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November 1, 2011

VIA HAND DELIVERY

Ms. Susan D. Larsen
Director, Division of Public Utility Accounting

Mr. Howard M. Spinner
Director, Division of Economics and Finance

Mr. William F. Stephens
Director, Division of Energy Regulation

State Corporation Commission
1300 E. Main Street
Richmond, Virginia 23219

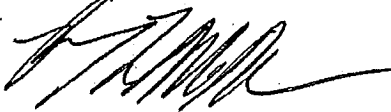
*Dominion Virginia Power's
Annual Report to the State Corporation Commission on Renewable Energy,
in accordance with § 56-585.2H of the Code of Virginia*

Dear Ms. Larsen and Messrs. Spinner and Stephens:

In accordance with § 56-585.2 H of the Code of Virginia, Virginia Electric and Power Company d/b/a Dominion Virginia Power submits its Annual Report to the State Corporation Commission on Renewable Energy. Based on consultation with counsel in the Office of General Counsel, a copy is not being filed with the Clerk of the Commission.

Please do not hesitate to contact me if you have any questions.

Sincerely,



Bernard L. McNamee

Enclosures

cc: William H. Chambliss, Esq.
Arlen Bolstad, Esq.
Office of the General Counsel

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Dominion

**Virginia Electric and Power Company
d/b/a**

Dominion Virginia Power

Annual Report to the State Corporation Commission

on Renewable Energy, in accordance with

§ 56-585.2 H of the Code of Virginia

November 1, 2011

I. INTRODUCTION

Pursuant to § 56-585.2 H of the Code of Virginia (“Va. Code” or “Code”), Virginia Electric and Power Company (“Dominion Virginia Power” or the “Company”) submits this Annual Report on Renewable Energy (“Report”) to the State Corporation Commission of Virginia (“Commission”). Section 56-585.2 H requires each investor-owned incumbent electric utility to report to the Commission annually on (i) its efforts to meet renewable portfolio standard goals; (ii) its generation of renewable energy; and (iii) advances in renewable generation technology that affect the utility’s activities.

II. EFFORTS TO MEET RENEWABLE PORTFOLIO STANDARD GOALS

A. Statutory Guidance

For the purposes of complying with Virginia’s Renewable Energy Portfolio Standard (“RPS”) Goals as set forth in Va. Code § 56-585.2, “renewable energy” is defined (by reference to Va. Code § 56-576) as “energy derived from sunlight, wind, falling water, biomass, sustainable or otherwise, (the definitions of which shall be liberally construed), energy from waste, municipal solid waste, wave motion, tides, and geothermal power, and does not include energy derived from coal, oil, natural gas or nuclear power. Renewable energy shall also include the proportion of the thermal or electric energy from a facility that results from the co-firing of biomass.”

Section 56-585.2 further defines how such renewable energy can qualify for compliance with the Virginia RPS Goals. Such renewable energy must be:

- generated or purchased in the Commonwealth or in the interconnection region of the regional transmission entity of which the participating utility is a member, as it may change from time to time;
- generated by a public utility providing electric service in the Commonwealth from a facility in which the public utility owns at least a

49 percent interest and that is located in a control area adjacent to such interconnection region; or

- represented by certificates issued by an affiliate of such regional transmission entity, or any successor to such affiliate, and held or acquired by such utility, which validate the generation of renewable energy by eligible sources in such region.

Further, “Renewable energy” shall not include electricity generated from pumped storage, but shall include run-of-river generation from a combined pumped-storage and run-of-river facility.

Section 56-585.2 B of the Code provides that “[a]ny investor-owned incumbent electric utility may apply to the Commission for approval to participate in a renewable energy portfolio standard program,” and that the “Commission shall approve such application if the applicant demonstrates that it has a reasonable expectation of achieving 12 percent of its base year electric energy sales from renewable energy sources during calendar year 2022, and 15 percent of its base year electric energy sales from renewable energy sources during calendar year 2025”

Section 56-585.2 D, in turn, sets forth the RPS Goals that utilities must meet to qualify for a 50 basis point Performance Incentive under § 56-585.2 C:

- RPS Goal I: In calendar year 2010, 4 percent of total electric energy sold in the base year.
- RPS Goal II: For calendar years 2011 through 2015, inclusive, an average of 4 percent of total electric energy sold in the base year, and in calendar year 2016, 7 percent of total electric energy sold in the base year.
- RPS Goal III: For calendar years 2017 through 2021, inclusive, an average of 7 percent of total electric energy sold in the base year, and in calendar year 2022, 12 percent of total electric energy sold in the base year.
- RPS Goal IV: For calendar years 2023 and 2024, inclusive, an average of 12 percent of total electric energy sold in the base year, and in calendar year 2025, 15 percent of total electric energy sold in the base year.

