

FREQUENTLY ASKED QUESTIONS

What is an Integrated Resource Plan, commonly called an IRP?

As a highly-regulated energy company, Minnesota Power is required to file various business plans with state regulators. An Integrated Resource Plan includes Minnesota Power's projections for energy demand over the next 15 years and outlines how the company will meet that demand reliably and affordably. We plan to file our next IRP, which will outline our vision to transition to 100% carbon-free energy by 2050, in February.

Why are you announcing a goal that is still 30 years away?

As part of our commitment to climate, customers and communities, we held discussions with community members, government leaders and representatives of stakeholder groups. They prioritized establishing a target date for when it is realistic for Minnesota Power to transition its remaining coal plants and eventually deliver 100% carbon-free energy. We took these requests seriously, and the upcoming IRP filing will provide the road map for our goal of 100% carbon-free energy by 2050. Identifying a long-term plan allows us time to transition our system thoughtfully, maintain affordability and allow technology to develop further.

Why not go 100% carbon-free more quickly?

In late 2020, Minnesota Power became the first utility in the state to deliver 50% carbon-free energy. We have spent several years assessing the best route to provide 100% carbon-free energy. Some of the factors we considered include:

- Providing a reliable and safe supply of energy to all customers.
- Investments in the electric grid that will be needed to deliver the energy.
- The projected price of different types of energy.
- The best ways to obtain extra energy on high-demand days.
- A fair transition for communities that will be affected as plants are retired.
- The potential for new technology that will make this transition easier and economical.

It is possible to get to 100% carbon-free energy more quickly, but it will mean a

significantly higher cost for customers and our timeline meets the critical expectations of ensuring a 24/7 supply of energy when renewable sources are not available, keeping rates competitive within this region, and allowing time for communities and employees to prepare for the changes ahead.

What do you mean when you say that some of the carbon-free technology you will be using still needs to be developed?

Similar to other companies that are pushing to reach 100% carbon-free energy, we believe technology will continue to improve, and carbon-free resources that are currently too expensive or not fully developed will emerge and gain competitiveness over the next 30 years. We are confident we can get to 100% carbon-free energy by 2050 if technology advances like it has during the past 30 years. We are sure the final steps to reach 100% carbon-free energy will look a little different than they do today.

Does a "coal-free supply by 2035" mean that Boswell 4 will become a natural gas plant?

We are confident we can reach coal-free operations throughout the company by 2035. We believe the Boswell site includes important regional infrastructure to meet our customer's expectation for reliability, and we are exploring options for conversion to other types of fuel, such as natural gas, biomass, renewable gas or hydrogen. Along with this fuel conversion we will continue to evaluate other energy sources that could utilize the existing site and maximize the use of infrastructure such as solar, storage and new technologies as they emerge. However, any plans for converting the site to another fuel will need to be reviewed by state regulators before Minnesota Power can move forward.

When will Boswell 3 and Boswell 4 close?

Boswell Energy Center in Cohasset is our remaining coal-fired power plant and includes two currently operating units—it is one of the cleanest and most efficient plants in the nation. Under our plan, Boswell 3 will close by 2030 and

Minnesota Power's Boswell 4 will be coal-free by 2035. However, with the investments our customers have made in this facility we are looking at potential future uses for the energy center including a transition to another fuel source.

What are you doing now at Boswell to reduce carbon?

Our investments in state-of-the-art environmental emissions controls and efficiency technology mean Boswell is among the cleanest and most efficient power plants in the nation. We are implementing operational changes that maximize the daily use of renewable energy resources and grid capabilities, further reducing carbon emissions.

How will Minnesota Power handle the transition of employees that work at its coal plants?

This is a very important issue for Minnesota Power. A 15-year transition of the Boswell Energy Center will give us time beyond normal attrition and retirements to help employees retrain and find other positions at Minnesota Power.

What commitment will Minnesota Power make to provide relief to Cohasset and Itasca County given the significant loss of tax revenue and employment?

Communities that will lose significant tax revenue due to the retirement of power plants deserve state support. We will work with community leaders and state legislators to advocate for a sustainable plan that gives this region a fair transition.

Will customers continue to pay for the investments that were already made at the Boswell Energy Center?

Yes, we will work with regulators to complete payments for capital investments made at the Boswell Energy Center. This aspect has been included in the evaluation of the IRP and outlook for customers to formulate our long-term plan.

Will your plan result in a rate increase for customers?

