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February 4, 2021

VIA E-FILING

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

Re: In the Matter of a Petition of Minnesota Power for the Approval of the Acquisition of Solar Power to Support Economic Relief and Recovery
Docket No. E015/M-20-828

In the Matter of an Inquiry into Utility Investments that May Assist in Minnesota's Economic Recovery from the COVID-19 Pandemic
Docket No. E,G-999/CI-20-492

Dear Mr. Seuffert:

Minnesota Power respectfully submits this Petition to the Minnesota Public Utilities Commission ("Commission") for approval of approximately 20 MW of local solar projects in Northern Minnesota, which will support economic relief and recovery within the Company's service territory in response to the COVID-19 pandemic. These proposed economic recovery projects meet every one of the conditions for possible investments outlined in the Commission's May 20, 2020 Notice in Docket E,G-999/CI-20-492.

The solar projects will support local job creation while also enabling Minnesota Power to meet its Solar Energy Standard obligations early by bringing new sources of local carbon free energy to its customers and region for less than \$0.50 per month for the average residential customer. Targeted economic benefits from the approximately \$40 million investment in new solar energy could include additional tax revenue in host communities, the use of locally-produced solar panels, local prevailing wage construction labor, and ongoing, increased consumer spending in the region. Additionally, the solar project proposed at Laskin Energy Center in Hoyt Lakes represents reinvestment in a host community that has experienced loss of employment and property taxes due to the remissioning of coal-fired generation.

Minnesota Power appreciates the comments from Commissioners and the adopting of a motion at the January 21, 2021 agenda meeting to approve the Company's request for an expedited timeline for comments, consideration, and a Commission decision. Commissioner comments are addressed in this petition. This expedited timeline will

Mr. Seuffert
February 4, 2021
Page 2

facilitate significant construction in 2021 and provide the greatest and most immediate economic recovery benefits for the region.

If you have any questions regarding this filing, please contact me at (218) 355-3186 or arittgers@mnpower.com.

Respectfully,

A handwritten signature in black ink, appearing to read "Anne Rittgers", with a long horizontal flourish extending to the right.

Anne Rittgers
Public Policy Advisor

AWR:th
Attach.

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

In the Matter of a Petition of Minnesota
Power for the Approval of the Acquisition
of Solar Power to Support Economic Relief
and Recovery

Docket No. E015/M-20-828

PETITION FOR APPROVAL

SUMMARY

Minnesota Power (or, “the Company”) respectfully submits this Petition to the Minnesota Public Utilities Commission (“Commission”) for approval of approximately 20 MW of local solar projects in northern Minnesota, which will support economic relief and recovery within the Company’s service territory in response to the COVID-19 pandemic. These proposed solar projects will support local job creation and investment while also enabling Minnesota Power to meet its Solar Energy Standard (“SES”) obligations early by bringing new sources of local, carbon-free energy to its customers and region. Economic benefits from the approximately \$40 million investment in new solar energy could include additional tax revenue in local communities, the use of regionally-produced solar panels, local prevailing wage construction labor, and ongoing, increased consumer spending in the region. Minnesota Power appreciates the Commission’s decision to approve the Company’s request for an expedited timeline for comments, consideration, and a Commission decision. This expedited timeline will facilitate significant construction in 2021 and provide the greatest and most immediate economic recovery benefits for the region.

Minnesota Power is seeking Commission approval to execute three affiliated interest agreements between the Company and ALLETE Enterprises, Inc. related to the solar projects: the Power Purchase Agreement (the “PPA” or “Agreement”) to purchase approximately 20 MW of solar-generated energy and capacity from three solar projects located near Hoyt Lakes, Brainerd, and Duluth, Minnesota; a zero-cost lease of Minnesota Power property near the Sylvan hydroelectric station; and a zero-cost lease of Minnesota Power property in the Laskin Energy Center. Upon Commission approval and subject to terms and conditions in that approval, Minnesota Power will execute the PPA and the Sylvan and Laskin Leases based on the model contracts submitted with this Petition. Minnesota Power also respectfully requests that the Commission find that the solar projects are in the public interest, approve the projects as a reasonable and prudent way for the Company to continue to work towards meeting its obligations under Minn. Stat. § 216B.1691, and authorize Minnesota Power to recover the PPA and lease costs through Commission-approved methods for solar resources.

Table of Contents

I.	Introduction	3
II.	Procedural Matters.....	7
III.	Overview of Proposed Economic Recovery Projects	10
IV.	Laskin Solar Project Description and Overview.....	13
V.	Sylvan Solar Project Description and Overview	18
VI.	Duluth Solar Project Description and Overview.....	21
VII.	Common Considerations for all three solar projects.....	25
VIII.	Estimated Project Costs and Agreements.....	30
IX.	Estimated Customer Impact	41
X.	The Proposed Solar Projects are in the Public Interest.....	45
XI.	Conclusion	54

Appendix A: Model Power Purchase Agreement (“PPA”)

Appendix B: Socioeconomic Benefits of New Local Solar Installations in Northeastern Minnesota

Appendix C: Estimated First Year Rates: PPA and Solar Capacity Benefit Charge (Credit)

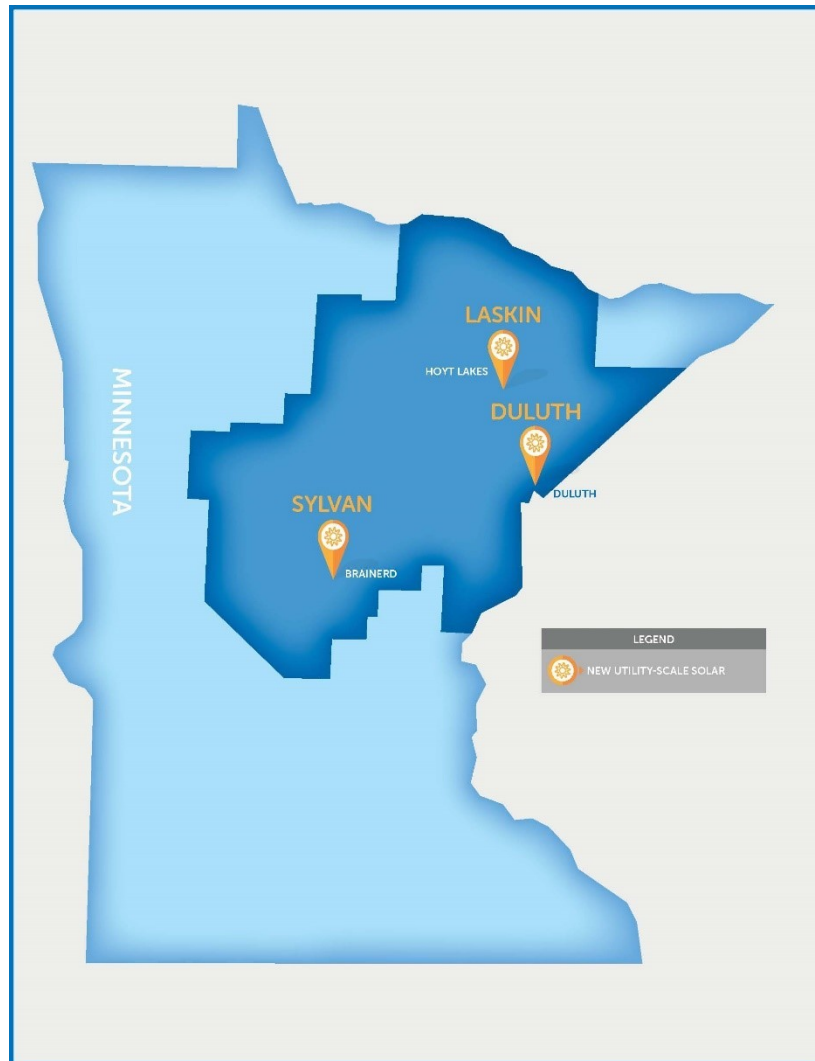
Appendix D: Minnesota Power/Affiliate LLC Model Lease Agreements for Sylvan and Laskin

I. INTRODUCTION

In response to the extensive and far-reaching economic effects of the COVID-19 pandemic and the government's responses thereto, the Commission opened a docket to investigate what types of investments utilities could make to assist in economic recovery in Minnesota. In response, on June 17, 2020, Minnesota Power (or, "the Company") proposed a comprehensive and community-focused package of activities that would support economic recovery within the Company's service territory in northern Minnesota, including a proposal to accelerate the development of planned local solar projects. Minnesota Power believes that the acceleration of these projects will help facilitate post-COVID-19 economic recovery by providing job opportunities, investment in local products and services, and tax revenue in the communities served by Minnesota Power. Furthermore, the addition of the new solar generation is consistent with the Company's last Integrated Resource Plan ("IRP") and will be used to meet Minnesota Power's remaining Solar Energy Standard ("SES") requirements by expediting planned solar projects to bring new carbon free energy to its customers in the region ahead of schedule.

Minnesota Power has intentionally developed three solar projects sited across its service territory in northern Minnesota in an effort to equitably share the investment opportunity in the region. The approximately 20 MW package of solar include projects sited on two Minnesota Power-owned locations — an approximately 9.6 MW solar array at the Laskin Energy Park in Hoyt Lakes, Minnesota ("Laskin Solar"), and an approximately 10 MW solar array near Minnesota Power's Sylvan Hydro station west of Brainerd, Minnesota ("Sylvan Solar") — along with a third approximately 1.6 MW solar array to be located in Duluth, Minnesota ("Duluth Solar"), where Minnesota Power and ALLETE's corporate offices are headquartered and where the Company's largest service center operates. Each of these solar projects represents clean energy investments in communities that host Minnesota Power facilities. Figure 1 below shows the locations of each solar project in the state within Minnesota Power's service territory.

Figure 1: Minnesota Power's Proposed Solar Projects



Importantly, the proposed site at the Laskin Energy Park represents a continued investment in a host community that has experienced impacts from the Company's closure of its small coal plants, as coal operations ceased at Laskin Energy Center in 2015 and the facility transitioned to a natural gas peaking facility. The refueling and change in mission to a capacity resource resulted in a loss of 26 full-time employees at the facility,¹ along with decreased economic activity in the community. Siting a new solar

¹ *In the Matter of Minnesota Power's Application for Approval of its 2015-2029 Resource Plan*, Docket No. E015/RP-15-690 (September 1, 2015).

project here is an intentional effort on behalf of Minnesota Power to reinvest in communities impacted by its transition to a less carbon intense, cleaner energy future.

Minnesota Power intends to utilize, when possible, solar panels and equipment manufactured in Minnesota and contract with local labor to construct the solar facilities, further enhancing the economic benefits to the region. If approved, Minnesota Power expects that the solar projects would add an estimated \$10.2 million to the 2021 Gross Regional Product (“GRP”) and boost 2021 regional employment by about 73 jobs (full-time equivalent). The projects would also provide long-term employment, tax revenue, and local consumer spending.

Time is of the essence to begin investment initiatives that will help jumpstart the economy of northern Minnesota. Statewide unemployment is up from 2.9 percent in March 2020 to 4.4 percent in December 2020, which dropped from 7.4 percent in August 2020 largely because of people dropping out of the labor force.² In order to combat current unemployment and economic distress in Minnesota, economic recovery projects will need to be initiated as soon as possible. The Company appreciates the Commission’s approval of the request for an expedited timeline.

The remainder of this Petition will provide the following information:

- The regulatory and economic background of the proposed projects;
- Information on the three solar power projects;
- The proposed project structure and required regulatory approvals;
- Project progress to date; and
- A discussion why the solar projects are in the public interest.

Minnesota Power is seeking Commission approval to execute three affiliated interest agreements between the Company and ALLETE Enterprises, Inc. related to the solar projects: the Power Purchase Agreement (the “PPA” or “Agreement”) facilitating Minnesota Power’s purchase of approximately 20 MW of solar-generated energy and

² Minnesota Department of Employment and Economic Development, *State and National Employment and Unemployment: Current Data* (January 2021), available at: <https://mn.gov/deed/data/current-econ-highlights/state-national-employment.jsp>.

capacity from three solar projects located near Hoyt Lakes, Brainerd, and Duluth, Minnesota; a zero-cost lease of Minnesota Power property near the Sylvan hydroelectric station (“Sylvan Lease”); and a zero-cost lease of Minnesota Power property in the Laskin Energy Center (“Laskin Lease”). Upon Commission approval and subject to terms and conditions in that approval, Minnesota Power will execute the PPA and the Sylvan and Laskin Leases based on the model contracts submitted with this Petition. Minnesota Power will submit as a compliance filing executed agreements within 30 days of the Commission’s written order approving this Petition. Minnesota Power respectfully requests that the Commission approve the PPA and the Sylvan and Laskin Leases as reasonable and in the public interest, find that the solar projects are in the public interest, approve the projects as a reasonable and prudent way for the Company to continue to work towards meeting its obligations under Minn. Stat. § 216B.1691, and authorize Minnesota Power to recover the PPA and lease costs through Commission-approved methods for solar resources.

II. PROCEDURAL MATTERS

Pursuant to Minn. Stat. § 216B.16, subd. 1 and Minn. Rule 7829.1300, Minnesota Power provides the following required filing information.

A. Summary of Filing (Minn. Rule 7829.1300, subp.1)

A one-paragraph summary accompanies this Petition.

B. Service on Other Parties (Minn. Rule 7829.1300, subp. 2)

Pursuant to Minn. Stat. § 216.17, subd. 3 and Minn. Rule 7829.1300, subp. 2, Minnesota Power eFiles the Petition on the Department of Commerce - Division of Energy Resources ("the Department") and the Minnesota Office of the Attorney General - Antitrust and Utilities Division. Copies of the filing will also be served to those on the service list for the Commission's Inquiry into Utility Investments that May Assist in Minnesota's Economic Recovery from the COVID-19 Pandemic (Docket No. E,G999/CI-20-492). A summary of the filing prepared in accordance with Minn. Rule 7829.1300, subp. 1 is being served on Minnesota Power's general service list.

C. Name, Address and Telephone Number of Utility (Minn. Rule 7829.1300, subp. 4(A))

Minnesota Power
30 West Superior Street
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(218) 722-2641

D. Name, Address and Telephone Number of Utility Attorney (Minn. Rule 7829.1300, subp. 4(B))

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E. Date of Filing and Date Proposed Rate Takes Effect (Minn. Rule 7829.1300, subp. 4(C))

This Petition is being filed on February 4, 2021. The effective date is the date of the Commission's Order or such other date as directed in the Commission's Order.

F. Statute Controlling Schedule for Processing the Filing (Minn. Rule 7829.1300, subp. 4(D))

There is no specific statutorily prescribed timeframe for processing this filing, which is made pursuant to Minn. Stat. § 216B.48 and Minn. R. 7825.2200(B). Accordingly, this filing is controlled by the Commission's rules on Miscellaneous Filings, Minn. R. 7829.1300 and 7829.1400, and the Commission's granting of Minnesota Power's request for an expedited schedule in these proceedings during the January 21, 2021 hearing. During the hearing, the Commission unanimously approved a procedural schedule calling for consideration of the Petition within four months of the date on which it is filed, and allowing interested parties to file initial comments within 30 days of the filing of the Petition. The remainder of the procedural schedule will be included in a notice filed in this docket by the Executive Secretary.

G. Information Required for Affiliated Interest Agreement Petitions (Minn. R. 7825.2200(B))

Minnesota Power includes the information required by Minn. R. 7825.2200(B) for approval of affiliated interest agreements in the following sections:

- (1) Descriptive title of each agreement – Section VIII(B);

- (2) Copies of the agreements – Exhibits A and D;
- (3) History of past contracts between the same parties – Section VIII(B)(1);
- (4) Descriptive summary of why the agreements are in the public interest – Section X; and
- (5) Competitive bidding discussion – Section VII(A).

H. Utility Employee Responsible for Filing (Minn. Rule 7829.1300, subp. 4(E))

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I. Service List (Minn. Rule 7829.0700)

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III. OVERVIEW OF PROPOSED ECONOMIC RECOVERY PROJECTS

The COVID-19 global pandemic has had far-reaching effects on all Minnesotans. For Minnesota Power and its customers, largely in northeastern Minnesota, the social, economic, health-and-safety, and even logistical impacts have been extensive.

In responding to the effects of the COVID-19 pandemic, the Commission opened a docket to explore the possibilities for utility investments that would assist in Minnesota's economic recovery. On May 20, 2020, the Commission issued a Notice of Reporting Required by Utilities, which requested that all regulated gas and electric utilities provide a list of ongoing, planned, or possible investments that meet the following criteria:

- Provide significant utility system benefits;
- Are consistent with approved resource plans, approved natural gas distribution infrastructure or pipeline safety plans, triennial conservation plans, and existing Commission orders;
- Reduce carbon or other pollutant emissions in the power sector or across economic sectors;
- Increase access to conservation and clean energy resources for Minnesotans;
- Create jobs or otherwise assist in economic recovery for Minnesotans;
- Use woman, veteran, or minority owned businesses as much as possible and provide documentation of these efforts.³

In response to that notice on June 17, 2020, Minnesota Power filed a Report with the Commission detailing its comprehensive and community-focused package of activities that supports the Commission-established goals and will promote economic recovery across its service territory while also helping meet the State's energy policy objectives.⁴ The Report detailed several areas of focus, including the acceleration of local solar projects covered in this proceeding that would help Minnesota Power meet its SES

³ *In re an Inquiry into Utility Investments that May Assist in Minnesota's Economic Recovery from COVID-19 Pandemic*, Docket No. E,G-999/CI-20-492 (May 20, 2020) ("COVID-19 Economic Recovery Docket").


⁴ COVID-19 Economic Recovery Docket, *Minnesota Power's Report* (June 17, 2020).

objectives, increase access to clean energy resources and create jobs supporting Minnesota recovery.

Through this proceeding, Minnesota Power requests Commission approval to advance approximately \$40 million of new solar energy investment within the Company's service territory to develop approximately 20 MW of local solar projects in northern Minnesota. These projects will help facilitate post-COVID-19 economic recovery by providing job opportunities, investment in local products and services, and tax revenue in the communities served by Minnesota Power. Additionally, the added solar generation is consistent with previous IRPs as the solar energy will be used to meet Minnesota Power's remaining SES requirements ahead of schedule. The projects will leverage the capabilities of the energy system in the Minnesota Power region to provide a locally sourced clean energy and are competitive to provide valuable benefits to the region they will serve. This petition will demonstrate that the package of projects in the petition is reasonable and competitive with the market for similar sized projects.

Minnesota Power thoughtfully identified and proposed several investments, including the acceleration of local solar projects that were under development, in response to the Commission's request that utilities identify projects that would support economic recovery in Minnesota while also fulfilling the criteria set forth in the COVID-19 Economic Recovery Docket. Minnesota Power recognizes the critical need to ensure affordability of electric rates for all customer, particularly during a global pandemic. As such, the Company balanced the proposal for accelerated investment with the potential corresponding rate impact, and on August 31, 2020⁵ filed a supplemental report in the Economic Recovery Docket outlining ideas to continue mitigating rate impacts. The solar projects proposed here are consistent with previous IRPs, meet the Company's SES obligations, and reinvest in local communities at a rate impact that is less than 1 percent increase or 50 cents per month for the average residential customer while at the same time bringing clean energy benefits to the region. Additionally, to ensure equitable distribution of investment benefits as much as possible, it was important to the Company to ensure that

⁵ *In re an Inquiry into Utility Investments that May Assist in Minnesota's Economic Recovery from COVID-19 Pandemic*, Docket No. E,G-999/CI-20-492 (August 31, 2020) ("COVID-19 Economic Recovery Docket").

investment was spread across Minnesota Power's 26,000 square mile service territory in northern Minnesota. The Laskin Solar, Sylvan Solar, and Duluth Solar projects total approximately 20 MW. Minnesota Power expects the average cost for these three projects to be **[TRADE SECRET DATA BEGINS** **TRADE SECRET DATA ENDS]**.

IV. LASKIN SOLAR PROJECT DESCRIPTION AND OVERVIEW

A. Project Location

The Laskin Solar project would be located on 70 acres of land owned by Minnesota Power in the Laskin Energy Park in Hoyt Lakes, Minnesota, adjacent to the Laskin Energy Center. Minnesota Power selected this location because it will spur economic recovery efforts within the Company's service territory, the land is already owned by the Company, and its proximity to existing Laskin generation station infrastructure will minimize the expense and complexity of connecting into the local distribution system while also avoiding costly Midcontinent Independent System Operator ("MISO") grid connection costs. Importantly, this site represents critical reinvestment in a host community that has experienced the impacts of a coal plant closure, as the Laskin Energy Center ceased coal operations in 2015 and transitioned to natural gas, reducing employment numbers by 26 full-time employees. The project is planned to provide approximately 9.6 MW of solar power utilizing bifacial modules on a single-axis tracking system, resulting an annual production of ~16,500 MWh. Figure 2, below, shows the location and proposed layout of the Laskin Solar project.

Figure 2: Laskin Solar Site Layout



B. Site Control (Land Lease)

The Laskin Solar project site will be on land already owned by Minnesota Power. Since the project will be owned by an ALLETE Enterprises LLC partnership, the LLC will need to have a land lease from Minnesota Power. The Company's ownership of this site will facilitate a faster construction timeline, and provide savings to customers by avoiding the

purchase or lease of land. The Laskin Lease will be at zero cost, which results in a levelized cost savings of approximately \$1-\$1.50/MWh.

C. Interconnection

The Laskin Solar project will interconnect to Minnesota Power's distribution system through a dedicated 23 kV distribution line on the east side of the solar project. Based upon the location of the solar array on the distribution system, an interconnection agreement with MISO is not required. This avoids the complex and time consuming interconnection timelines required by MISO and the significantly expensive generation queue processes that are currently underway. This site will leverage and maximize existing infrastructure to bring clean energy to the Laskin facility.

Because solar is a variable resource, a solar array does not operate at full nameplate capacity much of the time. While Minnesota Power will be utilizing existing infrastructure when possible, additional upgrades are required to fully interconnect this project. Cost estimates for the Laskin Solar Project interconnection were provided by Minnesota Power Distribution Engineering personnel using information available during the initial project scoping. As with all projects of this type, as the project advances the scope will be further defined. Interconnection costs for the Laskin Solar project are currently estimated to be \$425,000⁶. This estimate includes distribution system upgrades, fiber optic communications, relay upgrades at the substation, metering and remote terminal units.

Using this location for a solar project is beneficial for a number of reasons. The proximity to an existing Minnesota Power substation reduces the potential communications cost as there is less distance to the solar site. There will be a dedicated distribution feeder for this project which limits impacts to other customers, as connecting 10 MW to a feeder that serves many customers might otherwise have a substantial costs associated with mitigating voltage and power quality impacts. Also the current MISO interconnection process would eliminate the possibility for this project to be possible in 2021 due to high costs and long lead time interconnection.

⁶ The current MISO queue for interconnecting new solar projects is estimated at \$500/kW and identifies the value of using a local site for interconnection.

D. Project Schedule

Minnesota Power strives to develop the Laskin Solar project on an expedited timeline, in response to the Commission's direction in Docket No. 20-492 to provide economic recovery to Minnesotans as quickly as possible. LIUNA's comments in Docket No. 20-828 from December 11, 2020 detail the significant benefits of an expedited timeline to Minnesota's economic recovery, including job creation and local business support. Table 1 below outlines the proposed schedule for this project. This estimated project timeline was developed anticipating a Commission decision by early June 2021. Due to weather conditions in northern Minnesota, this includes a majority of construction prior to winter and limited construction in the months of December through March.

Table 1: Laskin Solar Project Schedule

Task	Anticipated Date
Begin Tree Clearing	June/July 2021
Site Preparation	July/August 2021
Begin Construction of Solar Array	September 2021
Commissioning and Start-Up	March 2022
Begin Commercial Operation	April 2022
Register Project with M-RETS	April 2022

E. Permitting

Minnesota Power has conducted a rigorous environmental evaluation of the proposed Laskin Solar project. The Company performed field level archaeology and wetland surveys within the proposed project area. No archaeological resources will be impacted by project infrastructure and wetland impacts are well below State of Minnesota de minimis requirements. In addition, Minnesota Power conducted a desktop Threatened and Endangered species analysis and performed a Phase I Environmental Site Assessment of the proposed Laskin Solar project area. No protected species or Recognized Environmental Conditions will be impacted by the proposed project. Due to the remote nature of the proposed project, a glare analysis was not necessary.

