

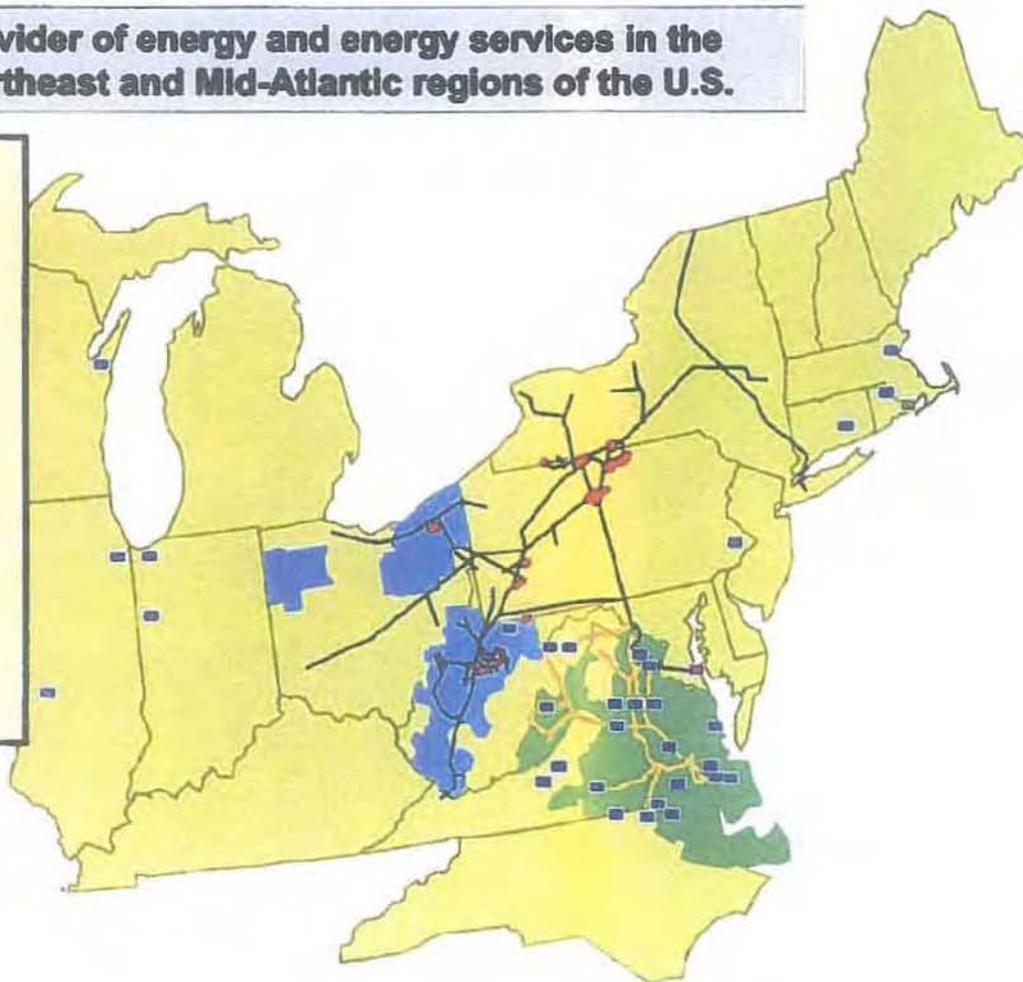
Dominion Profile

Power & Natural Gas Infrastructure



Leading provider of energy and energy services in the Midwest, Northeast and Mid-Atlantic regions of the U.S.

-  ~27,600 MW of electric generation
-  6,000 miles of electric transmission
-  12,000 miles of natural gas transmission, gathering and storage pipeline
-  942 billion cubic feet of natural gas storage operated
-  Cove Point LNG Facility
-  2.4 million electric customers in VA and NC
-  1.3 million natural gas customers in OH & WV
-  2.1 million non-regulated retail customers in 13 states





Cooling Towers
(\$600M)

Ash Reduction Process
(\$50M)

Unit 3 SCR
(\$107M)

Unit 1 SCR
(\$69M)

Unit 1 Scrubber
(DFGD)(\$76M)

Unit 3 Scrubber (FGD)
(\$270M)
Under Construction

Unit 2 Scrubber
(DFGD)(\$80M)



FOR IMMEDIATE RELEASE

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DOMINION SETS SCHEDULE TO CLOSE SALEM HARBOR POWER STATION

- *Units 1 and 2 to cease operations by end of this year*
- *All Salem Harbor units and station to retire on June 1, 2014*
- *Pending environmental regulations, market conditions led to decision*

SALEM, Mass. – Dominion (NYSE: D) will cease operating two of the four units at Salem Harbor Power Station by the end of the year and plans to retire all four units on June 1, 2014, because pending environmental regulations and market conditions are making the power station uneconomical to operate.

Company officials today told ISO-New England, the independent system operator for the region's electric grid, that it will not seek to negotiate an agreement that could keep the station operating beyond existing commitments.