B. Dominion Virginia Power's RPS Plan

On July 28, 2009, the Company submitted its Application for Approval to Participate in a Renewable Energy Portfolio Standard Program Pursuant to Va. Code § 56-585.2 (the "Application") in Case No. PUE-2009-00082. The Application represented the Company's initial filing for approval of its RPS Plan. On May 18, 2010, the Commission issued its Final Order (the "Final Order") in that proceeding, finding that the Company has demonstrated that it has a reasonable expectation of achieving 12 percent of its base year electric energy sales from renewable energy sources during calendar year 2022, and 15 percent of its base year electric energy sales from renewable energy sources during calendar year 2025, and granting Dominion Virginia Power's Application seeking approval to participate in a RPS program. Any references to megawatt-hour ("MWh") goals, renewable generation, and renewable energy certificate ("REC") transactions set forth in this report are shown at the Virginia Jurisdictional percentage level and not at the Total System level. The 2010 Virginia Jurisdictional percentage is 80.6975% of the Total System level and is shown rounded for purposes of this Report to 80.70%. This percentage is based on the Company's most recent cost of service study for the 12 months ending December 31, 2010. This allocation factor is used as the basis for apportioning existing generation MWh for inclusion in its Virginia RPS Plan.

As set forth in the Company's approved RPS Plan, the Company plans to use existing renewable energy sources (including that renewable energy provided by contract with non-utility generators ("NUGs"))¹ to develop new renewable energy generation facilities where feasible, and to purchase renewable energy certificates ("RECs") to achieve the RPS Goals. Specifically,

¹ The Commission approved the Company's use of renewable energy from NUGs where the contract on renewable attributes was silent in *Petition of Virginia Electric and Power Company For a declaratory judgment*, Case No. PUE-2010-00132, Order on Petition (June 17, 2011).

the renewable energy from existing renewable energy sources and new renewable energy sources identified in the Company's 2011 system-wide Integrated Resources Plan ("2011 IRP"), are estimated to be approximately 2.3 million MWh in 2022, and 2.2 million MWh in 2025. The Company also plans to develop additional new renewable generation facilities where feasible or purchase approximately 2.9 million RECs in 2022, and 4.3 million RECs in 2025 to comply with the 2022 and 2025 targets of 5.2 million MWh and 6.5 million MWh, respectively. At this time, most of the NUG contracts have expiration dates prior to 2025.

The Company's RPS Plan will also meet the interim RPS Goals I through IV as described in the RPS application filed on July 28, 2009 and approved on May 18, 2010. Exhibit 1 to this report shows the Company's RPS position, 2010 actual and 2011-2025 forecast.

1. Total Electric Energy Sold in the Base Year

Pursuant to Va. Code § 56-585.2 A, "[t]otal electric energy sold in the base year" is "total electric energy sold to Virginia jurisdictional retail customers by a participating utility in calendar year 2007, excluding an amount equivalent to the average of the annual percentages of the electric energy that was supplied to such customers from nuclear generating plants for the calendar years 2004 through 2006." The Company has calculated its total electric energy sold in the base year as follows:

Electric Energy Sold to Retail Customers in 2007 (Virginia Jurisdiction)	64,621,534 MWh
Three-year Average (2004-2006) Nuclear Generation (Virginia Jurisdiction)	<u>21,302,885 MWh</u>
Total Electric Energy Sold in the Base Year (Target Baseline)	<u>43,318,649 MWh</u>

2. RPS Goals for the Years 2010 Through 2025

The Company's RPS Goals were established and approved in Case No. PUE-2009-00082 by multiplying the total electric energy sold in the base year (described above) by the RPS Goals for the years 2010 through 2025. The Company's RPS Goals for each individual year as represented in MWh (or average MWh for a group of years) are as follows:

Year	2010	2011- 2015	2016	2017-2021	2022	2023-24	2025
Percent	4%	4% Average	7%	7% Average	12%	12% Average	15%
Goal	1,732,746	1,732,746	3,032,305	3,032,305	5,198,238	5,198,238	6,497,797

3. Resources to Fulfill the RPS Goals

a. Existing DVP Renewable Energy Generation Facilities²

Dominion Virginia Power owns the following renewable energy facilities in its generation fleet:

Existing Renewable Energy Facilities Owned by Dominion Virginia Power			
Facility	State	Capacity	Fuel
Gaston	NC	220 MW	Hydroelectric
Roanoke Rapids	NC	95 MW	Hydroelectric
Cushaw	VA	2 MW	Hydroelectric
North Anna	VA	1 MW	Hydroelectric
Pittsylvania	VA	83 MW	Biomass
Subtotal		318 MW	Hydroelectric
Subtotal		83 MW	Biomass
Total		401 MW	

² Based on the Company's most recent cost of service study for the 12 months ending December 31, 2010, the Virginia Jurisdiction is responsible for approximately 80.70% of the Company's electricity demand, and the Company used this allocation factor as the basis for apportioning approximately 80.70% of the existing generation MWh for inclusion in its Virginia RPS Plan.