Minnesota Power will be required to coordinate with both State of Minnesota and St. Louis County regulatory entities to permit the Laskin Solar project. The Laskin Solar project's

siting will be regulated through a St. Louis County Conditional Use Permit. In addition, Minnesota Power will develop a Stormwater Pollution Prevention Plan for the project and obtain a National Pollution Discharge Elimination System (Stormwater) Permit from the Minnesota Pollution Control Agency. Construction-level permits such as a County Entrance/Access permit and potential Haul Permits will be procured as the project develops.

V. SYLVAN SOLAR PROJECT DESCRIPTION AND OVERVIEW

A. Project Location

Sylvan Solar would be located on 66 acres of land owned by Minnesota Power near the Company's Sylvan hydroelectric station west of Brainerd, Minnesota on the Crow Wing River. Like the Laskin Solar project, Minnesota Power selected this location because it will spur economic recovery efforts within its service territory, the land is already owned by the Company, and its proximity to existing Minnesota Power infrastructure will minimize the expense and complexity of connecting into the local distribution system. Investment at the Sylvan site reinforces the Company's commitment to economic development in the western part of its service territory. The project is planned to provide 10 MW of solar power utilizing bifacial modules on a single-axis tracking system, resulting in an estimated annual production of approximately 21,700 MWh. Figure 3, below, shows the location and proposed layout of the Sylvan Solar site.

Figure 3: Sylvan Solar Project



B. Site Control (Land Lease)

The Sylvan Solar project site will be on land already owned by Minnesota Power. Since the project will be owned by an ALLETE Enterprises LLC partnership, the LLC will need to have a land lease from Minnesota Power. The Company's ownership of this site will facilitate a faster construction timeline, and provide savings to customers by avoiding the purchase or lease of land. The Sylvan Lease will be at zero cost, which results in a levelized cost savings of approximately \$1-\$1.50/MWh.

C. Interconnection

The Sylvan Solar project will interconnect to Minnesota Power's distribution system through a 34 kV distribution line on the west side of the solar project. Based upon the location of the solar array on the distribution system, an interconnection agreement with MISO is not required.

Because solar is a variable resource, a solar array does not operate at full nameplate capacity much of the time. Distribution upgrades are required in order to realize the full benefits of the project and to assure deliverability. Cost estimates for the Sylvan Solar project interconnection were provided by Minnesota Power Distribution Engineering personnel using information available during the initial project scoping. As the project advances the scope will be further defined. Interconnection costs for the Sylvan Solar project are estimated to be \$175,000. This includes distribution system upgrades, fiber optic communications, system protection upgrades, metering and remote terminal units.

The interconnection location is nearby a 34 kV feeder that is currently rated sufficiently to connect this project without making conductor upgrades. The extension cost and length is ideal for a project of this size which would in many cases require extensive upgrades to the distribution system.

D. Project Schedule

Minnesota Power strives to develop the Sylvan Solar project on an expedited timeline, outlined below in Table 2. This project timeline was developed anticipating a Commission decision by early June 2021. Due to weather conditions in northern Minnesota, this

includes a majority of construction prior to winter and limited construction in the months of December through March.

Table 2: Sylvan Solar Project Schedule

Task	Anticipated Date
Begin Tree Clearing	June/July 2021
Site Preparation	July/August 2021
Begin Construction of Solar Array	September 2021
Commissioning and Start-Up	March 2022
Begin Commercial Operation	April 2022
Register Project with M-RETS	April 2022

E. Permitting

Minnesota Power has conducted a rigorous environmental evaluation of the proposed Sylvan Solar project. Minnesota Power performed field level archaeology and wetland surveys within the proposed project area. No archaeological or wetland resources will be impacted by project infrastructure. In addition, Minnesota Power conducted a desktop Threatened and Endangered species analysis and performed a Phase I Environmental Site Assessment of the proposed Sylvan Solar project area. No protected species or Recognized Environmental Conditions will be impacted by the proposed project. In addition, Minnesota Power has conducted a glare analysis of the proposed Sylvan Solar project to ensure that it will not negatively impact adjacent landowners.

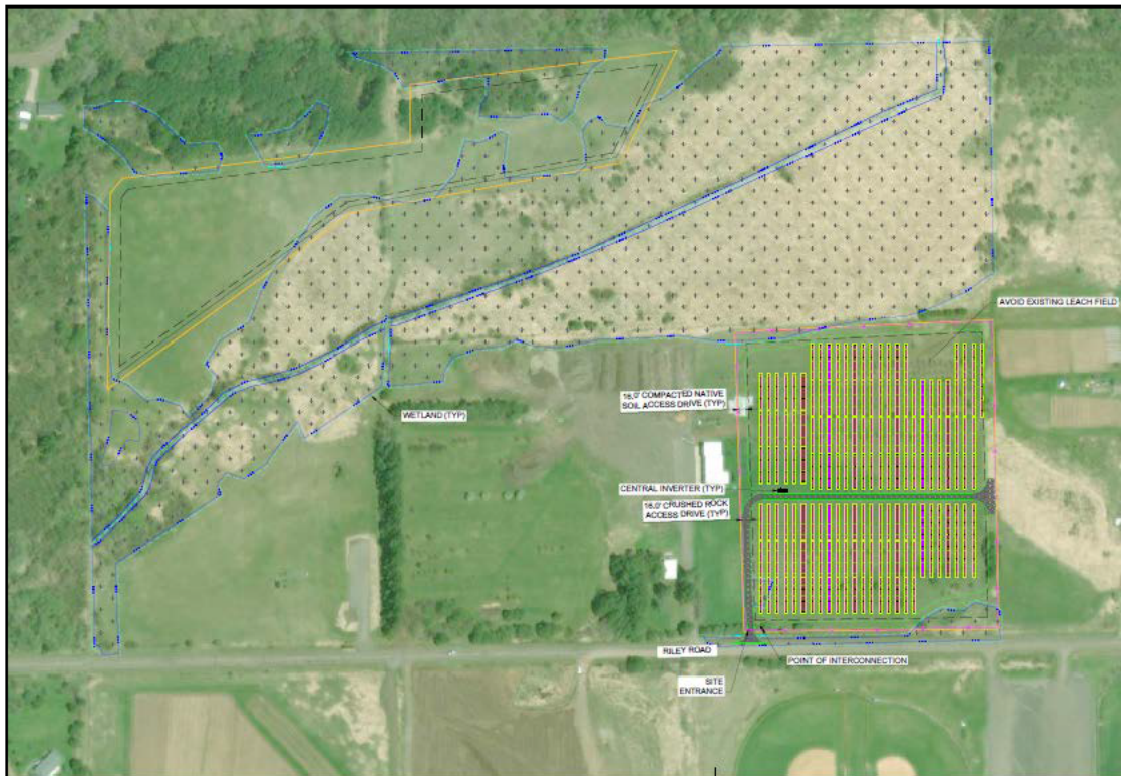
Minnesota Power will be required to coordinate with both State of Minnesota and Sylvan Township regulatory entities to permit the Sylvan Solar project. The Sylvan Solar project's siting will be regulated through a Sylvan Township Conditional Use Permit. In addition, Minnesota Power will develop a Stormwater Pollution Prevention Plan for the project and obtain a National Pollution Discharge Elimination System (Stormwater) Permit from the Minnesota Pollution Control Agency. Construction-level permits such as a Township Entrance/Access permit and potential Haul Permits will be procured as the project develops.

VI. DULUTH SOLAR PROJECT DESCRIPTION AND OVERVIEW

A. Project Location

Duluth Solar would be located in northeast Duluth, Minnesota, on just under 9 acres of land owned by the City of Duluth. Minnesota Power worked with the City of Duluth to identify and evaluate sites within the City and selected this location that is no longer used for City maintenance activities and is close to Minnesota Power's existing distribution infrastructure. The Duluth Solar project would provide economic investment in the community that hosts Minnesota Power's corporate headquarters and the addition of new solar in the community aligns with the City of Duluth's sustainability goals. The City of Duluth has committed to reducing their greenhouse gas emissions 80 percent by 2050, intending to accomplish that goal through a combination of energy conservation, renewable energy projects, supporting multi-modal transportation and adapting infrastructure to the changing climate. The Project is planned to be 1.6 MW of solar power, with an estimated annual production of approximately 2,600 MWh. The Project will also utilize bifacial modules on a single-axis tracking system. Figure 4, below, shows the location and proposed layout of the Duluth Solar site.

Figure 4: Duluth Solar Project



B. Site Control (Land Lease)

The Duluth Solar project will be on land leased from the City of Duluth. The Duluth Lease will provide for site control throughout the life of the PPA. The cost of the lease is **[TRADE SECRET DATA BEGINS ██████████ TRADE SECRET DATA ENDS]** which is competitive with the solar lease market and site land use. This cost is included in the PPA price. The lease terms are currently being negotiated with city staff and as such, are denoted as Trade Secret in this Petition. Final approval and execution is pending Duluth City Council action. Minnesota Power will supplement this petition with the approved public information when approved by the Duluth City Council.

C. Interconnection

The Duluth Solar project will interconnect to Minnesota Power's distribution system through a 14 kV distribution line on the southeast corner of the solar project. Based upon the location of the solar array on the distribution system, an interconnection agreement with MISO is not required.

Because solar is a variable resource, a solar array does not operate at full nameplate capacity much of the time. Distribution upgrades are required in order to realize the full benefits of the project and to assure deliverability. Cost estimates for the Duluth Solar project interconnection were provided by Minnesota Power Distribution Engineering personnel using information available during the initial project scoping. As the project advances the scope will be further defined. Interconnection costs for the Duluth Solar project are estimated to be \$250,000. This includes distribution system upgrades, fiber optic communications, system protection upgrades, metering and remote terminal units.

The Duluth Solar project site is close to existing Minnesota Power distribution and the extension to the site will not be costly. The extension will only be approximately 800 feet of underground conductor and the distribution feeder itself requires no conductor upgrades or other mitigations. The site is also relatively close to existing communications infrastructure. Furthermore, once complete the project will be regularly seen by many customers in the area, increasing the visibility of renewable energy investments in the community.

D. Project Schedule

As with the other projects, Minnesota Power also strives to develop the Duluth Solar project on an expedited timeline, outlined below in Table 3. This project timeline was developed anticipating a Commission decision by early June 2021. Due to weather conditions in northern Minnesota, this includes a majority of construction prior to winter and limited construction in the months of December through March.

Table 3: Duluth Solar Project Schedule

Task	Anticipated Date
Begin Tree Clearing	June/July 2021
Site Preparation	July/August 2021
Begin Construction of Solar Array	September 2021
Commissioning and Start-Up	March 2022
Begin Commercial Operation	April 2022
Register Project with M-RETS	April 2022

E. Permitting

Minnesota Power has conducted a rigorous environmental evaluation of the proposed Duluth Solar project. Minnesota Power performed field level archaeology and wetland surveys within the proposed project area. No archaeological resources will be impacted by project infrastructure and wetland impacts are well below State of Minnesota de minimis requirements. In addition, Minnesota Power conducted a desktop Threatened and Endangered species analysis and project development will not impact protected species. A Phase I Environmental Site Assessment of the proposed Duluth Solar project area will be conducted before proceeding with site development to ensure no Recognized Environmental Conditions exist. In addition, Minnesota Power will conduct a glare analysis of the proposed Duluth Solar project to ensure that it will not negatively impact adjacent landowners. Project infrastructure has been sited to avoid all existing or planned recreation amenities, including the Superior Hiking Trail.

Minnesota Power will be required to coordinate with both State of Minnesota and City of Duluth regulatory entities to permit the Duluth Solar project. The Duluth Solar project's siting will be regulated through a City of Duluth Special Use Permit. In addition, Minnesota Power will develop a Stormwater Pollution Prevention Plan for the project and obtain both a National Pollution Discharge Elimination System (Stormwater) Permit from the Minnesota Pollution Control Agency and a City of Duluth Municipal Stormwater Permit. Construction-level permits such as a City of Duluth Entrance/Access permit and potential Haul Permits will be procured as the project develops.

VII. COMMON CONSIDERATIONS FOR ALL THREE SOLAR PROJECTS

A. Competitive Bidding Process and Project Award

In response to the Commission's request in the COVID-19 Economic Recovery Docket, Minnesota Power determined that accelerating local solar projects that were under development, consistent with previous IRPs, would assist in Minnesota's economic recovery with a minimal rate impact to customers of less than 1 percent and expected to be 50 cents per month for the average residential customer and bring clean energy to the region. Minnesota Power concluded that the most efficient and timely way to provide economic recovery benefits directly to the region, while also satisfying the system, planning, environmental, and supplier diversity standards set forth by the Commission, would be to develop Company-developed local solar projects in northern Minnesota ahead of schedule.

Minnesota Power elected to develop self-build solar projects on an expedited schedule rather than utilizing a generic open bidding process for several important reasons. First, the primary purpose of the solar proposals is to provide expedited and targeted economic recovery benefits in northern Minnesota, while also satisfying Minnesota Power's IRP and SES obligations and balancing cost impacts to customers. By controlling the development, parts procurement, and construction, the Company is able to most effectively direct investments and job creation to northern Minnesota and hopefully prevent potential delays or termination of the projects, as occurred with the third-party developer of the Commission-approved Blanchard solar facility⁷. The Company intends to initiate construction in 2021 to provide timely economic recovery assistance.

Second, a self-build process allows Minnesota Power to intentionally spread investment opportunities equitably across its service territory and to directly target communities affected by the closure of coal-fired power plants, such as at the Laskin Energy Center. As stated previously, all three proposed projects represent investments in communities that host Minnesota Power facilities, two of which are sited directly on Minnesota Power-owned land. As noted in the Company's recently filed Integrated Resource Plan ("IRP"),

⁷ *In the Matter Minnesota Power's Petition for Approval of a 10 MW Blanchard Solar Power Purchase Agreement*, Docket No. E015/M-18-40,1 (April 28, 2020).

through a formal stakeholder engagement process in 2020, Minnesota Power received feedback that communities wished to see more clean energy investment within the service territory, rather than the Company proposing projects in which host communities would not directly benefit from the construction and local investment.⁸

Third, Minnesota Power chose the three solar project locations intentionally to leverage advantageous existing assets and electrical system interconnections, and because two of them (Laskin and Sylvan) are already owned by the Company, providing immediate site control and additional economic benefits to customers. Furthermore, Minnesota Power will be able to use the distribution interconnection process and can bring this generation online more rapidly by avoiding the extensive backlog of costly interconnection requests in MISO's regional generator interconnection process.

Fourth, by directly controlling the procurement and subcontracting for the solar projects, Minnesota Power was able to leverage existing relationships and specifically target local products and structure the proposed service agreements to maximize the potential for bids from local and diverse suppliers. Although Minnesota Power did not use a generic bidding process for the entire solar project, the Company will solicit bids through competitive Requests for Proposal ("RFP") for the equipment and labor required for construction of the solar projects. Minnesota Power issued an RFP for the required solar panels and specifically requested a focus on domestic and Minnesota-manufactured solar equipment in order to maximize the local economic benefits of the projects. The Company has secured Safe Harbor modules through a contract with Heliene, which will supply modules for all of the projects that will be manufactured in their Mt. Iron, Minnesota facility. The bifacial Heliene modules were selected through a competitive bidding process based on the lowest levelized cost of energy ("LCOE") with American Made modules. The Company has also modified its procurement processes for these economic recovery projects in order to attempt to reach more diverse suppliers. These efforts are further explained in Section XI, D: *Efforts to Encourage the Participation of Diverse Suppliers*.

⁸ Docket No. E015/RP-21-33.

Due to the contract established to capture project tax benefits, ALLETE Enterprises intends to issue additional RFPs for inverters, solar racking systems, DC collection systems, computer systems for plant control and analysis (Supervisory Control and Data Acquisition or “SCADA”), and labor to ensure competitive pricing for each component. In an effort to aid regional economic development and provide smaller, regional companies an opportunity to participate in these projects, ALLETE Enterprises is exploring opportunities to divide the labor contracts into individual components available for bidding. The labor RFPs could result in three separate contracts for civil site work, mechanical installation, and electric installation at each location.

In sum, the proposed solar projects are specifically intended to facilitate local economic recovery in the fastest practicable manner and leverage existing community relationships while providing a thoughtfully designed solar resource to fulfill Minnesota Power’s future SES requirements and maintain affordability for customers in this period of economic uncertainty. A solar project awarded through a generic RFP process would not have provided the flexibility and timeliness required for the Company to be able to meet every single one of the criteria set forth in the Commission’s Economic Recovery Docket Order, especially on the expedited timeline proposed herein.

For all of the reasons discussed above, and due to the unique circumstances of a global pandemic and the specific purpose of this economic recovery proposal, the Company requests that the Commission waive the solar project RFP requirements set forth in the Camp Ripley Solar Project docket.⁹ The Company is not seeking a waiver beyond the immediate proceeding. All future Minnesota Power solar project proposals will comply with the RFP requirements of the Camp Ripley Solar Order, the Commission’s January 24, 2019 Order in the *EnergyForward* Resource Package docket regarding projects of 100 MW or more,¹⁰ or the Commission’s then-most-recent IRP or other order setting forth RFP requirements, whichever is applicable to the particular project.

⁹ *In re Petition of Minnesota Power for Approval of Investments and Expenditures in the Camp Ripley Solar Project*, Docket No. E-015/M-15-773 (Feb. 24, 2016) (“Camp Ripley Solar Order”).

¹⁰ *In re Minnesota Power’s Petition for Approval of the EnergyForward Resource Package*, Docket No. E-015/AI-17-568 at 22 (Jan. 24, 2019) (“NTEC Order”).

B. Solar Array Construction

The proposed solar arrays will include panels that are wholly manufactured at Heliene's Mt. Iron, Minnesota facility. The most significant advantage of utilizing Heliene modules is their ability to provide bifacial modules manufactured in America, which no other supplier was able to do. An Executive Order signed by President Biden on January 25, 2021¹¹ creates policy prioritizing American Made products as best value over least-cost, foreign alternatives. The use of locally-produced solar panels in this petition align with the spirit of this Executive Order – purchasing Minnesotan-made panels to create local jobs and to provide a boost to local manufacturing, particularly critical during the current economic downturn driven by the global pandemic. Utilizing bifacial modules results in an increased production at little to no additional cost, which results in a lower cost of energy.

The facilities will also be constructed on single-axis tracking racking systems. The same racking system will be used for each facility to maintain consistency, which will make procurement and operation and maintenance more efficient. Single-axis tracking systems at these facilities result in increased energy production and a lower LCOE than fixed tilt racking. They cost more to install and maintain, but the additional production makes up for those increased costs.

C. Ensuring Reasonable Project Costs

The project team will ensure reasonable project costs by competitively bidding out all the major pieces of equipment and all the labor packages separately. Labor packages will be established so that contractors can bid on all three, two, or just one of the projects. This will allow the project team to ensure the most competitive pricing from the contractors while also making the procurement process more accessible for smaller, local suppliers.

To ensure reasonable project costs, industry best practices on project management and cost controls will be implemented. A budget analyst has been assigned to the project to assist project managers and engineers in tracking budgeted versus actual costs as they are incurred, and budget versus actual costs will be regularly reviewed at monthly

¹¹ <https://www.whitehouse.gov/briefing-room/statements-releases/2021/01/25/president-biden-to-sign-executive-order-strengthening-buy-american-provisions-ensuring-future-of-america-is-made-in-america-by-all-of-americas-workers/>

meetings. The budget analyst will work with the project managers to ensure that any costs that are over or under budgeted items are identified early so appropriate adjustments can be made.

Another cost savings measure includes siting these projects in relatively close proximity to Minnesota Power's existing facilities, which leverages operations and maintenance personnel in addition to the zero-cost land lease and existing interconnections. Building these projects near existing generating sites at Laskin and Sylvan allows the Company's operation and maintenance crews to be nearby and available to assist with any maintenance needs of the projects. For the Duluth project site, Minnesota Power's largest service center, where transmission and distribution crews are located, is just a few miles away. These crews will be close by to assist with any operation or maintenance issues.

VIII. ESTIMATED PROJECT COSTS AND AGREEMENTS

The Company is proposing the three regionally focused solar projects to advance meaningful economic development in 2021 and ensure that the available tax benefits are provided efficiently to its customers. After surpassing its recent milestone of now providing customers with energy from a power supply that is half renewable, Minnesota Power is not able to effectively utilize the federal solar ITCs provided by the proposed solar projects if they were wholly owned by the Company even with the federal extension to 2022. For this project, the Company has already anticipated the 26 percent credit utilized by a tax equity investor as Minnesota Power still cannot efficiently monetize existing tax credits with the extension. In order to pass on the most value possible from the ITCs to customers, Minnesota Power will utilize an affiliate to partner with a tax equity investor to own the solar developments and sell the power and associated Solar Renewable Energy Credits ("SRECs") to Minnesota Power through a purchase power agreement ("PPA"). Appendix A provides a model PPA that will be executed to utilize this financing structure. This partnership will allow a tax equity investor to contribute capital in exchange for rights to the ITCs, cash distributions, and a portion of the taxable income or loss, which would monetize the value of the ITCs and reduce the overall cost of the PPA for customers. This structure brings the tax benefits of the solar development to customers through partial ALLETE ownership in the project. Additionally, this project structure allows the Company to efficiently manage the project development and ensure the projects are constructed in a timeline that will provide the greatest economic benefit to the region. Minnesota Power has experience with the proposed sites and host communities as the solar arrays will be built within its service area and on known property.

For all three projects, the overall project cost totals approximately \$40.9 million. The Laskin, Sylvan, and Duluth Solar facilities are estimated to cost approximately \$17.4, \$19.6, and \$3.9 million respectively. Minnesota Power will be responsible for project management, permitting, licensing and approvals procurement, and construction management. Minnesota Power's contractors will be responsible for the design, site preparation, balance of plant construction, and ancillary facilities.

The Company has identified a tax equity partner and best ownership structure for the solar projects.

The following subsections will provide information requested by Department of Commerce (“Department”) on December 18, 2020¹² and as discussed by the Commission at the agenda meeting on January 21, 2021.

A. Elements of Cost and Energy Production Estimates

As stated above, the overall cost of the project is \$40.9 million dollars. The 25-year PPA will be escalating at [TRADE SECRET DATA BEGINS ██████████
██████ TRADE SECRET DATA ENDS]; the levelized cost of the project is [TRADE SECRET DATA BEGINS ██████████ TRADE SECRET DATA ENDS]. As discussed in Section VIII. B. 6, the projects cannot be done individually as finance partners are not interested in investments of that limited value. If they could be done individually, the levelized costs of the Laskin, Sylvan, and Duluth facilities are estimated to be [TRADE SECRET DATA BEGINS ██████████
██████ TRADE SECRET DATA ENDS] respectively. Specific inputs as requested by the Department are included below, and included in this overall price.

B. Interconnection Costs

Minnesota Power’s Technical Specification Manual (“TSM”) has been developed to accompany the Minnesota Technical Interconnection and Interoperability Requirements (“TIIR”).¹³ The specifications and guidelines contained in this manual are applicable to all DERs that want to connect to the Minnesota Power electric distribution system. The TSM and TIIR draw heavily from the existing IEEE 1547 standard. The TSM covers operations, communications, and protection requirements for any DERs connecting to Minnesota Power’s systems. Interconnection costs for each individual solar project, which are included in the total project costs are:

¹² *In the Matter of a Petition of Minnesota Power for the Approval of the Acquisition of Solar Power to Support Economic Relief and Recovery*, Docket No. E015 /M-20-828 (December 18, 2020)

¹³ The TSM was approved and accepted through the revised Minnesota Distribution Interconnection Process (MNDIP).

	Sylvan	Laskin	Duluth
Interconnect Costs	\$175,000	\$425,000	\$250,000

1. Labor and Materials Costs

	Sylvan	Laskin	Duluth	Total
Equipment/Materials	\$ 10,130,000	\$ 9,290,000	\$ 1,870,000	\$ 21,290,000
Construction Labor	\$ 5,690,000	\$ 4,800,000	\$ 1,110,000	\$ 11,600,000
Indirect Costs	\$ 3,080,000	\$ 2,510,000	\$ 680,000	\$ 6,270,000
Contingency	\$ 700,000	\$ 800,000	\$ 240,000	\$ 1,740,000
Total	\$ 19,600,000	\$ 17,400,000	\$ 3,900,000	\$ 40,900,000

2. Generation Production and Capacity Factors

The project in total is anticipated to generate approximately 40,800 MWh in its first year of operation, which is a 22 percent capacity factor. Production estimates were determined using PVsyst software with specific design considerations for each facility. Considering degradation over the life of the PPA, the project is expected to generate about 960,000 MWh, which is a 20.7 percent capacity factor. Estimated production and capacity factors at individual facilities over the life of the PPA are estimated to be 390,000 MWh (18.5 percent) at Laskin, 510,000 MWh (23.3 percent) at Sylvan, and 60,000 MWh (17.5 percent) at Duluth.

