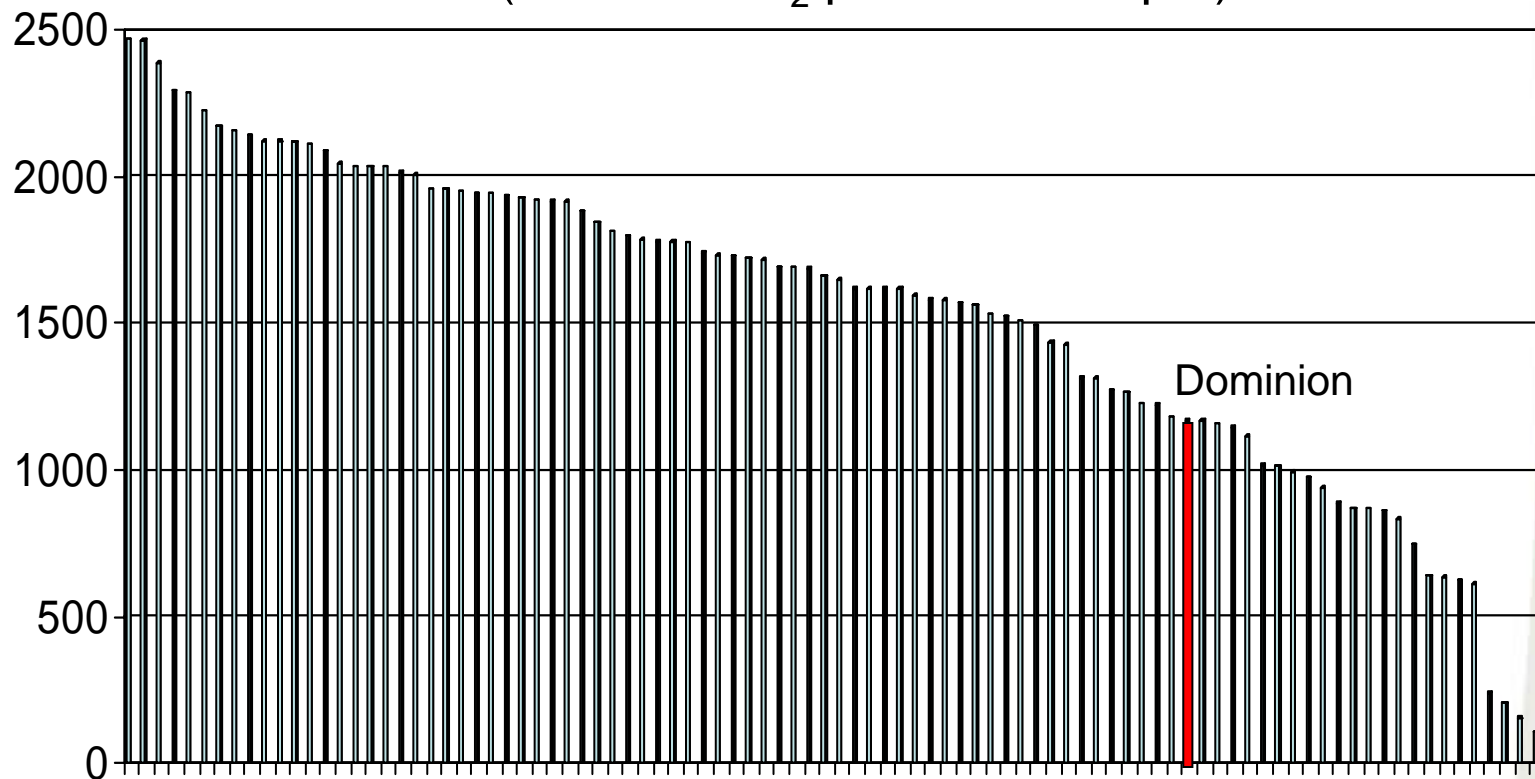
*Headquartered here in Virginia.*

- More than 9,500 employees in the Commonwealth.
- Annual Virginia payroll of more than \$823 million.
- Our Surry and North Anna emissions-free nuclear facilities ranked among the nation's most efficient.
- Top third of U.S. utilities in minimizing carbon intensity.
- 17,750 megawatts of generating capacity dedicated to Virginia.



