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DIVISION OF ENERGY REGULATION
STATE CORPORATION COMMISSION

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October 30, 2015

VIA HAND DELIVERY

Ms. Kimberly B. Pate
Director, Division of Public Utility Accounting & 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 § 56-585.2 H of the Code of Virginia*

Dear Ms. Pate and Mr. Stephens:

In accordance with § 56-585.2 H of the Code of Virginia, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion" or "the Company") submits its 2014 Annual Report to the State Corporation Commission ("Commission") on Renewable Energy.

In 2014, Dominion Virginia Power met and exceeded its 2014 Virginia RPS Plan renewable target of 1,732,746 megawatt hours through implementation of its RPS Plan approved by the Commission. Renewable generation from the Company's own resources (including through contracts with Non-Utility Generators) provided 81 percent of Dominion Virginia Power's 2014 RPS Goal, some of which was banked and/or optimized as permitted by Va. Code § 56-585.2.

Legislation passed by the 2012 Virginia General Assembly provides that utilities participating in a RPS program may meet up to 20 percent of their annual RPS Goals using RECs issued by the Commission for qualified investments in renewable and alternative energy research and development activities. Pursuant to this provision, the Company has partnered with 12 institutions of higher education on Virginia renewable and alternative energy research and development projects, an overview of which is provided in the Annual Report. The Company filed its 2014 Annual Report of Qualified Investments on March 31, 2015 analyzing the prior

year's PJM REC prices and quantifying its qualified investments made in 2014 to facilitate the Commission's validation and issuance of RECs for Virginia renewable and alternative energy research and development projects. Based on the methodology established with the first report in 2013, the Company will use 73,590 renewable energy certificates from qualified investments pursuant to Va. Code § 56-585.2 J.

As noted in its 2015 Integrated Resource Plan filed on July 1, 2015 ("2015 Plan"), the Company has a strong commitment to a cost-effective renewable energy program. The Company is actively developing both onshore and offshore wind projects in Virginia, and has identified three feasible sites for consideration of onshore wind facilities located in Virginia that will bring a total of 247 megawatts ("MW") of renewable energy to the Company's resource portfolio as noted in the 2015 Plan. The Company continues to evaluate additional renewable development opportunities, including up to 60 MW of renewable energy from its Virginia City Hybrid Energy Center using biomass co-fired with coal which began in 2013. The Company has also developed 153 MW of renewable energy as a result of the conversion of the Altavista, Hopewell and Southampton Power Stations from burning coal to biomass, which entered commercial operation on July 12, 2013, October 18, 2013, and November 28, 2013, respectively.

The Company has also implemented a two-component solar distributed generation program. First, the Solar Partnership Program is a demonstration program to study the impact and assess the benefits of distributed solar photovoltaic generation on its distribution system through the construction and operation of Company-owned distributed solar generation installations. Second, the Solar Purchase Program is a demonstration program consisting of a new special tariff under which the Company will purchase no more than 3 MW of energy output from customer-owned distributed solar generation installations as an alternative to net energy metering. The customer response to both of these solar programs has been positive. In addition, in October 2015, the Company filed for Commission approval to build 56 MW of large-scale solar facilities that would begin producing renewable energy by December of 2016.

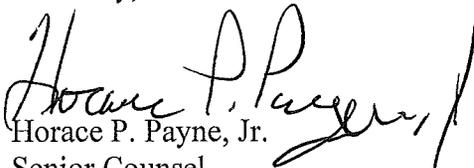
Beyond development of specific projects, the Company continues to encourage its customers to support renewable energy generation resources through voluntary participation in several renewable energy options, including its Rider G Renewable Energy Program, which offers customers a companion rate for purchase and retirement of RECs equal to all or a portion of a customer's monthly consumption. The Company has also implemented a renewable generation pilot program, including another new experimental and voluntary tariff, Rate Schedule RG – Renewable Energy Supply Service, designed to provide large, non-residential customers served under Schedule GS-3 and GS-4 the option to purchase a greater percentage of their energy needs from renewable energy. In addition, the Company received Commission approval in August 2015 for the Dominion Community Solar Pilot and experimental rate, designated "Rider DCS - Dominion Community Solar (Experimental)," to allow customers to voluntarily purchase a portion of their energy requirements at a premium price to support the

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development of additional Company-owned, direct current distributed solar generation facilities sited in Virginia.

Thank you for the opportunity to provide this information. If you or your staff members have any questions, please contact me.

Sincerely,


Horace P. Payne, Jr.
Senior Counsel



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

October 30, 2015

I. INTRODUCTION

Pursuant to § 56-585.2 H of the Code of Virginia (“Va. Code”), Virginia Electric and Power Company (“Dominion Virginia Power” or the “Company”) submits this Annual Report on Renewable Energy (“Report”) to the Virginia State Corporation Commission (“Commission”). Va. Code § 56-585.2 H requires each investor-owned incumbent electric utility in the Commonwealth to report to the Commission annually on (i) its efforts to meet renewable portfolio standard (“RPS”) goals (“RPS Goals”); (ii) its generation of renewable energy; and (iii) advances in renewable generation technology that affect the utility’s activities. Exhibit 1 to this Annual Report shows the Company’s RPS compliance position for meeting its RPS Goals, including 2014 actual compliance and 2015-2025 forecasted compliance. This Annual Report also describes generally the Company’s efforts to support renewable energy development as well as advances in renewable generation technology.

