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# NEWS

## **Minnesota Power replies to comments on its generation study 2013 resource plan will continue a path of reliable, affordable and environmentally compliant energy resource decisions**

Duluth, Minn. — Minnesota Power on Friday, June 15, filed additional comments with the Minnesota Public Utilities Commission (MPUC) on its Baseload Diversification Study (BDS) that was conducted as part of its long range planning process, a process that will culminate with the Company's 2013 Integrated Resource Plan.

The BDS, filed in February, was the first of its kind in the state and is one of multiple planning considerations the company is using to determine what its generation mix will be in the coming decades. The BDS provided a broad overview of cost and reliability impacts of potential retirement, replacement or retrofitting of Minnesota Power's smaller coal-fueled units to meet changing environmental standards.

"We value the comments and input received from various stakeholders on the Study," said Al Rudeck, vice president of strategy and planning. "Community input is a critical part of our integrated and dynamic planning process."

A significant portion of stakeholder comments were about the future of Minnesota Power's coal fired generating plants, including Laskin Energy Center in Hoyt Lakes, Minn. and Taconite Harbor Energy Center in Schroeder, Minn. The company said in its comments filed today that to shut down units without a thorough and systematic analysis could put customers at unnecessary risk of higher rates and potential service reliability impacts and have a negative socio-economic effect on host communities.

The company acknowledged that while the BDS provided an advance look at a small part of the company's 2013 resource plan, it also points to issues that require a deeper analysis to fully understand impacts and make decisions in the best interests of northern Minnesota's electric customers. Weighing the decisions of installing further environmental controls against closing down units while factoring in the costs of replacing generation, future fuel prices and increased industrial energy loads takes detailed long-range planning.

"We've already decided that wind, water and wood renewables and natural gas will play a greater role in our energy mix and already have reduced some coal resources, but before we decide exactly what further changes may look like, we need more insight than what was provided by this Study," Rudeck said. "Safety, reliability, affordability and the availability of different types of electric power generation are all important parts of that decision."

Minnesota Power has taken significant action to improve the environmental performance of its fleet; keeping pace with the nation's rapidly transforming energy landscape. The company's generation fleet was 95 percent coal-based in 2005, but by next year the ratio will drop to 74 percent coal and 26 percent non-coal, with a greater non-coal percentage projected to come. Transitioning from fossil-fuel based energy to renewable energy is a capital intensive endeavor. In recent years

Minnesota Power has invested about \$500 million in wind energy, biomass and hydropower improvements.

The company also noted its cost-competitive actions to reduce carbon and other emissions, including the purchase of a 465-mile direct current transmission line to move about 400 megawatts of wind energy to its customers, and projects that have reduced emissions of sulfur dioxide, nitrogen oxide and particulates, at all of its coal-fired generating stations. These environmental investments have resulted in a 70 percent reduction in generation fleet emissions since 2005. Another major retrofit at the company's Boswell Unit 4 -- a project unveiled since the completion of the BDS -- will bring the system wide emission reductions to an estimated 85 percent. Minnesota Power has developed award winning programs to partner with customers to conserve energy, delivering 2.1 percent conservation this past year, well ahead of the 1.5 percent state requirement.

"Meeting the energy needs of our customers now and in the future is far more complex than simply closing a facility and walking away," Rudeck said. "For decades coal has provided the most reliable, safe and affordable electric power to our customers and it will continue to be an important part of our energy mix, just as electric power will continue to be one of the most important services for our residential customers, for businesses and industry, and for the quality of life of this region. There are no shortcuts in making the best decisions in the best interest of our customers."

Minnesota Power plans to file its next integrated resource plan in 2013. The plan will address Minnesota Power's entire energy supply picture as well as build on what was learned in the BDS, including a cost analysis of environmental controls to meet the evolving new EPA air regulations, including those just finalized in December, and potential unit remissioning or closure impacts to communities where the coal-fired units are located. Decisions will have to be made against a backdrop of projected increased energy demand in the region, fluid fuel prices, and pending environmental regulations.

*Minnesota Power, a division of ALLETE, Inc., supplies electric service to 144,000 residents, 16 municipalities and some of the largest industrial customers in the United States. For more information visit [www.mnpower.com](http://www.mnpower.com).*

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