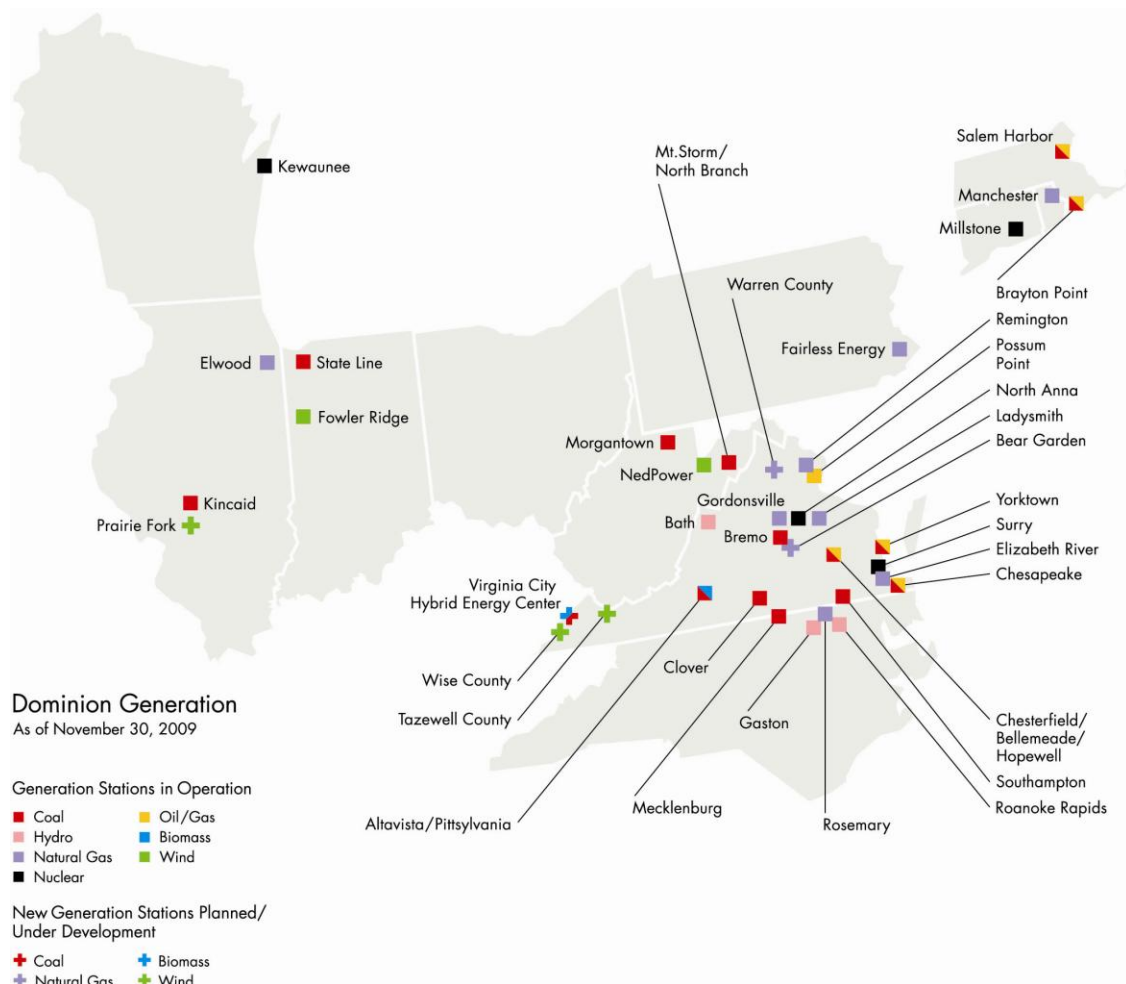


DOMINION'S PLAN TO ADDRESS GREENHOUSE GASES

This report updates Dominion's integrated strategy to meet the growing energy needs of our customers in an environmentally responsible, reliable and cost-effective manner. A previous version of this report was published on the company web site in the summer of 2008. Since that time, the company has taken a number of significant actions to further develop its integrated strategy.

To meet our customers' needs, it will be necessary to rely on a variety of tools and each tool is an integral part of our approach. Conservation, renewable generation development, the construction of other generating capacity and supplemental infrastructure improvements will help maintain fuel diversity on our system while meeting our customers' needs in an environmentally responsible manner.

