



NEWS RELEASE

# Dominion Energy Virginia, Office of Attorney General, Walmart, Sierra Club and Appalachian Voices File Settlement Agreement for Coastal Virginia Offshore Wind

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- Proposed agreement balances stakeholder interests; keeps the project on schedule, on budget
- If approved, significant customer benefits include protection from unforeseen increases in construction costs above the project's budget & enhanced SCC review of performance in lieu of a performance guarantee
- Customer-focused regulated utility framework allows Dominion Energy to prioritize reliability, affordability for customers while making investments in clean, fuel-free energy projects

RICHMOND, Va., Oct. 28, 2022 /PRNewswire/ -- Dominion Energy Virginia, the Office of the Attorney General, Walmart, Sierra Club and Appalachian Voices today filed a settlement agreement in the company's pending petition to the State Corporation Commission of Virginia (SCC) to reconsider the performance guarantee included in the Final Order approving the development of the 2.6-gigawatt Coastal Virginia Offshore Wind (CVOW) project to be constructed 27 miles off the coast of Virginia Beach. If approved by the SCC, the agreement would resolve the pending petition and provide significant customer benefits.

The settlement agreement provides a balanced and reasonable approach that supports continued investment in CVOW to meet the Commonwealth's public policy and economic development priorities and the needs of Dominion Energy Virginia's 2.7 million customers representing more than 5 million people and businesses.

CVOW's schedule calls for construction to be completed in late 2026, when it can generate enough clean energy to power up to 660,000 homes. The August 5, 2022 Order from the SCC affirmed that CVOW meets all Virginia



statutory requirements for rider cost recovery and the issuance of a Certificate of Public Convenience and Necessity for the onshore infrastructure. The settlement agreement substitutes the previously ordered performance guarantee with a cost-sharing approach for unforeseen costs that exceed the project budget, as well as enhanced Commission review of operating performance.

The settlement agreement aligns with the customer-focused, state regulated utility framework in Virginia. That framework has resulted in nation-leading decarbonization goals, customer rates lower than national and relevant regional averages, and high levels of reliability for customers, made possible by a state regulatory model that embraces long-term planning, a diversity of generation sources, and resiliency safeguards.

"I appreciate the thoughtful effort of all parties in reaching a constructive agreement to allow the project to continue moving forward," said Bob Blue, Dominion Energy chair, president & chief executive officer.

"Since the August Order, we have further mitigated some of the project's development risks that strengthen our confidence of remaining on-time and on-budget. We have:

- Continued to work closely with Bureau of Ocean Energy Management and other stakeholders to support the project's timeline;
- Advanced engineering and design in preparation of immediate release of major equipment for fabrication;
- Advanced procurement and other pre-construction activities for the onshore scope of work; and
- Completed independent project review and construction readiness assessment, along with a comprehensive assessment of schedule and cost.

"Development of the project has continued uninterrupted to maintain the project's schedule. We expect over 90% of the project costs, excluding contingency, to be fixed by the end of the first quarter in 2023 as compared to about 75% today, further de-risking the project and its budget.

"We have a lot of work ahead as we continue to build on our long record of completing projects on-time and on-budget while safely delivering affordable, reliable, and clean energy to our customers. Offshore wind is expected to alleviate pressure on customer fuel rates for 30 years once the project is in-service. Our customers expect reliable, affordable energy – and offshore wind is key for accomplishing that mission."

The company has previously announced its third-quarter 2022 earnings call will take place at 10 a.m. ET on Friday Nov. 4, 2022. Management will discuss matters of interest to financial and other stakeholders, including recent financial results and the settlement agreement for CVOW.

CVOW represents a clean-energy investment of approximately \$9.8 billion and is good for energy diversity, the environment and is transformational for Virginia's economy, particularly in Hampton Roads.

As a renewable energy resource, offshore wind turbines have no fuel costs, which is especially beneficial considering the recent rise in fuel costs across the country. The project is expected to save Virginia customers more than \$3 billion during its first 10 years in operation. However, if ongoing commodity market pressure trends continue, those savings could total up to nearly \$6 billion – almost double the savings.

Offshore wind's economic development and jobs benefits are transformative for Hampton Roads and the Commonwealth, including in its diverse communities. CVOW could create over 2,000 direct and indirect jobs during construction and operations, while attracting companies to make investments in Virginia making it a hub for offshore wind.

In addition to the Office of the Attorney General, the agreement is joined by Dominion Energy Virginia, Walmart, Sierra Club and Appalachian Voices. Key components of the settlement, which requires approval from the SCC, would provide for pragmatic cost sharing in the event of unforeseen cost increases prior to completion and other significant customer benefits, including the following:

- In the context of the project's current capital investment of \$9.8 billion, the company voluntarily agreed that shareholders will share 50% of any costs in the range of \$10.3 billion to \$11.3 billion, if any.
- The company has further voluntarily agreed that shareholders will be responsible for 100% of any prudently incurred costs in the range of \$11.3 billion to \$13.7 billion, if any.
- There is no voluntary cost-sharing agreement for any costs that exceed \$13.7 billion.
- The company will not be required to guarantee future energy production levels or factors beyond its control as was outlined in the August Order. Instead, the company will provide a detailed explanation of the factors contributing to any shortfall in energy output from projected amounts in a future SCC proceeding.

The company will also ensure that customers receive the benefits of the Inflation Reduction Act, which could provide potential additional customer savings.

"Given the now-significantly de-risked status of the project's development and given its continued 'on-budget' status, we feel that this settlement reflects a balanced sharing of financial impacts in what we currently see as unlikely scenarios of material delays or cost overruns," added Blue.

In addition to solar, energy storage, and nuclear, offshore wind is a key component to Dominion Energy's diverse energy generation strategy to meet the Commonwealth's clean energy goals and the company's own Net Zero target. Offshore wind complements the company's growing solar portfolio in Virginia, since offshore wind and solar generate peak energy at different times throughout the day and year.

View the proposed settlement filing on the Dominion Energy [website](#).

## About Dominion Energy

About **7 million customers in 15 states** energize their homes and businesses with electricity or natural gas from Dominion Energy (NYSE: **D**), headquartered in Richmond, Va. The company is committed to **safely providing reliable, affordable and sustainable energy** and to achieving **Net Zero emissions** by 2050. Please visit **DominionEnergy.com** to learn more.

This news release includes certain "forward-looking information." Examples include information as to expectations, beliefs, plans, goals, objectives and future financial or other performance or assumptions concerning matters discussed in this release. Our business is influenced by many factors that are difficult to predict, involve uncertainties that may materially affect actual results and are often beyond our ability to control or estimate precisely. We have identified and will in the future identify in our SEC Reports on Forms 10-K and 10-Q a number of factors that could cause actual results to differ from those in the forward-looking statements. We refer you to those discussions for further information. Any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which it is made.

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