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Reliably Generating Power When Customers Need it the Most

How the company's strategic risk management processes, as well as the realities of state-level utility regulation, help insulate Dominion Energy from potential liability risk exposure associated with natural gas



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FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements that are subject to various risks and uncertainties. Such forward-looking statements include, among other things, projections related to emission reductions and targets, changes in technology, statements about future business plans and forecasts for planned capital needs. We have identified and will in the future identify in our SEC (Securities and Exchange Commission) Reports on Forms 10-K and 10-Q several 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.

Introduction

Natural gas will continue to play a key role in facilitating Dominion Energy’s transition to cleaner energy by reliably generating power when customers need it the most.

Unless and until advances in renewable, storage, or other dispatchable, zero-carbon power generation technologies render it practicable for those resources to meet customers’ around-the-clock energy needs, investments in natural gas infrastructure will be necessary. Other key determinants of the timing of this transition include supportive public policy and broader investments across the economy.

With these factors in mind, the company continues to expand its renewable energy fleet and position itself to capitalize on emerging technologies such as advanced nuclear, hydrogen, and fusion energy production opportunities.

Dominion Energy’s “all-of-the-above” approach to serving our customers and preparing for the future is fundamental to our strategy for fulfilling our mission of providing reliable, affordable, and increasingly clean energy. Some of the nation’s highest growth in electricity demand is projected to take place in territories served by Dominion Energy utilities at a time when dispatchable resource retirements have exacerbated a tightening of regional energy supply/demand dynamics.

Against this backdrop, a role for natural gas in sustainable utility infrastructure has come into even sharper focus. This report addresses how the company’s strategic risk management processes, as well as the realities of state-level utility regulation, help insulate Dominion Energy from potential liability risk exposure associated with natural gas.



Dominion Energy’s Natural Gas Infrastructure Plans

Between its regulated utility portfolios in Virginia and South Carolina, the company currently owns and operates approximately 10,750 megawatts of natural gas-based electric generating capacity across 21 facilities.

As the only natural gas distribution company remaining in the company’s portfolio, Dominion Energy South Carolina (DESC) also manages about 19,500 miles of gas delivery infrastructure and related service stations. Two liquefied natural gas (LNG) storage facilities round out DESC’s natural gas-related assets.

In 2025, Dominion Energy Virginia (DEV) received regulatory approval to proceed with development of an LNG facility with roughly 2 billion cubic feet of gas storage capacity. It will support reliable operations at the company’s Brunswick and Greenville natural gas combined-cycle stations in Virginia.

DEV’s proposal to construct and own the Chesterfield Energy Reliability Center (CERC) also was approved in 2025. Once complete, CERC will include approximately 944 megawatts of natural gas generating capacity, able to be leveraged during periods of peak customer demand or when other resources are insufficient to meet demand.

The company also successfully sought approval to uprate and modernize certain equipment at DEV’s Possum Point, Ladysmith, Remington, and Bear Garden power stations as part of DEV’s 2025 biennial review of base electric rates. These investments are expected to unlock approximately 210 megawatts of natural gas generating capacity at a comparatively low cost, relative to alternatives. They will also increase the facilities’ efficiency and operational flexibility—a key consideration as deployment of non-dispatchable, renewable generation proceeds.

A similar effort is underway at DESC, under which older natural gas combustion turbine equipment is being replaced with more modern, efficient units. The replacement units at Bushy Park have been



operating since November 2024, and those at Parr achieved commercial operations in 2025. Another component of DESC’s combustion turbine replacement plan, involving Urquhart, received approval in January 2025. Taken together, these strategic investments in Virginia and South Carolina reflect the company’s commitment to acting as a responsible steward of customer dollars.

DEV’s most recent long-term power generation planning exercise, its 2025 Integrated Resource Plan Update, contemplates continued development of natural gas facilities. The company-identified “preferred portfolio” modeled approximately 8,510 megawatts of additional gas-powered capacity over a 20-year timeframe. This comprises about 25% of the total power generation and storage capacity selected in that scenario to meet projected growth in customers’ electricity needs. Non-carbon emitting resources such as renewables, small modular reactors, and energy storage make up the remaining 75%.

