



December 19, 2025

VIA E-FILING

Sasha Bergman
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101-2147

Re: In the Matter of the Petition of Minnesota Power for Acquisition of ALLETE by
Canada Pension Plan Investment Board and Global Infrastructure Partners
Docket No. E015/PA-24-198

In the Matter of Minnesota Power's Application for Approval of its 2025-2039
Integrated Resource Plan
Docket No. E015/RP-25-127

In the Petition for Approval of the *EnergyForward* Resource Package
Docket No. E015/M-17-568

SUPPLEMENTAL FILING

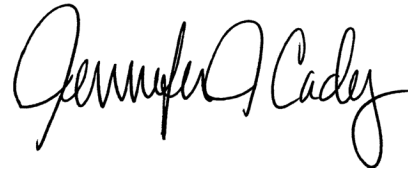
Dear Ms. Bergman,

On October 15, 2025, Minnesota Power (or, "the Company") submitted a Compliance Update regarding the Nemadji Trail Energy Center ("NTEC") project in the above-referenced dockets in response to the Minnesota Public Utilities Commission hearing on October 3, 2025, in the matter of the acquisition of ALLETE by the Canada Pension Plan Investment Board and Global Infrastructure Partners. Upon receipt and review of the December 10, 2025 written order in that docket, the Company offers this supplemental filing to its October 15, 2025 submission. Through this update, Minnesota Power communicates that it has terminated its Capacity Dedication Agreement with South Shore Energy and will no longer be an off-taker of the NTEC project. The Company looks forward to continued discussions on resource needs in the pending Integrated Resource Plan proceeding.

Please contact me at (218) 355-3202 or jjcady@mnpower.com with any questions related to this matter.

Ms. Bergman
December 19, 2025
Page 2

Respectfully,

A handwritten signature in black ink, reading "Jennifer J. Cady". The signature is fluid and cursive, with the first name "Jennifer" and last name "Cady" being more prominent than the middle initial "J".

Jennifer J. Cady
*Vice President – Public Policy and
External Affairs*

JJC:ah
Attach.

**STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION**

In the Matter of the Petition of Minnesota Power for
Acquisition of ALLETE by Canada Pension Plan
Investment Board and Global Infrastructure Partners

Docket Nos. E015/PA-24-198

In the Matter of Minnesota Power's Application for
Approval of its 2025-2039 Integrated Resource Plan

E015/RP-25-127

In the Petition for Approval of the *EnergyForward*
Resource Package

E015/M-17-568

SUPPLEMENTAL FILING

I. Introduction

On October 15, 2025, Minnesota Power (or, “the Company”) submitted a compliance update on the Nemadji Trail Energy Center (“NTEC”) project in the above-referenced docket in response to the Minnesota Public Utilities Commission (“Commission”) hearing on October 3, 2025, in the matter of the acquisition of ALLETE by the Canada Pension Plan Investment Board and Global Infrastructure Partners.¹ Upon receipt and review of the written order in that docket issued on December 10, 2025, the Company offers this supplemental filing to the October 15, 2025 submission. Through this update, Minnesota Power communicates that it has terminated its Capacity Dedication Agreement (“CDA”) with South Shore Energy and will no longer be an off-taker of the NTEC project. The Company looks forward to continued discussions on resource needs in the pending Integrated Resource Plan (“IRP”) proceeding.

II. Background and Regulatory History

Minnesota Power is Minnesota’s second largest investor-owned utility serving 150,000 customers across a 26,000 square mile service territory in northern Minnesota. The Company has one of the most unique customer mixes of any of its peers. In 2023, 74 percent of Minnesota Power’s kilowatt-hour (“kWh”) total sales served energy-intensive,

¹ Docket No. E015/PA-24-198

trade-exposed industrial customers who require around-the-clock energy. Serving these customers, primarily in taconite mining and paper production industries, results in Minnesota Power having the highest load factor of any utility in the country.