Pursuant to Va. Code § 56-585.2 F, utilities participating in an RPS program are permitted to use a combined 1.5 million green tons of certain tree-based material, as defined in the statute.³ In its Final Order, the Commission determined that DVP's *pro rata* share of the 1.5 million ton restriction for certain green tree-based materials is 73.929% or 1,108,940 tons. Since the Company's Pittsylvania biomass facility is grandfathered as an existing facility under the statute, the Company has not burned any incremental tree-based material subject to the 1.5 million ton limitation in 2011. Pursuant to Va. Code § 56-585.2 F, this limitation on woody biomass does not apply to "mill residue, except wood chips, sawdust and bark; pre-commercial soft wood thinning; slash; logging and construction debris; brush; yard waste; shipping crates; dunnage; non-merchantable waste paper; landscape or right-of-way tree trimmings; agricultural and vineyard materials; grain; legumes; sugar; and gas produced from the anaerobic decomposition of animal waste."

³ The relevant portion of Va. Code § 56-585.2 F states:

Utilities participating in such program shall collectively, either through the installation of new generating facilities, through retrofit of existing facilities or through purchases of electricity from new facilities located in Virginia, use or cause to be used no more than a total of 1.5 million tons per year of green wood chips, bark, sawdust, a tree or any portion of a tree which is used or can be used for lumber and pulp manufacturing by facilities located in Virginia, towards meeting RPS goals, excluding such fuel used at electric generating facilities using wood as fuel prior to January 1, 2007. A utility with an approved application shall be allocated a portion of the 1.5 million tons per year in proportion to its share of the total electric energy sold in the base year, as defined in subsection A, for all utilities participating in the RPS program. A utility may use in meeting RPS goals, without limitation, the following sustainable biomass and biomass based waste to energy resources: mill residue, except wood chips, sawdust and bark; pre-commercial soft wood thinning; slash; logging and construction debris; brush; yard waste; shipping crates; dunnage; non-merchantable waste paper; landscape or right-of-way tree trimmings; agricultural and vineyard materials; grain; legumes; sugar; and gas produced from the anaerobic decomposition of animal waste.

b. NUG Renewable Energy Resources

In addition to Company-owned resources, Dominion Virginia Power has existing renewable energy resources in the form of long-term contracts with various renewable energy NUGs. In its RPS Application, the Company took the position that the NUG contracts for renewable energy include all aspects of that energy, including the renewable attributes. In its Final Order in Case No. PUE-2009-00082, the Commission interpreted Va. Code § 56-585.2 F to mean “that if the Company opts to participate in a voluntary RPS program pursuant to § 56-585.2 of the Code, then the Company is required by this statute to: (1) determine the amount of energy derived from renewable sources that it is purchasing through NUG contracts; and (2) apply this amount toward meeting its RPS goals.” Final Order at 8. The Commission also stated that if the Company asserts that determining the ownership is not feasible in a particular instance, the Commission will examine that circumstance when the Company raises the concern. *Id.*

The Company was informed, in 2010, by at least one owner of certain renewable NUGs that it did not agree that the Company may count the renewable energy produced at its facilities towards the Company’s RPS compliance. In 2010, the Company filed a Petition for Declaratory Judgment with the Commission in Case No. PUE-2010-00132 to determine if the Company could use the renewable energy generated by a qualifying NUG where the contract was silent on ownership of such renewable attributes. By its Order on Petition dated June 17, 2011, the Commission decided that the Company should apply the NUG renewable energy as part of its RPS Plan. As a result, the Company has banked the renewable energy generation of 0.6 million MWh produced by qualifying NUGs in 2010 to apply to future targets. Because the Commission did not make a specific determination regarding the ownership of the NUG RECs (which may no

longer have any value if the Company has the right to use the renewable attributes through application of the renewable energy through its RPS plan), it is unlikely that the Company will be able to optimize the NUG renewable energy where the Company did not also have rights to the RECs.

c. New Renewable Energy Sources

The Company intends to develop new renewable generation facilities. Decisions to build new generation will be determined based on need and as part of the Company's Integrated Resource Planning process. Each new facility will need to be approved by the Commission and granted a certificate of public convenience and necessity.