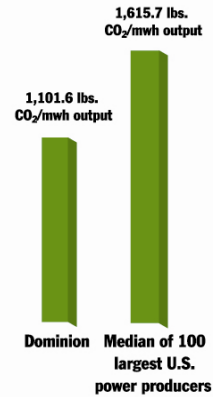
Dominion is one of the nation's most-efficient power producers. Improvements in the efficiency at four of our seven nuclear power stations have resulted in added output equivalent to building an additional nuclear unit.



According to a 2008 Natural Resources Defense Council report, Dominion emitted almost one-third less carbon per unit of energy than the median of the nation's 100 largest power producers. This is a result of Dominion's balanced and diverse fuel mix, an important part of the company's integrated strategy now and going forward.

Dominion's plans for additional generation – including a new 1,500 MW nuclear unit at our North Anna Power Station in Virginia, further wind and other renewable energy development, and conversion of the Bremono Power Station to natural gas, and construction of additional natural gas units – are expected to further minimize the company's carbon intensity.

Minimizing Our Carbon Intensity
Pounds CO₂ per mwh electricity produced, 2006



Source: Natural Resources Defense Council, 2008 Report

DOMINION'S ALTERNATIVE ENERGY GROUP

In April 2009, we announced the creation of an alternative energy solutions unit, headed by a senior vice president and drawing on experienced staff from throughout the company. The unit consists of three groups: policy and business development, financial management, and research and development. The alternative energy solutions unit gives the company a focal point for the whole range of alternative energy solutions, from conservation to renewable energy. This group is taking the lead on a number of cross cutting initiatives within Dominion, including applying for federal stimulus money, research and development opportunities, Dominion's participation in discussions of offshore wind potential in Virginia, assessment of investment opportunities, and the role of alternative energy in Dominion's integrated strategy.

During the 2010 Session of the Virginia General Assembly, this group was active in shaping legislation that passed both the House and the Senate creating the Virginia Offshore Wind Authority. This legislation is intended to promote the development of offshore wind in Virginia. The company intends to be active in Virginia's discussions on offshore wind and to play a significant role in the resulting policy discussions.

DOMINION'S INTEGRATED STRATEGY

Dominion's ongoing objective is to provide reliable, affordable energy for our customers while being environmentally responsible.

Our integrated strategy to meet this objective consists of four major tools:

- Conservation and efficiency;
- Renewable generation development;
- Other generation development to maintain our fuel diversity, including clean coal, advanced nuclear energy, and natural gas; and
- Improvements in other energy infrastructure, such as transmission and delivery improvements.

CONSERVATION

Conservation is one of the company's important priorities. Conservation can and must play a critical role in meeting the growing demand for electricity. Dominion's conservation efforts include its compact fluorescent light bulb (CFLs) partnership with The Home Depot, its investments in smart grid technology, and its portfolio of conservation programs.

In 2007, we initiated a program to promote energy efficient lighting by partnering with retailer The Home Depot to provide discounts for our customers on the purchase of CFLs. CFLs consume about 75 percent less energy than traditional incandescent bulbs and can last up to 10 times longer, resulting in significant savings for consumers. Nearly 3.8 million CFLs have been purchased through this program, saving consumers more than \$150 million in energy costs over the life of the bulbs. Based on estimates by the U.S. Environmental Protection Agency the 3.8 million CFLs will reduce carbon dioxide emissions by 853,000 tons - the equivalent of removing about 148,000 cars from the road for one year.

In June 2009, we announced that Charlottesville, Virginia would become the site for a large scale test of smart metering technology, an important component of building a smart grid. Dominion is in the process of deploying 46,500 advanced meters in the Charlottesville area. These smart meters have several important applications for conservation, chief among them allowing for voltage conservation, allowing the company to more precisely match the voltage going into homes to the energy demands of the home.

In July 2009, we submitted a comprehensive conservation filing with the Virginia State Corporation Commission (State Corporation Commission) that includes an array of a dozen energy-saving and demand-reducing programs. This filing was amended in 2010 to reflect the Commission staff's preference for a longer phase-in of smart metering technology. When fully implemented to include smart meters throughout our service territory, we expect this portfolio of programs to reduce the peak demand for electricity for Virginia customers by about 650 megawatts over a 15-year period, which is comparable to the output of a large generating unit. The programs are also expected to reduce the total consumption of electricity in Dominion's service area by about 2.4 million megawatt-hours per year by 2024. These programs must be approved by the State Corporation Commission, and we hope to begin implementing the programs in 2010.