While maintaining near perfect reliability, Minnesota Power has transformed its power supply portfolio from one that was 95 percent coal in 2005 to one that was the most renewable in the state in 2020. Following the retirement or remissioning of seven of its nine coal generating units, Minnesota Power now serves its customers with a mix of energy that is between 50 and 60 percent renewable, with no nuclear power, little natural gas generation on its system, and only one baseload generation resource remaining.

On September 1, 2015, Minnesota Power filed its Integrated Resource Plan (“2015 IRP”), which projected a mid-2020s capacity deficit on its system due to the idling or retirement of several coal fired generating units. To help address this deficit, the Company proposed to begin a competitive procurement process for 200-300 megawatts (“MW”) of natural gas fired generation for implementation by 2024. The Commission issued its Order approving the 2015 IRP with modifications, which allowed the Company to investigate the possible procurement of natural gas fired generation as part of its portfolio.

The NTEC project is an approximately 550 megawatt (“MW”) combined cycle natural gas facility to be located in Superior, Wisconsin and owned by three utilities (“Project Owners”): South Shore Energy, LLC (“South Shore,” which is a wholly owned subsidiary of ALLETE, Inc. and a Wisconsin affiliate of Minnesota Power), Dairyland Power Cooperative (“Dairyland”) and Nemadji River Generation, LLC (a wholly-owned, Wisconsin-based subsidiary of Basin Electric Power Cooperative collectively referred to as “Basin Electric”). On January 24, 2019, the Commission approved a CDA for Minnesota Power to procure 50 percent of NTEC’s output from South Shore Energy, along with affiliated interest agreements for Minnesota Power to serve as the construction and operating agent for the facility on behalf of the Project Owners.

In 2025, Minnesota Power filed its latest IRP (“2025 IRP”), which reaffirmed the need for significant new dispatchable generation to replace coal generation that is scheduled to cease operations at Boswell Energy Center Unit 3 in 2030 and Boswell Energy Center Unit 4 in 2035 for Minnesota Power customers. Today, Minnesota Power’s system is nearly 60 percent renewable, and the Boswell Energy Center represents its only source of baseload power, which is necessary to reliably serve all customers, including some of the nation’s largest industrial operations.

In the October 15, 2025 compliance filing, Minnesota Power noted:

“Since the Project Owners are still in the process of finalizing the details of the Project and uncertainty remains regarding the amount of capacity that will be available to dedicate to Minnesota Power, South Shore and Minnesota Power have not yet updated the CDA from the version that was approved by the Commission.”

As further described in the October 15, 2025 filing, while the project has received 17 federal, state and local permits, critical permits that would allow for the construction of the facility have not yet been received. Due to ongoing permitting delays, a Wisconsin state air permit, wetland permit and construction stormwater permits have expired. Additionally, the Project owners respect Tribal sovereignty and have been working closely with the Fond du Lac Band of Lake Superior Chippewa regarding their land and studies near the project site.

III. Cancellation of the Capacity Dedication Agreement for NTEC

On December 10, 2025, the Commission issued its Order approving the acquisition of ALLETE, and noted:

“Further, the Commission reaffirms the requirement established in Minnesota Power’s 2023 IRP proceeding, Docket No. E015-RP-21-33, that the Company must file amended affiliated interest agreements related to

the Nemadji Trail Energy Center (NTEC) natural gas power plant. Minnesota Power currently has approved affiliate interest agreements to purchase 50% of the capacity and energy generated by NTEC. However, ALLETE has represented in its Form 10-Ks that it plans to purchase only 20% of NTEC's output. Consistent with these representations, the Commission in the 2023 IRP order required Minnesota Power to propose updated affiliated interest agreements with updated capacity dedication amounts for the Commission to consider in the Company's 2025 IRP. This requirement followed extensive discussion in that record questioning whether Minnesota Power's reliance on NTEC is consistent with the public interest and with the Carbon Free Standard. The Commission reaffirms that it is in the public interest for Minnesota Power to explore alternative resource plan scenarios with reduced reliance on natural gas resources such as NTEC. Minnesota Power is required to file the amended affiliated interest agreements related to NTEC in its current IRP docket by October 15, 2025, and cross-file it in Docket No. E015/AI-17-568. Minnesota Power agreed to the timing of this filing in the September 30, 2025 Second Addendum to the Settlement Stipulation.