Specifically, the Company continues to evaluate renewable development opportunities for availability by 2025. For modeling the RPS Plan, the Company has included up to 58.5 MW of renewable energy from its Virginia City Hybrid Energy Center ("VCHEC") using biomass co-fired with coal for availability starting in 2013.⁴ In addition, the Company has modeled 153 MW of renewable energy conditioned on approval of the Company's Application in Case No. PUE-2011-00073 for the conversion of the Altavista, Hopewell and Southampton Power Stations from burning coal to biomass (primarily waste wood) ("Biomass Conversions"). The Company recognizes that the Commission must approve these Biomass Conversions in order to be effective. Because the Biomass Conversions are expected to use primarily waste wood, the Company does not expect to exceed its *pro rata* share of the state's restriction on certain tree-based materials mentioned previously, if these Biomass Conversions are approved.

⁴ VCHEC is designed to produce up to 117 MW of renewable energy, but the actual amount of renewable energy produced at the facility may vary from year to year, particularly as plant operations begin and develop over the first 8-10 years. It is anticipated that VCHEC will provide approximately 5% of renewable energy from years 2013-15 and step up to 10% renewable energy starting in 2020. Should the facility produce additional renewable energy beyond the 58.5 MW modeled, the Company will also count this additional renewable generation toward its RPS Goals for that year.

The Biomass Conversions were identified in the Preferred Plan of both the 2010 and 2011 IRP as needed resources. Also included in the Preferred Plan of the 2011 IRP was a 4 MW Halifax County Solar facility with advanced energy storage that would start commercial operation in 2014, which the Company has modeled in the RPS Plan as well. All renewable energy generated from this facility will receive double credit, per Va. Code § 56-585.2 C, to apply toward the VA RPS goals; but if the solar RECs are optimized, then they could only count for one credit. The Company is also assessing the potential for an additional 58.5 MW from biomass at VCHEC (for a total of 117 MW of biomass at VCHEC) and the viability of on-shore and off-shore wind facilities in the future. Whether such facilities are constructed depends on a variety of factors which cannot be known at this time, including the market for renewable resources, access to capital, environmental laws, siting and permitting issues, federal legislation, technical innovations, and Commission approval. The Company anticipates that VCHEC, as well as the Altavista, Hopewell and Southampton stations after the Biomass Conversions, will generate higher value RECs that can be optimized under Va. Code § 56-585.2 F (as described below).

d. Purchase of RECs

After counting the MWh from the existing renewable energy sources, the RPS Plan calls for the Company to fulfill any deficit by purchasing lower cost RECs that fit within the definition in Va. Code § 56-585.2. Though Virginia law makes no distinction regarding types of RECs based on the source of renewable energy, most jurisdictions and markets do make distinctions, and currently these distinctions affect the valuation of the RECs. The price of individual RECs is based on a variety of factors, including energy source. The Company expects that it will be able to fully satisfy the RPS Goals I through IV through the Company's existing renewable

generation portfolio, new renewable generation facilities and the purchase of lower cost RECs. In addition, based on an amendment to Va. Code § 56-585.2 during the 2010 General Assembly, utilities are permitted to sell more expensive RECs generated at their facilities (or acquired through a purchase power agreement), replace them with lower cost RECs from the market, and credit the difference to customers ("REC optimization").⁵ The Company utilized REC optimization in 2010 and 2011, and intends to carry out REC optimization transactions in the future where economically feasible for the benefit of customers.

e. Banking of Excess Renewable Energy and/or RECs

Under the RPS Plan, the Company will bank any excess amounts of renewable energy and/or RECs for application in future years in which there is a deficit pursuant to Va. Code § 56-585.2 D. Section 56-585.2 D allows a utility to apply renewable energy sales or RECs acquired during the periods covered by any RPS Goal that are in excess of the sales requirement for that goal to the sales requirements for a future RPS Goal.

C. Application of the Renewable Resources to meeting the Company's RPS Plan

The Company's RPS Plan will permit the Company to meet its RPS Goals.

1. 2010 Renewable Energy Generated & REC Transactions

The Company met and exceeded its 2010 VA RPS Plan renewable target of 1,732,746 MWh through implementation of its RPS Plan approved by the Commission. This is illustrated in Attachment 1 of the 2010 VA RPS Standard Goal I Compliance letter submitted to the Commission on January 31, 2011. Beginning January 1, 2011, the Company had 1.3 million MWh of renewable energy and RECs banked to apply in future years. This bank includes 0.6 million MWh of renewable attributes generated in 2010 from NUGs.

⁵ Chapter 850 of the 2010 Virginia Acts of the Assembly.