RELEVANT CHANGES IN VIRGINIA LAW

In 2009, the General Assembly passed important conservation legislation, House Bill 2506, which was sponsored by Delegate Albert Pollard. This legislation provides that electric utilities will earn their ordinary rate of return for both operating and capital investments in conservation programs. The bill also includes provisions for net loss revenues as a result of conservation programs. The legislation provides significant incentives for Virginia electric utilities to make additional investment in conservation programs.

The General Assembly also passed legislation directing the State Corporation Commission to conduct a proceeding to revisit the state's 10 percent conservation goal and determine if this goal needed to be adjusted. This proceeding is ongoing.

On renewable energy, the General Assembly approved a recommendation of the Governor's Climate Commission and expanded the state's incentive-based renewable portfolio standard goal from 12 percent by 2022 to 15 percent by 2025.

As previously noted, in 2010 the General Assembly passed legislation now awaiting the Governor's signature creating the Virginia Offshore Wind Authority. The General Assembly also passed legislation granting triple credit towards the state's RPS goal for offshore wind projects, showing the importance that the General Assembly places on this technology.

All of the above measures were supported by Dominion.

RENEWABLE ENERGY

Renewable energy is an important component of a diverse and reliable energy mix. Dominion is committed to meeting Virginia's goal of 15 percent renewable power by 2025 and North Carolina's renewable portfolio standard of 12.5 percent by 2021.

Within our regulated system, about two percent of our generation is from renewable sources and includes:

- Run-of-river hydro that provides 327 megawatts of renewable power;
- Our Pittsylvania Power Station that provides 83 megawatts of power from biomass; and
- Our 63 MW Altavista Power Station which is co-fired with 10 percent biomass.

We also anticipate using up to 20 percent biomass (wood waste) at the proposed Virginia City Hybrid Energy Center. The permit for the facility mandates the use of at least 10 percent biomass, provided adequate wood resources are available.

Dominion has been moving aggressively to develop wind energy resources. We are partners with Shell WindEnergy, Inc. on a wind energy facility in Grant County, West Virginia near our Mount Storm Power Station. This facility was completed in late 2008, and Dominion's share of this produces 132 megawatts of renewable energy.

We also have a partnership with BP Wind Energy to build one of the largest wind farms in the United States in Indiana. The Fowler Ridge Wind Farm will be a 750 MW facility and is located about 90 miles northwest of Indianapolis. Phase 1 of the project was completed in early 2009, of which Dominion's share is 150 MW. Dominion's share of the total project will be 325 megawatts of generating capacity.

Dominion has also announced that it is developing wind projects near its Kincaid Power Station in Illinois and in partnership with BP Wind Energy in Virginia.

Dominion continues to actively pursue wind and other renewable energy projects throughout states where it does business.

CARBON CAPTURE AND STORAGE TECHNOLOGY

Dominion actively supports research on carbon capture, transport and storage technologies. We are a major sponsor of research being conducted by Virginia Tech on carbon storage in unmineable coal seams and have contributed \$500,000 to the Virginia Center for Coal and Energy Research at Virginia Tech to further such research. Some of the most promising potential sites for carbon storage are in the Virginia coalfield region near the location of this project. This proximity would substantially simplify the process of carbon transport and would enable effective carbon storage.

OTHER INFRASTRUCTURE IMPROVEMENTS

We plan to invest approximately more than \$2 billion in improving the capabilities and reliability of its electric transmission and distribution system. These enhancements are primarily aimed at meeting the company's continued goal of providing the most-reliable service possible. An additional benefit will be in providing additional capacity to efficiently deliver electricity from the renewable projects now being developed or will be developed in the future.

DOMINION'S ENVIRONMENTAL RECORD

Dominion's objective is to provide reliable, affordable energy in an environmentally responsible manner. We are proud of our environmental stewardship record and the measures we have taken to minimize emissions from our existing fleet of generating facilities.

- By 2015, we expect to spend more than \$3.6 billion on environmental improvements in our merchant and utility generation fleet, including the projects listed below.
- Dominion has received praise for being one of the few major utilities to seek an advance agreement with the U.S. Environmental Protection Agency rather than fight New Source Review requirements. As a result, the company has spent or is spending \$1.7 billion on air quality improvements and is well ahead of many of its peers in this work.
- We expect to spend more than \$1 billion in air and water environmental improvements at our Brayton Point Power Station.