3. Cost Cap Proposal

The Commission directed at the January 21, 2021 agenda hearing that Minnesota Power include a cost cap proposal to provide customer protection. Minnesota Power provides two mechanisms as a cost cap proposal. First, the overall capital cost amount of \$40.9 million as described in Section VIII, subsection A would be a soft cap subject to the Commission's typical rider process that allows utilities to justify in a rate case if costs go above that soft cap amount. Second, because of the unique financing structure described in Section VIII, subsection C, Minnesota Power will be purchasing the output of the solar facilities through a PPA. The model PPA attached as Appendix A includes in Exhibit B an

escalated pricing schedule that will provide a per megawatt hour price cap for Minnesota Power customers.

4. Project Cost Comparison

The solar projects being proposed to provide a locally sourced clean energy are economic, competitive and provide valuable benefits to the region they will serve. Project costs for solar arrays across the United States vary widely primarily due to economies of scale of larger projects, but also due to available solar resource, regional construction factors and site conditions. Table 4 presents a summary of market data compared to the proposed projects, which shows that the package of projects in the petition is competitive with the market for similar sized projects.

The Lawrence Berkeley National Laboratory (“Berkeley Lab”)’s Utility-Scale Solar Report – 2020 Edition¹⁴ reports the installed cost for projects in the 5 to 20 MW range installed in the US in 2019 averaged \$1.88/watt-ac (\$1.41/watt-dc), which is in line with the average cost of the package of projects in the petition of \$1.93/watt-ac.

The Berkeley Lab report also reported the “generation-weighted average levelized PPA price by PPA execution date” in the MISO region in 2019 was \$35.43/MWh. Exploration into the data used in this calculation shows that it is based on only two projects totaling 109 MW, which is not representative of the proposed projects as they are much larger in size. It is also not clear in the report where these projects are located and the MISO region has vastly different solar resources across its territory from Minnesota to the Gulf of Mexico.

The Solar Energy Industry Association’s (“SEIA”) Solar Market Insight Report 2020 Q2¹⁵ reports the average installed cost for utility-scale, single-axis tracking systems in the second quarter of 2020 to be \$0.95/watt(dc), which equates to about \$1.14/watt(ac) based on a typical average 1.2 dc/ac ratio. This is very close to the Berkeley Lab findings for 100-200 MW projects of \$1.12/watt-ac (\$0.89/watt-dc), which indicates the SEIA cost

¹⁴ <https://emp.lbl.gov/utility-scale-solar/>

¹⁵ <https://www.seia.org/research-resources/solar-market-insight-report-2020-q2>

is likely heavily influenced by larger projects and also not representative of the proposed projects.

Table 4: Project Cost Comparison

Project	COD	Size (MW)	Cost (\$M)	\$/W(ac)
<u>Berkeley Lab 2020 Report</u>				
Average of 20 US projects	2019	5 - 20		\$ 1.88
Average of 13 US projects	2019	20 - 50		\$ 1.53
Average of 13 US projects	2019	50 - 100		\$ 1.35
Average of 5 US projects	2019	100 - 200		\$ 1.12
<u>Energy Acuity Database</u>				
Average of 116 US projects	2016-present	1 - 20 (average 4.7)		\$ 2.36
Average of 25 US projects	2018-present	3 - 10 (average 6.4)		\$ 2.04
Average of 9 US projects	2019-present	3 - 10 (average 6.6)		\$ 2.24
<u>Recent Northern Midwest Projects</u>				
Madison Gas and Electric (Dane County Airport)	2020	9	\$ 16.8	\$ 1.87
City of Madison (Rodefild Landfill)	2021	8	\$ 15.3	\$ 1.91
<u>Proposed Local Solar Projects</u>				
Sylvan	2022	10	\$ 19.6	\$ 1.96
Laskin	2022	9.6	\$ 17.4	\$ 1.81
Duluth	2022	1.6	\$ 3.9	\$ 2.44
Sylvan & Laskin	2022	19.6	\$ 37	\$ 1.89
Sylvan, Laskin & Duluth	2022	21.2	\$ 40.9	\$ 1.93

C. Ownership Structure and Associated Agreements

1. How costs will be allocated or shared between Minnesota Power and its newly created affiliates

Minnesota Power proposes to use the Commission-approved Administrative Services Agreement between the Company and ALLETE Enterprises, Inc. (“ASA”)¹⁶ to account for the providing of and charging for administrative and general services, including operating, management, general recordkeeping, financial reporting, tax, legal, and other similar services provided by the Company to the operating affiliate. This will provide an effective and time-tested means of apportioning and separately accounting for the Company’s involvement in the non-utility activities of the solar project operating affiliate. The ASA provides a structural framework to guide the accounting for services and transactions between the utility and non-utility business, with associated records being created and available for subsequent regulatory review.

2. Copies of affiliated interest agreements

Copies of the affiliated interest agreements, which include the PPA and the lease agreements at Sylvan and Laskin, are included as Appendices A and D.

3. The terms under which Minnesota Power will lease its land for the solar projects, and why those terms are reasonable

In order to keep the PPA cost as low as possible for customers while providing legal site control for the operating affiliate, the Company will lease land for the Sylvan and Laskin solar projects to the affiliate at no cost. The term of the lease will be for the 35 year projected useful life of the facility, with an additional year for decommissioning. Minnesota Power chose to provide the land at Sylvan and Laskin cost-free for the solar projects in order facilitate economic benefits and pandemic recovery efforts within the region served by the Company.

¹⁶ *In re Request by Minnesota Power for Approval of Five Administrative Services Agreements*, Docket No. E-015/-97-1667 (Jan. 9, 1990), as amended in Docket No. E-015/AI-08-341 (Jan. 13, 2009).

6. The impact the proposed ownership structure has on the cost of each project

The proposed ownership structure is the least cost method for Minnesota Power/ALLETE to finance the project and most efficiently utilize the ITC to lower costs for customers. Finance partners are typically only interested in larger projects or packages of projects, but have indicated that they will participate in a package as low as around \$40M. The ownership structure and packaged financing is most efficient with all three projects. Bundling projects for packaged financing is a common industry practice to achieve better economy of scale for financing transaction costs. The three regional solar projects are expected to have a PPA price of approximately [TRADE SECRET DATA BEGINS ██████████
██████████ TRADE SECRET DATA ENDS]. Without the ownership structure including a tax equity partner, the Company would not be able to take advantage of the ITC normalization in a timely fashion, which would increase the overall cost to customers.

7. The potential risks the proposed ownership structure may pose to ratepayers

Potential risks with the inverted lease ownership structure, which is similar to a third-party PPA, will not pose a threat to ratepayers. ITC, construction, and operation risks are borne by the non-regulated affiliate and will have no impact on ratepayers under the PPA.

8. How the projects will be affected if the Company is unable to find tax equity investors to partner with, or if a partner drops out before the project is completed

The Company has been working to develop a beneficial structure for the rate-payers. The Company will continue to evaluate the financing options if a tax equity investor is unable to invest in the project upon completion. It should be noted that the tax equity market is not limited to one particular investor. Minnesota Power does have history of completing projects on time with tax equity financing which include the most recent completion of the Nobles 2 project.¹⁸ If we don't reach an agreement with this partner, the Company is confident it will be able to secure a financing package in order to provide low cost solar generation to its customer as the project nears completion.

D. Alternatives Considered

1. Alternative ownership structures for the three proposed solar projects

Minnesota Power has been exploring ownership and financing opportunities in an effort to take advantage of tax credits and provide a low cost solar generated supply to its customers. As Minnesota Power reached a power supply that is now fifty percent renewable, the Company has accumulated tax credits from prior investments in wind and hydro resources. The addition of these credits has resulted in a situation in which Minnesota Power is now not in a position to efficiently monetize additional tax credits and accelerated depreciation in the traditional regulated utility owned and operated model. In exploring opportunities, the inverted lease partnership proposed is the most efficient method for Minnesota Power monetize and pass tax credits on to customers. Other structures considered in addition to the proposed inverted lease partnership and our traditional ownership model were: direct lease, inverted lease (simple), and tax equity partnership flip. Each of these have challenges and undesirable outcomes that make them less viable.

¹⁸ Docket No. E015/M-18-545.

2. Alternative projects at sites inside and outside of Minnesota Power's service territory under any ownership structure

These projects are recommended because of the strategic locations they have across the service territory, the impact they will have on the economic benefit for local communities, and the timing of being able to bring economic stimulus when most needed. The southern part of the state and of Minnesota Power's service territory does offer a better solar resource, but a limited potential to provide the economic benefits to northern Minnesota directly. Additionally, as stated previously, the majority of Minnesota Power's clean energy projects have been located outside of northern Minnesota, and as part of the formal IRP stakeholder engagement process in 2020, communities communicated their desire for future renewable projects to be sited within the service territory. For Minnesota Power's SES mandate needs, investing in solar projects outside of the Company's service territory is less desirable for the following reasons:

- The size of the need to meet the state mandate is relatively small (approx. 20 MW);
- Transmission-interconnected projects are significantly more costly than distributed-connected projects¹⁹;
- Longer transmission interconnection queue processes negatively impact viability, timing; and
- Projects constructed outside of the service territory provide little to no local economic benefit to our regional communities and customers.

Other project sites considered in Minnesota Power's service territory considered included locations at or near major facilities and customer facilities. The Boswell and Taconite Harbor generating facilities and near substations where existing assets could be leveraged for the benefit of project customer cost were areas that were evaluated. The Company also coordinated with customers in attempts to identify synergies of locations and goals with customers.

¹⁹ The current MISO queue for interconnecting new solar projects is estimated at \$500/kW and identifies the value of using a local site for interconnection.

3. Any cost/benefit or other analyses that resulted in the rejection of all alternatives considered

Projects at Boswell and Taconite Harbor were ruled out due to limited distribution interconnection opportunities and the high cost and timing issues of transmission interconnection for smaller projects. Other sites in the southern part of the Minnesota Power service territory were ruled because a land lease would make them more expensive than the Sylvan site. Sites in other parts of the Company's service territory considered but not pursued were primarily due to buildable size available and other site issues typical to northern Minnesota including wetlands, steep terrain, or geotechnical concerns that would result in increased costs. Owning the Sylvan and Laskin sites result in a land cost savings to customers of about \$2-3\$/MWh.

IX. ESTIMATED CUSTOMER IMPACT

A. Cost Allocation

On August 21, 2015, Minnesota Power filed a petition²⁰ with the Commission seeking approval to include costs of the Camp Ripley Solar Project through a new Solar Factor separate from the existing Renewable Adjustment billing factor allowed under the Renewable Resources Rider (“RRR”). The Commission issued an Order on February 24, 2016, approving the Company’s petition, subject to certain compliance requirements. In the February 24, 2016 Order, the Commission approved the Company’s general approach to allocate costs to customers by creating a new Rider for Solar Energy Adjustment (“SEA Rider”), in conjunction with the Company’s existing Rider for Fuel and Purchased Energy Adjustment (“FPE Rider”), and a new Solar Factor as part of the Company’s RRR.

Minnesota Power currently recovers fuel and purchased power costs through its FPE Rider, which is applicable to the firm energy of all its retail customers, including solar-exempt customers. To ensure that the costs of SES compliance are allocated only to solar-paying customers,²¹ costs to meet the SES are removed from the FPE Rider and recovered instead through the SEA Rider, which applies only to solar-paying customers. The Company began applying the SEA Rider to customer bills in February 2017. Solar compliance costs which do not flow through the SEA Rider such as costs associated with owning and operating a solar facility will be allocated to only solar-paying customers in the new Solar Factor.

The methodology for calculating and allocating the solar capacity benefits of the Camp Ripley Project between SES-exempt and non-exempt solar-paying customers was approved by the Commission in its March 12, 2018 Order in the Company’s 2016 retail rate case.²² The capacity benefit was calculated based on the capacity accredited with MISO and the avoided capacity cost determined in the Company’s annual Cogeneration and Small Power Production Tariff Filings. The premise of the allocation methodology is

²⁰ Docket No. E015/M-15-773.

²¹ Solar paying customers include all customer except those exempted under Minn. Stat. § 216B.1691, namely iron mining and paper production businesses.

²² See Order Point 83 (see pages 100 and 116) in Docket No. E015/GR-16-664.

that SES-Exempt customers share in these benefits, although they do not help pay for solar power; therefore, the solar capacity benefit charge is applied to exempt customers. This allocation methodology is based on each class's annual MISO Coincident Peak ("CP"). First the solar capacity benefits allocated to the SES-Exempt customers are calculated. Then these accrued benefits are removed from the SES-exempt customers as a charge via the Solar Factor and credited to the SES-Paying customers based on each class's annual MISO CP demand.

As discussed below, the PPA cost of the instant Project would appropriately flow through the SEA Adjustment and the solar capacity benefit credit and charge would flow through the RRR Solar Factor. As all project costs in the instant Project will be built into the PPA, there are no other revenue requirement components.

B. Solar Renewable Factor

The Company's first 2020 RRR Solar Factor Filing²³ is currently waiting to be scheduled for a Commission hearing. In the Company's June 30, 2020 Petition, the details of the calculation of the solar capacity benefit was provided in Exhibit E-1, page 1 of 1, and the allocation detail was provided in Exhibit E-2, page 1 of 1. In August 31, 2020 Comments, the DOC found "Minnesota Power's calculation of the solar capacity benefit is consistent with the methodology approved by the Commission in Docket E015/GR-16-664".²⁴

In the instant Petition, the Company calculated and allocated the solar capacity benefit credit/charge in a manner consistent with the 2020 RRR Solar Factor Filing. The calculation used the Project's 10MW capacity that is expected to be accredited with MISO and the latest avoided capacity costs shown in the previously referenced Exhibit E-1. Assuming the instant Petition is approved, the Company will update the calculations as needed and include in the Company's subsequent RRR Solar Factor Filing. The current estimated amounts are shown in Appendix C.

²³ Docket E015/M-20-557

²⁴ See page 16 of DOC August 31, 2020 Comments, Docket No. E015/M-20-557.

C. Rider for Fuel and Purchased Energy Adjust and Rider for Solar Energy Adjustment

The solar energy related costs associated with the PPA for the projects will be removed from the FPE Rider and included in the SEA rider, so that only solar paying customers are charged for these costs. In addition, the appropriate Time of Generation Adjustment (“TOGA”) will be calculated and applied in a manner consistent with that used for the generation currently being received from the Camp Ripley facility.

While the PPA energy costs will flow the SEA Adjustment as described above, for purposes of illustrating the overall expected customer impact of the instant Petition, the Company has calculated an equivalent cents/kWh rate to be added with the solar capacity benefit/charge as shown in Appendix C.

D. Estimated First Year Rate Impacts

As described above, the costs of the three proposed solar projects, if approved, would be recovered through the RRR Solar Factor and the SEA Adjustment. The estimated first year rate impact of each of these components are shown both separately and combined in Table 5 below. For an average residential customer, the PPA in the first year is estimated to increase their average rate by about 0.72 percent, or \$0.58 per month. This would be slightly offset by the solar capacity benefit of about \$0.09 per month, for a combined impact of \$0.49 per month or about a 0.61 percent increase.

For SES-Paying Large Light & Power customers the PPA in the first year is estimated to increase their average rate by about 0.94 percent, or \$196 per month. This would be slightly offset by the solar capacity benefit of about \$27 per month, for a combined impact of \$169 per month or about a 0.81 percent increase.

SES-Exempt Large Light & Power customers would not pay for the PPA via the SEA Adjustment, but would be charged the Solar Capacity Benefit charge of about \$26 per month, resulting in an increase of about 0.08 percent.

SES-Exempt Large Power customers would also not pay for the PPA via the SEA Adjustment, but would be charged the Solar Capacity Benefit charge of about \$3,549 per month, resulting in an increase of about 0.11 percent.

Table 5: Estimated First Year Customer Impacts

<u>Rate Class Impacts /1</u>	<u>PPA Only</u>	<u>RRR Solar Factor Only</u>		<u>PPA Plus Solar Factor</u>	
	SES-Paying Customers	SES-Paying Customers	SES-Exempt Customers	SES-Paying Customers	SES-Exempt Customers
Residential (average current rate, cents/kWh)	11.162	11.162		11.162	
Increase (cents/kWh) /2	0.080	-0.012		0.068	
Increase (%)	0.72%	-0.11%		0.61%	
Average Impact (\$ / mon h)	\$0.58	-\$0.09		\$0.49	
General Service (average current rate, cents/kWh)	11.109	11.109	11.109	11.109	11.109
Increase (cents/kWh) /2	0.080	-0.014	0.000	0.066	0.000
Increase (%)	0.72%	-0.13%	0.00%	0.59%	0.00%
Average Impact (\$ / mon h)	\$2.19	-\$0.38	\$0.00	\$1.80	\$0.00
Large Light & Power (average current rate, cents/kWh)	8.476	8.476	8.476	8.476	8.476
Increase (cents/kWh) /2	0.080	-0.011	0.007	0.069	0.007
Increase (%)	0.94%	-0.13%	0.08%	0.81%	0.08%
Average Impact (\$ / mon h)	\$196.47	-\$27.01	\$26.45	\$169.45	\$26.45
Large Power (average current rate, cents/kWh)			6.646		6.646
Increase (Demand & Energy Combined) (cents/kWh) /2			0.007		0.007
Increase (%)			0.11%		0.11%
Average Impact (\$ / mon h)			\$3,549		\$3,549
Lighting (average current rate, cents/kWh)	18.122	18.122	18.122	18.122	18.122
Increase (cents/kWh) /2	0.080	0.000	0.000	0.080	0.000
Increase (%)	0.44%	0.00%	0.00%	0.44%	0.00%
Average Impact (\$ / mon h)	\$0.27	\$0.00	\$0.00	\$0.27	\$0.00

Notes:

1/ Average current rates are 2020 estimated rates based on Final 2020 TY Rate Case Resolution (E-015/GR-19-442) without riders adjusted to include current rider rates.

Current rider rates included Renewable Resources Rider rates, Transmission Cost Recovery Rider rates, Boswell 4 Emission Reduction rates, Conservation Program Adjustment rates, and 2020 TY Fuel and Purchased Energy. Average \$/month impact based on 2020 budgeted billing units.

2/ PPA costs would flow through SEA Adjustment. TOGA adjustment not included. Solar Factor rate includes Capacity Benefit Collection (credit) only. Current General Service SES-Exempt and Lighting SES-Exempt customers are not allocated any capacity benefit charge based on 2017 Rate Case allocators.

X. THE PROPOSED SOLAR PROJECTS ARE IN THE PUBLIC INTEREST

The Laskin, Sylvan, and Duluth Solar projects are in the public interest because they will assist in the economic recovery in northern Minnesota, are consistent with the criteria set forth in the COVID-19 Economic Recovery Docket and fulfill the Company's remaining SES requirements with local solar projects by expediting the addition of new clean energy ahead of schedule with a rate impact of less than 1 percent and less than fifty cents per month for the average residential customer.

A. SES Requirements and Renewable Energy Benefits

The Commission has recognized Minnesota Power's need to obtain an additional 22 MW of solar power by 2025 to meet its SES requirements, and has directed the Company to continue to evaluate additional solar as a cost-effective resource for customers.

In Minnesota Power's most recently approved IRP, the Commission found:

The Commission concurs with Minnesota Power and the Department that the Company should acquire 11 MW of solar generation by 2016, 12 MW by 2020, and 10 MW by 2025 to meet its SES obligations. But the Commission also agrees with the Department and the Clean Energy Organizations that additional solar generation is likely a cost-effective resource for Minnesota Power's system.²⁵

Consequently, the addition of the proposed 20 MW of local solar is supported by relevant Commission orders. As noted in Minnesota Power's April 28, 2020 letter,²⁶ the Company had planned to move forward with a 10 MW PPA with Cypress Creek. Cypress Creek was ultimately unable to meet the established PPA terms and terminated the project.

The Laskin, Sylvan, and Duluth Solar projects will provide additional renewable resources to Minnesota Power's system that will reduce the amount of energy needed from Minnesota Power's remaining coal and gas power plants. Thus, these projects would both

²⁵ *In re Minnesota Power's 2016-2030 Integrated Resource Plan*, Docket No. E-015/RP-15-690, at 10-11 (July 18, 2016).

²⁶ *In the Matter Minnesota Power's Petition for Approval of a 10 MW Blanchard Solar Power Purchase Agreement*, Docket No. E015/M-18-401 (April 28, 2020).

reduce carbon emissions and criteria pollutants and increase access to clean energy resources for Minnesota Power's customers in northern Minnesota.

Minnesota's SES requires 1.5 percent of an investor-owned utility's retail sales, net of customer exclusions, to be served by solar energy resources by 2020.²⁷ Pursuant to the SES, "It is an energy goal of the state of Minnesota that, by 2030, ten percent of the retail electric sales in Minnesota be generated by solar energy."²⁸

Minnesota Power is in compliance with the SES's requirement that 1.5 percent of its retail sales is served by solar power in 2020.²⁹ To meet SES compliance requirements beyond 2020, however, the Company plans to use banked Solar Renewable Energy Credits and approximately 21 MW of additional solar capacity, about 20 MW of which would come from the local solar projects proposed herein.³⁰ Without the addition of the 20 MW of local solar projects, Minnesota Power would have insufficient Solar Renewable Energy Credits starting in 2022. By expediting these projects, Minnesota Power will bring new carbon free energy to its customers and the region ahead of schedule. The estimated amount of banked Solar Renewable Energy Credits used to meet goals as well as the continued banking of Solar Renewable Energy Credits with the addition of the 20 MW local projects are shown in Figure 5.

²⁷ Minn. Stat. § 216B.1691, subd. 2f.

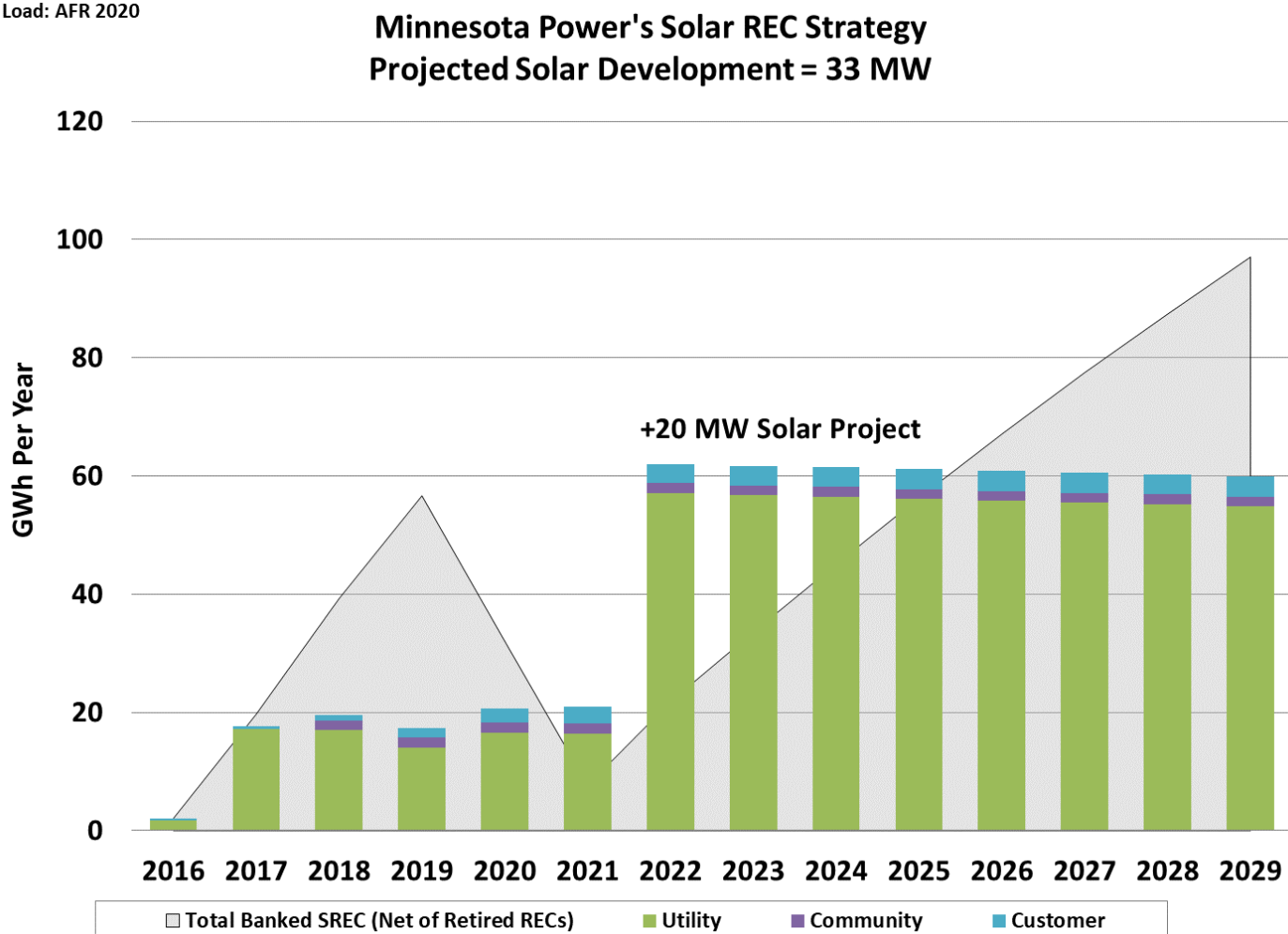
²⁸ *Id.*

²⁹ *In re Minnesota Power's Annual Report on Progress in Achieving the Solar Energy Standard*, Docket No. E999/M-20-464, at 3 (June 1, 2020).