2014 RPS Compliance

The Company met and exceeded its 2014 Virginia RPS Plan renewable target of 1,732,746 megawatt hours (“MWh”) through implementation of its RPS Plan approved by the Commission as illustrated in Exhibit 2 of this Annual Report (as verified by Chiman H. Muchhala). Renewable generation from the Company’s own resources (including through contracts with Non-Utility Generators (“NUGs”)) provided 81 percent of Dominion Virginia Power’s 2014 RPS Goal, some of which was banked and/or optimized as permitted by Va. Code § 56-585.2.

II. EFFORTS TO MEET RENEWABLE PORTFOLIO STANDARD GOALS

A. **Statutory Guidance**

For the purposes of complying with Virginia’s RPS Goals as set forth in Va. Code § 56-585.2 *et seq.*, “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, land fill gas, 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.

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

- generated 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, and purchased by a participating utility under a power purchase agreement; provided, however, that if such agreement was executed on or after July 1, 2013, the agreement shall expressly transfer ownership of renewable attributes, in addition to ownership of the energy, to the participating utility;
- 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 the Commonwealth, in the interconnection region of the regional transmission entity of which the participating utility is a member, or in a control area adjacent to such interconnection region; or
- represented by renewable energy certificates (“RECs”).¹
- “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.

Va. Code § 56-585.2 B 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

¹ “Renewable energy certificate” means either (i) a certificate issued by an affiliate of the regional transmission entity of which the participating utility is a member, as it may change from time to time, or any successor to such affiliate, and held or acquired by such utility, that validates the generation of renewable energy by eligible sources in the interconnection region of the regional transmission entity or (ii) a certificate issued by the Commission pursuant to subsection J and held or acquired by a participating utility, that validates a qualified investment made by the participating utility. Va. Code § 56-576.

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”

Va. Code § 56-585.2 D sets forth the RPS Goals:

- 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 initial 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 MWh goals, renewable generation and REC transactions set forth in this Annual Report are shown at the Virginia Jurisdictional percentage level and not at the Total System level. The 2014 Virginia Jurisdictional percentage is 80.6304 percent of the Total System level.²

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 NUGs),³ to develop new renewable energy generation facilities where feasible, and to purchase RECs to achieve the RPS Goals. Specifically, the renewable energy from existing renewable energy sources and new renewable energy sources identified in the 2015 Integrated Resource Plan, are estimated to be approximately 1 million MWh in 2022 and 1.2 million MWh in 2025.⁴ The Company also plans to develop additional new renewable generation facilities where feasible or purchase approximately 4.2 million RECs in 2022 and 5.4 million RECs in 2025 to meet and comply with the 2022 and 2025 targets of 5.2 million MWh and 6.5 million MWh, respectively.

The Company met RPS Goal I in 2010.⁵ The Company's RPS Plan will also meet the interim RPS Goals II through IV as described in the RPS Application. Exhibit 1 to this Annual Report shows the Company's RPS compliance position for meeting its RPS Goals, including 2014 actual compliance and 2015-2025 forecasted compliance.

² Rounded for the purposes of this report to 80.63 percent. This percentage is based on the Company's most recent cost of service study for the 12 months ending December 31, 2014. This allocation factor is used as the basis for apportioning existing generation MWh for inclusion in its Virginia RPS Plan.

³ The Commission approved the Company's use of renewable energy from NUGs where the contract on renewable attributes was silent in its Order on Petition, *Petition of Virginia Electric and Power Company for a declaratory judgment*, Case No. PUE-2010-00132 (June 17, 2011). Legislation passed in 2013 requires "if such agreement was executed on or after July 1, 2013, the agreement shall expressly transfer ownership of renewable attributes, in addition to ownership of the energy, to the participating utility . . ." Virginia Acts of Assembly, 2013 Session, Chapters 308 and 403.

⁴ At this time, most of the NUG contracts have expiration dates prior to 2025.

⁵ *Application of Virginia Electric and Power Company for a 2011 biennial review of the rates, terms, and conditions for the provision of generation, distribution, and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case. No, PUE-2011-00027, Final Order at 22 (Nov. 30, 2011).

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 2011 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 2011 through 2025.

Pursuant to Va. Code § 56-585.2 D, the RPS Goals II-IV are based on multiyear averages. 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	2011- 2015	2016	2017-2021	2022	2023-24	2025
Percent	4% Average	7%	7% Average	12%	12% Average	15%
Goal	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 Facilities Included in Approved

RPS Plan:⁶

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	

Pursuant to Va. Code § 56-585.2 F, utilities participating in a RPS program are permitted to use a combined 1.5 million green tons of certain tree-based material, as defined in the statute.⁷

In its Final Order approving the Company's RPS Plan, the Commission determined that Dominion Virginia Power's *pro rata* share of the 1.5 million ton restriction for certain green tree-based materials is 73.929 percent 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 2014.

