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Building a reliable, clean-energy future: Federal, state officials highlight Minnesota Power's key grid investment

Duluth, Minn. — A significant investment in an innovative transmission project is one example of Minnesota Power's commitment to maintaining a strong, reliable grid as the demand for energy grows, more renewable energy comes online and the nation makes strides toward a clean-energy future.

Federal and state partners and energy leaders gathered at the company's Arrowhead Substation in Hermantown today to recognize Minnesota Power's plans to modernize, upgrade and expand its high-voltage direct-current transmission system, applaud \$75 million in federal and state funding, and acknowledge key regulatory approvals now in hand.

Among those at the event were U.S. Sen. Tina Smith; U.S. Department of Energy Under Secretary for Infrastructure David Crane; state Sen. Grant Hauschild; Katie Sieben, chair of the Minnesota Public Utilities Commission; Pete Wycoff, deputy commissioner of energy resources at the Minnesota Department of Commerce; Bethany Owen, ALLETE chair and CEO; and Josh Skelton, Minnesota Power chief operating officer.

"Expanding and strengthening the electric grid are critical as demand for energy increases and more renewable resources are added to the nation's energy mix," said Bethany Owen, ALLETE chair and CEO. "Investing in Minnesota Power's strategically located HVDC transmission system supports federal and state energy policy goals, prepares the regional grid for the efficient delivery of more energy from where it's generated to where it's needed, and moves us closer to the sustainable clean-energy future where every community can thrive. Achieving that goal will take all of us working together, and this project is an outstanding example of that."

Smith also noted how investments like this will benefit the environment and the state's residents.

"Modernizing our electric grid is a win for the environment and for Minnesotans who will benefit from more affordable, reliable clean electricity," Smith said. "I am proud to help deliver these federal investments and look forward to seeing how these improvements help Minnesota achieve its clean energy goals while creating jobs and preserving grid reliability."

Crane said Minnesota Power's HVDC project is among more than 45 energy projects in Minnesota selected for federal funding.

"Communities across Minnesota deserve to have a power grid that provides clean, reliable and affordable power," Crane said. "Thanks to the Biden-Harris Administration's Investing in America agenda, 47 energy projects have been selected in Minnesota to receive a potential \$2.1 billion in federal investment from the Department of Energy. Funded by the Bipartisan Infrastructure Law and Inflation Reduction Act, these projects include \$50 million in support of ALLETE and Minnesota Power's efforts to increase capacity to prepare the state's grid for future expansion and greater clean, affordable energy. I'm proud of the partnerships we're building in Minnesota to make this

project successful as we work together to build a brighter, cleaner future in the North Star state for all Minnesotans."

Minnesota Power, a utility division of ALLETE Inc. (NYSE: ALE), will replace aging converter facilities at the Arrowhead Substation with new buildings near the existing terminal and new electrical infrastructure with state-of-the-art technology. Similar upgrades are planned for the converter facilities at the Square Butte East Substation in North Dakota. An associated Terminal Expansion Capability Project includes additional state-of-the-art technology to further prepare the HVDC system for an expanded capacity of up to 1,500 megawatts, improve system reliability, and enhance grid support and operational flexibility.

The 465-mile HVDC transmission line, commissioned in 1977 and acquired by Minnesota Power in 2009, delivers wind energy from North Dakota to Minnesota and is one of a few HVDC lines in the nation. 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 grid.

"Investing in transmission and replacing aging infrastructure with modern technology are critical to the reliability and resiliency of the regional grid in the future—especially as we experience more frequent extreme weather events," said Josh Skelton, Minnesota Power chief operating officer. "Leveraging existing assets along with \$75 million in state and federal funding will mitigate cost impacts to our customers as we maintain and enhance the reliable delivery of energy and advance the carbon-free goals of our EnergyForward strategy."

The Minnesota Public Utilities Commission approved a Certificate of Need and Route Permit for modernizing the HVDC system in August. This project is being supported by a \$50 million grant from the U.S. Department of Energy's Grid Resilience and Innovation Partnerships Program, funded by the Bipartisan Infrastructure Law. Funding also includes a \$10 million grant from the Minnesota Department of Commerce and a \$15 million appropriation from the Minnesota Legislature in 2023. The project is estimated to cost up to \$940 million. Construction could begin this year with the upgrades expected to be in service between 2028 and 2030.

'Power of partnerships'

Other energy leaders at today's event also shared their perspectives on Minnesota Power's investment in its HVDC transmission system.

Pete Wyckoff, deputy commissioner of energy resources, Minnesota Department of Commerce: "This project illustrates the power of partnerships that are moving Minnesota on the path to a clean energy future. With the support of both federal and state clean energy funds, we can expand the electric grid, bring on more renewable and clean energy resources, and grow our state's clean energy economy."

State Sen. Grant Hauschild: "Minnesota Power's investment, along with state and federal grants, in this transformative transmission project will bring our region closer to a clean energy future and improve reliability of the electric grid."

Katie Sieben, chair of the Minnesota Public Utilities Commission: "The Commission is committed to ensuring the reliable and affordable delivery of essential energy to all Minnesotans and modernizing this transmission infrastructure is a critical step. This upgrade not only enhances the strength of the grid in Northern Minnesota, but it also assists in achieving our carbon-free goals by facilitating the delivery of low-cost renewable energy to Minnesota Power's diverse customer base."

Under its EnergyForward strategy, Minnesota Power has made significant strides in transitioning to carbon-free energy and is well on its way to delivering more than 80% renewable energy by 2030. It

was the first utility to deliver 50% renewable energy to customers in 2020, has retired seven of its nine coal units, and is adding up to 700 megawatts of wind and solar energy.

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.

PHOTO CAPTIONS:

Bethany Owen, ALLETE chair and CEO, said a project's success often depends on partnerships and the HVDC modernization is a perfect example of what can be done when everyone works together. "Accessing the funding we are celebrating here today was truly a team effort," she said.

Federal and state elected officials and energy leaders, along with representatives from labor and the business community, gathered with ALLETE and Minnesota Power leaders on Wednesday at the Arrowhead Substation to recognize the company's plans to modernize its high-voltage, direct-current transmission system. Speakers at the event included, from left, Pete Wyckoff, David Crane, Bethany Owen, Tina Smith, Josh Skelton, Grant Hauschild and Katie Sieben.

Under Secretary for Infrastructure David Crane and ALLETE Chair and CEO Bethany Owen talk with Sen. Tina Smith before the event Wednesday at Arrowhead Substation.