³⁰ *Id.*

Figure 5: Minnesota Power's Solar REC Strategy

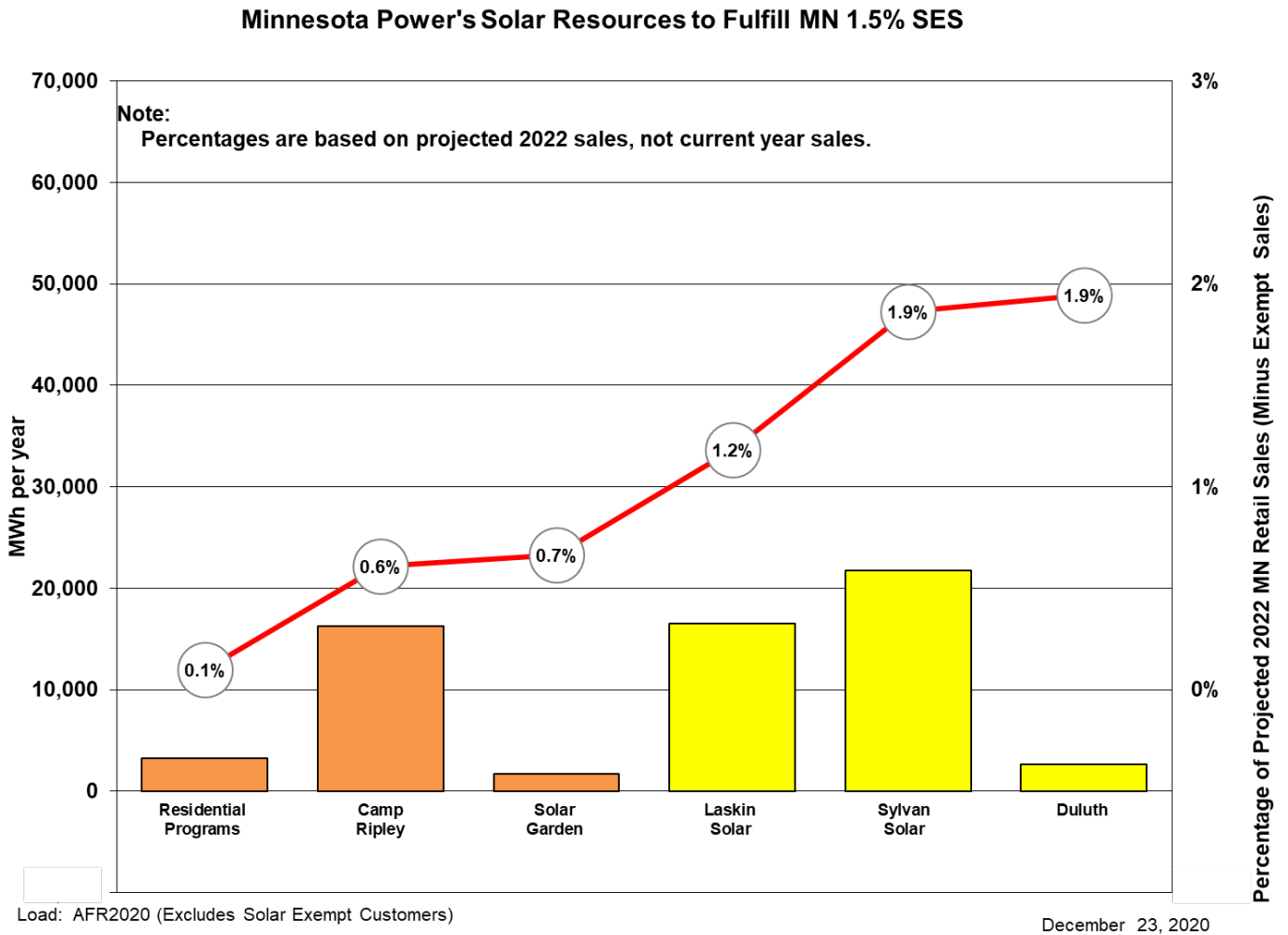
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The Laskin, Sylvan, and Duluth Solar projects will provide substantial benefits to Minnesota Power's system and its customers through the addition of renewable clean power that will diversify the Company's wind and hydro centric renewable portfolio, provide energy during high demand periods, and will reduce greenhouse gases and other criteria pollutants. The solar projects will also ensure that the Company is in compliance with its SES requirements early while leveraging utility-owned land and existing energy infrastructure to efficiently add new renewable energy to the system. These projects are expected to be online in 2022 and will fulfill Minnesota Power's 1.5 percent SES Requirements. Figure 6 displays the expected SES percent based on projected 2022

sales. With the completion of these solar projects, Minnesota Power is projecting to be at 1.9 percent SES.

Figure 6: Solar Resources to Fulfill 1.5 Percent SES Requirements



B. Economic Recovery from the COVID-19 Pandemic

As discussed by LIUNA in its October 16, 2020 Comments in the COVID-19 Economic Recovery Docket, time is of the essence in approving projects so that investments and hiring can commence as soon as possible.³¹ The studies related to recovery from The

³¹ COVID-19 Economic Recovery Docket, *Comments from LIUNA Minnesota & North Dakota* (October 16, 2020).

Great Recession cited by LIUNA demonstrate the high cost of inaction. States like Minnesota that invested in economic stimulus immediately in response to the recession, including significant infrastructure projects, recovered much faster and more effectively than states like Wisconsin that pulled back investments.³²

C. Local Economic Benefits

Minnesota Power conducted a preliminary economic impact assessment of constructing three local solar installations in the North East Minnesota Region³³ using a customized model from Regional Economic Model, Inc. (“REMI”). This assessment leveraged the most current project cost specifications available to estimate the regional economic benefits³⁴ of construction and operation of these solar facilities.

The Company has identified noteworthy and immediate economic benefits related to the addition of these local solar installations in the northeast Minnesota region. Construction of these solar projects would add an estimated \$10.2 Million³⁵ to 2021 Gross Regional Product (“GRP”) and boost employment in 2021 by about 73 jobs.³⁶ The majority of this immediate boost from construction fades in the post-2021 timeframe; however, the increased payments to local taxing authorities and increased purchases from local vendors for parts and maintenance provide low-level, long-term stimulus. Minnesota Power estimates construction and operation of the local solar projects would increase:

- Cumulative economic value (GRP) by about \$17.4 Million 2020-2030,

³² *Id.* (citing Jeff Van Wychen and Lucas Franco, *Divergent Recoveries: An Analysis of Construction Industry Employment in Minnesota and Wisconsin*, North Star Policy Institute (2018). Available at: <http://northstarpolicy.org/wp-content/uploads/2018/07/Divergent-Recoveries-July-2018-Web.pdf>.

³³ Minnesota Power’s 13-County Planning Area is defined as: Carlton, Cass, Crow Wing, Hubbard, Itasca, Koochiching, Lake, Morrison, Pine, Saint Louis, Todd, and Wadena counties in Minnesota, and Douglas County in Wisconsin.

³⁴ Excludes the value of power produced by these facilities.

³⁵ All dollar figures quoted are current, 2020 dollars.

³⁶ All employment figures are annualized full time equivalent, i.e. the equivalent of full-time for an entire year.

- Local government revenues by about \$55,000 annually from direct payments, and an additional \$120,000 annually via secondary economic effects,³⁷
- Regional employment in 2021 by 38 jobs directly related to construction, and an additional 35 jobs via secondary economic effects,
- Long-term employment by about 2 jobs,³⁸
- Regional consumer spending by about \$290,000 annually,³⁹ and
- Regional population by 12 people⁴⁰

Solar panels comprise approximately 50 percent of all materials/equipment costs, so purchasing these panels from a non-local entity would result in notably diminished regional economic benefits. The Company estimates that importing PV modules would:

- Lower the 2020-2030 cumulative economic value (GRP) of the project by about \$5 million relative to a scenario in which panels are procured locally,
- Lower government revenues in the post-construction timeframe (2022-2030) by about \$24,000 per year, and
- Lower regional consumer spending by about \$34,000 per year

D. Efforts to Encourage the Participation of Diverse Suppliers

Minnesota Power was a key participant in the Electric Utility Diversity Workgroup (“EUDG”), which authored a report to the Minnesota Legislature in early 2020 outlining recommendations for utilities to increase the diversity in both their workforce and their supply chain⁴¹. Minnesota Power has made several significant changes in its procurement process in an effort to encourage the participation of more diverse suppliers. In recent years, the Company has added a section to its “New Supplier Application” that allows suppliers to share their certification status or self-identify in seven diverse supplier

³⁷ On average between 2022-2030. Directly refers to the estimated amounts used as inputs; indirectly refers to additional stimulus inferred by REMI.

³⁸ No direct jobs added as a result of the project; long-term service accounted for with vendor payments.

³⁹ On average between 2022-2030.

⁴⁰ On average between 2022-2030.

⁴¹ Electric Utility Diversity Stakeholder Group Report, Submitted January 15, 2020 to the Minnesota State Legislature and filed in Docket No. E,G-999/CI-19-336.

categories: disability-owned, women-owned, veteran-owned, LGBT-owned, minority-owned, HUBZone, and small economically disadvantaged. Tracking supplier certifications is a critical component to identifying diverse suppliers and providing the data necessary to intentionally invite diverse suppliers to participate in the procurement process.

In an effort to increase diversity amongst the suppliers for these proposed economic recovery projects, Minnesota Power has altered the way it has traditionally executed procurement for new construction projects. Specifically, the Company decided to not bid the project to one Engineer Procurement Construction (“EPC”) firm - and is instead acting as the general contractor - bidding out individual major equipment and labor contracts. The intent is to provide opportunities for additional suppliers to participate in the Company’s procurement process, as opposed to just one large EPC firm. Additionally, Minnesota Power incorporated questions into the RFP process that will collect information from prospective bidders on their business diversity classification, annual expenditures with diverse companies, and on their activities to support a more diverse supply chain. With this new information included in the bidding process, Minnesota Power developed a weighted decision matrix to evaluate the bids that will consider opportunities for diverse suppliers and local impact as part of the bid evaluation criteria.

Minnesota Power participated in the Women Business Development Council’s First Annual Minnesota Utility Industry Supplier Diversity Symposium on November 4-5, 2020 -meeting with dozens of diverse suppliers in the matchmaking event. The Company has reached out to several community organizations to create partners and share upcoming bid opportunities, in order to identify additional diverse suppliers that may be interested and qualified to bid on the Company’s current and future solar RFPs. Minnesota Power will follow up with smaller diverse companies to connect them with their existing prime contractors for possible subcontracting opportunities.

The EUDG report included a number of recommendations for utilities to work in partnership to increase supplier diversity. Those recommendations, and Minnesota Power’s efforts in response, are included in Table 6 below.

Table 6: EUDG Supplier Diversity Recommendations and Minnesota Power’s Efforts

EUDG Work In Partnership Supplier Diversity Recommendations	Minnesota Power's Efforts
<i>Those utilities in the state that have existing Supplier Diversity programs can share their list of diverse suppliers with other utilities across state.</i>	The Company has reached out to Xcel Energy and CenterPoint Energy for their diverse supplier lists
<i>They can work jointly to engage with diverse suppliers and share best practices.</i>	The Company has had several meetings with Xcel Energy and CenterPoint Energy around best practices for supplier diversity; attended “lunch and learns” during summer 2020 co-sponsored by Xcel Energy and the Women’s Business Development Center; attended the first annual Minnesota Utility Industry Supplier Diversity Symposium in early November. Outreach to Enbridge around supplier diversity best practices.
<i>Community groups can also serve as partners by offering ideas or activities that results in enhanced supplier diversity outcomes.</i>	The Company has attended diverse supplier networking and lunch and learn events sponsored by the Women’s Business Development Center; has had virtual meetings with the National Veteran Business Development Council and the North Central Minority Supplier Development Council.
<i>Additionally, utilities can solicit information from existing prime contractors on the subcontractors that are used and identify diverse suppliers in process.</i>	The Company has added Tier II supplier diversity language into high volume materials contracts such as: Border States Electric, Fastenal, Ferguson Enterprises, Innovative Office Solution and Applied Industrial Technologies; in the process of adding Tier II supplier diversity language into additional service contracts including Burns & McDonnell and other service providers.
<i>Finally, utilities can ask utility credit-card providers to identify diverse suppliers from which they are obtaining goods/services currently.</i>	The Company solicits this information from our credit card provider on a quarterly basis.

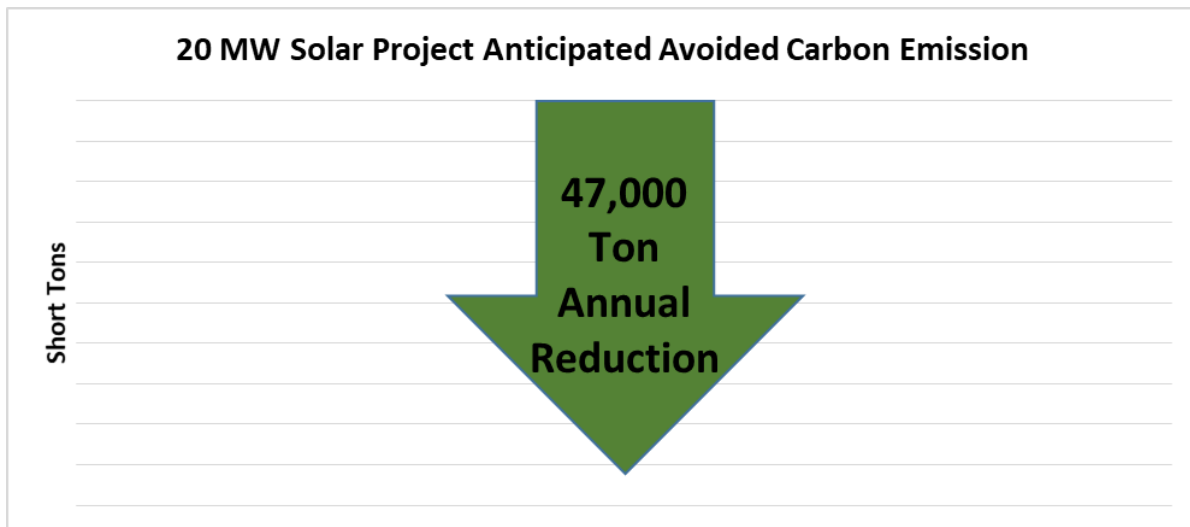
Taken together, Minnesota Power has undertaken significant efforts to identify diverse suppliers, gather information on diversity efforts from prospective bidders, and recognize the value that diverse suppliers can bring to projects like these through a thoughtful evaluation process. The Company looks forward to seeing how these efforts encourage the participation of more diverse suppliers and ultimately add benefit to the overall projects.

Ultimately, the proposed Laskin, Sylvan, and Duluth Solar projects will provide substantial benefits to the local economy and the environment, while simultaneously assisting in northern Minnesota's economic recovery from the COVID-19 pandemic while not adversely affecting the competitiveness of electric rates for customers.

E. Carbon Reduction/Customer Impact Analysis

Minnesota Power anticipates that the projects, Laskin, Sylvan, and Duluth Solar, will displace carbon in our power supply. For purposes of this filing, Minnesota Power assumes the carbon displaced will be from our Boswell units. The annual anticipated avoided carbon emissions is 47,000 short tons.

Figure 7: 20 MW Solar Project Anticipated Avoided Carbon Emissions



XI. CONCLUSION

Minnesota is experiencing an unprecedented economic downturn as a result of the COVID-19 pandemic. In response to the Commission's effort to identify utility projects that would assist in Minnesota's economic recovery, Minnesota Power identified a comprehensive and community-focused package of activities, including the current proposal to accelerate planned local solar projects. These projects would provide economic relief to northern Minnesota in the form of investments in local products and services, the creation of new jobs, and long-term increased tax revenue and consumer spending while ensuring the competitiveness of electric rates for customers during this challenging time. The new solar arrays are consistent with previous IRPs and will also be used to meet Minnesota Power's SES requirements earlier than originally scheduled, adding new carbon-free resources to the Company's system and for customers in the region. Minnesota Power proposes to initiate these projects as soon as possible in order to provide much needed investment and jobs within its service territory.

Minnesota Power is seeking Commission approval to execute three affiliated interest agreements between the Company and ALLETE Enterprises, Inc. related to the solar projects: the Power Purchase Agreement (the "PPA" or "Agreement") to purchase approximately 20 MW of solar-generated energy and capacity from three solar projects located near Hoyt Lakes, Brainerd, and Duluth, Minnesota; a zero-cost lease of Minnesota Power property near the Sylvan hydroelectric station; and a zero-cost lease of Minnesota Power property in the Laskin Energy Center. Upon Commission approval and subject to terms and conditions in that approval, Minnesota Power will execute the PPA and the Sylvan and Laskin Leases based on the model contracts submitted with this Petition. Minnesota Power also respectfully requests that the Commission find that the solar projects are in the public interest, approve the projects as a reasonable and prudent way for the Company to continue to work towards meeting its obligations under Minn. Stat. § 216B.1691, and authorize Minnesota Power to recover the PPA and lease costs through Commission-approved methods for solar resources.

Dated: February 4, 2021

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Anne Rittgers". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Anne Rittgers
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Minnesota Power
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Duluth, MN 55802
(218) 355-3186
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MINNESOTA POWER

AND

ALLETE ENTERPRISES, INC.

**SOLAR POWER PURCHASE AGREEMENT
FOR 21.2MW OF RENEWABLE GENERATION**

DATED: _____, 2021

TABLE OF CONTENTS

Article 1 – Term and Contingencies to Effectiveness	2
1.1 Term	2
1.2 MP Contingencies	2
1.3 Seller Contingencies	2
Article 2 – Purchase and Sale	3
2.1 Sale and Purchase	3
2.2 Title and Risk of Loss	3
2.3 Green Tags	4
Article 3 – Contract Capacity and Contract Energy	4
3.1 Contract Energy Source	4
3.2 Output Guarantee	4
3.3 Pricing for Accreditable Capacity and Contract Energy	5
3.4 House Power and Maintenance Power	5
3.5 Ancillary Services	5
Article 4 – Facility Requirements	5
4.1 General Description	5
4.2 Site	5
4.3 Major Milestones	6
4.4 Commercial Operation Milestone; Permitted Extensions	6
4.5 Conditions to Commercial Operation	6
Article 5 – Interconnection, Delivery and Metering	7
5.1 Interconnection Service and Costs	7
5.2 Separate Interconnection Agreement	7
5.3 Electric Metering Devices	8
5.4 Adjustment for Inaccurate Meters	9
Article 6 – Facility Operation and Maintenance	10
6.1 Facility Operations and Control	10
6.2 Facility Planned Outages/Maintenance	11
6.3 Forced Outages	11
6.4 Outage Reporting	12
6.5 Capacity Accreditation	12
6.6 Obligation to Rebuild	12

Article 7 – Billing and Payment	12
7.1 Billing Statement and Invoices.....	12
7.2 Payments	12
7.3 Billing and Payment Records	12
7.4 Curtailments	13
Article 8 – Information and Implementation	13
8.1 Pre-COD Information.....	13
8.2 Post-Construction Information	14
8.3 Operating Committee and Operating Procedures.....	15
8.4 Solar Data and Capacity	15
Article 9 - Security	16
9.1 Security Amount.....	16
9.2 Security Characteristics and Draw	16
9.3 Permitted Draws; Effect of Draws	18
9.4 Release of Security	18
9.5 Reduction in Security	18
Article 10 – Force Majeure	19
10.1 Applicability of Force Majeure	19
10.2 Force Majeure Procedures.....	19
10.3 Limitations on Force Majeure	19
Article 11 – Default, Termination and Remedies	20
11.1 Events of Default of Seller	20
11.2 Financier’s Right to Cure Default of Seller.....	21
11.3 Events of Default of MP.....	21
11.4 Remedies	21
11.5 Termination	22
11.6 Seller’s Right to Mitigate Damages	22
11.7 MP Step-In Rights	23
11.8 MP Buyout	24
11.9 Remedies Cumulative.....	25
11.10 Waiver and Exclusion of Other Damages	25
11.11 Payment of Amounts Due to MP	25
11.12 Duty to Mitigate	25
Article 12 - Indemnity	25
12.1 Indemnification	25
12.2 Indemnified Party	26
12.3 Indemnifying Party.....	26

12.4	Indemnity Procedures	26
12.5	Damages	27
Article 13 - Insurance		27
13.1	Evidence of Insurance	27
13.2	General Liability and Excess Liability Insurance	27
13.3	Business Automobile Liability Insurance	28
13.4	Workers Compensation Insurance.....	28
13.5	Employers Liability Insurance	28
13.6	Builder’s Risk Insurance	28
13.7	Pollution Legal Liability	28
13.8	“Special Form” Property Insurance.....	28
13.9	Business Interruption Insurance	28
13.10	Term and Modification of Insurance.....	29
Article 14 – Reserved		29
Article 15 – Representations, Warranties and Covenants		29
15.1	Seller’s Representations, Warranties and Covenants	29
15.2	MP’s Representations, Warranties and Covenants.....	30
Article 16 – Financing Provisions.....		31
16.1	No Assignment Without Consent.....	31
16.2	Accommodation of Financier.....	32
16.3	Change of Control	32
16.4	Notice of Financier Action	32
16.5	Transfer Without Consent is Null and Void.....	33
Article 17 - Miscellaneous		33
17.1	Notices.....	33
17.2	Taxes	33
17.3	Fines and Penalties	34
17.4	Rate Changes.....	34
17.5	Subcontracting.....	34
17.6	Forward Contract.....	34
17.7	Equal Employment Opportunity Compliance Certification	34
17.8	Survival of Obligations	35
17.9	Severability.....	35
17.10	Complete Agreement; Amendments	35
17.11	Binding Effect	35
17.12	Headings.....	35
17.13	Waiver	35
17.14	Compliance with Laws.....	35
17.15	Counterparts	35

17.16	Publicity.....	35
17.17	Disclaimer of Third Party Beneficiary Rights.....	36
17.18	Confidentiality.....	36
17.19	Governing Law.....	37
Article 18 – Definitions.....		37
18.1	Definitions.....	37
18.2	Rules of Construction.....	46

APPENDICES

- Exhibit A** **Facility Description, One-Line Diagram and Site Map**
- Exhibit B** **Contract Energy Price Schedule**
- Exhibit C** **Major Milestones**
- Exhibit D** **Seller's Required Governmental Authority, Permits, Consents, Approvals,
Licenses and Authorizations to be Obtained**
- Exhibit E** **Notice Addresses**
- Exhibit F** **Expected Energy Estimate and Output Guarantee Amount**
- Exhibit G** **Form of Guaranty**
- Exhibit H** **Financier Consent Provisions**

SOLAR POWER PURCHASE AGREEMENT

THIS POWER PURCHASE AGREEMENT (the “PPA” or the “Agreement”) is made as of the ___ day of _____, 2021 (the “Effective Date”), by and between Minnesota Power (“MP”), a division of ALLETE, Inc., a Minnesota corporation with headquarters at 30 West Superior Street, Duluth, Minnesota 55802 and ALLETE Enterprises, Inc., a Minnesota corporation (“Seller”). Seller and MP are each referred to herein as a “Party” and collectively as the “Parties.”