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

⁶ Based on the Company's most recent cost of service study for the 12 months ending December 31, 2014, the Virginia Jurisdiction is responsible for approximately 80.63 percent of the Company's electricity demand, and the Company used this allocation factor as the basis for apportioning approximately 80.63 percent of the existing generation MWh for inclusion in its Virginia RPS Plan.

⁷ Va. Code § 56-585.2 F.

renewable energy include all aspects of that energy, including the renewable attributes. In Case No. PUE-2010-00132, the Commission held that the Company should apply the NUG renewable energy as part of its RPS Plan where the contract was silent on ownership of such renewable attributes. As a result, the Company initially banked the renewable energy generation of 1.9 million MWh produced by qualifying NUGs from 2010-2012. The Company applied approximately 1 million of these MWh toward its 2013 RPS compliance. Approximately 1.2 million MWh were generated by such qualifying NUGs in 2013 and 2014. The Company will apply 0.8 million MWh of the available renewable energy from NUGs towards its 2014 compliance. 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.⁸

c. New Renewable Energy Sources

The Company is actively developing both onshore and offshore wind projects in Virginia. With respect to onshore wind, the Company noted in its 2015 Integrated Resource Plan, filed July 1, 2015, that it had identified three feasible sites for consideration of onshore wind facilities located in Virginia that will bring a total of 247 megawatts (“MW”) of renewable energy to the Company’s resource portfolio.

In addition, Dominion Virginia Power continues to pursue offshore wind development in a prudent manner for its customers and for the state’s economic development. Offshore wind has the potential to provide a scalable renewable resource if it can be achieved at reasonable cost to customers. To help determine how this can be accomplished, the Company is involved in two

⁸ See *infra* n.2.

active projects: (1) the Virginia Offshore Wind Technology Advancement Project (“VOWTAP”) and (2) commercial development in the Virginia Wind Energy Area (“WEA”), both of which are located approximately 27 miles off the coast of Virginia.

VOWTAP focuses on research and development of offshore wind generation technology, and was one of seven projects selected in 2012 to receive \$4 million each in U.S. Department of Energy (“DOE”) funds to support initial engineering, design and permitting. The proposed project will utilize two six-megawatt Alstom turbines to produce 12 MW, which can help power 250 homes at peak demand. In 2014, VOWTAP was one of three finalists to be awarded up to \$47 million in additional DOE funding for continued development toward construction of the 12 MW project.

The second project is intended to develop a commercial offshore wind generation facility. In October 2013, the Company executed a \$1.6 million lease for 112,800 acres of federal land to develop a commercial-scale offshore wind turbine facility capable of generating up to 2,000 MW of electricity, enough to power approximately 500,000 homes. The Company is actively developing this commercial generation project, with the development schedule in compliance with the lease obligations established by the U.S. Bureau of Ocean Energy Management.

d. Research and Development Initiatives

A 2012 revision to Va. Code § 56-585.2 resulting from Chapters 274 and 717 (HB 1102 and SB 413) of the 2012 Acts of the General Assembly allows utilities that are participating in Virginia’s RPS program to meet up to 20 percent of their annual RPS Goals using RECs issued by the Commission for qualified investments in renewable and alternative energy research and development activities.⁹ Pursuant to Va. Code § 56-585.2, the Company has partnered with 12

⁹ “Qualified investment” means an expense incurred in the Commonwealth by a participating utility in conducting, either by itself or in partnership with institutions of higher education in the Commonwealth or with industrial or

institutions of higher education on Virginia renewable and alternative energy research and development projects.

The Company filed its 2014 Annual Report of Qualified Investments on March 31, 2015, analyzing the prior year's PJM REC prices and quantifying its qualified investments made in 2014 to facilitate the Commission's validation and issuance of RECs for Virginia renewable and alternative energy research and development projects. Based on the methodology established with the first report in 2013, the Company will use 73,590 renewable energy certificates from qualified investments pursuant to Va. Code § 56-585.2 J.

The Company intends to file its annual report by March 31, 2016, analyzing the prior year's PJM REC prices and quantifying its qualified investments made in 2015 to facilitate the Commission's validation and issuance of RECs for Virginia renewable and alternative energy research and development projects. The Company will apply any R&D RECs issued by the Commission towards its 2015 RPS Compliance.

e. 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 of 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 such distinctions, and currently these distinctions impact the valuation of the RECs. The market price of individual RECs is based on a variety of factors, including energy source. The Company

commercial customers that have established renewable energy research and development programs in the Commonwealth, research and development activities related to renewable or alternative energy sources, which expense (i) is designed to enhance the participating utility's understanding of emerging energy technologies and their potential impact on and value to the utility's system and customers within the Commonwealth; (ii) promotes economic development within the Commonwealth; (iii) supplements customer-driven alternative energy or energy efficiency initiatives; (iv) supplements alternative energy and energy efficiency initiatives at state or local governmental facilities in the Commonwealth; or (v) is designed to mitigate the environmental impacts of renewable energy projects. Va. Code § 56-585.2.

expects that it will be able to fully satisfy the RPS Goals II through IV through the Company's existing renewable generation portfolio, new renewable generation facilities and the purchase of lower cost RECs.

f. 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 in the five calendar years after the renewable energy was generated or the renewable energy certificates were created, except that a utility shall be able to apply renewable energy certificates acquired by the utility prior to January 1, 2014.

