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Minnesota Power receives key regulatory approvals for HVDC transmission project in support of a reliable, clean-energy future

Duluth, Minn. — The Minnesota Public Utilities Commission today approved the Certificate of Need and Route Permit for Minnesota Power’s HVDC transmission project to enhance reliability, resiliency, and prepare for the continued clean energy future.

Minnesota Power, a utility division of ALLETE Inc. (NYSE: ALE), plans to replace aging critical infrastructure and modernize the terminal stations of its 465-mile HVDC (high-voltage, direct-current) transmission line that runs from Center, North Dakota, to Hermantown, Minnesota.

“Grid reliability and resiliency are critical as we continue to add more carbon-free energy to our energy supply and we experience more extreme weather,” said Josh Skelton, Minnesota Power Chief Operating Officer. “This investment to strengthen transmission and replace aging infrastructure is another integral step in our EnergyForward strategy for a carbon-free future. The HVDC upgrade makes smart use of existing assets in a cost-effective way to support the safe and reliability delivery of essential energy in the Upper Midwest. We appreciate the commissioners’ recognition of the importance of this project.”

In Minnesota, aging converter facilities at the Arrowhead Substation in Hermantown will be replaced with new buildings near the existing terminal and electrical infrastructure featuring state-of-the-art technology. The project also includes construction of two transmission lines of less than a mile each on the site to connect the new converter station to the existing electric system. Similar upgrades are planned for the converter facilities at the Square Butte East Substation in Center.

The project is estimated to cost up to \$940 million. Construction could begin this year with the upgrades in service between 2028 and 2030.

Today’s MPUC approvals follow the October 2023 announcement of a \$50 million grant from the U.S. Department of Energy to Minnesota Power for its HVDC Terminal Expansion Capability Project. The DOE funding combined with the use of existing infrastructure will help mitigate rate impacts on customers as the company modernizes and supports the long-term needs of the grid.

The company also secured \$15 million in state funding as part of the energy and climate budget bill passed by the Minnesota Legislature in May 2023 and \$10 million from the state competitiveness fund to support the cost-share requirements of the DOE grant funding

Project benefits

- Improves reliability of the transmission system.
- Improves system resiliency by creating bi-directional line capability, which allows energy to flow in either direction to where it is needed.

- Expands the operating capacity of the HVDC terminals now and in the future for additional energy transfers.
- Replaces critical infrastructure that has reached the end of its design life.

Minnesota Power's HVDC transmission line is one of a handful of existing long-distance high-voltage direct-current lines in the country. HVDC lines transmit electricity more efficiently over long distances than alternating current (AC) lines and more strongly link together disparate parts of the electric grid. Specialized stations convert the HVDC power to AC so it can flow onto the existing electric grid.

The line was commissioned in 1977 and Minnesota Power acquired it in 2009 to reliably deliver more than 500 megawatts of wind energy from its North Dakota wind sites to its customers in Minnesota.

Minnesota Power provides electric service within a 26,000-square-mile area in northeastern Minnesota, supporting comfort, security and quality of life for 150,000 customers, 14 municipalities and some of the largest industrial customers in the United States. More information can be found at www.mnpower.com.

ALLETE, Inc. is an energy company headquartered in Duluth, Minnesota. In addition to its electric utilities, Minnesota Power and Superior Water, Light and Power of Wisconsin, ALLETE owns ALLETE Clean Energy, based in Duluth; BNI Energy in Bismarck, N.D.; and New Energy Equity, headquartered in Annapolis, Maryland; and has an 8% equity interest in the American Transmission Co. More information about ALLETE is available at www.allete.com.

Minnesota Power calculates and reports carbon emissions based on the GHG Protocol. Details in ALLETE's [Corporate Sustainability Report](#).

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.