WHEREAS, MP is a public utility, as defined in Minn. Stat. § 216B.1691, subd. 1(b); and

WHEREAS, in May 2020, the Minnesota Public Utilities Commission (“MPUC” or the “Commission”) sought information from regulated electric and gas utilities, including MP, on the possibility for investments that would assist in Minnesota’s economic recovery from the COVID-19 pandemic (MPUC Docket No. E,G-999/CI-20-492) (“COVID-19 Economic Recovery Docket”); and

WHEREAS, as part of MP’s efforts to facilitate post-COVID-19 economic recovery, MP identified a package of three utility-scale solar projects, which, in the aggregate, are eligible for accelerated development and would provide job opportunities, investment in local products and services, and tax revenue in the communities served by MP; and

WHEREAS, in November 2020, MP submitted a petition to the MPUC requesting an expedited procedural timeline to allow MP to pursue approximately 20 MW of utility-scale solar projects in northern Minnesota (MPUC Docket No. E015/M-20-CI-20-828) (“Solar Power Acquisition Docket”); and

WHEREAS, Seller, as an Affiliate of MP, will plan, design, finance, construct, own, operate and maintain the project consisting of three photovoltaic solar generation facilities with an aggregate Installed Capacity of 21.2 MW-AC to provide Accreditable Capacity and associated Contract Energy to MP, and consisting of an approximately 9.6 MW-AC component (“Project A”), an approximately 10 MW-AC component (“Project B”), and an approximately 1.6 MW-AC component (“Project C,” the Project A component, Project B component, and the Project C component referred to jointly as the “Facility”); and

WHEREAS, Seller intends to interconnect the Facility at the Electric Interconnection Points, and will generate, sell, and deliver the Accreditable Capacity, Contract Energy, and any associated Green Tags to MP at the Points of Delivery; and MP intends to receive and purchase the same, all in accordance with the terms of this Agreement; and

WHEREAS, Seller, as an Affiliate of MP, will develop the Facility in order to enable MP to maximize the efficient use of tax benefits available for the Facility and for the economic benefit of MP’s customers; and

WHEREAS, the development of the Facility and the purchase and sale of products from the Facility will be consistent with MP’s obligations under its most recent Integrated Resource Plan (“IRP”) and the Minnesota Solar Energy Standard (“SES”); and

NOW THEREFORE, in consideration of the mutual covenants herein contained, the sufficiency and adequacy of which are hereby acknowledged, the Parties agree to the following:

ARTICLE 1 - TERMS AND CONTINGENCIES TO EFFECTIVENESS

1.1 Term. The Term of this Agreement (the “**Term**”) shall commence on the Effective Date and shall expire on the date that is twenty-five (25) years from the Commercial Operation Date with the Agreement remaining in full force and effect through the interim, unless terminated or extended in accordance with the terms of this Agreement. Applicable provisions of this PPA shall continue in effect after termination, including early termination, to the extent necessary to enforce or complete the duties, obligations, or responsibilities of the Parties arising prior to termination and, as applicable, to provide for: final billings and adjustments related to the period prior to termination, repayment of any money due and owing to either Party pursuant to this PPA, repayment of principal and interest associated with security funds, and the indemnifications specified in this PPA.

1.2 MP Contingencies.

1.2.1 MP submitted an unsigned, model version of this Agreement, along with other affiliated interest land leases (collectively, “**Solar Package Agreements**”) for MPUC Approval in the Solar Power Acquisition Docket. MP shall use commercially reasonable efforts to obtain MPUC Approval on or before August 31, 2021 (the “**MPUC Approval Deadline Date**”). Seller agrees to provide reasonable assistance to MP in order to assist MP in obtaining MPUC Approval.

1.2.2 If, on or before the MPUC Approval Deadline Date, the MPUC declines to approve the Solar Package Agreements or approves the Solar Package Agreements subject to material conditions that are unacceptable to MP or Seller, each in its sole discretion, then the Parties may unilaterally or jointly, as appropriate: (a) decline to execute the Agreement; (b) terminate the Agreement; or (c) negotiate to amend the Agreement in a manner that will satisfactorily address the MPUC’s reason for disapproval of, or conditions to, the Solar Package Agreements. The Parties shall seek MPUC Approval of any material changes of the PPA requiring MPUC Approval, in accordance with the procedure set forth in this Section.

1.2.3 If the Parties elect to terminate the Agreement or cannot agree on mutually acceptable amendments, then either Party may terminate the PPA upon written Notice to the other Party, with no further financial or other obligations under this Agreement.

1.3 Seller Contingencies.

1.3.1 Seller may terminate this PPA, with no further financial or other obligations under this Agreement, by Notice to MP if, as of November 30, 2021 (the “**Seller CP Date**”):

(a) Seller cannot obtain any Permit which it is responsible to receive and which is necessary to own, construct, and operate the Facility or to sell the Contract Energy and Accreditable Capacity to MP as contemplated by this PPA and all such Permits are final and non-appealable. MP shall provide reasonable assistance to Seller, if requested, in order to assist Seller in obtaining any Permit.

(b) Seller fails to obtain approval to interconnect the Facility upon reasonable terms and conditions as set forth in the proposed Interconnection Agreement.

(c) Seller has determined that Seller is unable to obtain financing acceptable to Seller for the development, construction, ownership, operation or maintenance of the Facility, including without limitation any construction, term, or permanent financing, whether in the form of debt, equity, or other financing.

1.3.2 Failure of Seller to provide timely Notice of termination on or before the fifteenth (15th) day after the Seller CP Date shall be deemed a waiver of any of these conditions, and Seller shall not thereafter have the right to terminate this Agreement on the basis of this **Section 1.3**.

ARTICLE 2 – PURCHASE AND SALE

2.1 Sale and Purchase.

2.1.1 Beginning on the Commercial Operation Date, Seller shall generate from the Facility, deliver to the Point of Delivery, and sell to MP the Accreditable Capacity and Contract Energy from the Facility. Beginning on the Commercial Operation Date, MP shall accept and purchase at the prices set forth in this Agreement, the Accreditable Capacity and Contract Energy generated from the Facility and delivered by Seller to the Point of Delivery during the Term.

2.1.2 If the Facility generates Test Energy prior to the Commercial Operation Date, MP agrees to accept and purchase all Test Energy generated by the Facility and delivered to the Point of Delivery at a rate equal to \$45.00/MWh. Seller shall coordinate the production and delivery of Test Energy with MP, and MP agrees to cooperate to facilitate the delivery and acceptance by MP of Test Energy of the Facility. Seller shall notify MP, to the extent practicable, fifteen (15) Days prior to the initial delivery of Test Energy to MP. In no instance shall MP be obligated to purchase Test Energy in amounts in excess of that associated with the Installed Capacity.

2.2 Title and Risk of Loss.

2.2.1 As between the Parties, Seller shall retain title to, and be deemed to be in control of the Accreditable Capacity, Contract Energy, Test Energy, and Green Tags from the Facility up to and until delivery to MP at the Point of Delivery.

2.2.2 MP shall take title to, and be deemed to be in control of, the Accreditable Capacity, Contract Energy, Test Energy, and Green Tags purchased by MP hereunder, from and after delivery at the Point of Delivery.

2.2.3 Seller warrants that it will deliver to MP the Accreditable Capacity, Contract Energy, Test Energy, and Green Tags purchased by MP hereunder, free and clear of all liens, security interests, claims, and encumbrances or any similar interest therein or thereto in favor of any Person and arising or attaching prior to the Point of Delivery.

2.3 Green Tags. The Parties agree that the price set forth in **Exhibit B** includes compensation for Green Tags associated with the Contract Energy and Accreditable Capacity purchased by MP pursuant to this Agreement during the Term and that MP is entitled to utilize any and all such Green Tags. To the full extent allowed by applicable laws or regulations, MP shall own or be entitled to claim all Green Tags purchased by MP hereunder to the extent such Green Tags may exist during the Term, and to the extent necessary, Seller shall assign to MP all rights, title, and authority for MP to register, own, hold, and manage such Green Tags in MP's own name and to MP's account, including any rights associated with any renewable energy information or tracking system that may be established with regard to monitoring, tracking, certifying, or trading such Green Tags.

ARTICLE 3 – CONTRACT CAPACITY AND CONTRACT ENERGY

3.1 Contract Energy Source. The Installed Capacity of the Facility shall be approximately 21.2 MW (AC), with exact capacity to be agreed upon in the Interconnection Agreement(s), consisting of the equipment described in **Exhibit A**.

3.2 Output Guarantee. Commencing at the beginning of the second Commercial Operation Year and annually thereafter for each Commercial Operation Year thereafter (each, a “**Guarantee Period**”), the Facility shall deliver a quantity of Net Output for the applicable Guarantee Period that is at least equal to the Output Guarantee Amount. For purposes of this Agreement, the “**Output Guarantee Amount**” for any Guarantee Period means: (i) eighty-five percent (85%) of the Expected Energy of the Facility for such Guarantee Period, as set forth in **Exhibit F**, minus (ii) any quantities of Net Output that were not delivered to the Point of Delivery (or accepted by MP) in such Commercial Operation Year during periods in which Seller repowers all or a portion of the Facility, provided further that the Output Guarantee Amount for any Guarantee Period shall be calculated by adjusting the calculation to eliminate the effects of any Force Majeure, planned outages as referenced in **Section 6.2**, Excused Curtailments and Compensated Curtailments (such quantity calculated on the basis of the Net Output capable of being delivered in an hour at an average rate equivalent to the actual Installed Capacity).

3.2.1 If the quantity of Net Output delivered by the Facility during any Guarantee Period is equal to or greater than the Output Guarantee Amount for such Guarantee Period, Seller's delivery obligation shall be deemed satisfied for such Guarantee Period.

3.2.2 If the quantity of Net Output delivered by the Facility during any Guarantee Period is less than the Output Guarantee Amount for such Guarantee Period, the Seller shall determine the resulting shortfall for such Guarantee Period (the “**Output Shortfall**”) by subtracting the Net Output for the relevant Guarantee Period from the Output Guarantee Amount for the relevant Guarantee Period. The Output Shortfall shall be expressed in MWh.

3.2.3 If an Output Shortfall exists, then Replacement Power Costs will be payable from Seller to MP after the final determination of an Output Shortfall. If Replacement Power Costs results in a positive number, the Seller shall be liable to MP for the applicable Replacement Power Costs, and MP shall invoice Seller for any amount due, showing adequate documentation and calculation of the Replacement Power Costs incurred. Any undisputed amount due shall be paid by Seller within thirty (30) days of MP's invoice.

3.2.4 Any shortfall payable under this Section shall be subject to an overall separate cumulative limitation of \$1,590,000 during the Term.

3.3 Pricing for Accreditable Capacity and Contract Energy.

3.3.1 Seller shall be entitled to payment for Accreditable Capacity including any associated Zonal Resource Credits, Contract Energy and any associated Green Tags in accordance with this Section.

3.3.2 MP shall pay Seller for Contract Energy delivered to MP at the Point of Delivery in accordance with the schedule set forth in **Exhibit B**.

3.3.3 MP's payment under this PPA includes Accreditable Capacity, Zonal Resource Credits, Contract Energy, any associated Green Tags, and any other product derived from the Facility not specifically excluded by this PPA.

3.4 House Power and Maintenance Power. This PPA does not provide for the supply of any electric service by MP to Seller or to the Facility. Nothing in this Agreement shall obligate MP to provide any electric service to Seller or to the Facility ("**House Power**"). Seller recognizes and acknowledges that it shall be solely responsible for obtaining electric service for each of the Project A, Project B, and Project C components of the Facility in accordance with Requirements of Law.

3.5 Ancillary Services. Any and all Ancillary Services (as that term is defined and implemented pursuant to the relevant MISO Tariff and FERC Order No. 827) that the Facility is capable of providing and that are associated with the Installed Capacity, shall be deemed to have been purchased by MP hereunder at no additional charge. Upon achieving the Commercial Operation Date, Seller shall use all commercially reasonable efforts to maximize the Ancillary Services available to MP to the extent available from the Installed Capacity, consistent with and subject to Good Utility Practice, provided that Seller shall not be required to make any capital expenditures or incur any increased operating expenses in connection with such efforts other than what is already required to comply with the requirements of the Interconnection Agreement and any related instructions from MISO or the Interconnection Provider. Notwithstanding anything in this Section to the contrary, Seller shall not reduce, curtail or suspend production and delivery of Contract Energy to MP for the purpose of preserving or providing reactive power to itself or any other person.

ARTICLE 4 – FACILITY REQUIREMENTS

4.1 General Description. The Accreditable Capacity and Contract Energy purchased by MP under this Agreement shall be exclusively generated by the Facility located at the Site. Seller shall design, construct, operate, and maintain the Facility in material compliance with all Facility Permits and Requirements of Law, and according to Good Utility Practice.

4.2 Site. **Exhibit A** contains a scaled map that identifies the Site for each of the Project A, Project B, and Project C components of the Facility, the location of the Facility at the Site, the equipment and components that comprise the Facility, a one-line diagram, the location of the Electric Interconnection Point, the location of Electric Metering Devices, and the Point of

Delivery. **Exhibit A** shall be amended to reflect any material changes in the siting of the generating facilities or related facilities during permitting and construction.

4.3 Major Milestones. Seller shall use commercially reasonable efforts to achieve each of the interim Major Milestones set forth in **Exhibit C** on or prior to the applicable date set forth for such Major Milestone; provided that Seller's failure to achieve any individual Major Milestones set forth in **Exhibit C** on or prior to the applicable date set forth for such Major Milestone shall not entitle MP to terminate this PPA unless and until Seller fails to achieve the Commercial Operation Date in accordance with **Section 4.4**.

4.4 Commercial Operation Milestone; Permitted Extensions. Seller shall cause the Commercial Operation Date to occur no later than April 30, 2022 ("**Commercial Operation Milestone**"). Commercial Operation may not occur before April 1, 2022, and all Contract Energy delivered prior to that date shall be Test Energy.

4.4.1 Notwithstanding the foregoing, the Commercial Operation Milestone may be extended upon the following occurrences (each, a "**Permitted Extension**"):

(a) if, on or before June 30, 2021, the MPUC has not issued MPUC Approval, then the Commercial Operation Milestone shall be extended to October 31, 2022; or

(b) day-for-day relief for an event of Force Majeure; provided that in no event shall the total number of Days of all such pre-COD extensions as a result of Force Majeure exceed one hundred eighty (180) Days in the aggregate; or

(c) day-for-day relief for any disruptions to construction of the Facility due to (i) weather events, whether foreseeable or unforeseeable, typically experienced in the region of the country where the Facility is located, or (ii) any winter construction moratoria implemented by a jurisdictional governmental entity.

If Seller claims any one or more of the foregoing Permitted Extensions, such extensions shall be concurrent, rather than cumulative, during overlapping Days.

4.4.2 If Seller fails to achieve the Commercial Operation Date within three hundred sixty-five (365) Days after the Commercial Operation Milestone for any reason whatsoever, including any Permitted Extension, then such failure shall entitle MP to terminate this PPA, without further obligation to Seller.

4.5 Conditions to Commercial Operation.

4.5.1 An officer of Seller who has knowledge of the Facility and is authorized to bind Seller must certify by written Notice to MP that all of the conditions set forth in this **Section 4.5** have been satisfied and shall provide all necessary supporting documentation of all conditions to Commercial Operation. Thereafter, MP shall have ten (10) Business Days to challenge the satisfaction of any condition set forth in this Section. Seller may provide Notice of satisfaction of individual conditions as such conditions are achieved on the condition that MP shall have ten (10) Business Days to approve or object to such individual condition. Failure by MP to

challenge Seller's certification of satisfaction of any condition within ten (10) business days shall be deemed acceptance.

4.5.2 Commercial Operation of the Facility shall commence the Day following MP's acceptance (which shall not be unreasonably withheld) of Seller's Notice that all conditions set forth in this Section have been successfully satisfied.

4.5.3 For purposes hereof, Seller must certify:

(a) that the Facility is substantially complete in all material respects, that Seller is in full compliance with the terms of this Agreement, that Seller is in material compliance with the Interconnection Agreements, and that the Facility can be safely operated in conformance with this Agreement;

(b) that Seller has successfully completed testing of the Facility which is required by the Facility's Permits and the Interconnection Agreements, and the Facility has been commissioned by the manufacturer in accordance with Good Utility Practice and any applicable agreements;

(c) that Seller has executed all agreements and made all arrangements necessary to deliver the Contract Energy and Accreditable Capacity from the Facility to the Point of Delivery in compliance with the provisions of this PPA;

(d) that all Security arrangements in accordance with **Article 9** have been established in a form and in the amounts sufficient to meet the requirements of this Agreement and that Seller has provided MP with proof that such arrangements are in place;

(e) that certificates proving insurance coverages required by this Agreement have been submitted to MP;

(f) that all Permits required to be obtained from any Governmental Authority to construct and/or operate the Facility in compliance with applicable Requirements of Law and this PPA have been obtained and are in full force and effect; and

(g) Seller has made all necessary arrangements to obtain and pay for House Power.

ARTICLE 5– INTERCONNECTION, DELIVERY AND METERING

5.1 Interconnection Service. The Facility will be interconnected to MP's electrical distribution system, and the scope of Seller's interconnection ends at the AC connection point designated in the Interconnection Agreement for each of the Project A, Project B, and Project C components of the Facility. Seller is responsible for negotiating, entering into, and performing its obligations under the Interconnection Agreements.

5.2 Separate Interconnection Agreements. The Parties recognize that Seller will enter into separate Interconnection Agreements with the Interconnection Provider for each of the Project A, Project B, and Project C components of the Facility.

5.2.1 The Parties acknowledge and agree that the Interconnection Agreements shall be separate and free-standing contracts, regardless of Seller's counterparties to such agreements, and nothing in the Interconnection Agreements shall alter or modify Seller's or MP's rights or obligations under this PPA, and nothing in this PPA shall alter or modify Seller's rights or obligations under the Interconnection Agreements.

5.2.2 Seller recognizes that, for purposes of this PPA, the Interconnection Provider shall be deemed to be a separate entity and separate contracting party, whether or not the Interconnection Agreement(s) are entered into with MP or an Affiliate of MP.

5.3 Electric Metering Devices. The Facility shall be designed to accommodate metering, generator telemetering equipment, and communications equipment that meet the requirements of this Section.

5.3.1 To the extent not otherwise provided in the Interconnection Agreements, MP shall design, install, own, and maintain all Electric Metering Devices used to measure the Contract Energy and Accreditable Capacity made available to MP by Seller under this PPA and to monitor and coordinate operation of the Facility. If Electric Metering Devices are not installed at the Point of Delivery, meters or meter readings will be adjusted to reflect losses from the Electric Metering Devices to the Point of Delivery. All Electric Metering Devices used to provide data for the computation of payments shall be sealed and only MP shall break the seal when such Electric Metering Devices are to be inspected and tested or adjusted in accordance with this Section. MP shall specify the number, type, and location of Electric Metering Devices.

5.3.2 To the extent not otherwise set forth in the Interconnection Agreements, metering equipment necessary for determining the Contract Energy, Test Energy, and Accreditable Capacity (real and reactive) for billing purposes shall comply with MP's metering requirements for this installation.

(a) Electric Metering Devices shall include, but not be limited to, kWh and kVar meters, metering cabinets, metering panels, conduits, cabling, metering units, current transformers and potential transformers directly or indirectly providing input to meters or transducers, meter recording devices, telephone circuits, signal or pulse dividers, transducers, pulse accumulators and any other equipment necessary to implement the provisions of this Agreement.

(b) All Electric Metering Devices for billing purposes will be revenue billing grade devices and have an accuracy of at least +/- 0.2%. All instrument transformers used for metering will be metering class devices. Current transformers will have an accuracy of at least +/- 0.15%, and voltage transformers will have an accuracy of at least +/- 0.3%. Current transformer ratios will be chosen to measure minimum power within the devices accuracy range.

(c) A primary meter and associated recording device shall measure and record the flow of Energy and Capacity (real and reactive) associated with the Facility. The meter shall measure the bidirectional watt-hour and var-hour quantities (or other quantities required by MP) and shall be used to determine the amount of Energy and Capacity received by MP from Seller.

5.3.3 MP shall, at its own expense, inspect and test all Electric Metering Devices owned by MP, and Seller shall, at its own expense, inspect and test all Electric Metering Devices owned by Seller, upon installation and at least annually thereafter. Testing shall include both compensated and uncompensated values (if applicable) to verify proper compensation and meter accuracy. Each Party will be provided with reasonable advance notice of, and a representative of the other Party shall be permitted to witness and verify, such inspections and tests, provided that the requesting Party shall comply with all applicable safety standards and not unreasonably interfere with or disrupt the activities of the testing Party. Each Party shall, if reasonably requested, perform additional inspections or tests of any Electric Metering Device and shall permit a qualified representative of the other Party to inspect or witness the testing of any Electric Metering Device, provided further, that the requesting Party shall comply with all of the testing Party's safety standards and shall not unreasonably interfere with or disrupt the activities of the testing Party. The requesting Party shall bear the actual expense of any requested additional inspection or testing of the other Party's Electric Metering Device, unless upon such inspection or testing an Electric Metering Device is found to register inaccurately by more than the allowable limits established in this Section, in which event the expense of the requested additional inspection or testing shall be borne by the testing Party. The testing Party shall, if requested in writing, provide copies of any inspection or testing reports to the requesting Party.

5.3.4 In addition to the Electric Metering Devices, either Party may elect to install and maintain, at its own expense, backup metering devices ("**Back-Up Metering**"). Such installation and maintenance of Back-Up Metering shall be performed in accordance with Good Utility Practice and in a manner acceptable to MP. The installing Party, at its own expense, shall inspect and test Back-Up Metering upon installation and at least annually thereafter. The installing Party shall provide the other Party with reasonable advance notice of, and permit a representative of the requesting Party to witness and verify, such inspections and tests, provided that the requesting Party shall comply with all applicable safety standards and shall not unreasonably interfere with or disrupt the activities of the installing Party. Upon request, the installing Party shall perform additional inspections or tests of Back-Up Metering and shall permit a qualified representative of the requesting Party to inspect or witness the testing of Back-Up Metering, provided further, that the requesting Party shall comply with all applicable safety standards and shall not unreasonably interfere with or disrupt the activities of the testing Party. The requesting Party shall bear the actual expense of any such requested additional inspection or testing, unless, upon such inspection or testing, Back-Up Metering is found to register inaccurately by more than the allowable limits established in this Section, in which event the expense of the requested additional inspection or testing shall be borne by the testing Party. The testing Party shall, if requested in writing, provide copies of any inspection or testing reports to the requesting Party.

5.3.5 If any Electric Metering Device or Back-Up Metering is found to be inaccurate or defective, then it shall be adjusted, repaired, replaced, and/or recalibrated as near as practicable to a condition of zero error by the Party owning such defective or inaccurate device, and at that Party's expense.

5.4 Adjustment for Inaccurate Meters. If an Electric Metering Device or Back-Up Metering fails to register, or if the measurement made by an Electric Metering Device or Back-Up Metering is found, upon testing, to be inaccurate by more than one percent (1.0%), an adjustment shall be made correcting all measurements by the inaccurate or defective Electric Metering Device

or Back-Up Metering for both the amount of the inaccuracy and the period of the inaccuracy, in the following manner:

5.4.1 If the Electric Metering Device is found to be inaccurate or defective, and Back-Up Metering has been installed, tested, and maintained in accordance with the provisions of **Section 5.3.4**, then the Parties shall use Back-Up Metering to determine the amount of such inaccuracy. Back-Up Metering data shall be adjusted for losses if Back-up Metering is installed on the low side of Seller's step-up transformer.

(a) If Back-Up Metering is also found to be inaccurate by more than one percent (1.0%), or if no Back-Up Metering was installed, tested and maintained in accordance with the provisions of **Section 5.3.4**, then the Parties shall use the SCADA data collected at the relevant Project component of the Facility for the period of inaccuracy, adjusted as agreed by the Parties.

(b) If, and to the extent, such SCADA is incomplete or unavailable, the Parties shall estimate the amount of the necessary adjustment on the basis of deliveries of Contract Energy from the respective Project component of the Facility during periods of similar operating conditions when the Electric Metering Device was registering accurately. The adjustment shall be made for the period during which inaccurate measurements were made.

5.4.2 In the event that the Parties cannot agree on the actual period during which the inaccurate measurements were made, the period during which the measurements are to be adjusted shall be the shorter of: (i) the one hundred eighty (180) Days immediately preceding the test that found the Electric Metering Device to be defective or inaccurate; or (ii) the last one-half of the period from the last previous test of the Electric Metering Device to the test that found the Electric Metering Device to be defective or inaccurate.