2. 2011 Renewable Energy Generated & REC Transactions

The Company will meet or exceed its 2011 VA RPS Plan renewable target of 1,732,746 MWh through implementation of its RPS Plan approved by the Commission, as illustrated in Exhibit 2.

a. Company-Owned Facilities

Total renewable energy production for 2011 through September 30, 2011 from existing renewable energy facilities owned by the Company was 506,151 MWh. The Company estimates the total renewable energy production from existing renewable energy facilities owned by the Company for calendar year 2011 will be 681,780 MWh (some of which will be optimized).

b. NUGs

The Company has determined the renewable energy production from contracted NUGs year-to-date through September 30, 2011 is 493,771 MWh. The Company estimates that the total qualified renewable energy production from existing contracted NUGs for calendar year 2011 will be 650,700 MWh.

c. 2011 REC Transactions (Purchase for VA RPS Compliance/Sales for Optimization)

The Company's REC transactions for 2011 are summarized as follows:

- 321,188 Company-generated higher-valued RECs optimized
- 1,993,163 lower cost RECs purchased, including replacement RECs

d. Banking of Excess Renewable Energy and/or RECs

The Company began 2011 with banked renewable energy and RECs of 1,324,742 MWh and expects to bank approximately 2,596,452 MWh of renewable energy and RECs toward future RPS targets by year-end 2011.

3. 2010 Through 2025 Renewable Plan

Exhibit 1 to this report outlines the Company's VA RPS Plan from 2010 through 2025, including actuals for 2010 and forecasts for the remaining years. This exhibit has been updated to reflect the assumptions used for the 2011 IRP filed with the Commission in September 2011. For planning purposes from 2012 through 2025, no REC optimization is assumed, since optimization will replace those RECs in any event. Based on current information, the Company forecasts that it will be able to fully satisfy the RPS Goals I through IV through the Company's existing renewable generation portfolio, the purchase of RECs, and new renewable generation where economically feasible.

D. Rider Filings

Pursuant to Va. Code §§ 56-585.1 A 5 d, 56-585.1 A 6, and 56-585.2 E, utilities are permitted to recover certain costs for participating in an RPS program or for the construction of renewable generation facilities. The Company anticipates that it will file a rate adjustment clause ("RAC") pursuant to § 56-585.1 A 5 d in 2012, primarily for the recovery of the costs for purchasing RECs to comply with the RPS program. In addition, the Company may file for recovery of renewable generation modifications, such as the Biomass Conversions, or for the construction of new renewable generation facilities under § 56-585.1 A 6.

III. OVERALL GENERATION OF RENEWABLE ENERGY

As discussed in Section II.B.3.a above, the Company has over 400 MW of renewable energy capacity that it generates at four hydroelectric facilities and one biomass facility. In addition, the Company intends to construct a number of new renewable energy facilities through the 2025 timeframe as discussed in Section II.B.3.c. In addition, potential new renewable energy resources are discussed in Section IV below.

Though not part of the Company's RPS Plan, the Company is also encouraging customers to support renewable energy generation resources in the region through voluntary participation in Dominion Virginia Power's Rider G Renewable Energy Program, commonly referred to as the "Green Tariff" and marketed as "Dominion Green Power®." Effective January 1, 2009, the Company began to offer its customers this companion rate for the purchase and retirement of RECs for all or a portion of a customer's monthly electricity consumption. The Company's contractor, 3Degrees Group, Inc., performs REC procurement services (including certification and tracking), customer education, and program promotion services, and has ensured that the Company's Green Tariff program has received Green-e® Energy certification from the Center for Resource Solutions, a national non-profit organization. As of September 30, 2011, approximately 13,000 customers have elected to participate in Dominion Green Power, with 52% of participants choosing to match 100% of their energy usage with purchases of RECs. The RECs purchased on behalf of customers participating in this voluntary program are not counted toward the Virginia RPS compliance goals. Rather, this program offers Dominion Virginia Power customers a way to support renewable energy above and beyond Dominion's renewable energy initiatives.

IV. ADVANCES IN RENEWABLE GENERATION TECHNOLOGY

The Company strives to remain up to date on the development of emerging renewable and alternative energy technologies. Dominion formed its Alternative Energy Solutions (“AES”) Group in April 2009 to conduct research, track federal and state policies, and identify potential opportunities in the alternative and renewable energy sectors. Some of the renewable resources and technologies that Dominion is currently considering include:

A. Solar

As of 2009, solar photovoltaic (“PV”) generation comprised only 0.1% percent of total electricity generating capacity in the U.S.⁶ However, solar PV technology has continued to evolve and is one of the most rapidly growing renewable energy sectors. Continuing enhancements in inverter technology are increasing the efficiency and output of solar PV systems. Due to the decreasing costs of solar modules and increasing standardization of installation techniques, solar resources are becoming less expensive and more attractive options. For instance, solar PV capacity in the U.S. increased 51% from 2008 to 2009.⁷ Additionally, federal tax credits for solar generation, available through January 1, 2017, have helped make this resource more cost competitive. However, installed costs can vary widely depending on system size, technology types, and site specific factors. A solar cell’s output depends on various factors, such as its design and materials, the intensity of the solar radiation hitting the cell, and the cell's temperature. Due to its variable nature as a generating resource, solar PV generation is not dispatchable and contributes less to peak load and reserve requirements than conventional

⁶<http://www1.eere.energy.gov/maps/data/pdfs/eere_databook.pdf>.