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. 2014 Renewable Energy Generated & REC Transactions

The Company met and exceeded its 2014 Virginia RPS Plan renewable target of 1,732,746 MWh through implementation of its RPS Plan approved by the Commission as illustrated in Exhibit 2 of this report. The Company achieved compliance by applying 181,934 RECs or Renewable Energy created by Company-owned facilities, 662,682 purchased RECs, 817,540 MWh of renewable energy from NUGs, and 73,590 RECs from qualified investments in renewable and alternative energy research and development activities.¹⁰

¹⁰ Renewable energy certificates for 2014 were deemed issued by the Commission pursuant to Va. Code § 56-585.2 J. The Company's request for that issuance of RECs for 2014 reflected: (1) the Company's actual 2014 expenditures of \$582,097 on research and development activities in the Commonwealth related to renewable or alternative energy sources; and (2) a value of \$7.91 per REC based on the Company's analysis of the average price of publicly available Tier 1 and Tier 2 RECs.

Company-generated renewable generation (including NUGs) provided 81 percent of Dominion Virginia Power’s 2014 RPS Goal, of which some of this was banked and/or optimized.

Pursuant to Va. Code § 56-585.2 H the breakdown of the Company’s efforts to meet its RPS goals for 2014 is as follows:

- § 56-585.2 H 1.a. – A list of all states where the purchased or owned renewable energy was generated, specifying the number of megawatt hours or renewable energy certificates originating from each state.

State	PA	MD	NC ¹¹	VA	Total
Totals	500,040	0	486,875	2,985,019	3,971,934
Applied	434,907	0	179,621	1,121,218	1,735,746
Banked	65,133	0	0	1,594,297	1,659,430
Optimized	0	0	307,254	269,504	576,758

- § 56-585.2 H 1.b. – A list of the decades in which the purchased or owned renewable energy generating units were placed in service, specifying the number of megawatt hours or renewable energy certificates originating from those units.

Decade	1910s	1920s	1930s	1950s	1960s	1980s	1990s	2010s	Total
Totals	408,671	74,991	9,940	238,337	248,538	1,044,373	1,857,116	89,968	3,971,934
Applied	345,929	74,991	0	84,561	95,060	362,632	684,996	87,577	1,735,746
Banked	62,742	0	0	0	0	681,741	912,556	2,391	1,659,430
Optimized	0	0	9,940	153,776	153,478	0	259,564	0	576,758

- § 56-585.2 H 1.c. – A list of fuel types used to generate the purchased or owned renewable energy, specifying the number of megawatt hours or renewable energy certificates originating from each fuel type.

Fuel Type	Hydro	MSW	Biomass (Wood	Landfill Gas	R&D	Total

¹¹ All of the RECs from NC are from Company-owned renewable energy resources.

			Waste)			
Totals	1,109,053	2,510,367	259,564	19,360	73,590	3,971,934
Applied	616,841	1,045,315	0	0	73,590	1,735,746
Banked	175,018	1,465,052	0	19,360	0	1,659,430
Optimized	317,194	0	259,564	0	0	576,758

2. 2015 Renewable Energy Generated & REC Transactions

The Company will meet or exceed its 2015 Virginia RPS Plan renewable target of 1,732,746 MWh through implementation of its RPS Plan approved by the Commission which is illustrated in Exhibit 3.

a. Company-Owned Facilities

Total renewable energy production for 2015, through September 30, 2015, from renewable energy facilities owned by the Company and included in the RPS Plan was 482,165 MWh. The Company estimates the total renewable energy production from these resources for calendar year 2015 will be 574,495 MWh.

b. NUGs

The Company has determined that the renewable energy production from contracted NUGs year-to-date through September 30, 2015 is 294,239 MWh. The Company estimates the total qualified renewable energy production from existing contracted NUGs for calendar year 2015 will be 331,040 MWh. Any renewable energy not needed to meet the 2015 Goal will be banked for future use as permitted by statute.

c. 2015 REC Transactions (Purchase for Virginia RPS Compliance/Sales for Optimization)

The Company's REC transactions for 2015, through September 30, 2015 are summarized as follows:

- 207,758 Company-generated higher value RECs optimized

- 2,234,973 lower cost RECs purchased, including replacement RECs

d. RECs from R&D

As discussed in Section II.B.3.d. above, the Company intends to file its annual report by March 31, 2016, analyzing the prior year's PJM REC prices and quantifying its qualified investments made in 2015 to facilitate the Commission's validation and issuance of RECs for Virginia renewable and alternative energy research and development projects. The Company will apply any R&D RECs issued by the Commission towards its 2015 RPS Compliance. Although the Company is allowed to meet up to 20 percent (346,549) of its RPS Goal with R&D RECs, Exhibit 3 includes the Company's conservative estimate of 55,473 R&D RECs for 2015.

e. Banking of Excess Renewable Energy and/or RECs

The Company began 2015 with banked renewable energy and RECs of 1,707,344 MWh and expects to have a bank of approximately 3,650,672 MWh of renewable energy and RECs toward future RPS targets at year-end 2015.