5.4.3 MP shall use the corrected measurements as determined in accordance with this Section to recalculate the amount due for the period of the inaccuracy to the extent that the adjustment period covers a period of deliveries for which payment has already been made by MP. MP shall subtract the previous payments by MP for this period from such recomputed amount. If the difference is a negative number, that difference shall be paid by Seller to MP, or at the discretion of MP, may take the form of an offset to payments due Seller by MP; if the difference is a positive number, the difference shall be paid by MP to Seller. Payment of such difference by the owing Party shall be made not later than thirty (30) Days after the owing Party receives Notice of the amount due, except to the extent MP elects payment via an offset.

ARTICLE 6 – FACILITY OPERATION AND MAINTENANCE

6.1 Facility Operations and Control. After the Commercial Operation Date, Seller shall at all times operate the Facility in a manner that complies with all national and regional reliability standards, Good Utility Practice, and all Operating Procedures developed in accordance with **Section 8.3** below. Personnel capable of disconnecting the Facility shall be available 24 hours per day, 365 days per year. Seller shall ensure that personnel are available by telephone, email, fax and pager to ensure prompt response to contingencies.

6.2 Facility Planned Outages/Maintenance.

6.2.1 After the Commercial Operation Date, Seller shall maintain the Facility according to applicable warranty requirements, relevant equipment manufacturer's specifications, and Good Utility Practice.

6.2.2 On November 1st of each year during the Term, Seller shall provide MP a schedule ("**Maintenance Schedule**"), which shall include (i) a schedule of the expected Scheduled Outages/Deratings for the Facility for the subsequent Commercial Operation Year; and (ii) a schedule describing the expected maintenance activities for the subsequent two (2) Commercial Operation Years.

(a) Seller will use commercially reasonable efforts to provide Notice to MP of Scheduled Outages/Deratings involving the Facility, other than as listed in the Maintenance Schedule, as soon as practicable.

(b) Seller shall avoid any Scheduled Outages/Deratings for the Facility, excluding outages associated with Emergencies and Forced Outages, during any On-Peak Period without the prior written consent of MP.

(c) Seller shall cooperate with MP as a part of the Operating Committee functions in **Section 8.3** to use commercially reasonable efforts to coordinate the timing of Scheduled Outages/Deratings to be at the same time that MP commences a scheduled outage in order to conduct maintenance on MP-owned distribution and transmission facilities that are used for delivery of Contract Energy.

6.2.3 Not less than forty-eight (48) hours prior to commencement of any Scheduled Outage/Derating of the Facility, MP may request, by phone, fax or email, that Seller defer such Scheduled Outage/Derating. Seller shall use commercially reasonable efforts, consistent with Good Utility Practice, to comply with any such request and reschedule such deferred Scheduled Outage/Derating to a subsequent date mutually agreed upon between the Parties. Upon Seller's receipt of such Scheduled Outage/Derating deferral request from MP, Seller shall promptly provide to MP (in advance of the scheduled commencement of the Scheduled Outage/Derating), a non-binding good faith estimate of the incremental direct costs to be incurred by Seller in order to comply with such request. Following receipt of Seller's good faith cost estimate and prior to the scheduled commencement of the Scheduled Outage/Derating, MP may direct Seller to defer the Scheduled Outage/Derating. Thereafter, Seller may invoice MP, and MP shall pay Seller, for all of the actual incremental direct costs incurred by Seller in connection with such deferral and rescheduling of the Scheduled Outage/Derating. If, however, MP desires that Seller not incur such incremental costs, MP may withdraw its request that Seller defer such Scheduled Outage/Derating, and Seller may proceed with the Scheduled Outage/Derating.

6.3 Forced Outages. Seller shall use commercially reasonable efforts to minimize the occurrence, scope, and duration of Forced Outages at the Facility. During the On-Peak Period, Seller shall use all commercially reasonable efforts to avoid or overcome any Forced Outages at the Facility.

6.4 Outage Reporting. When Forced Outages occur, Seller shall promptly notify MP of the existence, nature, start time, and expected duration of the Forced Outage as soon as practical and in accordance with the Operating Procedures, but in no event later than one (1) hour after the Forced Outage occurs. Seller shall immediately inform MP of changes in the expected duration of the Forced Outage, except to the extent relieved of this obligation by MP.

6.5 Capacity Accreditation. MP has certain planning, operating, and reporting requirements to MISO. As between the Parties, MP is responsible for seeking MISO accreditation of the Installed Capacity as Resource Adequacy Capacity. Seller shall cooperate with MP's accreditation activities, including the provision of data necessary for MP to calculate Accreditable Capacity and the provision of confirmation that MP is authorized to obtain information about for each of the Project A, Project B, and Project C components of the Facility and the Interconnection Facilities directly from MISO. Seller makes no representations with respect to MISO accreditation of the Installed Capacity as Resource Adequacy Capacity.

6.6 Obligation to Rebuild. In the event of substantial damage to all or a substantial portion of the Facility, any insurance proceeds shall be applied in accordance with the terms of the Financing Documents or similar instruments defining the rights of lenders and investors in the Facility or Seller. Seller shall use commercially reasonable efforts to negotiate terms in the Financing Documents that require use of the proceeds for reconstruction of the damaged portion of the Facility. If, at the time of the damage, (i) there are no requirements of Financiers that prevent reconstruction; and (ii) MP is relying on the Facility to meet any state and/or federal requirement for renewable energy generation, then Seller shall apply the proceeds of any such insurance to rebuild or repair the Facility, provided however that if the cost to repair or reconstruct the Facility exceeds the available insurance proceeds for reasons other than a default by Seller under this PPA, the Parties shall amend this Agreement to permit the reconstruction or repair on terms that make the Facility, as reconstructed or repaired, financially viable.

ARTICLE 7 – BILLING AND PAYMENT

7.1 Billing Statement and Invoices. The monthly billing period shall be the calendar month. No later than ten (10) Business Days after the close of the billing month, Seller shall provide to MP, by such method of delivery as mutually agreed to by the Parties, an invoice for the amount due Seller by MP, under this PPA, for the billing period covered by the statement. The invoice will show Contract Energy delivered from each respective Project component of the Facility during the applicable month, all billing parameters, rates and factors, and any other data reasonably pertinent to the calculation of monthly payments due to Seller.

7.2 Payments. Payments due under this PPA shall be due and payable, as designated by the owed Party, on or before the twentieth (20th) Day following MP's receipt of the billing invoice.

7.3 Billing and Payment Records. To facilitate payment and verification, Seller and MP shall keep all books and records necessary for billing and payments and grant the other Party reasonable access to those records. For a minimum of six (6) years, Seller shall maintain all records of Seller pertaining to the operation of a Facility.

7.4 Curtailments.

7.4.1 Except as expressly provided for in this Section, Seller shall be entitled only to payment for Contract Energy actually delivered to the Point of Delivery.

7.4.2 No payment shall be due Seller for curtailments of delivery of Contract Energy from the Point of Delivery resulting from any of the following (each an “**Excused Curtailment**”):

- (a) an Emergency or Force Majeure;
- (b) any action taken by the Interconnection Provider and permitted under the Interconnection Agreements as a result of the Facility’s failure to comply with power quality or similar requirements in connection with delivery of the Contract Energy to the Point of Delivery;
- (c) any curtailment of Delivery Arrangements by the applicable transmission service provider to provide delivery of Contract Energy from the Point of Delivery; or
- (d) any curtailment resulting from Seller’s failure to maintain in full force and effect any Permit required by law for operation of the Facility.

Nothing in this Section or Agreement shall limit or affect any rights Seller may have under the Interconnection Agreement or against any other Person under any other agreement or Requirements of Law.

7.4.3 Seller shall be compensated in the event and to the extent production and delivery of Contract Energy is curtailed by MP on or after the Commercial Operation Date for reasons other than Excused Curtailments (any such curtailments, “**Compensated Curtailments**”). The Parties agree that a Compensated Curtailment shall mean any and all curtailments other than an Excused Curtailment. Seller shall, using a method agreed to by the Operating Committee, calculate the amount of Contract Energy the Facility would have produced and delivered to the Point of Delivery but for a Compensated Curtailment using actual availability of the Facility during the applicable period. Seller is entitled to compensation, and MP shall compensate Seller for the Contract Energy that would have been produced and delivered but for a Compensated Curtailment at the Contract Energy price set forth in **Exhibit B**. Seller shall include an invoice for payment for such Contract Energy with its regular monthly invoice to MP, along with the information evidencing its calculation of amounts due for Contract Energy curtailed by any Compensated Curtailment.

7.4.4 All Excused Curtailments and Compensated Curtailments shall be deemed to be delivered for purposes of calculating the Net Output in **Section 3.2**.

ARTICLE 8 – INFORMATION AND IMPLEMENTATION

8.1 Pre-COD Information. Seller and MP shall jointly keep complete and accurate records and all other data required for the purposes of documenting and ensuring proper

administration of construction activities for the Facility, including such records in the prescribed format, as may be required by the Parties and by Governmental Authorities.

8.1.1 To allow MP and Seller to ensure timely completion of all obligations under this Agreement, at the times specified by the Major Milestones, Seller and MP shall maintain: (i) copies of all Permits governing the design and construction of the Facility; (ii) copies of all major contracts affecting the Facility, including Construction Contracts, showing the identity of the contracting parties, their execution of the contract, a summary of services or work involved, and the date the contract was executed; and (iii) if any Financier or Governmental Authority requires a "Phase I" environmental investigation of the Site by an independent environmental engineer familiar with the Site, the Parties shall retain a copy of the report.

8.1.2 All persons visiting the Facility on behalf of MP or Seller shall comply with all applicable safety and health rules and requirements, and the requirements of any lease or Permit as to the Site. MP's technical review and inspection of the Facility shall not be construed as endorsing the design of such Facility nor as any warranty of safety, reliability, or durability of the Facility.

8.2 Post-Construction Information. Seller and MP shall jointly keep complete and accurate records and all other data required for the purposes of proper administration of this PPA, including such records in the prescribed format as may be required by the Parties and by Governmental Authorities.

8.2.1 Seller and MP shall maintain an accurate and up-to-date operating log, in electronic format, including records documenting: (a) real and reactive power production for each clock hour; (b) energy production dedicated to this PPA and energy production generated for other purposes; (c) changes in operating status; (d) Scheduled Outage/Deratings and Forced Outages, and (e) any unusual conditions found during inspections. Seller shall provide the described information to the extent the SCADA, controller or similar equipment monitoring the Facility is capable of measuring and retaining the information.

8.2.2 Appropriate representatives of MP and Seller shall at all reasonable times and with reasonable prior notice, have access to the Facility to read meters and to perform all inspections, maintenance, service, and operational reviews as may be appropriate to facilitate the performance of this PPA. While at the Facility, such representatives shall observe all applicable health and safety precautions as may be required by Seller, MP, and the requirements of any lease or Permit as to the Site and shall conduct themselves in a manner that will not interfere with the operation of the Facility.

8.2.3 Each Party shall deliver or cause to be delivered to the other Party certificates of its officers, accountants, engineers or agents as to matters as may be reasonably requested, and shall make available, upon reasonable request, personnel and records relating to the Facility to the extent that the requesting Party requires the same in order to fulfill any regulatory reporting requirements, or to assist the requesting Party in litigation, including, but not limited to, administrative proceedings before utility regulatory commissions.

8.3 Operating Committee and Operating Procedures.

8.3.1 There shall be an Operating Committee established to assist the Parties in implementing their obligations under this Agreement. The Operating Committee shall have no authority to modify the terms or conditions of this PPA.

8.3.2 MP and Seller shall each appoint one representative and one alternate representative to act in matters relating to the Parties' performance obligations under this PPA and to develop operating arrangements for the generation, delivery, and receipt of power and energy hereunder. Such representatives shall constitute the Operating Committee. The Parties shall notify each other in writing of such appointments and any changes thereto. The Operating Committee may only take action that is agreed to by both Parties' representatives.

8.3.3 The Operating Committee shall provide liaison between the Parties with respect to implementation of the provisions of this Agreement. The Operating Committee shall develop mutually agreeable written Operating Procedures, which shall include, but not be limited to, method of day-to-day communications; metering, telemetering, telecommunications, and data acquisition procedures; key personnel list for applicable MP and Seller operating centers; clearances and switching practices; operating and maintenance scheduling and reporting; unit operations log; and such other matters as may be mutually agreed upon by the Parties.

8.3.4 The Operating Committee shall have the following additional functions, among all others specified elsewhere in this Agreement:

(a) To review and make recommendations regarding Seller's schedule for Scheduled Outages/Deratings and Facility maintenance;

(b) To review Seller's implementation of its obligations under this Agreement;

(c) To establish, prepare and discuss the statistical and administrative reports, budgets, and information and other similar records, and the form thereof, to be kept by and furnished by Seller and MP as required by this Agreement;

(d) To perform such other functions and duties as it may undertake from time to time in connection herewith or as may be assigned to it by the Parties and to make any recommendations to either Party deemed appropriate or desirable.

8.4 Solar Data and Capacity.

8.4.1 Seller shall install sufficient measuring equipment at the Facility to collect data necessary to reasonably determine the amount of Facility generation under various conditions, including conditions where production from the Facility has been curtailed. Seller shall install by no later than the Commercial Operation Date a permanent irradiance measuring device around the Site for each respective Project component of the Facility to provide the capability of measuring and recording representative solar data twenty-four (24) hours per day, which solar data shall be used to calculate any amounts due Seller under this PPA for curtailed or lost production. The irradiance measuring device required by this PPA must be provided at the Facility and shall be at

locations agreed to by the Operating Committee. After the Commercial Operation Date, MP shall have the right on a real-time basis to electronically access all weather data from the meteorological equipment. Seller shall cooperate reasonably in providing such access, provided however that MP shall hold all such data confidential pursuant to the terms of this Agreement. The Parties shall develop protocols and procedures through the Operating Committee for the determination of potential production under particular circumstances. Seller shall cooperate reasonably to assist MP in maximizing (pursuant to the terms and conditions of this Agreement) and determining the amount of Accreditable Capacity. Seller shall collect data and perform tests and calculations in compliance with Module E of the Tariff and MISO Business Practices Manual for Resource Adequacy, as each is amended from time to time. All required testing shall be conducted at Seller's expense.

ARTICLE 9 – SECURITY

9.1 Security Amount.

9.1.1 Not later than thirty (30) Days after the Effective Date, Seller shall provide MP security in the amount of \$75/kW multiplied by the anticipated Installed Capacity (“**Development Security**”) in a form acceptable under **Section 9.2**. Upon the earlier of (i) Seller's delivery of the Performance Security, or (ii) sixty (60) Days after termination of the Agreement, MP shall promptly return the Development Security to Seller.

9.1.2 Not later than the Commercial Operation Date, and as a condition thereto, Seller shall provide MP security for performance of the Facility when and as required hereunder, and for performance of all of Seller's other obligations hereunder to be performed over the Term of this Agreement following the Commercial Operation Date (the “**Performance Security**”). Seller shall establish the Performance Security at a level equal to \$75/kW multiplied by the anticipated Installed Capacity in a form acceptable under **Section 9.2**. Seller shall maintain the Performance Security at such required level, less the aggregate amount of any draws on such Performance Security, throughout the remainder of the Term. The Performance Security shall be available to pay any amount due MP pursuant to this PPA, and to provide MP security that Seller will properly operate and maintain the Facility and deliver Accreditable Capacity and Contract Energy to the Point of Delivery pursuant to this Agreement. If the Facility should fail to operate in accordance with this PPA, the Performance Security shall provide security to MP to cover damages, including but not limited to Replacement Power Costs associated with an Output Shortfall under **Section 3.2**.

9.2 Security Characteristics and Draw.

9.2.1 Security shall be composed of, at Seller's option, either a Guaranty, a letter of credit as described in **Section 9.2.3**, or a cash escrow as described in **Section 9.2.2**, or a combination of these options provided that the total amount of Security is no less than the applicable Security amount required. Seller shall be (i) permitted from time to time to change the form and combination of such posted Security provided that no Event of Default with respect to Seller then exists so long as MP is provided timely Notice of the change, and (ii) required, if Seller has provided Security, or any portion thereof, in the form of a Guaranty, if the entity or entities providing a Guaranty no longer qualify as a Guarantor, Seller shall within ten (10) Business Days

of MP's Notice to do so: (A) replace such Guaranty with either a Guaranty from an entity or entities meeting the requirements as a Guarantor and/or (B) deliver a letter of credit as described in **Section 9.2.3** and/or (C) supply a cash escrow as described in **Section 9.2.2**, at Seller's option, in any case, in the aggregate amount of the then applicable required Security, less the aggregate amount of any prior draws on such Security. Upon receipt of such substitute Security, any such Guaranty shall be deemed cancelled.

9.2.2 If Seller elects to utilize a cash escrow as Security, then Seller shall establish an interest-bearing escrow account with a commercial bank or other mutually acceptable escrow agent as escrow agent, and the account shall name MP as the exclusive beneficiary for the duration of the existence of the escrow account. The escrow account shall be in United States currency, and funds in the account may be invested in a money-market fund, short-term treasury obligations, investment grade commercial paper, or other investment-grade investments with maturities of three months or less. All income and interest earned on the accounts held in the escrow account shall accrue for the benefit of Seller, and Seller may withdraw the income and interest earned at any time as long as the balance in the account after the withdrawal meets the minimum funding requirements of this Section. The escrow agreement shall require the escrow agent to notify MP if the balance in the escrow account is, together with the amount of any letter of credit, at any time, below the minimum amount required by this Agreement. The escrow agreement governing the account shall include terms that (i) prohibit termination of the account prior to establishment of alternative Security that satisfies all the requirements of this PPA; (ii) require notice of no less than sixty (60) Days by the escrow agent to MP prior to any termination of the account; (iii) at least five (5) Business Days prior to the expiration or termination of the escrow account, allow MP to draw the entire balance in the escrow account up to the amount of the Security if Security has not been replaced in accordance with this Agreement, and MP shall hold such amounts in lieu of escrow until such time as the Security has been replaced, at which time the funds shall be returned to Seller. At the end of the Term, any balance remaining in the escrow account shall be returned or released to Seller.

9.2.3 In conjunction with or instead of a Guaranty or cash security as provided in **Section 9.2.2**, Seller may provide Security in the form of an irrevocable letter of credit in a commercially reasonable form and otherwise in compliance with the requirements of this Section (the "LOC"). The LOC shall be issued by a state or federally chartered commercial bank which issues similar letters of credit in the ordinary course of its business and that (i) has an unsecured bond rating equivalent to A- or better as determined by at least two (2) rating agencies, one of which must be either Standard & Poor's or Moody's, or, if these are not available, CAMEL ratings from the FDIC or OCC used in the banking industry no less than a 3; and (ii) has a minimum of \$100 million in capital (the "Issuer"). The LOC must: (x) be issued for a minimum term of three hundred and sixty (360) Days, and, where permitted by the Issuer, shall be automatically extended for a period of one year on each successive expiration date unless, at least ninety (90) Days before the current expiration date, the Issuer notifies Seller and MP by certified mail that the Issuer has decided not to extend the letter of credit, (y) provide that draws shall be payable upon presentation of a sight draft executed by an officer of MP substantially in the form approved by MP; and (z) expressly permit partial and multiple draws. Any unused portion of the letter of credit shall be available, regardless of renewal, through the then current expiration date. Seller may replace the letter of credit with another Issuer which includes a provision for at least ninety (90) Days advance Notice to MP and shall cause the renewal or extension of the LOC meeting the criteria set forth in

this Section within thirty (30) days prior to the expiration or cancellation of the then current LOC, and failure to do so shall authorize MP to draw immediately upon the then current LOC. If the Issuer notifies Seller and MP that it will not renew the LOC, MP may then, at Seller's cost and with Seller's funds, place the amounts so drawn in an interest bearing escrow account in accordance with **Section 9.2.2** above, until and unless Seller provides a substitute form of such security meeting the requirements of this Section. Security in the form of an irrevocable standby letter of credit shall be governed by the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Brochure No. 500, or as otherwise required by the Issuer of the LOC.

9.2.4 Seller shall provide Guarantor's annual audited financial statements to MP within one hundred twenty (120) days after the end of each calendar year. MP shall have the right to monitor the financial condition of Seller and the Issuer to the extent set forth herein. Seller shall provide written Notice to MP within five (5) Business Days of becoming aware that, as applicable, (i) the Issuer does not have an Investment Grade Credit Rating; (ii) the Guarantor does not have an Investment Grade Credit Rating, and in such event Seller shall provide alternative Security as soon as practicable that complies with **Section 9.2.4** and in no event later than thirty (30) Days after becoming aware of the Issuer's or a Guarantor's failure to meet the requirements of this **Article 9**.

9.3 Permitted Draws; Effects of Draws. In addition to any other remedy available to it, MP may, before or after termination of this PPA, draw against the Security to satisfy any undisputed obligations of Seller to MP arising under this Agreement (including without limitation the payment of Replacement Power Costs, if any, or any indemnification obligations) which Seller has not otherwise paid or performed when due, after any required notice and opportunity to cure. If MP draws against the Security and Seller subsequently disputes MP's entitlement to any portion of the funds drawn, neither MP's draw, the Issuer's payment under the LOC, nor Seller's replenishment of the Security or reimbursement of the Issuer or escrow agent shall constitute a waiver of Seller's rights to seek recovery of any amount disputed. To the extent MP elects to draw upon the Security to satisfy obligations that otherwise constitute, or might constitute, an Event of Default by Seller and entitle MP to terminate this Agreement, MP's draw against the Security shall be deemed a cure of such Event of Default and shall waive MP's right to terminate in that respect. With respect to any Event of Default by Seller that remains uncured and which could be cured by payment of an undisputed amount to MP, MP shall first draw upon the Security to cure the Event of Default, and only if such Security is insufficient to cure the Event of Default shall any right of termination which MP may otherwise have be exercised by MP.

9.4 Release of Security. Promptly following the termination of this PPA and the completion of all Seller's obligations under this PPA, MP shall release the Security (including any accumulated interest, if applicable) to Seller.

9.5 Reduction in Security. MP may, by Notice from time to time to Seller, waive or reduce the amount of security required to be posted hereunder in consideration of an Affiliate of MP having ownership of the Facility.

ARTICLE 10 – FORCE MAJEURE

10.1 Applicability of Force Majeure. A Party shall not be responsible, liable or in default with respect to any delay or failure to perform hereunder if, and to the extent, the delay or failure is substantially caused by Force Majeure. The Party affected by Force Majeure shall exercise commercially reasonable efforts to remove such disability with reasonable dispatch, but shall not be required to accede or agree to any provision not satisfactory to it in order to settle and terminate a strike or other labor disturbance.

10.2 Force Majeure Procedures.

10.2.1 A Party delayed in performing or unable to perform any obligation hereunder by reason of Force Majeure shall give Notice and the full particulars of such Force Majeure to the other Party in writing or by telephone as soon as practicable after the occurrence of the cause relied upon.

10.2.2 Telephone, facsimile or email Notices given pursuant to this Section shall be confirmed in writing as soon as reasonably possible and shall specifically state the full particulars of the Force Majeure, the time and date when such Force Majeure occurred and when the Force Majeure is reasonably expected to cease.

10.2.3 A Party's suspension of performance due to a Force Majeure shall be no longer or broader than necessary as a result of the Force Majeure (including without limitation claiming Force Majeure solely with respect to a particular Project component of the Facility) and the Party claiming Force Majeure shall resume full performance of its obligations as promptly as possible.

10.2.4 When the non-performing Party is able to resume performance of its obligations under this PPA, that Party shall give the other Party written Notice to that effect.

10.3 Limitations on Force Majeure.

10.3.1 In no event will any delay or failure of performance caused by any conditions or Force Majeure extend this PPA beyond its stated Term.

10.3.2 If any delay or failure of performance caused by Force Majeure continues for an uninterrupted period of three hundred sixty-five (365) Days from its inception, the Party not claiming Force Majeure may, at any time following the end of such three hundred sixty-five (365) Day period, terminate all or the affected portion of this PPA upon written Notice to the affected Party, without further obligation by either Party except as to costs and balances incurred prior to the effective date of such termination. If the affected Party is exercising due diligence in its efforts to cure the Force Majeure, the Party not claiming Force Majeure may, but shall not be obligated to, extend such three hundred sixty-five (365) Day period, for at least one hundred eighty (180) Days, and such additional time as it, at its sole discretion, deems appropriate.