# Dominion's Low Carbon Intensity

100 Largest U.S. Power Producers  
(Pounds CO<sub>2</sub> per MWh Output)



Source: Natural Resources Defense Council, 2006 Study



# Federal Climate Change Legislation

- Numerous proposals.
- Not clear any proposal will pass the current Congress.
- The next Congress may well consider more aggressive proposals than those currently on the table.
- 41 climate change bills have been introduced in the Senate.
- 78 bills climate change bills have been introduced in the House of Representatives.



# Dominion's Position

Dominion supports federal legislation that:

- Regulates greenhouse gas emissions economy-wide (electric utilities account for about 1/3 of GHG emissions).
- Establishes a cap and trade regulatory approach.
- Sets a realistic baseline year and schedule of compliance.
- Promotes technology development.
- Includes a safety valve to protect customers.
- To the extent the federal government takes on the issue of climate change, we have endorsed the type of cap and trade principles set forth in the Bingaman-Specter bill.
- Among other provisions, that bill calls for a 60% reduction in greenhouse gas emissions by 2050.



# Dominion's Position: State Role

- Dominion supports a consistent national approach to this global challenge.
- The Regional Greenhouse Gas Initiative in the Northeast is an example of a regional approach.
- Governor Kaine's has proposed voluntary state level reporting in an amendment to SB 464.



# Regional Greenhouse Gas Initiative (RGGI)

- Utility only, not economy-wide.
- Includes 10 northeastern and mid-Atlantic states (2 observers)
- Developed model rule and guidelines for auction.
- Massachusetts had developed its own program (2006) and is switching to RGGI in 2009.



# RGGI Going Forward

- Coordination with economy-wide federal cap and trade program.
- Consistency among RGGI states.
- Differences between RGGI and non-RGGI states.
  - Leakage issue when one region is regulated and another is not.
- Availability of allowances and offsets and compatibility with federal approach to allowances and offsets.
- Energy prices and availability.





# Meeting Needs of Virginia's Still Growing Economy

## *Dominion's challenge:*

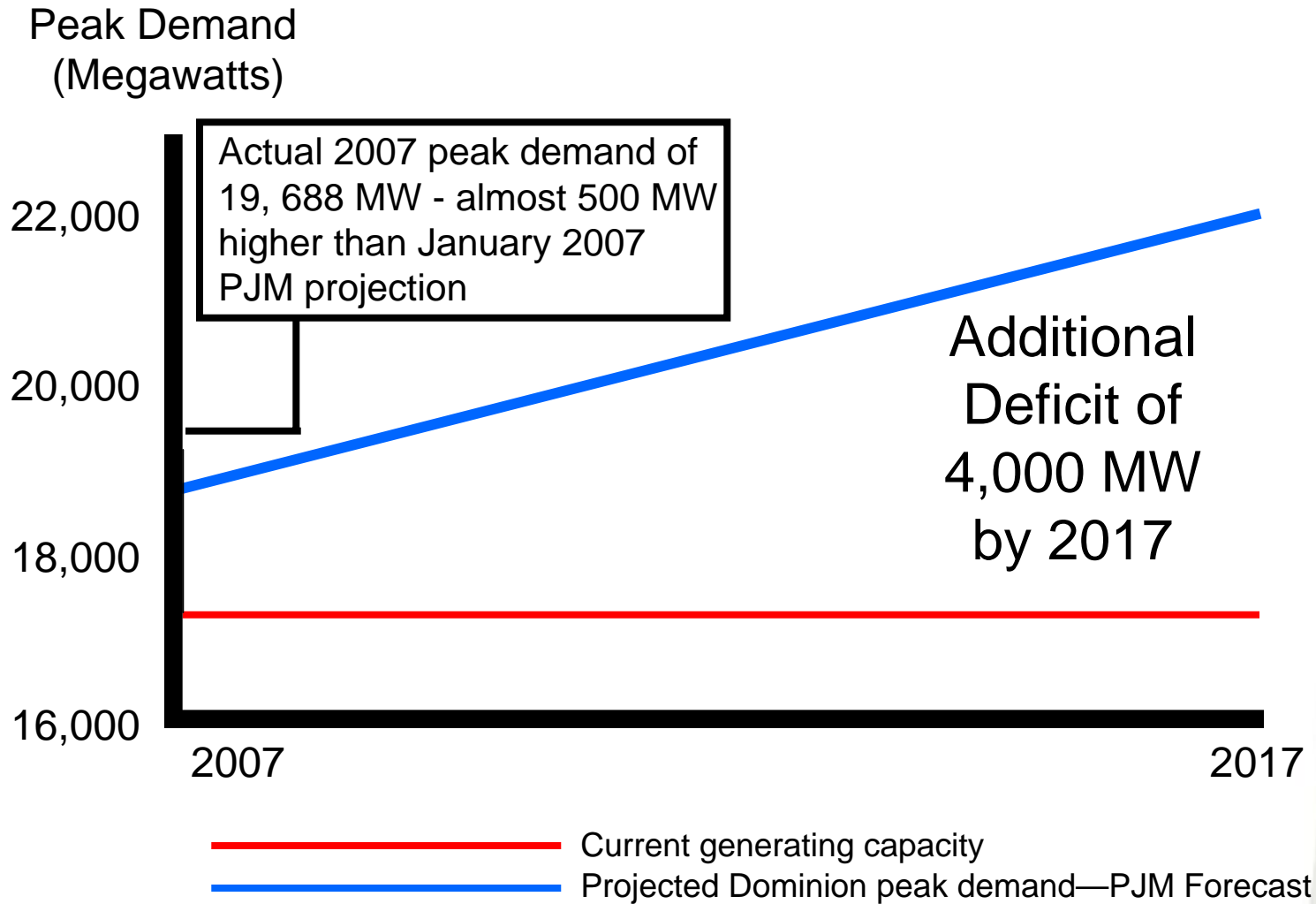
- Virginia's economic growth requires reliable, affordable energy for our customers – while curtailing greenhouse gas emissions.