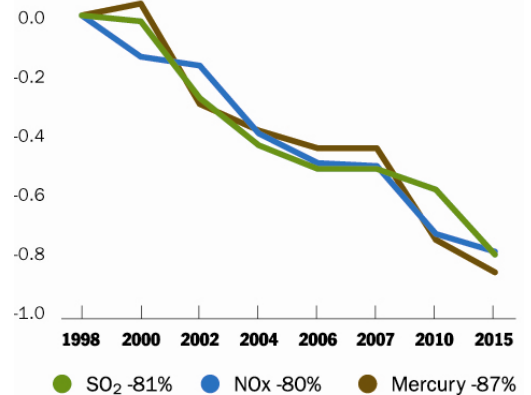
These investments in our Dominion systems will yield substantial benefits for Virginia's and New England's air quality. We expect nitrogen oxide (NOx) emissions to decrease by 74 percent, sulfur dioxide (SO₂) emissions to decrease by 80 percent and mercury emissions to decrease by 86 percent from 1998 to 2015 in Virginia.

Our capital expenditures in New England are also expected to significantly reduce emissions. From 1998 to 2015, we expect our NOx emissions to decrease by 77 percent, SO₂ emissions decrease by 84 percent and mercury emissions decrease by 86 percent.

Dominion is very proud of its work on reducing these pollutants. Discussions about air quality have increasingly focused more on the issue of climate change and less on criteria pollutants. The integrated strategy described in this report will help Dominion address the challenges presented by climate change while meeting our customers' needs.

Cleaner Air in Virginia

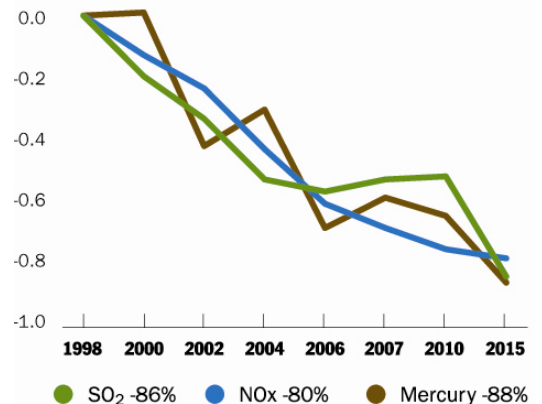
Projected emissions reduction
Percent



Cleaner Air in New England

Projected emissions reduction
Percent

Dominion began ownership of Dominion New England (Brayton Point, Manchester Street and Salem Harbor Power Stations) Jan. 1, 2005



DOMINION SUPPORTS FEDERAL CLIMATE CHANGE LEGISLATION

Dominion supports federal legislation to address the global problem of climate change that:

- Regulation of greenhouse gas (GHG) emissions economy-wide;
- Establishment of a system of tradable allowances that can be banked or borrowed from future years;
- Allowances should be wholly allocated to those who will be required to reduce emissions when the program begins to keep costs low while needed technology is developed; the percentage of allowances auctioned should be gradually increased over time as needed technology is developed;
- Expanded use of domestic and international offsets;
- Slowing the growth of GHG emissions in the near term and reducing GHG emissions in the long term;
- Setting a realistic baseline year and schedule of compliance;
- Promoting technology development; and
- Including a “safety valve” or “price collar” to protect consumers from dramatic and potentially ruinous rate increases.

Dominion has been encouraged by the progress of the Waxman-Markey climate change legislation that passed the U.S. House of Representatives in June 2009. While we support further improvements to the bill to protect utility customers, we believe the bill represents a start towards the needed compromise on climate legislation.

SUMMARY

Dominion has an integrated strategy to meet its customers' needs for affordable and reliable electricity while protecting the environment. The four prongs of this strategy are conservation, renewable energy, other generation development and improvements in other energy infrastructure. Virginia's 2007 electric utility re-regulation legislation provides important incentives for conservation, renewable energy, and development of certain baseload generation. The incentives for conservation were enhanced by 2009 legislation. Dominion will continue to work with policymakers at the state and federal level to encourage incentive-based policies to promote these important energy priorities.