3. Years 2016 Through 2025 Renewable Plan

Exhibit 1 to this Annual Report outlines the Company's Virginia RPS Plan from 2014 through 2025, including actual totals for 2014 and forecasts for the remaining years. This exhibit has been updated to reflect the assumptions used for the 2015 Integrated Resource Plan. For planning purposes, for years 2016 through 2025, no REC optimization is assumed. Based on current information, the Company forecasts that it will continue to be able to fully satisfy the RPS Goals I through IV through the Company's existing renewable generation portfolio, through the purchase of RECs (including optimization) and new renewable generation where economically feasible.

III. OVERALL DEVELOPMENT 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 hydroelectric and biomass facilities. The Company also intends to continue prudent development of a number of new renewable energy facilities through the 2025 timeframe as discussed in Section II.B.3.c. In addition, potential future renewable energy resources are discussed in Section IV below.

The Company is actively developing certain additional new renewable generation facilities not included in its approved RPS Plan. Decisions to build new renewable generation are primarily determined based on need and as part of the Company's Integrated Resource Planning process, and subject to Commission issuance of a certificate of public convenience and necessity.

Specifically, the Company continues to evaluate renewable development opportunities, such as 60 MW of renewable energy from its Virginia City Hybrid Energy Center ("VCHEC") using biomass co-fired with coal which began in 2013.¹² In addition, the Company has developed 153 MW of renewable energy as a result of the conversion of the Altavista, Hopewell and Southampton Power Stations from burning coal to biomass (primarily waste wood) ("Biomass Conversions"), which entered commercial operation on July 12, 2013, October 18, 2013, and November 28, 2013, respectively. The Biomass Conversions use primarily waste wood, within the parameters of the state's restriction on certain tree-based materials mentioned previously in Section II.B.3.a. The Company treats revenues from the RECs generated by the facilities as credits to customers to offset costs, which flow through the Rider B rate adjustment clause approved under Va. Code § 56-585.1 A 6.

¹² VCHEC is designed to produce up to 120 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 continue to develop over the first 8-10 years. In 2013, one percent of the fuel utilized at VCHEC was biomass. It is anticipated that it will provide approximately three percent of renewable energy in 2014 and step up each year thereafter until it reaches ten percent of renewable energy starting in 2020.

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 several renewable energy options. Dominion Virginia Power's Rider G Renewable Energy Program, commonly referred to as the "Green Tariff" and marketed as "Dominion Green Power®" became effective on January 1, 2009, and offers customers a companion rate for the purchase and retirement of RECs equal to all or a portion of a customer's monthly consumption. Launched in 2009, the Dominion Green Power® program currently has nearly 28,000 participants, with 55 percent of the participants choosing to match 100 percent of their monthly 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 an additional way to support renewable energy above and beyond Dominion's renewable energy initiatives.

In addition, pursuant to Chapter 771 of the 2011 Virginia Acts of Assembly, the Company has developed a solar distributed generation program consisting of two separate components. On November 28, 2012, the Commission approved the first component, the Solar Partnership Program (formerly the "Community Solar" Program), a demonstration program to study the impact and assess the benefits of distributed solar photovoltaic generation on its distribution system through the construction and operation of Company-owned distributed solar generation installations. Under that Program, the Company will construct and operate up to 30 MW of Company-owned solar facilities on leased rooftops or on the grounds of commercial businesses and public properties throughout its Virginia service area. The Company currently uses the proceeds it receives from selling the RECs obtained from the Solar Partnership Program to offset the costs of the Program.

On March 22, 2013, the Commission approved the Company's Solar Purchase Program, the second component of the Company's Chapter 771 initiatives. The Solar Purchase Program is a demonstration program consisting of a special tariff under which the Company will purchase no more than 3 MW of energy output from customer-owned distributed solar generation installations, offered as an alternative to net energy metering. Participating customers install and own the solar generation system located on their property, but sell the electricity and solar RECs back to Dominion Virginia Power at a premium rate of 15 cents per kilowatt-hour. Participating customers purchase all of the electricity for their home or business from the Company on their current rate schedule. The renewable energy certificates obtained from the Solar Purchase Program will be incorporated into the REC portfolio as Virginia-based solar RECs and retired on behalf of the customers voluntarily participating in the Dominion Green Power® program.

The customer interest in both of these solar programs has been relatively strong, and the Company is very pleased with the substantial progress being made toward achieving the goals and intent of the programs.

On December 16, 2013, the Commission approved the Company's proposed renewable generation pilot program including another new experimental and voluntary tariff, Rate Schedule RG – Renewable Energy Supply Service ("Rate Schedule RG"), with certain additional requirements. Rate Schedule RG is designed to provide large, non-residential customers served under Schedule GS-3 and GS-4 with the option to purchase a greater percentage of their energy needs from renewable energy resources than they currently receive from the Company's existing generation mix. Rate Schedule RG was officially launched April 1, 2014. Eligible customers sign a contract for the Company to purchase additional amounts of renewable energy as determined by the customer. The customer is responsible for all costs associated with its

additional purchase of renewable energy under Rate Schedule RG, including the administrative fee. Additionally, the renewable energy supplier signs a power purchase agreement with the Company equal to the amount of renewable energy to be purchased under the customer's contract. The remainder of the customer's energy requirements, as well as all of the customer's capacity requirements, are provided under their existing Rate Schedule GS-3 or GS-4.

