

# NEWS

## Minnesota Power advances *EnergyForward*: less coal, more natural gas and solar power, and additional energy efficiency savings

Duluth, Minn.—Minnesota Power, a division of ALLETE, Inc. (NYSE: ALE) today laid out the next steps in its *EnergyForward* plan, which will reduce carbon emissions, increase the use of renewable resources and add natural gas to meet customer electric service needs in a balanced, reliable and cost-effective way over the next 15 years and beyond.

*EnergyForward*, introduced in 2013, is Minnesota Power's roadmap for achieving a diversified energy supply of one-third renewable resources, one-third coal, and one-third natural gas. The next steps in the plan include:

- Economic idling of the company's Taconite Harbor Energy Center in the fall of 2016 and ceasing coal operations there in 2020.
- Adding 200-300 megawatts (MW) of cleaner and flexible natural gas generation to the company's portfolio within the next decade.
- Building both large and small scale solar generation.
- Expanding the potential for additional energy efficiency savings.

"Minnesota's energy landscape continues to evolve, and *EnergyForward* is helping our region adapt to changing policy in ways that protect affordability and uphold reliability for our customers," said ALLETE Chairman, President and CEO Alan R. Hodnik. "This is Minnesota Power's way of answering the nation's call to reduce carbon and mitigate climate change. The cost of building and fueling natural gas generation has dropped significantly in recent years and along with other key steps in our plan, we can reduce cost risks for customers by adding this least-cost resource."

Following careful study and analysis, the company plans to cease coal operations at Taconite Harbor Units 1 and 2 in Schroeder, Minn., by the end of 2020. As part of this transition and taking advantage of trends in lower cost replacement energy supplies from wholesale markets, the company will idle Taconite Harbor in the fall of 2016.

The decision to idle the plant rather than close it completely in the near-term will give the company more flexibility during a period of time when considerable change is occurring in energy supply and policy. If necessary, with appropriate notice, the idled units can be restarted and produce electric power to maintain grid reliability. The company also plans to further reduce emissions and continue operating two smaller units at its largest generating station, the Boswell Energy Center.

"Planning for a smooth evolution away from our smaller coal units is an important part of *EnergyForward*," said Minnesota Power Vice President of Strategy and Planning Al Rudeck. "We will assist the 42 Taconite Harbor employees in finding new positions within the company. We will also work with the North Shore community through this transition, exploring future options for the plant that may include refueling, re-missioning or retirement. There is valuable port, rail and other

associated infrastructure at the facility site that may catalyze future economic development and business growth opportunities.”

**EnergyForward** is already meeting or exceeding state standards for renewable power, energy conservation and carbon emission reduction. The company’s actions are estimated to reduce carbon emissions across its system 20 percent by 2020 and 30 percent by 2025.

Minnesota Power has taken significant steps toward a more balanced energy supply, including:

- **Renewable resources:** Built and secured almost 625MW of wind capacity; upgraded existing hydro stations in Minnesota and signed a contract with Manitoba Hydro to purchase renewable hydropower starting in 2020.
- **Transmission:** Certificate of Need approved by state regulators for the Great Northern Transmission Line. The 500-kilovolt line will deliver more than 350MW of carbon-free hydropower from Manitoba Hydro to Minnesota Power customers.
- **Solar power:** Announced plans to partner with Camp Ripley on a 10MW large-scale solar array; began offering electric residential and business customers free solar energy analysis; developing a community solar garden pilot program.
- **Cleaner power plants:** Making significant investments to reduce emissions and increase efficiency, including a project now underway to reduce 90 percent of mercury emissions at Boswell 4, the largest unit in Minnesota Power’s fleet. Converted the company’s 110MW Laskin Energy Center in Hoyt Lakes, Minn., from coal to cleaner-burning natural gas. In addition, one of three coal units at Taconite Harbor Energy Center was retired in May of this year.
- **Energy efficiency and conservation:** Regularly meet and exceed the state’s annual 1.5 percent energy savings goal through the Power of One program to help customers reduce energy use and manage their energy bills.
- **Customer service and infrastructure upgrades:** Deployed smart meters for about 25 percent of customers, improving system communications and efficiencies in outage management; plans to deploy these meters system-wide over the next few years, also enabling new program options to meet the ongoing needs of customers.

“We are creating a successful roadmap to a cleaner energy future,” Hodnik said. “Our significant actions to date have shifted Minnesota Power’s portfolio from 95 percent coal-based to a 75 percent coal and 25 percent renewable energy mix, moving toward a supply that has one-third of our power coming from coal, one-third from natural gas and one-third from renewable resources. Each year, our customers are served by electricity which comes from a more diverse set of clean power sources, and we are meeting our goals in a way that protects our customers, the communities we serve and the quality of life in our region.”

Minnesota Power intends to outline its final recommendations for the next phase of its **EnergyForward** plan in an Integrated Resource Plan, to be filed with the Minnesota Public Utilities Commission by Sept. 1. More information about **EnergyForward** can be found at [www.mnpower.com/EnergyForward](http://www.mnpower.com/EnergyForward).

Minnesota Power provides electric service within a 26,000-square-mile area in northeastern Minnesota, supporting comfort, security and quality of life for 144,000 customers, 16 municipalities and some of the largest industrial customers in the United States.

*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.*