ARTICLE 11 – DEFAULT, TERMINATION, AND REMEDIES

11.1 Events of Default of Seller. Any of the following shall constitute a default of Seller:

11.1.1 Seller's Abandonment of the Facility or any Project component of the Facility;

11.1.2 Seller's failure to achieve Commercial Operation by the Commercial Operation Milestone and Seller has failed to cure such failure within ninety (90) Days after such Commercial Operation Milestone for reasons other than a Permitted Extension or a delay or Event of Default by MP, provided that if during such ninety (90) Day period Seller provides a written opinion from a mutually-agreeable independent engineer that the COD can reasonably be achieved within an additional ninety (90) Day period, then Seller shall be allowed a total period not to exceed one hundred eighty (180) Days after the Commercial Operation Milestone to achieve the COD;

11.1.3 Seller's assignment of this PPA or any of its rights hereunder for the benefit of creditors (except for an assignment to Financier as security under the Financing Documents as permitted by this PPA);

11.1.4 Seller's filing of a petition in bankruptcy or insolvency for dissolution or liquidation under the bankruptcy laws of the United States or under any insolvency act of any state, or the filing of such a petition by another Person against Seller seeking dissolution or liquidation, and Seller's failure to obtain the dismissal of the petition within ninety (90) Days.

11.1.5 The sale by Seller to a third party, or diversion by Seller for any use by a third party, of Accreditable Capacity, Contract Energy, or any associated Green Tags to which MP is entitled under this PPA except as expressly allowed under this Agreement;

11.1.6 Seller's failure to establish and maintain the funding of the Security as and in the amounts required;

11.1.7 Seller's failure to make any payment required under this PPA unless such payment is subject to a good faith dispute;

11.1.8 Seller's assignment of this PPA, or any direct or indirect change of control of Seller, or Seller's sale or transfer of its interest, or any part thereof, in the Facility, except as permitted by this Agreement to the extent such assignment is not deemed void;

11.1.9 Any representation or warranty made by Seller in this PPA shall prove to have been false or misleading in any material respect when made or ceases to remain true during the Term if such cessation would reasonably be expected to result in a material adverse impact on MP, provided that Seller shall have a reasonable time not exceeding thirty (30) Days to correct the false or misleading condition; and/or

11.1.10 Seller's failure to comply with any other material obligation under this PPA, which would result in a material adverse impact on MP.

11.2 Financier's Right to Cure Default of Seller. Seller shall provide MP with a Notice identifying each Financier and providing appropriate contact information for each Financier. Following receipt of such Notice, MP shall provide Notice of any default of Seller to each Financier, and MP will accept a cure to a default of Seller performed by the Financier, so long as the cure is accomplished within the applicable cure period set forth in this PPA, if any. If Financier needs to foreclose on the Facility (or any particular Project component of the Facility, as appropriate) or otherwise take legal action to gain possession of the Facility (or any particular Project component of the Facility, as appropriate) in order to cure the applicable Event of Default, the applicable cure period shall be extended by the amount of time necessary for the Financier, using all reasonable due diligence, to obtain possession of the Facility (or respective Project component of the Facility). If Financier, or its designee, obtains possession of the Facility (or respective Project component of the Facility) and assumes all (or the relevant portion) of the obligations of the Seller under this Agreement, and cures any Events of Default, MP agrees to recognize the Financier, or its designee, as the successor to Seller under the terms of the PPA and to perform its obligations to Financier or its designee.

11.3 Events of Default of MP. Any of the following shall constitute a default of MP:

11.3.1 MP fails to make a payment due to Seller that is not subject to a good-faith dispute when such payment is due;

11.3.2 MP's dissolution or liquidation, provided that division of MP into multiple entities, or other corporate reorganization, shall not constitute dissolution or liquidation;

11.3.3 MP's assignment of this PPA or any of its rights hereunder for the benefit of creditors;

11.3.4 MP's filing of a petition in bankruptcy or insolvency for dissolution or liquidation under the bankruptcy laws of the United States or under any insolvency act of any State, or the filing of such a petition by another Person against MP seeking dissolution or liquidation, and MP's failure to obtain the dismissal of the petition within ninety (90) Days;

11.3.5 Any representation or warranty made by MP in this PPA shall prove to have been false or misleading in any material respect when made or ceases to remain true during the Term if such cessation would reasonably be expected to result in a material adverse impact on Seller; and/or

11.3.6 MP's failure or refusal to accept delivery of Contract Energy at the Point of Delivery for reasons other than an Excused Curtailment, or a Compensated Curtailment where the applicable payment is made to Seller with respect to such curtailment pursuant to the terms of the PPA.

11.3.7 MP's failure to comply with any other material obligation under this PPA, which would result in a material adverse impact on Seller.

11.4 Remedies. Upon the occurrence of any curable default, the non-defaulting Party shall provide the defaulting Party with Notice of the Default and a reasonable opportunity to cure, such period not to exceed twenty (20) Days with respect to any failure to pay described in **Sections**

11.1.7 and **11.3.1** or thirty (30) Days from such Notice with respect to any other Default, unless otherwise specified. For any default that has not been cured in the time required, the non-defaulting Party may, at its option do any, some, or all of the following:

11.4.1 Terminate this Agreement to the extent permitted by **Section 11.5**;

11.4.2 Offset from any payments due from the non-defaulting Party to the defaulting Party any actual damages or other amounts otherwise due;

11.4.3 Seek damages in such amounts and on such bases for the default as authorized by this Agreement;

11.4.4 In the case of a default by Seller, MP may draw on the Security as the case may be in the amount of any damages subject to the terms of **Article 9**;

11.4.5 In the case of a default by Seller, MP may exercise its Step-In Rights in the manner and to the extent set forth in **Section 11.7**.

11.5 Termination. Upon the occurrence of an Event of Default which has not been cured within the time required or otherwise waived, as provided for in this Agreement, the non-defaulting Party shall have the right to terminate all or a portion of this PPA by Notice to the non-defaulting Party without further obligation to the defaulting Party except for obligations arising or accruing prior to the date of termination.

11.5.1 Upon the termination of this PPA under this **Section**, the non-defaulting Party shall be entitled to receive from the defaulting Party all of the actual damages incurred by the non-defaulting Party to the extent allowed by law including, if Seller is the defaulting Party, Replacement Power Costs as and when allowed by this Agreement, subject to the limitations of **Section 11.10** and other provisions of this PPA.

11.5.2 Applicable provisions of this PPA shall continue in effect after termination, including early termination, to the extent necessary to enforce or complete the duties, obligations or responsibilities of the Parties arising prior to termination and, as applicable, to provide for: final billings and adjustments related to the period prior to termination, repayment of any money due and owing to either Party pursuant to this PPA, repayment of principal and interest associated with Security, and the indemnifications specified in this PPA.

11.5.3 In the event the existence of an Event of Default or a Party's right to terminate this Agreement is disputed, the Party claiming the right to terminate shall not be able to exercise that right until the conclusion of dispute resolution or any other applicable legal proceeding resolving the dispute.

11.6 Seller's Right to Mitigate Damages. If MP fails to accept delivery of any Contract Energy, except for curtailment as permitted by **Section 7.4** of this Agreement, for a period of ten (10) or more continuous days, notwithstanding any provision herein to the contrary, Seller shall be entitled to sell the Energy, Capacity and associated Green Tags produced by the Facility to MISO or another Person until such time as MP provides Notice to Seller that MP will resume receipt of delivery of the Contract Energy, and the net income from any such third-party sales shall

be in the nature of mitigation of Seller's damages arising from MP's breach of its obligation to accept delivery of Contract Energy.

11.7 MP Step-In Rights.

11.7.1 Upon the occurrence of an uncured Event of Default by Seller under **Sections 11.1.1, 11.1.3, 11.1.5, and 11.1.8** after the Commercial Operation Date, and after the expiration of any cure period of Seller or any Financier and prior to and in lieu of termination of this PPA due to any default of Seller, MP shall have the right, but not the obligation, to possess, assume control of, and operate the Facility (or any particular Project component of the Facility, as appropriate) as agent for Seller (in accordance with Seller's rights, obligations, and interests under this PPA) during the period provided for herein ("**Step-In Rights**"). Seller shall not grant any person, other than any Financier or provider of operations and maintenance services, a right to possess, assume control of, and operate all or any part of the Facility that is equal to or superior to MP's right under this Section. MP's rights under this Section shall be expressly subordinate to the rights of any Financier, except to the extent the Financier expressly waives such rights in a signed writing.

11.7.2 MP shall give Seller and Financier at least ten (10) Business Days' prior written notice prior to the exercise of MP's rights under this Section. Upon such notice, Seller shall diligently and promptly collect and have available at a convenient location all documents, contracts, books, manuals, reports, and records associated with operation and maintenance of the Facility in accordance with Good Utility Practice and all contractual obligations of Seller and third parties with respect to the Facility. Upon such notice, MP, its employees, contractors, or designated third parties shall be given the unrestricted right to enter the Site and the Facility for the purpose of operating all or any part of the Facility subject to the terms and conditions of any applicable leases, easements, Permits and other contracts and agreements with respect to use of the Site and operation of the Facility, including, but not limited to, photovoltaic solar generator supply agreements, operation and maintenance agreements, and any agreements with or obligations to Financiers. Seller hereby irrevocably appoints MP as Seller's attorney-in-fact for the exclusive purpose of executing such documents and taking such other actions as MP may reasonably deem necessary or appropriate to exercise MP's Step-In Rights under this Section.

11.7.3 MP shall be entitled to immediately draw upon the Security to cover any actual and reasonable expenses incurred by MP (including reasonable attorney fees and expenses) in exercising its rights under this Section and as necessary or appropriate to operate the Facility (or any particular Project component of the Facility, as appropriate).

11.7.4 During any period that MP is in possession of all or any part of the Facility, MP shall perform and comply with all of the obligations of Seller under this PPA, Permits, and any contractual and legal obligations of Seller with respect to the Site and Facility and shall use the proceeds from the sale of electricity generated by the Facility to, first, reimburse MP for any and all expenses reasonably and actually incurred by MP (including reasonable attorney fees and expenses) in taking possession of and operating all or any part of the Facility (and which are not otherwise reimbursed by draws upon the Security), and to, second, pay any operating and contractual expenses due and owing with respect to the Facility (or particular Project component

of the Facility), third, withhold any actual damages incurred by MP, and, fourth, remit remaining proceeds, if any, to Seller.

11.7.5 During any period that MP is in possession of and operating all or any portion of the Facility, Seller shall retain legal title to and ownership of the Facility and MP shall assume possession, operation, and control solely as agent for Seller, except that MP's agency shall not include the right to create or cause any new obligations or liabilities for Seller.

11.7.6 In the event that MP has exercised its Step-In Rights, Seller may resume operation and MP shall relinquish its right to operate at such time as Seller demonstrates to MP's reasonable satisfaction that Seller has or will promptly remove those grounds that originally gave rise to MP's exercise of its Step-In Rights, and that Seller (i) will resume operation of the Facility in accordance with the provisions of this PPA, and (ii) has cured any defaults of Seller which allowed MP to exercise its rights under this Section.

11.7.7 MP's exercise of its rights hereunder to possess and operate the Facility (or any Project component of the Facility) shall not be deemed an assumption by MP of any preexisting liability attributable to Seller. If, at any time after exercising its rights to take possession of and operate all or any portion of the Facility MP elects to return such possession and operation to Seller, MP shall provide Seller with at least fifteen (15) Days advance Notice of the date MP intends to return such possession and operation, and upon receipt of such Notice Seller shall take all measures necessary to resume possession and operation of the Facility on such date.

11.7.8 In the event that a Financier, or a nominee or transferee, becomes entitled to assume possession and control of the Facility (or any Project component of the Facility) pursuant to any security or collateral instrument or Requirements of Law, MP agrees to relinquish the Step-In Rights and possession and control of the Facility (or applicable Project component of the Facility) in accordance with the request of the Financier or its nominee or transferee, if applicable.

11.7.9 In the event MP assumes operation of all or any part of the Facility under this Section, MP shall operate the Facility (or applicable Project component of the Facility) in conformance with Good Utility Practice and all contractual obligations of Seller with respect to the Facility, including the agreements listed in **Section 11.7.2** and the Interconnection Agreement(s).

11.8 MP Buyout. MP shall have option to purchase the Facility and all associated rights after the end of year six and subsequently thereafter. Price for purchase shall be either the (i) Fair Market Value or, (ii) the net book value as determined in accordance with GAAP. The "Fair Market Value" of the system shall be the value determined by the mutual agreement of MP and Seller within thirty (30) days of MP's notice of exercise of its purchase option. If MP and Seller cannot mutually agree to a Fair Market Value, then the Parties shall select a nationally recognized independent appraiser with experience and expertise in the solar photovoltaic industry to value such equipment. If the Parties are unable to agree on the selection of an appraiser within ten (10) days, each Party shall designate a qualified nationally recognized independent appraiser, and the two appraisers designated by each Party shall select a third nationally recognized independent appraiser, who shall act as the appraiser hereunder. Such appraiser shall act reasonably and in good faith to determine the Fair Market Value and shall set forth such determination in a written

opinion delivered to the Parties. The valuation made by the appraiser shall be binding on the Parties in the absence of fraud or manifest error. The costs of the appraisal shall be borne by the Parties equally.

11.9 Remedies Cumulative. Subject to the provisions of **Section 11.10** below, each right or remedy of the Parties provided for in this PPA shall be cumulative of and shall be in addition to every other right or remedy provided for in this PPA, and the exercise, or the beginning of the exercise, by a Party of any one or more of the rights or remedies provided for herein shall not preclude the simultaneous or later exercise by such Party of any or all other rights or remedies provided for herein.

11.10 Waiver and Exclusion of Other Damages. The Parties confirm that the express remedies and measures of damages provided in this PPA satisfy the essential purposes hereof. If no remedy or measure of damages is expressly herein provided, the obligor's liability shall be limited to direct, actual damages only. Neither Party shall be liable to the other Party for consequential, incidental, punitive, exemplary or indirect damages, lost profits or other business interruption damages by statute, in tort or contract (except to the extent expressly provided in this PPA); provided, that if either Party is held liable to a third party for such damages and the Party held liable for such damages is entitled to indemnification therefor from the other Party hereto, the indemnifying Party shall be liable for, and obligated to reimburse the indemnified Party for, such damages. To the extent any damages required to be paid hereunder are liquidated, the Parties acknowledge that the damages are difficult or impossible to determine, that otherwise obtaining an adequate remedy is inconvenient, and that the liquidated damages constitute a reasonable approximation of the harm or loss. MP further acknowledges that in the event MP fails or refuses to accept delivery of Contract Energy, except as otherwise permitted by this Agreement, the resulting loss of ITC benefits by Seller shall be considered direct and actual damages incurred by Seller and not consequential damages.

11.11 Payment of Amounts Due to MP. Without limiting any other provisions of this Section and at any time before or after termination of this PPA, MP may send Seller an invoice for such damages or other amounts as are due to MP at such time from Seller under this PPA and any invoiced amounts not subject to good faith dispute shall be payable within thirty (30) Days. MP may offset all such undisputed amounts from any monthly invoice due and owing to Seller and MP may withdraw funds from the Security as needed to provide payment for such undisputed amounts to the extent any such amounts are not paid by Seller or offset by MP on or before the tenth (10th) Business Day following the invoice due date.

11.12 Duty to Mitigate. Each Party agrees that it has a duty to mitigate damages and covenants that it will use commercially reasonable efforts to minimize any damages it may incur as a result of the other Party's performance or non-performance of the PPA.

ARTICLE 12 – INDEMNITY

12.1 Indemnification. Each Party (the "Indemnifying Party") agrees to indemnify, defend and hold harmless the other Party and its directors, officers, employees, members or agents (the "Indemnified Party") from and against all third party claims, demands, losses, liabilities, penalties, and expenses (including reasonable attorneys' fees) for personal injury or death to

persons and damage to the Indemnified Party's real property and tangible property or facilities or the property of any other Person to the extent arising out of, resulting from, or caused by an Event of Default under this PPA, violation of any applicable environmental laws, or by the negligent or intentional tortious acts, errors, or omissions of the Indemnifying Party, its directors, officers, employees, or agents. Nothing in this Section shall enlarge or relieve Seller or MP of any liability to the other for any breach of this Agreement. This indemnification obligation shall apply notwithstanding any negligent or intentional acts, errors or omissions of the Indemnified Party, but the Indemnifying Party's liability to pay damages to the Indemnified Party shall be reduced in proportion to the percentage by which the Indemnified Party's negligent or intentional acts, errors or omissions caused the damages. Neither Party shall be indemnified for its damages resulting from its sole negligence, intentional acts or willful misconduct. These indemnity provisions shall not be construed to relieve any insurer of its obligation to pay claims consistent with the provisions of a valid insurance policy.

12.2 Indemnified Party. If an Indemnified Party is entitled to indemnification under this Agreement as a result of a claim by a non-party, and the Indemnifying Party fails, after Notice and reasonable opportunity to proceed to assume the defense of such claim, such Indemnified Person may at the expense of the Indemnifying Party, contest, settle or consent to the entry of any judgment with respect to, or pay in full, such claim.

12.3 Indemnifying Party. If an Indemnifying Party is obligated to indemnify and hold any Indemnified Party harmless under this Article, the amount owing to the Indemnified Party shall be the amount of such Indemnified Party's actual loss, net of any insurance or other recovery.

12.4 Indemnity Procedures. Promptly after receipt by an Indemnified Party of any claim or notice of the commencement of any action or administrative or legal proceeding or investigation as to which the indemnity provided for in **Section 12.1** may apply, the Indemnified Party shall notify the Indemnifying Party of such fact. Any failure of or delay in such Notice shall not affect a Party's indemnification obligation unless such failure or delay is materially prejudicial to the Indemnifying Party.

12.4.1 The Indemnifying Party shall have the right to assume the defense thereof with counsel designated by such Indemnifying Party and reasonably satisfactory to the Indemnified Party. If the defendants in any such action include one or more Indemnified Parties and the Indemnifying Party and if the Indemnified Party reasonably concludes that there may be legal defenses available to it and/or other Indemnified Parties which are different from or additional to those available to the Indemnifying Party, the Indemnified Party shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on its own behalf. In such instances, the Indemnifying Party shall only be required to pay the fees and expenses of one additional attorney to represent an Indemnified Party or Indemnified Parties having such differing or additional legal defenses.

12.4.2 The Indemnified Party shall be entitled, at its expense, to participate in any such action, suit or proceeding, the defense of which has been assumed by the Indemnifying Party. Notwithstanding the foregoing, the Indemnifying Party (i) shall not be entitled to assume and control the defense of any such action, suit or proceedings if and to the extent that, in the opinion of the Indemnified Party and its counsel, such action, suit or proceeding involves the potential

imposition of criminal liability on the Indemnified Party, or there exists a conflict or adversity of interest between the Indemnified Party and the Indemnifying Party, in such event the Indemnifying Party shall pay the reasonable expenses of the Indemnified Party, and (ii) shall not settle or consent to the entry of any judgment in any action, suit or proceeding without the consent of the Indemnified Party, which shall not be reasonably withheld, conditioned or delayed.

12.5 Damages. Except as otherwise provided in this Article, in the event that a Party is obligated to indemnify and hold an Indemnified Party harmless under this Article, the amount owing to the Indemnified Party will be the amount of the Indemnified Party's actual loss net of any insurance proceeds received by the Indemnified Party following a reasonable effort by the Indemnified Party to obtain such insurance proceeds.

ARTICLE 13 – INSURANCE

13.1 Evidence of Insurance. Seller shall, on or before June 1 of each Commercial Operation Year provide MP with two copies of insurance certificates acceptable to MP evidencing that insurance coverages for the Facility are in compliance with the specifications for insurance coverage set forth below in this Article. All policies shall be written with insurers licensed or authorized to provide insurance in Minnesota with a Best's rating of A- or better and a financial category of VIII or better.

13.2 General Liability and Excess Liability Insurance. Commercial General Liability (CGL) and Excess Liability Insurance shall be procured at a combined minimum limit of coverage of Ten Million Dollars (\$10,000,000.00) for each occurrence and the aggregate, where applicable. Any combination of primary and excess limits may be used to satisfy this requirement.

13.2.1 CGL insurance shall be written on a form acceptable to MP and shall cover liability arising from operations, products/completed operations, premises, independent contractors, property damage, personal injury and contractual liability for legal liability assumed under an "insured contract" (including the tort liability of another assumed in an "insured" business contract), all with limits as specified above. CGL insurance shall not exclude operations on or within fifty (50) feet of a railroad. There shall be no endorsement or modification of the CGL insurance limiting the scope of coverage for liability arising from collapse, explosion, or underground property damage.

13.2.2 MP shall be included as an insured or additional insured under the CGL policy and the excess liability insurance. The excess liability insurance shall provide coverage in excess of the CGL insurance, and in excess of primary business automobile liability and/or employers liability insurance if Seller has automobiles or has employees dedicated to the operation of the Facility. The excess liability insurance may be written on an AEGIS "claims made" policy form, or a similar form providing coverage that is no less broad than the underlying primary policy above which it provides coverage. Policies under which both Seller and MP are named insureds are acceptable to satisfy this requirement.

13.2.3 The CGL insurance to be obtained by or on behalf of Seller shall provide that insurance for the benefit of MP shall be primary as respects any covered claims, losses,

expenses, damages including reasonable attorneys' fees or liabilities arising out of this Agreement, and shall not require contribution from any other insurance carried by MP.

13.3 Business Automobile Liability Insurance. If required by MP and if Seller shall utilize automobiles while performing work in connection with the Facility, Business Automobile Liability insurance shall be procured at a level of One Million Dollars (\$1,000,000.00) per accident combined single limit Bodily Injury and Property Damage including all Owned, Non-Owned, Hired and Leased Autos.

13.4 Workers Compensation Insurance. If Seller shall have employees performing work in connection with the Facility, Workers Compensation Insurance shall be procured at the level required by relevant state statutes. Seller may comply with these requirements through the use of a qualified self-insurance plan.

13.5 Employers Liability Insurance. If Seller shall have employees performing work in connection with the Facility, Employers Liability Insurance shall be procured at the level of One Million Dollars (\$1,000,000.00) each accident for bodily injury by accident, One Million Dollars (\$1,000,000.00) per employee for bodily injury by disease and One Million Dollars (\$1,000,000.00) policy limit for bodily injury by disease.

13.6 Builder's Risk Insurance. If applicable, Builder's Risk insurance shall be procured at the Replacement value of the Facility. Builder's Risk insurance, or an installation floater, shall include "all-risk" coverage, including earthquake and flood, subject to customary sublimits, exclusions and limitations.

13.7 Pollution Legal Liability. Pollution Legal Liability shall be procured at a level of Ten Million Dollars (\$10,000,000.00) each occurrence. Pollution Liability coverage within an AEGIS excess liability or similar excess liability form shall be acceptable to comply with this requirement.

13.8 "Special Form" Property Insurance. "Special Form" or Broad Form Property insurance, covering physical loss or damage to the Facility, shall be procured at the full replacement value of the Facility or with lower limits acceptable to MP. A deductible may be carried, which deductible shall be the responsibility of Seller. "Special Form" Property insurance shall include coverage for flood, fire, wind and storm, tornado and earthquake and include reasonably available sublimits with respect to facilities similar in construction, location and occupancy of the Facility.

13.9 Business Interruption Insurance. Business Interruption insurance shall be procured at the amount required to cover Seller's continuing or increased expenses, resulting from full interruption for a period of no less than twelve (12) calendar months. Business Interruption insurance shall cover loss of revenues and the continuing expense resulting from an insured peril covered under Property and/or Boiler & Machinery insurance as set forth above to the extent available on commercially reasonable terms, subject to a reasonable deductible which shall be the responsibility of Seller. Notwithstanding any other provision of this Agreement, Seller shall not be required to have Business Interruption insurance until the Commercial Operation Date.

13.10 Term and Modification of Insurance.

13.10.1 All liability insurance(s) required under this PPA shall cover occurrences during the Term and for a period of two (2) years after the Term. In the event that any insurance as required herein is commercially available only on a “claims-made” basis, such insurance shall provide for a retroactive date not later than the Effective Date and such insurance shall be maintained by Seller, with a retroactive date not later than the retroactive date required above, for a minimum of five (5) years after the Term.

13.10.2 If any insurance required to be maintained by Seller hereunder ceases to be reasonably available and commercially feasible in the commercial insurance market, Seller shall provide written Notice to MP certifying that such insurance is not reasonably available and commercially feasible in the commercial insurance market for electric generating plants of similar type, geographic location and capacity. Upon receipt of such Notice, Seller shall use commercially reasonable efforts to obtain other insurance which would provide comparable protection against the risk to be insured and MP shall not unreasonably withhold its consent to modify or waive such requirement.