On August 7, 2015, pursuant to § 56-234 B of the Code and in accordance with the blanket certificate of public convenience and necessity issued for the Company's Solar Partnership Program, the Commission approved the Dominion Community Solar Pilot and experimental rate, designated "Rider DCS - Dominion Community Solar (Experimental)," to allow customers to voluntarily purchase a portion of their energy requirements at a premium price to support the development of additional Company-owned, direct current distributed solar generation facilities sited in Virginia.

On October 1, 2015, the Company filed for Commission approval to build 56 megawatts of large-scale solar facilities that would begin producing renewable energy by December of 2016. Specifically, the Company is seeking certificates of public convenience and necessity for three separate solar projects. The three projects are: **(1) Scott Solar:** This solar project will produce about 17 megawatts of electricity and would be located on 165 acres of land in Powhatan County. **(2) Whitehouse Solar:** This solar project would generate about 20 MW and would be located on a 250-acre site in Louisa County; and **(3) Woodland Solar:** This solar project will produce approximately 19 MW of electricity and will be constructed on approximately 200 acres located in Isle of Wight County.¹³

¹³ Additionally, by Final Order dated October 20, 2015 in Case No. PUE-2015-00006, the Commission denied without prejudice the Company's application for a certificate of public convenience and necessity and associated

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 Resources, Inc. formed its Alternative Energy Solutions Group in April 2009 to conduct research, track federal and state policies, and identify potential opportunities in the alternative and renewable energy sector. The broader efforts to monitor and potentially pursue beneficial renewable energy technology reach into almost every part of the Company. Some of the renewable resources and technologies that Dominion is currently considering include:

A. Solar

In 2013 solar photovoltaic (“PV”) as a percent of total generation in the U.S. remained small, comprising only 0.5 percent.¹⁴ Despite its small percentage of total generation, solar PV technology continues to be one of the most rapidly growing renewable energy sectors with a compounded annual growth rate from 2000-2013 in the U.S. of 64 percent.¹⁵ Since 2007, large utility-scale solar projects (>5 MW_{AC}) have been the fastest-growing segment of the solar market¹⁶. Over this same time period, prices for these projects have fallen over 50% to a median installed price of \$3.10/W_{AC}¹⁷. Government incentives and policy initiatives continue to drive the rapid growth of solar. Federal tax credits for solar remain available until December 31, 2016, contributing to the cost competitiveness of this resource. Even after the expiration of federal tax credits, the growth in rooftop solar is expected to continue as installed costs continue to drop, leading to the prospect of grid parity in key markets over the coming years. Additionally, the

rate adjustment clause for the proposed Remington Solar Project, a proposed 20-megawatt solar facility to be sited near the town of Remington in Fauquier County. The Commission’s Final Order states the Company is free to refile an application that meets all statutory requirements.

¹⁴ <http://www.nrel.gov/docs/fy15osti/62580.pdf>

¹⁵ *Id.*

¹⁶ <https://emp.lbl.gov/sites/all/files/lbnl-1000917.pdf>

¹⁷ *Id.*

Department of Energy's SunShot Initiative has a goal to reduce the cost of PV-generated electricity by roughly 75% between 2010 and 2020.¹⁸ As part of this initiative, the Company was awarded a \$3.041 million grant under the Solar Market Pathways program to develop a sustainable utility-administered solar strategy for Virginia. Several solar studies will be conducted to assess the impacts of increased solar penetration on the generation, transmission, and distribution systems. The results of these studies will inform a solar strategy discussion conducted with a team of stakeholders from across the Commonwealth. Ultimately, the project will create a strategy that will promote wider deployment of solar in Virginia and serve as a replicable model for other states across the Southeast.

B. Offshore Wind

Offshore wind has the potential to provide a large, scalable renewable resource for Virginia with near-term resource availability of approximately 2,000 MW. Virginia has a unique offshore wind opportunity due to its shallow continental shelf extending approximately 40 miles off the coast, proximity to load centers, availability of local supply chain infrastructure, and world class port facilities. However, one challenge facing offshore wind development is its complex and costly installation and maintenance when compared to onshore wind. As a result, the Company is actively participating in offshore wind policy and innovative technology development in order to identify ways to advance offshore wind responsibly and cost-effectively.

There is increasing political momentum in Virginia and throughout the Mid-Atlantic surrounding offshore wind development, driven by its potential for significant economic development, job creation and renewable attributes. In 2010, the Virginia General Assembly passed legislation creating the Virginia Offshore Wind Development Authority ("VOWDA") to help facilitate offshore wind energy development in the Commonwealth. The Company is

¹⁸ *Id.*

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>

In House Joint Resolution 605, the 2011 Virginia General Assembly established a goal to develop 3,000 MW of offshore wind by 2025. The General Assembly has also amended Va. Code § 56-585.1 in recent years to further incent offshore wind development by Virginia electric utilities.

