

July 31, 2015

VIA ELECTRONIC FILING

Mrs. Gail L. Mount, Chief Clerk
North Carolina Utilities Commission
Dobbs Building
430 North Salisbury Street
Raleigh, North Carolina 27603

Re: Docket No. E-100, Sub 141
Errata to Page 124 of 2015 Plan Update Filing

Dear Mrs. Mount:

On July 1, 2015, Virginia Electric and Power Company d/b/a Dominion North Carolina Power (the “Company”) filed with the North Carolina Utilities Commission (“Commission”) its system Integrated Resource Plan (the “2015 Plan Update”) pursuant to Commission Rule R8-60(h)(2). The Company has since discovered an error on page 124 of the 2015 Plan Update regarding its analysis of the net present value (“NPV”) delta of delaying the in-service date of North Anna Unit 3 (“North Anna 3”). Specifically, the following correction is being made to the sentence¹ at the top of page 124:

The results indicate that delaying North Anna 3 will cause a decrease of \$762 million and \$975 million in NPV cost (customer ~~detriment~~ **benefit**) when delayed to 2030 and 2033, respectively.

Accordingly, enclosed please find a corrected page 124 of the 2015 Plan Update, which is intended to replace page 124 as filed in its entirety.

¹ Note that the sentence begins on the bottom of page 123 of the 2015 Plan.

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Please do not hesitate to contact me if you have any questions. Thank you for your assistance in this matter.

Very truly yours,

s/ E. Brett Breitschwerdt

EBB:asm

Enclosures

cc: Service List

benefit) when delayed to 2030 and 2033, respectively. The delay in the in-service date of North Anna 3 requires additional solar resources up to 2,100 MW in order to maintain CPP compliance.

Figure 6.6.2 – NPV Delta for Delaying North Anna 3

	NA3 in 2030	NA3 in 2033
Additional Solar Nameplate Capacity (MW)	300	2,100
Change in NPV Utility Cost (in million \$)	-762	-975

6.7 COMPREHENSIVE RISK ANALYSIS

6.7.1 OVERVIEW

Consistent with SRP input and pursuant to the SCC's Final Order on the 2013 Plan (Case No. PUE-2013-00088) which directs the Company to "...include an analysis of the trade-off between operating cost and project development cost risk..." the Company is, in this 2015 Plan, introducing a comprehensive risk analysis methodology that was applied to the Studied Plans presented in Section 6.5. This methodology was sourced through an engagement with Pace Global (a Siemens business) who developed the stochastic (probabilistic) modeling framework, provided the necessary supporting software, and guided its implementation using the Aurora multi-area production costing model licensed by the Company from EPIS, Inc. Using this analytic and modeling framework (hereinafter referred to as the "Pace Global methodology"), the Studied Plans, each treated as a fixed portfolio of existing and expansion resources plus demand-side measures, were evaluated and compared on the dimensions of all-in average cost relative to two measures of cost-related risk, which are standard deviation cost and semi-standard deviation cost (further explained in Section 6.7.2).

The Pace Global methodology is an adaptation of Modern Portfolio Theory which has been in widespread use in decision-making in business and financial sectors for decades. This approach quantifies and analyzes the trade-off that usually exists between portfolio cost and portfolio risk that is not addressed in the traditional least-cost planning paradigm. Measuring the risk associated with proposed expansion plans quantifies, for example, whether adopting any one particular plan comes with greater cost risk for the customer when compared to the risks associated with competing plans. In the same way, comparing plans with different fuel mixes, and consequently with different cost and risk profiles, potentially reveals the value of fuel diversity.

At a high level, the Pace Global methodology is comprised of the following steps:

- Identify and create a stochastic model for each key source of portfolio risk which in this analysis were identified:
 - Natural gas prices;
 - Natural gas basis;
 - Coal prices;
 - Load (electricity demand);
 - CO₂ emission prices; and