⁷*Id.*

generation resources. However, continuing advancements in storage technology may allow solar output to become a more reliable resource in the future.

1. Halifax Solar

The Company is considering the development of a 4 MW solar facility with advanced energy storage in Halifax County, VA. If developed, this project, which was identified in the Preferred Plan of the 2011 IRP, will use utility-scale solar and battery storage to regulate intermittency, enable peak shaving, and increase reliability. The project will also allow the Company to gain experience in constructing and operating an integrated solar battery facility. The Company and the Industrial Development Authority of Halifax County submitted a \$5 million grant proposal to the Virginia Tobacco Indemnification and Community Revitalization Commission's Research and Development Fund in June 2010 to help fund the project. If the Commission ultimately approves the facility, it is expected to begin operations in 2014. Other participants include the University of Virginia and a battery storage manufacturer.

2. Solar Distributed Generation

Pursuant to Chapter 771 of the 2011 Acts of the Assembly (House Bill 1686), the Company has recently filed an application in Case No. PUE-2011-00117 for approval from the Commission of a Community Solar Power Program. Under this program, the Company would install solar PV distributed generation ("Solar DG") in strategically located areas of the Company's service territory so as to study the impact and assess the benefits of solar DG to the Company's distribution system.

The Community Solar Power Program will include the development of up to 30 MW direct current ("DC") utility-owned Solar DG which will be tied to specific study objectives and located within the Company's service territory, if approved by the Commission. The installation

of these facilities will begin after Commission approval and conclude in 2015. In addition, as part of the study and as an alternative to net energy metering, the Community Solar Power Program tariff (which will be filed in the first half of 2012) would provide the opportunity for customers to sell Solar DG output and RECs to the Company. The program would allow participation of customer-owned systems up to a maximum amount of 3 MW.

The size of the Company's combined Solar DG initiative (Company-owned installations plus purchases under the future Community Solar Power Program Tariff) would not exceed 33 MW.

B. Offshore Wind

Offshore wind has the potential to provide the largest, scalable renewable resource for Virginia with near-term resource availability of approximately 2,000 MW and potentially up to 3,000 MW. Virginia has a unique offshore wind opportunity due to its shallow continental shelf extending nearly 30 miles off the coast, proximity to load centers, availability of local supply chain infrastructure, and world class port facilities. Additionally, offshore wind resources have a higher production per unit installed than onshore wind resources because winds are typically stronger and more consistent at sea. However, one challenge facing offshore wind development is that it is much more complex and costly to install and maintain than onshore wind. Currently, offshore wind is one of the most expensive renewable generation resources. In order for the Company to develop offshore wind resources, costs must be competitive with other forms of conventional or renewable generation. The Company continues to pursue cost reduction efforts and to evaluate the development of offshore wind as a potential source for future generation.

There is increasing political momentum in Virginia and throughout the Mid-Atlantic surrounding offshore wind development, both for its renewable attributes and its potential for significant economic development and job creation. In House Joint Resolution 605, the 2011 Virginia General Assembly established a goal to develop 3,000 MW of offshore wind by 2025. In 2010, the Virginia General Assembly passed legislation creating the Virginia Offshore Wind Development Authority (“VOWDA”). The Company is represented at the VOWDA by an appointee of the Governor. As required by this legislation, the Company completed an offshore wind transmission study to determine possible offshore wind interconnection points to the transmission grid. The Company released the results of the study in December 2010, which found that it would be possible to interconnect large-scale wind generation facilities with the existing grid in Virginia Beach, Virginia. The study can be viewed at the following link: <http://www.dmme.virginia.gov/DE/VOWDA/DominionOffShoreWindStudyReport.pdf>.

The Company is currently performing an additional study to evaluate the requirements necessary to build a high voltage underground transmission line from Virginia Beach into the Atlantic Ocean to support potential multiple offshore wind projects. The Company plans to complete the study in 2011.

The U.S. Department of Interior’s Bureau of Ocean Energy Management, Regulation and Enforcement (“BOEMRE”) is the lead federal agency in charge of leasing areas for offshore wind development on the outer continental shelf. The BOEMRE is expected to release a Call for Information and Nominations for lease blocks off of Virginia's coast before the end of 2011.