“This was a decision we had to make given the significant costs required to keep the station in compliance with pending environmental regulations and the falling margins for coal stations selling electricity in New England,” said David A. Christian, chief executive officer of Dominion Generation. “Salem Harbor employees are dedicated professionals who will continue to operate the station safely as we move toward retirement in 2014.”

Dominion has operated Salem Harbor safely, economically and in compliance with existing environmental regulations since it purchased the power station in 2005.

Dominion said last year that it would not invest the funds needed to comply with new environmental regulations that would go into effect in 2014 and beyond. The company would have been required to spend millions of dollars on new controls at the power station to comply with new regulations from the U.S. Environmental Protection Agency.

Dominion last fall submitted a permanent delist bid for all four Salem Harbor units in the ISO-New England's Forward Capacity Auction 5, covering June 1, 2014 to May 31, 2015. ISO-New England rejected that bid and offered a mitigated price that did not guarantee full cost recovery of the environmental controls. In response, the company submitted a non-price retirement bid for all four units in February. On May 10, the ISO informed Dominion that it had accepted those

bids for Units 1 and 2, but rejected the non-price retirement bids for Units 3 and 4 because they were needed for system reliability during the FCA5 commitment period.

“We would have been faced with spending millions to comply with new environmental regulations without assurance of full cost recovery before committing to support the ISO’s reliability needs,” said Christian. “We could not take that risk.”

Dominion is one of the nation's largest producers and transporters of energy, with a portfolio of approximately 27,600 megawatts of generation, 11,000 miles of natural gas transmission, gathering and storage pipeline and 6,200 miles of electric transmission lines. Dominion operates the nation's largest natural gas storage system with 947 billion cubic feet of storage capacity and serves retail energy customers in 15 states. For more information about Dominion, visit the company's website at www.dom.com.

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Brayton Point Investments



- Brayton Point is one of the largest electricity generators in New England – 1,543 MW
- Total investments of \$1.3 billion since 2005 in cooling towers, scrubbers, SCRs, and mercury control equipment
- Equipment upgrades:
 - Unit #1 – SCR for NO_x, FGD for SO₂, ACI and fabric filters for mercury
 - Unit #2 – FGD for SO₂, ACI and fabric filters for mercury
 - Unit #3 – SCR for NO_x, FGD for SO₂ (2014), ACI for mercury, fabric filter construction (2011)
- \$600 million for retrofit of 2 cooling towers. In service spring 2012
- All permitting and construction milestones and compliance obligations have been met

Dominion Brayton Point and Salem Harbor CATR Analysis

Potential Scenarios	SO ₂ Allowance Position		Implications
	Original Allocation	01/07/2011 NODA	
#1 - Dominion Projections for 2012 - BP 100% CAPP and SH 100% Columbian	18,293	-42,858	<ul style="list-style-type: none"> Significantly short SO₂ allowances under either allocation methodology Allowance shortfall appears to be driven by the extremely low SO₂ state allocation to Massachusetts (7,664 tons) Highly unlikely this quantity of allowances will be available from Group 2 states
#2 - BP fuel switch to 100% Columbian	32,234	-30,173	<ul style="list-style-type: none"> Significantly short SO₂ allowances under either allocation methodology <u>despite the potential scenarios of a fuel switch</u> Allowance shortfall appears to be driven by the extremely low SO₂ state allocation to Massachusetts (7,664 tons) Columbian coal is a more expensive coal and use of this coal would adversely affect Brayton Point's ability to economically dispatch. Highly unlikely this quantity of allowances will be available from Group 2 states
#3 - Retire SH #1 & 2	29,611	29,548	<ul style="list-style-type: none"> Short SO₂ allowances under either allocation methodology <u>despite the potential scenarios of retiring 2 units at SH and a fuel switch</u> Columbian coal is a more expensive coal and use of this coal would adversely affect Brayton Point's ability to economically dispatch. Highly unlikely this quantity of allowances will be available from Group 2 states
#4 - Accelerate BP #3 Dry Scrubber – BP fuel switch to 100% CAPP	-1,944	8,881	<ul style="list-style-type: none"> Short SO₂ allowances under NODA allocation methodology <u>despite the potential scenarios of retiring 2 units at SH and accelerating the BP #3 Dry Scrubber</u> It is unknown if this quantity of allowances will be available from Group 2 states.
#5 - Retire SH #3&4	+2,260	1,677	<ul style="list-style-type: none"> Short SO₂ allowances under NODA allocation methodology <u>despite the potential scenarios of retiring all of Salem Harbor and accelerating the Brayton Point Unit #3 Dry Scrubber</u> It is unknown if this quantity of allowances will be available from Group 2 states.

- **Under all potential scenarios, Dominion is assuming that the Salem Harbor SO₂ allowances are available for use at Brayton Point for 6 years beyond a unit's retirement date, in accordance with the EPA draft CATR rule.**
- In MassDEP's comment letter to EPA, MassDEP advocated to only allow allowances to be utilized for a 3-year period beyond a unit's retirement date.
- **The CATR rules are not intended to require facilities to install controls beyond what is already planned in the first two years of the program. Yet here we have a facility that even if fully controlled for SO₂ would not have sufficient allowances to continue to fully operate in 2012 and 2013.**