An IRP filing is focused on energy planning, not rate increases. We believe

our transition to a carbon-free energy supply in a thoughtful timeframe can be accomplished without sacrificing affordability. However, it is likely we will still need to file rate cases from time to time.

How can I influence the plan, make a comment or get involved?

The IRP is evaluated through a public process run by the Minnesota Public Utilities Commission. You can submit comments on Minnesota Power's IRP through the commission (<https://mn.gov/puc/>) and attend public meetings in the Minnesota Power service area that will be scheduled later in 2021.

How does this plan align with federal and state goals?

Minnesota Power has exceeded state goals for renewable energy, becoming the first Minnesota utility to reach 50% renewable energy. This carbon-free plan meets the goal of 100% clean energy while ensuring we meet customer expectations for reliability and affordability. We also believe our plan will provide a fair transition for communities that currently host energy centers and the employees who work there. We look forward to working with Gov. Walz and his commissioners on the implementation of this plan.

Does this plan align with the Biden administration's recommitment to the Paris Climate Agreement?

Minnesota Power already has reduced carbon emissions 50% from 2005 levels, exceeding the nation's overall Initial Nationally Determined Contributions (INDC) goal of 26-28% reduction by 2025. Additionally, our long-term goals exceed overall reduction targets meant to limit warming to less than 2 degrees Celsius, with a planned 80% reduction in our carbon emissions by 2035 from 2005 levels. Our plan is delivering on our sustainability in action value and doing our part to address climate change.

Is there enough wind and solar power available to fully supply customer needs in 2050?

We believe a combination of a number of different carbon-free sources, as well as advanced storage technology, will be used to provide customers with reliable and affordable energy in 2050. Energy efficiency and conservation will continue to be important tools for reducing carbon emissions. Wind and solar will be significant parts of that plan, but other resources also will be available.

What does this IRP proposal mean for the future of Laskin and Taconite Harbor?

Laskin will continue to operate as a natural gas (peaking) plant, but will eventually be transitioned to new fuels or retired as Minnesota Power moves to carbon-free energy operations by 2050. Taconite Harbor's three units were idled in 2015 and 2016 and will be retired in fall of 2021. There are no plans to resume operations at Taconite Harbor.

Will Minnesota Power prioritize the building of new renewables in our region?

Minnesota Power has a long history of investing in the region and will continue to evaluate renewable and carbon-free options for northeastern Minnesota along with the Upper Midwest. We recently proposed 20 megawatts of new solar arrays for our power supply in 2021 to Minnesota regulators that will be in northeastern Minnesota (Laskin, Duluth and Sylvan locations).

How is Minnesota Power thinking about equity as part of this plan?

Safety, reliability and affordability for all Minnesotans are our priorities for a carbon-free energy future. And as we continue this transition, our strategies must reflect the needs of workers, of communities that host power plants, and of people who are the most dependent on affordable and reliable energy. By honoring these priorities, our efforts to achieve 100% carbon-free energy will be a sustainable and just transition.

How does this plan take into account new customers, new demand or the loss of existing customers?

When a utility submits an IRP, it must develop reasonable scenarios for energy demand for the next 15 years that includes expected customer conservation and electrification activities. We believe we can continue our transition to carbon-free energy even if there are unforeseen changes in energy demand including through electrification efforts.

Who contributed to the development of this IRP? How were stakeholder interests considered?

We are committed to engaging with our customers, communities and interested stakeholders as we chart this next phase of our energy transition together. Beginning in mid-2019, we engaged the Great Plains Institute, the Center for Energy and the

Environment, and Lasky Consulting to help us develop and administer a first-of-its-kind stakeholder engagement process that brought together our customers and communities in northern Minnesota, along with Twin Cities-based stakeholders. We also heard from customers directly through a survey that was sent on every electric bill. We took the feedback we received seriously to develop a plan that was responsive to the interests of our diverse stakeholders.

Where does this plan put Minnesota Power compared with other electric utilities?

In late 2020, Minnesota Power became the first electric utility in the state of Minnesota to offer an energy mix of 50% renewable, carbon-free energy. In fact, Minnesota Power met the state's renewable energy standard of 25% renewable by 2025 a decade early. With the commitment to additional carbon reductions and the goal of 100% carbon-free energy by 2050, Minnesota Power will be in the top quarter in the nation among utilities. We are advancing a meaningful carbon reduction plan that will position northeastern Minnesota for its future sustainable energy needs.