C. Other Renewable Technologies

The Company is also continuing to evaluate other emerging alternative energy technologies including waste-to-energy (“WtE”), geothermal, and tidal and wave power.

- WtE technologies involve converting waste sources such as municipal solid waste, landfill gas, and agricultural waste into electricity. WtE is a dispatchable and a potentially cost-competitive form of renewable energy.
- Geothermal power is power extracted from heat stored deep within the earth's surface. The United States has more geothermal capacity than any other country. Eighty percent of this capacity is in California, where more than forty geothermal plants provide nearly five percent of the state's electricity. Very limited geothermal energy resources are available in Virginia.
- Tidal and wave power relies on ocean water fluctuations to collect and release energy. While significant research is being conducted on tidal- and wave-powered electric facilities, neither type of facility has proven to be commercially available. The Company will continue to monitor developments surrounding these technologies.

VI. CONCLUSION

The Company received Commission approval of its proposed RPS Plan in Case No. PUE-2009-00082, demonstrating that it has a reasonable expectation of achieving 12 percent of its base year electric energy sales from renewable energy sources during calendar year 2022, and 15 percent of its base year electric energy sales from renewable energy sources during calendar year 2025. In the past year, the Company views its efforts toward its RPS Plan in Virginia as successful and highlights the following:

- The Company met its RPS Goal I for calendar year 2010 (1,732,746 MWh) by applying renewable energy generated at its own facilities and renewable energy and/or RECs purchased in the market, and established a

bank of 1,324,742 MWh of renewable energy and RECs at year-end to apply towards future Company RPS goals.⁸ For 2010 RPS Goal I compliance, the Company optimized 338,915 higher-value RECs and replaced them with lower cost RECs from the market, which difference will be credited to customers.

- The Company will meet its RPS Goal II for calendar year 2011 and retire 1,732,746 MWh of renewable energy and/or RECs by applying renewable energy generated at its own facilities and renewable energy and/or RECs purchased in the market, while expecting to bank 2,596,452 MWh of renewable energy and/or RECs to apply towards future Company RPS Goals.
- The Company has optimized 321,188 higher value RECs as of September 30, 2011 for 2011 RPS Goal II compliance and replaced them with lower cost RECs from the market, which difference will be credited to customers.

⁸ In 2010, the Company filed a Petition for Declaratory Judgment with the Commission in Case No. PUE-2010-00132 to determine if the Company could use the renewable energy generated by a qualifying NUG where the contract was silent on ownership of such renewable attributes. By its Order on Petition dated June 17, 2011, the Commission decided that the Company should apply the NUG renewable energy as part of its RPS Plan. As a result, the Company has banked the renewable energy generation of 0.6 million MWh produced by qualifying NUGs in 2010 to apply to future targets.

Exhibit 1

ANNUAL REPORT TO THE SCC ON RENEWABLE ENERGY - EXHIBIT 1
 DOMINION VIRGINIA POWER
 RENEWABLE ENERGY PORTFOLIO STANDARD PROGRAM
 VIRGINIA GOALS

TOTAL ELECTRIC ENERGY SOLD IN THE BASE YEAR

Total Electric Energy Sold to Virginia Jurisdictional Retail Customers in 2007	64,621,534 MWh
Less Three-year Average (2004-2006) Nuclear Generation	21,302,885 MWh
Total Electric Energy Sold in the Base Year	43,318,649 MWh

RENEWABLE ENERGY PORTFOLIO STANDARD GOALS

Percent	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Goal (MWh)	4%	4%	4%	4%	4%	4%	7%	7%	7%	7%	7%	7%	12%	12%	12%	15%
	1,732,746	1,732,746	1,732,746	1,732,746	1,732,746	1,732,746	3,032,305	3,032,305	3,032,305	3,032,305	3,032,305	3,032,305	5,198,238	5,198,238	5,198,238	6,497,797

