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NEWS

MINNESOTA POWER ANNOUNCES BIOMASS ENERGY INITIATIVE

DULUTH, Minn.—Minnesota Power, an ALLETE company (NYSE: ALE), announced today it is nearing completion of its Biomass Initiative, a long-range energy plan which has as its primary goal to add significant renewable generation to the Minnesota Power portfolio. Multiple biomass opportunities were screened to develop a short list of the most economically feasible projects. The project finalists, located within existing Minnesota Power facilities as well as at other regional customer sites, will now undergo detailed due diligence.

“Biomass is a carbon-friendly, renewable natural resource available in northeastern Minnesota,” said Don Shippar, Chairman, President, and CEO of ALLETE. “Biomass will be an important resource to complement our wind and hydro facilities as we meet our renewable energy goals.”

The short list of projects from Minnesota Power’s Biomass Initiative includes:

- Building a new 50 megawatt biomass fueled unit at its Laskin Energy Center in Hoyt Lakes;
- Using biomass fuel at existing Minnesota Power facilities; and
- Developing projects at customer sites which provide process improvements and generation additions.

Electricity from biomass is produced by combustion of material such as wood waste and forest residue and is seen to have fewer environmental impacts when compared with other fuels such as coal. State legislation passed this year requires all electric utilities in Minnesota to generate 25% of its energy through the use of renewable fuel by 2025.

“Biomass is a renewable fuel that can be produced locally,” said Eric Norberg, Minnesota Power senior vice president. “The long-term cost and availability of biomass is an important factor we are considering, especially because this material can be used in our region by a number of industries.”

Over the next several months, Minnesota Power will be working with other stakeholders in the region to develop the most viable projects. Concurrent with this process, Minnesota Power is working to develop the supply chain of available biomass resource to meet the generation needs of the Initiative. Minnesota Power will submit final plans regarding biomass and other renewable energy options under study as part of its Integrated Resource Plan filing with the State of Minnesota later this year.

Minnesota Power provides electricity in a 26,000-square-mile electric service territory located in northeastern Minnesota. Minnesota Power supplies retail electric service to 137,000 customers, wholesale electric service to 16 municipalities, and some of the largest industrial customers in the United States. More information can be found at: www.mnpower.com.

The statements contained in this release and statements that ALLETE may make orally in connection with this release that are not historical facts, are forward-looking statements. Actual results may differ materially from those projected in the forward-looking statements. These forward-looking statements involve risks and uncertainties and investors are directed to the risks discussed in documents filed by ALLETE with the Securities and Exchange Commission.

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