In February 2012, the Company completed a second study to evaluate the build options for high voltage underground transmission from Virginia Beach into the Atlantic Ocean to support potentially multiple offshore wind projects. The study found that for every 500-700 MW (nameplate) of offshore wind capacity constructed, one service platform is appropriate with two lines to shore. This transmission solution limits the potential for stranded offshore transmission investment and emphasizes the potential cost savings that may be achieved through a phased build-out approach.

As discussed in Section II.B.3.c., in December 2012, a private/public collaborative led by Dominion Virginia Power was one of seven projects selected by the DOE to receive a \$4 million award for initial engineering, design and permitting for VOWTAP. The Company's team was among three finalists selected by DOE in May 2014, for continued development toward construction. Earlier this year, the Company announced a delay in VOWTAP as it continues to

work with stakeholders to find additional ways to reduce the cost and risks of this project. This delay is the result of significant increases in the estimated cost of VOWTAP. Given this cost increase, the Company now deems it prudent to continue to work with stakeholders, to explore ideas to lower the cost and/or share the cost of VOWTAP in a manner that will not overly burden the Company and its customers and initiated this stakeholder process in June 2015. The Company remains committed to the development of all renewable and alternative energy provided the development of these technologies is commercially viable and affordable.

As noted previously, Dominion Virginia Power won the lease for 112,800 acres of federal land off the coast of Virginia to develop an offshore wind turbine facility capable of generating up to 2,000 MW of electricity, enough to power approximately 500,000 homes. The Department of Interior's Bureau of Ocean Energy Management ("BOEM") is the lead federal agency in charge of leasing areas for offshore wind development on the outer continental shelf. Dominion will proceed with the BOEM timetable for development of the commercial wind energy area while advancing its research project and looking for ways to lower the cost of bringing offshore wind generation to customers.

The Company has been actively working with the federal government, Virginia's state government, the City of Virginia Beach, and other partners to develop offshore wind for several years, and the auction was another important step forward.

C. Other Renewable Technologies

The Company is also continuing to evaluate other emerging alternative energy technologies including waste-to-energy, geothermal, tidal and wave power, and energy storage.

- Waste-to-energy (“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. It is believed that the U.S. has more geothermal capacity than any other country. California is home to almost two-thirds of U.S. geothermal electrical installed capacity of nearly 3,000 MW.¹⁹ Very limited geothermal energy resources are available in Virginia.
- Tidal and wave power (a.k.a. hydrokinetic electric power generation) relies on ocean water fluctuations to collect and release energy. In September 2011, backed by \$10 million of DOE funding, Ocean Renewable Power installed a tidal-power turbine with 180 kW of capacity off the northeastern Maine Coast supplying the grid under a power purchase agreement. While significant research and isolated projects such as the above-referenced project in Maine continue to occur, neither tidal nor wave facilities have proven to be commercially viable on a wide scale. On March 20, 2014, the Federal Energy Regulatory Commission issued a 10-year pilot license to Public Utility District No. 1 of Snohomish County for the proposed Admiralty Inlet Pilot Tidal Project to be located in the Puget Sound in the state of Washington. The 600-kilowatt Admiralty Inlet Project is an experimental project designed to determine whether commercial development of the tidal energy resources of Puget Sound is commercially viable. The Company will continue to monitor developments surrounding these technologies and hydrokinetic projects.

¹⁹ <http://www.geothermal.org/PDFs/Articles/California.pdf>

- To better harness the power of renewable generation sources such as wind and solar, energy storage technologies can store excess energy for later use. In addition to traditional battery technologies, such as the lithium ion batteries found in electric vehicles, many other battery chemistries are currently being developed and commercialized. The DOE has funded an Energy Storage Systems Research Program at Sandia National Laboratories to further develop energy storage technologies. The Company is actively monitoring the state of the market for potential opportunities as more renewable generation sources are integrated onto the grid.

VI. CONCLUSION

As noted in its 2015 Integrated Resource Plan, the Company has a strong commitment to a cost-effective renewable energy program. 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. The Company views its efforts toward its RPS Plan in Virginia in the past year, as well as its overall approach to the development of renewable resources, as successful.

The Company continues to move forward in implementing its cost-effective renewable energy program, as outlined in this Annual Report to the Commission.