RENEWABLE ENERGY PORTFOLIO STANDARD PROGRAM¹

	2010 ²	2011 ²	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Generation Resources (MWh)																
Small Hydro	9,937	4,766	14,059	14,059	14,059	14,059	14,059	14,059	14,059	14,059	14,059	14,059	14,059	14,059	14,058	14,059
Large Hydro	543,998	345,232	450,886	450,886	450,886	450,886	450,886	450,886	450,886	450,886	450,886	450,886	450,886	450,886	450,886	450,886
Biomass	338,915	331,782	400,056	247,505	256,442	278,613	305,471	377,691	455,844	463,716	463,772	472,009	455,518	456,811	455,700	460,840
VCHEC Co-Fire ³	0	0	0	187,868	145,510	152,625	171,540	214,791	204,315	213,294	250,914	262,344	256,099	252,220	259,935	264,168
Biomass Conversions-New Build	0	0	0	281,978	987,358	987,554	995,460	994,141	983,795	988,059	985,448	988,393	978,115	965,411	962,043	969,688
Solar-New Build ⁴	0	0	0	0	2,718	10,343	10,366	10,343	10,343	10,343	10,366	10,343	10,343	10,343	10,366	10,343
NUGS ⁵	618,697	650,700	651,468	531,327	418,809	272,569	157,974	157,542	157,542	157,542	157,974	157,974	157,974	20,535	9,116	9,116
Total	1,511,547	1,332,480	1,516,469	1,713,623	2,275,781	2,166,649	2,105,757	2,219,454	2,276,785	2,297,900	2,333,420	2,356,008	2,322,993	2,170,265	2,162,104	2,179,100
Total Renewable Resources (MWh)	3,057,488 ⁵	3,004,455 ⁵	1,516,469	1,713,623	2,275,781	2,166,649	2,105,757	2,219,454	2,276,785	2,297,900	2,333,420	2,356,008	2,322,993	2,170,265	2,162,104	2,179,100
VA Bank, Balance Beginning of Year	0	1,324,742	2,596,452	2,380,175	2,361,052	2,904,087	3,337,990	2,411,442	1,598,591	843,070	108,665	0	0	0	0	0
Target (MWh)	1,732,746	1,732,746	1,732,746	1,732,746	1,732,746	1,732,746	3,032,305	3,032,305	3,032,305	3,032,305	3,032,305	3,032,305	5,198,238	5,198,238	5,198,238	6,497,797
Net Position (MWh)	1,324,742	2,596,452	2,380,175	2,361,052	2,904,087	3,337,990	2,411,442	1,598,591	843,070	108,665	(590,220)	(676,297)	(2,875,245)	(3,027,973)	(3,036,134)	(4,318,697)

- NOTES: 1- Based on Strategist forecast used for the 2011 VA IRP and 12/31/2010 Virginia Jurisdictional allocation of DOM load of 80.7%
 2- 2010 is actual and 2011 includes actuals through 9/30/2011 and projections through year-end
 3- VA City Hybrid (VCHEC) starts at 5% applicable for 2013 to 2015; increasing 1% per year beginning April 1, 2016 and reaching 10% by April 1, 2020 and thereafter
 4- Solar generation reflects double credit of generation as allowed by statute; however, if the solar energy is optimized in the future, it will only count as one credit
 5- Total Renewable Resources includes Company and allowable NUG generated renewable energy, REC purchases and REC Optimization.

DOMINION VIRGINIA POWER
RENEWABLE ENERGY PORTFOLIO STANDARD PROGRAM
2011 SUMMARY

TOTAL ELECTRIC ENERGY SOLD IN THE BASE YEAR (MWh)

Total Electric Energy Sold to Virginia Jurisdictional Retail Customers in 2007	64,621,534
Less Three-year Average Percentages (2004-2006) Nuclear Generation	<u>21,302,885</u>
Total Electric Energy Sold in the Base Year	<u><u>43,318,649</u></u>

RENEWABLE ENERGY PORTFOLIO STANDARD GOALS

	2011
Percent	<u>4%</u>
Goal (MWh)	<u>1,732,746</u>

Virginia Jurisdictional Generation**Resources (MWh)**

	Actual through September 30, 2011	Projected through Balance of Year	Estimated Total 2011
COMPANY-OWNED			
Hydro			
Cushaw	1,970	1,987	3,957
North Anna	423	386	809
Gaston	119,426	55,854	175,280
Roanoke Rapids	114,157	55,795	169,952
Subtotal Hydro	<u>235,975</u>	<u>114,022</u>	<u>349,997</u>
Biomass			
Pittsylvania	270,176	61,607	331,782
Subtotal Biomass	<u>270,176</u>	<u>61,607</u>	<u>331,782</u>
Sub-total COMPANY-OWNED	<u>506,151</u>	<u>175,629</u>	<u>681,780</u>
NUG Renewable Energy	493,771	156,929	650,700
TOTAL	999,922	332,558	1,332,480
Company-Owned Renewables	506,151	175,629	681,780
less REC-Optimized Resources	321,188	0	321,188
Net Company-Owned	184,963	175,629	360,592
REC Purchases	1,993,163	0	1,993,163
NUG Renewable Energy	493,771	156,929	650,700
TOTAL Renewable Sources	2,671,897	332,558	3,004,455
Renewable Resources to be Retired (per Target)			1,732,746

Company's Net Renewable Position for 2011 Excluding Banked RECs **1,271,709**