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NEWS

Minnesota Power's EnergyForward plan is a balanced approach to carbon reduction

Strategy preserves delivery of safe, reliable and affordable power for customers

Duluth, Minn.— Minnesota Power, a division of ALLETE Inc. (NYSE: ALE), said today it is well positioned to meet carbon dioxide (CO₂) emission reduction goals as it prepares for the announcement of the Environmental Protection Agency's proposed greenhouse gas rule for existing power plants.

The company's EnergyForward strategy which was formally launched in early 2013 reduces carbon dioxide emissions through multiple strategies that will continue to meet growing energy needs while delivering the reliable and affordable power its customers expect.

"Diversity in the nation's energy supply is essential to maintaining the reliability and security of the electric grid and to ensure an affordable, abundant supply of energy for our electric customers," said Minnesota Power Vice President of Strategy & Planning Al Rudeck. "We recognize that people have concerns about the impact of carbon on climate change and public health. We anticipated strong greenhouse gas rules and have taken early measures to transition our energy supply to a more diverse mix of sources."

Minnesota Power has made significant investments to achieve a more flexible, more diverse and less carbon-intense energy supply. By the end of this year, 25 percent of the electricity the company provides customers will come from renewable, emission free energy sources. This is due mainly to large additions of wind energy, with the company adding more than 600 megawatts of new wind capacity to its system by the end of 2014. As a result of investments in cost-effective wind, the company will meet Minnesota's 25 percent by 2025 renewable goal more than a decade earlier than state law requires.

The company's resource plan, approved in September of 2013 by the Minnesota Public Utilities Commission, demonstrates how the EnergyForward strategy transitions the company's energy mix through a combination of idling or repowering smaller coal units, a dramatic shift toward renewables, strong energy conservation and efficiency programs and reducing coal use to 1/3 of Minnesota Power's energy supply. In contrast, in 2005 the company's energy portfolio was 95 percent coal-based. EnergyForward also includes efficiency upgrades and installation of new emission reduction equipment at its baseload generation facilities that are critical to meet the needs of its customer base.

Through recent EnergyForward actions, Minnesota Power estimates a reduction of carbon emissions from its system by a total of four million tons as CO₂ annually by 2016. These actions include:

- Addition of more than 600 megawatts of wind energy and phase-out of coal-fired generation delivered via the company's direct current transmission line -- 3 million tons as CO₂ reduced annually.
- Investing \$15 million to repower Laskin Energy Center in Hoyt Lakes Minnesota from thermal generation to a natural gas peaking facility and the idling of a 75-megawatt unit at the company's Taconite Harbor plant in Schroder Minnesota resulting in a one million ton CO₂ reduction annually.

In addition the company's strong Power of One energy efficiency and conservation programs have resulted in a 6.2 percent energy savings to date which avoided the equivalent to a carbon reduction of nearly 700,000 tons as CO₂.

The company's resource strategy also adds 250 megawatts of hydropower from Manitoba Hydro via the Great Northern Transmission Line beginning in 2020 and is a key component to achieving an energy mix of one third renewable, one third natural gas and one third coal while providing renewable hydro-electric generation resources during periods when the wind is not blowing.

"The EPA's new rule will require careful review. If the targets set forth by EPA are reasonable by allowing states like Minnesota, that took carbon emission reduction early action, to count their early emission reductions towards satisfying EPA's targets, we believe we are in a good position under our EnergyForward strategy to meet this new regulation," said Minnesota Power Executive Vice President Dave McMillan. "We look forward to continuing our work with state regulators and further implementing a carbon emissions reduction plan that meets evolving federal and state standards without sacrificing affordability and reliability for the electricity consuming customers, businesses and industries of Northeastern Minnesota."

Minnesota Power provides electric service within a 26,000-square-mile area in northeastern Minnesota, supporting comfort, security and quality of life for 143,000 customers, 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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