DESC’s 2026 Integrated Resource Plan also contemplates new natural gas facilities under each of the “core” modeling scenarios. The cumulative amounts of additional gas capacity through 2050 range from 1,578 megawatts to 2,044 megawatts. Notably, these scenarios all include the planned development of a natural gas combined-cycle facility at the company’s former Canadys Station, to be co-owned with Santee Cooper.

It is important to acknowledge that the modeling outcomes of integrated resource plans are non-binding and subject to change in future iterations as prevailing market conditions, the technological landscape, and applicable public policies evolve over time.

These ongoing and planned natural gas investments are disclosed and discussed at length in the company’s various federal- and state-level regulatory filings. They are motivated by a single business and statutory imperative—to provide reliable and affordable utility service to the company’s customers.



Potential Liability Risk Associated with Natural Gas Infrastructure

Like all utility infrastructure investments, natural gas-based assets entail potential financial risk. As the company discussed in its assessment of stranded asset risk report published in 2023,¹ it must be attentive to the financial risks borne by shareholders and the costs borne by customers. As outlined below, these risks are mitigated through internal oversight, external regulatory processes, and commercial insurance coverage.

Internal Oversight:

Dominion Energy has a practice of engaging company management at least annually to identify risks and the related mitigating strategies at the operating segment and enterprise levels. For example, the Board of Directors receives risk evaluation reports from management and reviews strategic risk management activities as part of its plenary oversight role.

The Board is also charged with overseeing how the company plans for and ultimately responds to forecasted load growth. The company expects that any liability risks which might accompany an expansion of Dominion Energy's natural gas infrastructure are substantially mitigated by the state-level regulatory models under which DEV and DESC operate. These operating segments do not commit to new natural gas investments lightly or unilaterally.

External Regulatory Processes:

In Virginia, adding a new rate-based natural gas power station to DEV's portfolio requires the company to secure local-level siting approvals, a state agency-issued air permit, and a certificate from the Virginia State Corporation Commission (SCC).

A project's need, prudence, environmental impact, and other considerations are thoroughly assessed as part of these processes. The company's experience with CERC is instructive. As the first carbon-emitting power station approved in Virginia since the passage of landmark clean-energy legislation in 2020, CERC is a case study in how developing a robust evidentiary record can reduce liability exposure.

The SCC's Final Order in its CERC proceeding states, "the evidence in this case clearly establishes that there is an imminent reliability threat for Dominion and its customers and that the CERC Project addresses that threat in a manner that is in accordance with the public interest and the [Virginia Clean Economy Act.]"² It goes on to say that "the present facts and circumstances support a verifiable reliability need for the CERC Project in this proceeding."³

Regarding the prospect of alternatives to CERC, the SCC found that "[t]he near-term reliability concerns motivating the CERC Project... cannot be addressed by non-carbon-emitting resources."⁴ It likewise determined that "existing demand-side options such as high load flexibility and customer demand-side management programs... are currently insufficient to address the reliability issue at hand and cannot offset the need in this case."⁵

The SCC ultimately concluded that it cannot "ignore the substantial evidence in this case of the Company's near-term need for new generation resources; that renewable resource alternatives are not

¹ <https://sustainability.dominionenergy.com/Natural%20Gas%20Stranded%20Asset%20Report.pdf>

² Final Order in PUR-2025-00037, at 8.

³ Ibid, at 9.

⁴ Ibid, at 13.

⁵ Ibid, at 14.

suitable to meet that need; and the imminent reliability threat absent the CERC Project.”⁶ Indeed, the company also cannot ignore these circumstances.

On February 12, 2026, the SCC issued an order dismissing a Petition for Reconsideration filed by certain intervenors in the CERC case. It reaffirmed the factual and legal rationale for approving the project based on the existence of a threat to electric service reliability, the cost of CERC relative to alternatives, and compliance with environmental justice requirements enshrined in state law.⁷ In other words, when challenged to do so, the SCC reasserted the integrity of Virginia’s regulatory review process, informed by “robust analyses of air quality issues”⁸ by the Virginia Department of Environmental Quality (DEQ).