EXHIBIT 1
ANNUAL REPORT TO THE SCC ON RENEWABLE ENERGY
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	54,621,534 MWh											
Less Three-year Average (2004-2006) Nuclear Generation	21,302,865 MWh											
Total Electric Energy Sold In the Base Year	33,318,669 MWh											
RENEWABLE ENERGY PORTFOLIO STANDARD GOALS												
	2014	2016	2018	2017	2018	2019	2020	2021	2022	2023	2024	2025
Percent	4%	4%	7%	7%	7%	7%	7%	7%	12%	12%	12%	15%
Goal (MWh)	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	6,497,737
RENEWABLE ENERGY PORTFOLIO STANDARD PROGRAM¹												
	2014 ²	2016 ²	2018	2017	2018	2019	2020	2021	2022	2023	2024	2025
Generation Resources (MWh)												
Small Hydro	13,293	9,336	13,293	13,293	13,293	13,293	13,293	13,293	13,293	13,293	13,293	13,293
Large Hydro	496,678	357,190	417,065	417,065	417,065	417,065	417,065	417,065	417,065	417,065	417,065	417,065
Wind/Volta	259,564	287,568	89,821	134,255	312,658	241,579	423,054	412,380	391,105	423,573	418,613	422,945
NUCs	645,714	331,040	0	0	0	0	0	0	0	0	0	0
Total	1,404,409	905,934	619,279	664,792	643,215	672,236	853,411	842,737	821,463	834,031	846,970	853,302
Total Renewable Resources (MWh)	1,513,646³	3,675,973²	519,279	664,792	643,215	672,236	853,411	842,737	821,463	834,031	846,970	853,302
VA Bank, Balance Beginning of Year	1,826,442	1,707,344	3,650,571	1,137,544	0	0	0	0	0	0	0	0
Target (MWh)	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	6,497,737
Net Position (MWh)	1,707,344	3,650,571	1,137,544	(1,330,009)	(2,389,090)	(2,360,069)	(2,179,894)	(2,189,558)	(4,376,775)	(4,364,207)	(4,349,258)	(5,644,435)
NOTES: 1 - Based on Strategic Forecast used for the 2015 VA IRP and 10/31/2014 Virginia Jurisdictional allocation of DOM load of 80.62%. 2 - 2014 is actual and 2015 includes actuals through 9/30/2015 and predictions through year-end. 3 - Total Renewable Resources includes Company and allowable NUC generated renewable energy, REC purchases, R&D REOs and REC Optimization.												

EXHIBIT 2
DOMINION VIRGINIA POWER
RENEWABLE ENERGY PORTFOLIO STANDARD PROGRAM
2014 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	21,302,885
Total Electric Energy Sold in the Base Year	43,318,649

RENEWABLE ENERGY PORTFOLIO STANDARD GOALS

	2014
Percent	4%
Goal (MWh)	1,732,746

Company RPS Generation Resources (MWh)

	Total Energy Generated during 2014	VA Jurisdictional Energy Generated during 2014 ⁽¹⁾
Company Owned		
Hydro		
Cushaw	12,328	9,940
North Anna	2,870	2,313
Gaston	308,244	248,538
Roanoke Rapids	295,593	238,337
Subtotal Hydro	619,035	499,128
Biomass		
Pittsylvania	321,919	259,564
Subtotal Biomass	321,919	259,564
Total Company Owned	940,954	758,692
NUGS⁽²⁾	800,833	645,714
TOTAL Renewable Energy Generated During 2014	1,741,787	1,404,406
Total Company Generated Renewable Energy as a % of goal		81%

Less Company Generated Renewable Energy Credits Optimized	(576,758)
Total Renewable Energy Available for 2014 Compliance	827,648
R & D RECs	73,590
REC Purchases	1,115,410
NUG Renewable Energy and RECs Previously Banked	1,426,442
Total Renewable Energy and RECs Available for 2014 Compliance	3,443,090
Less Renewable Energy and RECs Banked for Future RPS Application	(1,707,344)
Renewable Energy and RECs Applied for Compliance²	1,735,746

Notes: (1) Based on VA jurisdictional allocation of 80.6304%.

(2) The Company applied 1,735,746 for RPS Compliance for 2011 - 2014. Because Goal II is a multi-year average, the Company may apply this overage of 12,000 in future years.

EXHIBIT 3
DOMINION VIRGINIA POWER
RENEWABLE ENERGY PORTFOLIO STANDARD PROGRAM
2015 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

	2014
Percent	<u>4%</u>
Goal (MWh)	<u>1,732,746</u>

Company RPS Generation Resources (MWh)

Company Owned

Hydro

	Actual through September 30, 2015	Projected through Balance of Year	Estimated Total 2015 ⁽¹⁾
Cushaw	4,933	1,533	6,466
North Anna	2,526	344	2,870
Gaston	143,516	38,410	181,925
Roanoke Rapids	138,365	36,901	175,266
Subtotal Hydro	289,339	77,188	366,527

Biomass

Pittsylvania	192,825	15,143	207,968
Subtotal Biomass	192,825	15,143	207,968

Total Company Owned

482,165 92,331 574,495

NUG Renewable Energy

294,239 36,801 331,040

TOTAL

776,404 129,132 905,535

**Company-Owned Renewables
less REC-Optimized Resources**

482,165 92,331 574,495
(207,758) (16,676) (224,434)

Net Company-Owned

274,407 75,655 350,061

REC Purchases

2,234,973 685,000 2,919,973

R&D RECs²

55,473

NUG Renewable Energy

294,239 36,801 331,040

TOTAL 2014 Renewable Resources

2,803,619 797,456 3,656,547

2014 Bank Carried Forward

1,707,344

Renewable Resources to be Retired (per Target)

1,732,746

Company's Estimated Net Renewable Position for 2015 Year-End

3,631,145

Notes: (1) Based on projected VA jurisdictional allocation of 80.63%.

(2) Based on projected Qualified Investments and preliminary PJM REC price analysis.