## *Dominion's strategy:*

- Meeting the need with three major tools
  - Conservation and efficiency
  - Renewable generation
  - Baseload and intermediate generation and other infrastructure improvements

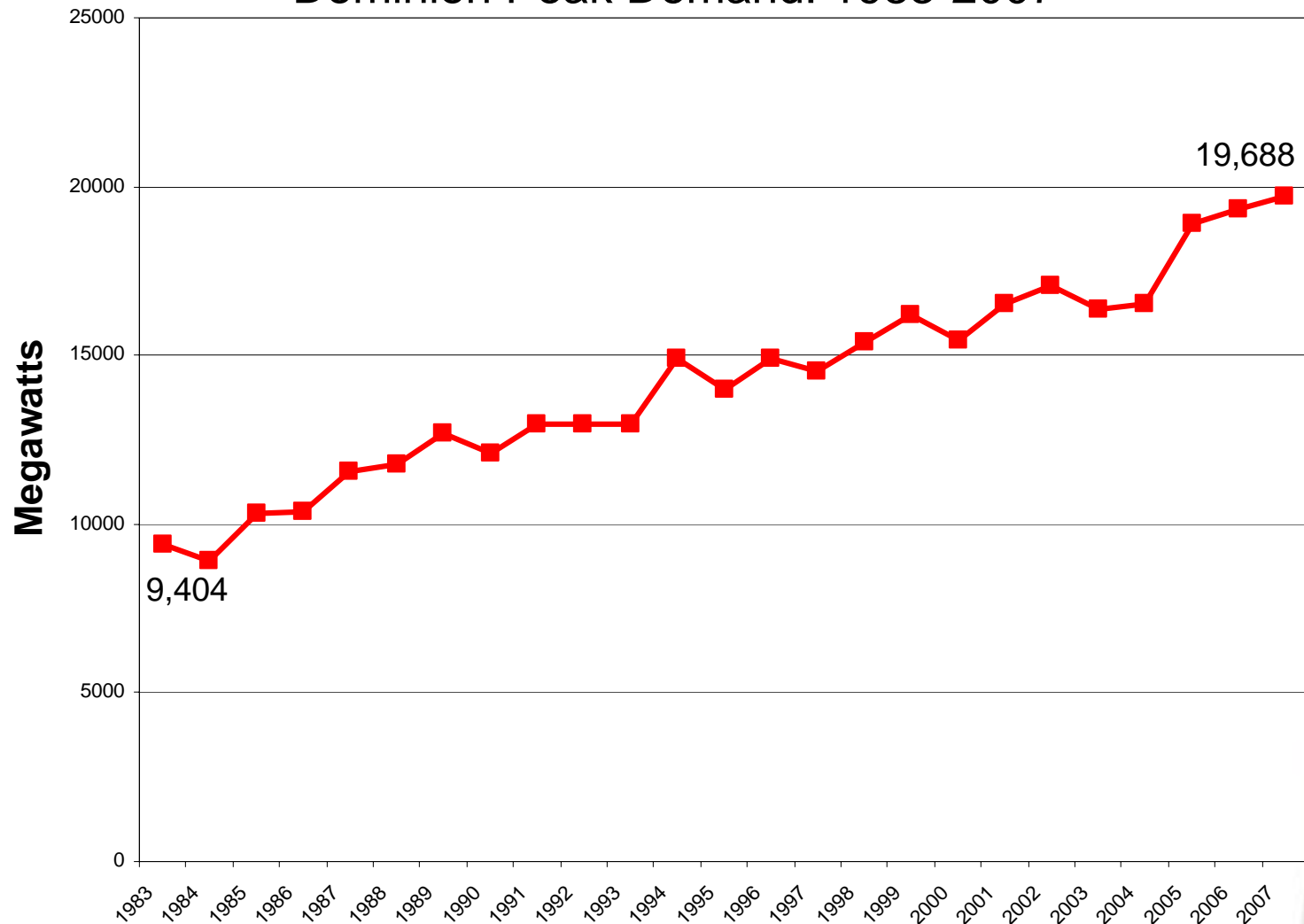


# Virginia's Mounting Electric Energy Gap



# Growing Energy Demand

Dominion Peak Demand: 1983-2007



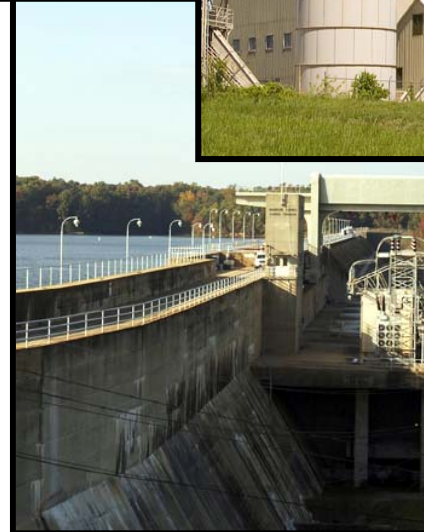
# Conservation: Critical to Our Future

- Conservation one of company's top priorities.
- Distributing 5 million CFLs in partnership with Home Depot.
  - Passed 1 million threshold in March, well ahead of schedule.
- Implementing nine conservation pilots.
  - Power cost monitor
  - Air conditioner control
  - Energy audits
  - Programmable thermostats
- Free online energy calculator available at [Dom.com](http://Dom.com).



# Renewable Green Energy – Wind, Biomass and Water

- West Virginia wind farms, 132 MW share of 264 MW project.
- Indiana wind farm, 325 MW share of 750 MW project.
- Illinois wind farm, 250 to 300 MW.
- Virginia renewable energy RFP.
- Wood waste at two VA power stations.
- Existing hydroelectric in Virginia and North Carolina.
- Bath County pumped storage facility (10% of U.S. pumped storage capacity) helps make renewable energy dispatchable.



# Baseload and Intermediate Generation

- Need low-cost power generation.
- North Anna 3
  - Proposed constructing new nuclear unit which produces power with no air emissions.
- New combined cycle gas units to provide intermediate load.
- Virginia City Hybrid Energy Center
  - Low-cost power with advanced environmental protections.
  - Cofired with up to 20% biomass.



# Virginia City Hybrid Energy Center

- Partially offset carbon emissions by converting Bremono Power Station to natural gas if Virginia City is approved
- Cofiring with biomass (up to 20 percent) mitigates carbon emissions
- Funding promising Virginia Tech research on injection of carbon in unmineable coal seams in the region



# Need for Consistent Approach

- Climate Change is a global issue
- Requires a consistent national approach as well as international efforts
- Regional and state efforts should work in tandem with a consistent national approach







**Dominion**<sup>®</sup>  
It all starts here.<sup>®</sup>