For its part, the DEQ emphasized the propriety of the company’s CERC proposal while developing an air permit for the project. Specifically, it highlighted that the project’s operations “are necessary to ensure adequate energy supply when renewable energy sources, such as wind or solar, are not available.”⁹

The DEQ also affirmed the company’s all-of-the-above investment approach. In response to public comments raising concern about the cost and other implications of carbon-emitting power generation, it wrote that permitting CERC “would not delay or otherwise hinder the construction of additional renewable energy sources but rather provides a supplemental source of power until such time as renewable energy sources are able to meet the growing demand for electricity.”¹⁰

Importantly, as it relates to mitigating liability risk, the DEQ concluded that the air quality analyses for CERC “indicate the proposed project will not cause disproportionately high and adverse human health or environmental effects on any Virginia resident.”¹¹

In summary, the Virginia state agencies empowered to issue key regulatory approvals for CERC have repeatedly stated that the project is needed and that the company’s plans for constructing and operating the facility are protective of human health and the environment. The company is confident that those approvals will be upheld as part of any further litigation.



⁶ Ibid, at 15.

⁷ Order on Reconsideration in PUR-2025-00037, at 2-5.

⁸ Ibid, at 5.

⁹ Summary of Public Comments and DEQ’s Responses, at 4.

¹⁰ Ibid.

¹¹ Ibid, at 9.

CERC is only one illustrative example. The same procedural rigor would be replicated in the pursuit of any additional DEV-owned natural gas-based utility infrastructure. Similar review processes would occur in connection with the company's South Carolina operations.

Commercial Insurance Coverage:

In addition to the process by which natural gas facilities are permitted and approved, some of the risks inherent in constructing, owning, and operating these assets can be addressed through forms of commercial insurance coverage.

These include (a) property insurance placed on an 'all-risk' basis, (b) negligence-based third-party liability insurance for injuries and property damage, and (c) workers' compensation for injuries suffered by Dominion Energy employees. These types of coverages are triggered by defined events, either caused by chance or by negligence, and are not intended to cover unrelated circumstances not directly attributable to negligence on the part of the insured.

As with all insurance coverage, the amount and scope of insurance coverage maintained against losses resulting from our operations may not be sufficient to fully cover such losses, and all damages and claims arising therefrom may not be covered. The company is not aware of any policy that would insure against claims of liability solely associated with expanding natural gas infrastructure or any other circumstance which hypothetically could be linked to utilization of natural gas.

To the extent a lawsuit sought damages for future infrastructure costs, it would also implicate the question of whether such anticipatory damages qualify as "property damage" under liability insurance policies. The claims raised in relevant litigation often include causes not covered by general liability policies, and pollution exclusions and exceptions complicate coverage.

We are unaware of an insurer writing a policy covering an unquantifiable risk probability, with unmeasurable losses, especially where the acts in question were thoroughly reviewed and subject to approval by regulatory bodies and justified by supportive public policy.

The company expects that liability risks which might accompany an expansion of Dominion Energy's natural gas infrastructure are substantially mitigated by the state-level regulatory models under which DEV and DESC operate.



Potential Liability Risk Associated with Political Advocacy

Dominion Energy understands that transparency is the cornerstone of public trust, especially as it relates to political advocacy and trade association participation. The company has a history of aligning these external engagements with its core mission.

The company provides reports of corporate contributions to tax-exempt political organizations and certain contributions to 501(c)(3) and 501(c)(4) tax-exempt organizations. These voluntary reports, taken together with various other disclosures, underlie the company's repeated status as a "Trendsetter" in the annual CPA-Zicklin Index of Corporate Political Disclosure and Accountability.

As a general matter, Dominion Energy's external engagement activities related to policy, law, and regulation are subject to oversight by both the Board of Directors and senior management.

The company's Lobbying and Political Contributions Policy sets guidelines that govern the decision-making of officers in planning lobbying activities, as well as expenditures and engagements. It also establishes the strategies and goals of such activities, which include promoting sound and sustainable policies, legislation, and regulation. The Policy further requires officers to provide regular updates on lobbying activities, expenditures and engagements to the CEO or Business Segment Presidents.