Under these requirements, Minnesota Power must take immediate steps to explore more ambitious reductions to its reliance on carbon-emitting resources. These steps will put the Company in a better position to meet the Carbon Free Standard, and most likely on a faster timeline for compliance and at a lower cost than it would have been under its current ownership – as evidenced by the scale of new fossil fuel capacity included in its pending IRP, which Minnesota Power proposed before the acquisition was approved.”

Minnesota Power, alongside the other Project Owners, has worked diligently since the Commission's 2019 approval of its offtake agreements for NTEC to develop the project

to ensure the Company can continue to provide safe, reliable and affordable energy to customers as it executes its planned transition away from coal generation. However, the timing impacts of litigation and permitting processes have delayed the in-service date of the NTEC project, and Minnesota Power must aggressively pursue procuring dispatchable generation to bring online to ensure reliability of the grid as it intends to meet its cease coal dates of 2030 and 2035. Additionally, Minnesota Power recognizes the Commission's direction to take immediate steps to explore more ambitious reductions to its reliance on carbon-emitting resources.

To these ends, Minnesota Power and South Shore Energy have terminated the CDA effective December 17, 2025. Minnesota Power will no longer be an off-taker of energy or capacity from the NTEC project, and the Company will not seek recovery of NTEC development costs from its customers. The Company will continue to evaluate options to ensure adequate dispatchable generation and reliably serve customers through its current IRP and other proceedings before the Commission. ALLETE, through South Shore Energy, will continue to work with its fellow Project Owners to evaluate a path forward that balances economic, community and environmental considerations while addressing the concerns of interested stakeholders and Tribal Nations.

IV. Conclusion

Minnesota Power filed its 2025 IRP on March 3, 2025, and noted that this IRP evaluates the critical next steps as the Company plans to cease coal operations at its only remaining baseload facility in 2030 and 2035. Minnesota Power takes its privilege to serve customers and obligations to ensure public safety and reliability seriously, and the next steps of its decarbonization journey need to be carefully coordinated to ensure reliability of the electric grid in northern Minnesota and ongoing affordability for customers.

With a portfolio that is nearly 60 percent renewable, and no nuclear baseload generation or any significant amounts of natural gas, the Company has identified a need for significant dispatchable generation to replace its remaining coal fleet reliably. As

Minnesota Power has terminated the CDA and will no longer be an off-taker of the NTEC project, this need remains and will continue to be evaluated through the ongoing IRP process.

Minnesota Power remains dedicated to investing in and supporting its host communities, including the Boswell Energy Center host community in Cohasset and the communities of the Twin Ports of Duluth and Superior. The Company looks forward to working with customers, stakeholders, and regulators in its current IRP to determine a path forward that complies with Minnesota's Carbon Free Standard, allows the Company to meet its commitments to cease coal generation on its system, preserves reliability of the electric grid, and ensures affordability of energy for customers. The Company welcomes thoughtful participation and engagement in its pending IRP docket to help determine the best long-term plan to meet its customers' energy needs.

Date Submitted: December 19, 2025

Respectfully,

A handwritten signature in black ink, reading "Jennifer J. Cady". The signature is fluid and cursive, with the first name "Jennifer" and last name "Cady" being the most prominent parts.

Jennifer J. Cady
*Vice President – Public Policy and
External Affairs*

STATE OF MINNESOTA)
)ss
COUNTY OF ST. LOUIS)

AFFIDAVIT OF SERVICE VIA
ELECTRONIC FILING

I, Amy M. Honkala of the City of Duluth, County of St. Louis, State of Minnesota, hereby certify that on the 19th day of December, 2025, I electronically filed a true and correct copy of Minnesota Power's **Supplemental Filing in Docket No. E015/PA-24-198, E015/RP-25-127, and E015/M-17-568** on the Minnesota Public Utilities Commission and the Energy Resources Division of the Minnesota Department of Commerce via electronic filing. The persons on eDocket's Official Service List for this Docket were served as requested.



Amy M. Honkala