Dominion Energy's Senior Vice President of Corporate Affairs and Communications reports annually to the Board's Audit Committee on political and lobbying activities, expenditures and governing policies, including payments to trade associations and other tax-exempt organizations that may be used for political purposes. The Board's Audit Committee is composed entirely of independent directors.

These internal controls are designed to ensure Dominion Energy's advocacy activities align with company strategy, including its public-service obligation to deliver reliable, affordable, increasingly clean energy to customers and its fiduciary responsibility to shareholders. This form of governance has been demonstrably successful in aligning the company's political advocacy with its mission.¹²

Even so, it would not be in customers' or shareholders' interest for the company to disengage from the political process. The company brings a distinct perspective compared to other interest groups which typically advocate on energy policy. It is often uniquely qualified to testify to cost, administrability, operational, and other implications of proposed legislation which might otherwise be absent from the discourse.

The record demonstrates that Dominion Energy's policy positions support a diverse portfolio of resource types, not favoring natural gas infrastructure exclusively. The company's political advocacy is rooted in a sincere desire to achieve balanced, positive outcomes for all stakeholders and to enable its all-of-the-above investment strategy.

While the company's path to net-zero emissions will not be linear, Dominion Energy has made significant progress in transitioning its combined fuel mix and reducing emissions even as demand for electricity has increased. As reported most recently in the company's 2024 Sustainability and Corporate Responsibility Report, overall Scope 1 carbon dioxide emissions across our generation fleet decreased by 46% between 2005 and 2024.¹³

The company engages in political advocacy to preserve its ability to protect and advance the interests of both customers and shareholders through prudent, principled, disciplined management of our assets.

¹² Climate-Related Lobbying and Trade Associations Report.

¹³ 2024 Sustainability and Corporate Responsibility Report, at 27.

We seek the option to utilize natural gas-based infrastructure insofar as those investment and operational decisions can be justified.

Conclusion

Current trends in the energy industry have reaffirmed the necessity of natural gas infrastructure to assure reliable, cost-effective service for the foreseeable future. Dominion Energy is responding in kind as one prong of its all-of-the-above approach to meeting forecasted customer energy needs.

The company is highly experienced in identifying, evaluating, and managing the attendant risks of utility infrastructure development. Unlike other forms of risk, the potential for liability claims against energy providers on the sole basis of their reliance on natural gas as a fuel source cannot be neutralized with any form of insurance coverage known to the company.

However, this does not mean that liability risks are uncontrolled. On the contrary, Dominion Energy's focus on its regulated business model guards against any allegation that the impacts of its investments were not fully disclosed or considered. Under Virginia law, for example, proposed carbon-emitting power generation resources are subjected to an especially high degree of scrutiny.

Environmental, industry, and consumer advocates frequently intervene in relevant regulatory proceedings. These proceedings are adversarial by design, encouraging a full vetting of disputed issues as regulators grapple with how best to advance the public interest. The fact that the total capacity of electric utility-owned natural gas facilities has followed an upward trend for over 20 years suggests a broad acknowledgement that the public interest is well-served by these generating resources.

The burden of proof ultimately lies with the company to justify the necessity and propriety of its infrastructure investments, including those that utilize natural gas. To the extent state regulators approve Dominion Energy's planned or future natural gas-based facilities, they will do so with the benefit of a full evidentiary record.

While the company is aware of and proactively mitigates risks associated with potential legal claims that could be asserted related to its investments in natural gas assets, it must also be mindful of the countervailing risks—operational, financial, reputational, and otherwise—that would arise from an inability to reliably and affordably serve growing energy demand. Likewise, the company is mindful of the risks that would accrue from abdicating its role in shaping constructive energy policy.

Dominion Energy will continue to assess the risk profile of all its investment decisions, evaluate available insurance coverage options and other risk mitigants, and discuss risk factors affecting our business in our filings with the SEC.



REFERENCES

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Climate-Related Lobbying and Trade Associations Report:

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