ARTICLE 14 – RESERVED

ARTICLE 15– REPRESENTATIONS, WARRANTIES AND COVENANTS

15.1 Seller’s Representations, Warranties and Covenants. Seller hereby represents and warrants as follows:

15.1.1 Seller is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Minnesota. Seller is qualified to do business in each other jurisdiction where the failure to so qualify would have a material adverse effect on the business or financial condition of Seller; and Seller has all requisite power and authority to conduct its business, to own its properties, and to execute, deliver, and perform its obligations under this PPA.

15.1.2 The execution, delivery, and performance of its obligations under this PPA by Seller have been duly authorized by all necessary company action, and do not and will not:

(a) require any consent or approval by any governing body of Seller, other than that which has been obtained and is in full force and effect (evidence of which shall be delivered to MP upon its request);

(b) violate any provision of law, rule, regulation, order, writ, judgment, injunction, decree, determination, or award currently in effect having applicability to Seller or violate any provision in any formation documents of Seller, the violation of which could have a material adverse effect on the ability of Seller to perform its obligations under this PPA;

(c) result in a breach or constitute a default under Seller’s formation documents or bylaws, or under any agreement relating to the management or affairs of Seller or any indenture or loan or credit agreement, or any other agreement, lease, or instrument to which Seller is a party or by which Seller or its properties or assets may be bound or affected, the breach

or default of which could reasonably be expected to have a material adverse effect on the ability of Seller to perform its obligations under this PPA; or

(d) result in, or require the creation or imposition of any mortgage, deed of trust, pledge, lien, security interest, or other charge or encumbrance of any nature (other than as may be contemplated by this PPA) upon or with respect to any of the assets or properties of Seller now owned or hereafter acquired, the creation or imposition of which could reasonably be expected to have a material adverse effect on the ability of Seller to perform its obligations under this PPA.

15.1.3 This PPA is a valid and binding obligation of Seller, subject to the contingencies identified in **Section 1.3**.

15.1.4 The execution and performance of this PPA will not conflict with or constitute a breach or default under any contract or agreement of any kind to which Seller is a party or any judgment, order, statute, or regulation that is applicable to Seller or the Facility.

15.1.5 To the best knowledge of Seller, and except for those permits, consents, approvals, licenses and authorizations identified in **Exhibit D**, which Seller anticipates will be obtained by Seller in the ordinary course of business, all permits, consents, approvals, licenses, authorizations, or other action required by any Governmental Authority to authorize Seller's execution, delivery and performance of this PPA have been or will be duly obtained and are or will be in full force and effect as of the date of construction commencement.

15.1.6 Seller intends to comply with all applicable local, state, and federal laws, regulations, and ordinances, including but not limited to any applicable equal opportunity and affirmative action requirements and all applicable federal, state, and local environmental laws and regulations presently in effect or which may be enacted during the Term of this PPA.

15.1.7 Seller shall disclose to MP, to the extent that, and as soon as it is known to Seller, any violation of any environmental laws or regulations arising out of the construction or operation of the Facility, or the presence of Environmental Contamination at the Facility or on the Site, alleged to exist by any Governmental Authority having jurisdiction over the Site, or the existence of any past or present enforcement, legal, or regulatory action or proceeding relating to such alleged violation or alleged presence of Environmental Contamination.

15.2 MP's Representations, Warranties and Covenants. MP hereby represents and warrants as follows:

15.2.1 MP is an operating division of ALLETE, Inc., a corporation duly organized, validly existing and in good standing under the laws of the State of Minnesota and is qualified in each other jurisdiction where the failure to so qualify would have a material adverse effect upon the business or financial condition of MP; and MP has all requisite power and authority to conduct its business, to own its properties, and to execute, deliver, and perform its obligations under this PPA.

15.2.2 The execution, delivery, and performance of its obligations under this PPA by MP have been duly authorized by all necessary corporate action, and do not and will not:

(a) require any consent or approval of MP's Board of Directors, or shareholders, other than that which has been obtained and is in full force and effect (evidence of which shall be delivered to Seller upon its request);

(b) violate any provision of law, rule, regulation, order, writ, judgment, injunction, decree, determination, or award currently in effect having applicability to MP or violate any provision in any corporate documents of MP, the violation of which could have a material adverse effect on the ability of MP to perform its obligations under this PPA;

(c) result in a breach or constitute a default under MP's corporate charter or bylaws, or under any agreement relating to the management or affairs of MP, or any indenture or loan or credit agreement, or any other agreement, lease, or instrument to which MP is a party or by which MP or its properties or assets may be bound or affected, the breach or default of which could reasonably be expected to have a material adverse effect on the ability of MP to perform its obligations under this PPA; or

(d) result in, or require the creation or imposition of any mortgage, deed of trust, pledge, lien, security interest, or other charge or encumbrance of any nature (other than as may be contemplated by this PPA) upon or with respect to any of the assets or properties of MP now owned or hereafter acquired, the creation or imposition of which could reasonably be expected to have a material adverse effect on the ability of MP to perform its obligations under this PPA.

15.2.3 This PPA is a valid and binding obligation of MP, subject to the contingencies identified in **Section 1.2**.

15.2.4 The execution and performance of this PPA will not conflict with or constitute a breach or default under any contract or agreement of any kind to which MP is a party or any judgment, order, statute, or regulation that is applicable to MP.

15.2.5 To the best knowledge of MP, and except for the contingencies set forth in **Section 1.2**, all approvals, authorizations, consents, or other action required by any Governmental Authority to authorize MP's execution, delivery and performance of this PPA have been duly obtained and are in full force and effect.

ARTICLE 16 – FINANCING PROVISIONS

16.1 No Assignment Without Consent.

16.1.1 Except as expressly permitted in this Section, neither Party shall assign this PPA or any portion thereof, without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed; provided that (i) at least thirty (30) Days prior Notice of any such assignment shall be given to the other Party; (ii) any assignee shall expressly assume the assignor's obligations hereunder, unless otherwise agreed to by the other Party, and no assignment, whether or not consented to, shall relieve the assignor of its obligations hereunder in the event the assignee fails to perform, unless the other Party agrees in writing in advance to waive the assignor's continuing obligations pursuant to this PPA; (iii) before the PPA is assigned by a Party, the proposed assignee must first obtain such approvals as may be required

by all applicable Governmental Authorities; and (iv) the proposed assignee is acceptable to any Financier to Seller .

16.1.2 Notwithstanding the foregoing, Seller's consent shall not be required for MP to assign this PPA to an Affiliate of MP, provided that MP provides assurances and executes documents reasonably required by any Financiers regarding MP's continued liability for all of MP's obligations under this PPA in the event of any nonperformance on the part of such assignee. In the event that the assignee has or obtains an investment grade unsecured bond rating equivalent to or better than the unsecured bond rating of MP (but in no event worse than the equivalent of BBB-), then Seller agrees to relieve MP from its obligations under this PPA and any other assurances upon written request by MP.

16.1.3 MP's consent shall not be required for Seller to assign or otherwise transfer this PPA: (a) for collateral purposes to any Financier; or (b) to any Affiliate of Seller, including without limitation for any corporate reorganization, merger, combination or similar transaction or transfer of assets or ownership interest.

16.2 Accommodation of Financier. To facilitate Seller's obtaining of financing to construct and operate the Facility, MP shall make reasonable efforts to provide such consents to assignments, certifications, representations, information or other documents as may be reasonably requested by Seller or any Financier in connection with the financing of the Facility consistent with the terms set forth in **Exhibit H** (generally, a "**Financier Consent**"); provided that in responding to any such request, MP shall have no obligation to provide any consent, or enter into any agreement, that materially adversely affects any of MP's rights, benefits, risks and/or obligations under this PPA. Seller shall reimburse, or shall cause any Financier to reimburse, MP for the incremental direct expenses (including, without limitation, the reasonable fees and expenses of counsel) incurred by MP in the preparation, negotiation, execution and/or delivery of any documents requested by Seller or any Financier, and provided by MP, pursuant to this Section.

16.3 Change of Control. Except as otherwise provided in this **Section 16.3**, any direct change of control of Seller shall require the prior written consent of MP, which shall not be unreasonably withheld, conditioned or delayed. For purposes of this Section, a change of control shall mean a transfer of at least fifty percent (50%) of the voting rights of Seller. Seller and any of its members may sell or transfer any of their respective membership interests to any Person in accordance with the member control or operating agreement of Seller and Requirements of Law without MP's consent. MP's consent shall not be required for any change of control which occurs by operation of Seller's member control agreement and which merely results in a change of percentage ownership among Persons (including Financiers) who constitute Seller's members and which does not involve the addition of a new member or transfer of voting rights to any other Person.

16.4 Notice of Financier Action. Within ten (10) Days following Seller's receipt of each written Notice from any Financier of default, or any Financier's intent to exercise any remedies, under the Financing Documents, Seller shall deliver a copy of such Notice to MP.

16.5 Transfer Without Consent is Null and Void. Any purported sale, transfer, or assignment of any interest in this PPA made without fulfilling the conditions precedent to such assignment (if any) or obtaining the consent of the other Party (if required) shall be null and void.

ARTICLE 17 – MISCELLANEOUS

17.1 Notices. Notices required by this PPA shall be in writing and addressed to the other Party, including the other Party's representative on the Operating Committee, at the addresses noted in **Exhibit E**. Any Notice under this PPA shall either be hand delivered or delivered by first-class mail, postage prepaid, to the applicable representative of said other Party. If mailed, the Notice shall be simultaneously sent by facsimile or email. Any such Notice shall be deemed to have been received by the close of the Business Day on which it was postmarked, hand delivered or transmitted electronically (unless hand delivered or transmitted after the close of regular business hours in which case it shall be deemed received at the close of the next Business Day). Real-time or routine communications concerning Facility operations shall be exempt from this Section. Seller shall provide Notice and updates with revised exhibits within thirty (30) days of any known changes to the following exhibits: **Exhibits A, C, and D**, which upon Notice shall supersede the existing applicable exhibit.

17.1.1 Each Party shall maintain a designated representative to receive Notices as listed on **Exhibit E**. Such representative may, at the option of each Party, be the same person as that Party's representative or alternate representative on the Operating Committee, or a different person.

17.1.2 Either Party may change the information for their Notice addresses in **Exhibit E** at any time without the approval of the other Party by providing Notice to the other Party.

17.2 Taxes.

17.2.1 Seller shall be solely responsible for any and all present or future taxes relating to the construction, ownership or leasing, operation or maintenance of the Facility, or any components or appurtenances thereof, and all ad valorem taxes relating to the Facility, and all personal property or production taxes assessed against the Facility, whether based on value or production, and income taxes payable on income earned by Seller. MP shall be responsible for any taxes imposed on its purchase of the Contract Energy, Accreditable Capacity and Green Tags or any distribution and transmission, use or sale of Contract Energy, Accreditable Capacity or Green Tags after MP's receipt at the Point of Delivery.

17.2.2 The Parties shall cooperate to minimize tax exposure; provided that neither Party shall be obligated to incur any financial burden to reduce taxes for which the other Party is responsible hereunder. All electric energy delivered by Seller to MP hereunder shall be sales for resale, with MP reselling such electric energy. MP shall obtain and provide Seller with any certificates required by any Governmental Authority, or otherwise reasonably requested by Seller to evidence that the deliveries of electric energy hereunder are sales for resale.

17.2.3 Seller is entitled to receive any federal tax credits pursuant to 26 U.S.C. § 48, as amended, and 26 U.S.C. § 45, as amended, and any other investment or production tax

credits or payments or other tax credits, grants or assistance available to Seller or the Facility from any Governmental Authority, and MP acknowledges that Seller is entitled to such credits.

17.3 Fines and Penalties.

17.3.1 Any fines, penalties or other costs incurred by either Party or such Party's agents, employees or subcontractors for non-compliance by such Party, its agents, employees or subcontractors with the requirements of any Governmental Authority shall not be reimbursed by the other Party but shall be the sole responsibility of such non-complying Party.

17.3.2 If fines, penalties or other costs are assessed against a Party by any Governmental Authority or court of competent jurisdiction due to the wrongful or unlawful actions or inactions of the other Party, the Party causing the fine, penalty or other cost to be assessed shall indemnify and hold harmless the other Party against any and all losses, liabilities, damages and claims suffered or incurred thereby. The indemnifying Party shall also reimburse the other Party for any and all legal or other expenses (including attorneys' fees) actually and reasonably incurred in connection with such losses, liabilities, damages and claims.

17.4 Rate Changes.

17.4.1 The terms and conditions and the rates for service specified in this Agreement shall remain in effect for the term of the transaction described herein. Absent the Parties' written agreement, this Agreement shall not be subject to change by application of either Party pursuant to Section 205 or 206 of the Federal Power Act.

17.4.2 Absent the written agreement of all Parties to the proposed change, the standard of review for changes to this Agreement whether proposed by a Party, a non-party, or the Federal Energy Regulatory Commission acting sua sponte shall be the "public interest" standard of review set forth in *United Gas Pipe Line v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956) (the "Mobile-Sierra doctrine") as interpreted in *Morgan Stanley Capital Group, Inc. v. Public Util. Dist. No. 1*, 554 U.S. 527 (2008).

17.5 Subcontracting. Seller may subcontract its duties or obligations under this PPA without the prior written consent of MP, provided that no such subcontract shall relieve Seller of any of its duties or obligations hereunder.

17.6 Forward Contract. MP and Seller acknowledge and agree that this Agreement constitutes a "forward contract" within the meaning of the United States Bankruptcy Code.

17.7 Equal Employment Opportunity Compliance Certification. Seller acknowledges that as a government contractor MP is subject to various federal laws, executive orders, and regulations regarding equal employment opportunity and affirmative action. These laws may also be applicable to Seller as a contractor to MP. All applicable equal opportunity and affirmative action clauses shall be deemed to be incorporated herein as required by federal laws, executive orders, and regulations, including but not limited to 41 C.F.R. § 60-1.4(a)(1-7).

17.8 Survival of Obligations. Cancellation, expiration, or earlier termination of this PPA shall not relieve the Parties of obligations that by their nature should survive such cancellation, expiration, or termination, prior to the term of the applicable statute of limitations, including without limitation warranties, remedies, or indemnities which obligation shall survive for the period of the applicable statute(s) of limitation.

17.9 Severability. In the event any of the terms, covenants, or conditions of this PPA, or the application of any such terms, covenants, or conditions, shall be held invalid, illegal, or unenforceable by any court or administrative body having jurisdiction, all other terms, covenants, and conditions of the PPA and their application not adversely affected thereby shall remain in force and effect; provided, however, that, subject to the Parties' termination rights in this Agreement, MP and Seller shall negotiate in good faith to implement an equitable adjustment in the provisions of this Agreement with a view toward the purposes of this Agreement by replacing the invalid, illegal or unenforceable provision with valid provisions, the economic and other effects of which come as close as possible to that of the invalid, illegal or unenforceable provision.

17.10 Complete Agreement; Amendments. The terms and provisions contained in this PPA constitute the entire agreement between MP and Seller with respect to the sale of Accreditable Capacity and Contract Energy from the Facility and shall supersede all previous communications, representations, or agreements, either verbal or written, between MP and Seller. This PPA may be amended, changed, modified, or altered only in a writing signed by both Parties.

17.11 Binding Effect. This PPA, as it may be amended from time to time pursuant to this Article, shall be binding upon and inure to the benefit of the Parties hereto and their respective successors-in-interest, and assigns permitted hereunder.

17.12 Headings. Captions and headings used in this PPA are for ease of reference only and do not constitute a part of this PPA.

17.13 Waiver. Unless otherwise expressly set forth herein, the failure of either Party to enforce or insist upon compliance with or strict performance of any of the terms or conditions of this PPA, or to take advantage of any of its rights thereunder, shall not constitute a waiver or relinquishment of any such terms, conditions, or rights, but the same shall be and remain at all times in full force and effect.

17.14 Compliance with Laws. Each Party shall at all times comply with all Requirements of Law, ordinances, rules, and regulations applicable to it, except for any non-compliance which, individually or in the aggregate, could not reasonably be expected to have a material effect on the business or financial condition of the Party or its ability to fulfill its commitments hereunder. As applicable, each Party shall give all required Notices, shall procure and maintain all necessary governmental permits, licenses, and inspections necessary for performance of this PPA, and shall pay its respective charges and fees in connection therewith.

17.15 Counterparts. This PPA may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument.

17.16 Publicity. The Parties will cooperate in good faith to agree upon press releases that can be issued following execution of the PPA, describing the location, size, type and timing of

construction of the Facility, the long-term nature of the PPA and other relevant factual information. Subject to the Parties' confidentiality obligation set forth in **Section 17.18**, nothing in this Section shall restrict the contacted Party from responding to any such media contact.

17.17 Disclaimer of Third Party Beneficiary Rights. Nothing in this PPA shall be construed to create any duty to, or standard of care with reference to, or any liability to, any person not a party to this PPA. No provision of this PPA is intended to, nor shall it in any way, inure to the benefit of any customer or any other Person not a Party so as to constitute any such Person a third-party beneficiary under this PPA.

17.18 Confidentiality. This Agreement shall be considered proprietary and trade secret and shall not be provided in whole or in part to any other Person without prior written approval of the other Party. In the event certain information must be provided pursuant to a regulatory proceeding, the Parties shall take reasonable steps to protect the confidentiality of proprietary and trade secret information, and Seller shall cooperate with MP to limit the scope of information designated as proprietary to that which Seller, at the time, deems to still be trade secret.

17.18.1 The Parties acknowledge and agree that during the course of the performance of their respective obligations under this Agreement, either Party may need to provide information to the other Party that the disclosing Party deems confidential, proprietary or trade secret. All documentation and data, including but not limited to, contracts, special techniques, methods, computer programs and software, that the disclosing Party wants the receiving Party to maintain as confidential shall be designated as proprietary, confidential or trade secret (collectively "**Proprietary Data**") and shall be treated as such by the receiving Party to be proprietary, confidential or trade secret. The disclosing Party hereby grants to the receiving Party authority to use Proprietary Data only for the purposes of this Agreement. The receiving Party agrees to keep such Proprietary Data confidential, to use it only for work necessary to the performance of this Agreement, and not to sell, transfer, sublicense, disclose or otherwise make available any such Proprietary Data to any other Persons, including any employees or agents of a Party (other than a Party's counsel, consultants, accountants, lenders and prospective lenders, investors and prospective investors, and prospective purchasers, who agree to maintain the confidentiality of the information).

17.18.2 In the event that a Party is required by law or regulatory or judicial order to disclose Proprietary Information of the other Party, the receiving Party shall provide prompt notice of the proposed disclosure in order that the disclosing Party may take such action as is appropriate to prevent, limit or condition such disclosure. In such an event, the receiving Party shall take all reasonable actions to prevent the disclosure, to limit the scope of the disclosure, or to condition the disclosure on the receipt of adequate protections.

17.18.3 Without limiting the generality of the foregoing, each Party shall observe at least the same safeguards and precautions with regard to Proprietary Information of the other Party which such Party observes with respect to its own trade secret information. Each Party agrees that it will make Proprietary Information available to its own employees only on a need-to-know basis for purposes associated with approval or management of this Agreement, and that all persons to whom such Proprietary Information is made available will be required to maintain the confidentiality of the information.

17.18.4 Notwithstanding the foregoing, either Party may disclose any Proprietary Information that becomes public information through no wrongful act of the receiving Party; or that is provided to the receiving Party by a third party without restriction known to the receiving Party and without breach of this Agreement.

17.18.5 The obligations of the Parties under this Section shall remain in full force and effect for two (2) years following the termination of this Agreement.

17.18.6 Except as required by Requirements of Law, regulation or securities exchange rule, any public announcement, press release or similar publicity with respect to this Agreement or the transaction contemplated hereby will be issued at such time, in such manner and with such content as the Parties mutually agree.

17.18.7 Notwithstanding the foregoing, the Parties will cooperate reasonably to prepare a “public version” of this PPA for inclusion in the public record at the MPUC. The Parties agree that the public version of this PPA will redact only such information that properly constitutes “trade secret” information.

17.19 Governing Law. The interpretation and performance of this PPA and each of its provisions shall be governed and construed in accordance with the laws of the State of Minnesota, without regard to its conflict of laws principles of the United States of America, as applicable. The Parties hereby submit to the exclusive jurisdiction of the federal courts of the State of Minnesota. To the extent that the federal courts lack subject matter jurisdiction over any dispute (through lack of diversity or otherwise) the Parties hereby submit to the exclusive jurisdiction of the applicable Minnesota District Court.

ARTICLE 18 – DEFINITIONS

18.1 Definitions. The following terms shall have the meanings set forth herein:

“**Abandonment**” – prior to the Commercial Operation Date, complete cessation of construction of the Facility, or any individual Project component of the Facility for sixty (60) consecutive Days by Seller or Seller’s contractors, but only if such sale or cessation is not caused by or attributable to a default of, or request by, MP, or Permitted Extension.

“**Accreditable Capacity**” – the amount of net generating capability associated with the Facility, if any, for which capacity credit may be obtained under MISO rules. Initially, such requirements are set forth in Module E of the MISO Tariff, the MISO Resource Adequacy construct, and the MISO Business Practices Manual for Resource Adequacy and subject to delivery to Local Resource Zone 1 as defined by MISO.

“**Affiliate**” of any named person or entity – any other person or entity that controls, is under the control of, or is under common control with, the named entity. The term “control” (including the terms “controls”, “under the control of” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management of the policies of a person or entity, whether through ownership interest, by contract or otherwise.

“**Agreement**” – shall have the meaning set forth in the preamble.

“**Ancillary Services**” – shall have the meaning set forth in the relevant Tariff.

“**Back-Up Metering**” shall have the meaning set forth in **Section 5.3.4**.

“**Business Day**” – any calendar day that is not a Saturday, a Sunday, or a NERC recognized holiday.

“**Capacity**” – the output potential a machine or system can produce or carry under specified conditions. The capacity of generating equipment is generally expressed in MW. Capacity is also referred to as “capability” in the industry and for the purposes of this Agreement.

“**Commercial Operation**” – the period beginning on the Commercial Operation Date and continuing through the Term.

“**Commercial Operation Date**” or “**COD**” – the date that Seller successfully satisfies the provisions of **Section 4.5** and all of the Conditions specified in **Section 4.5** have occurred or otherwise been satisfied.

“**Commercial Operation Milestone**” – shall have the meaning set forth in **Section 4.4** and in **Exhibit C**, subject to the provisions of this Agreement for extensions and modifications.

“**Commercial Operation Year**” – any consecutive twelve (12) month period, during the Term of this PPA, commencing with the Commercial Operation Date or any anniversary thereof.

“**Commissioning Date**” – the date on which the developer issues a commissioning certificate for the Facility indicating that the Facility has satisfied all commissioning procedures.

“**Compensated Curtailment**” – shall have the meaning set forth in **Section 7.4.3** hereof.

“**Contract Energy**” – Energy generated by the Facility and delivered to MP at the Point of Delivery, including Zonal Resource Credits.

“**Construction Contract**” – the contract or contracts providing for the acquisition, manufacture, delivery and installation of the generating and step-up transformation equipment that is to be part of the Facility and the engineering, procurement and construction of the Facility. The Construction Contract may consist of a single engineering, procurement and construction contract, in which case such single engineering, procurement and construction contract shall constitute the Construction Contract, or it may consist of a series of contracts (such as a photovoltaic solar generator supply and installation contract and a balance of plant contract), in which case such series of contracts shall collectively constitute the Construction Contract.

“**COVID-19 Economic Recovery Docket**” – shall have the meaning set forth in the Recitals.

“**Day**” – a calendar day.

“**Delivery Arrangements**” – any or a combination of: (1) firm or non-firm transmission reservation across a third party’s systems in the form of a transmission service agreement for firm transmission service or otherwise, or (2) firm point-to-point or network (or equivalent)

transmission service, or non-firm point-to-point transmission service on or off the Interconnection Provider's System, granted by MISO, an RTO or other New Joint Transmission Authority.

“Development Security” – shall have the meaning set forth in **Section 9.1.1**.

“Effective Date” – shall have the meaning set forth in the preamble.

“Electric Interconnection Point” – the physical point at which electrical interconnection is made between the Facility and the Interconnection Provider's System as further identified and described in **Exhibit A** and which shall be the same location as the interconnection point under the Interconnection Agreements for the Project A, Project B, and Project C components of the Facility.

“Electric Metering Device(s)” – all meters, metering equipment, and data processing equipment used to measure, record, or transmit data relating to the electric power and energy output from the Facility.

“Eligible Energy Resource” – any resource that qualifies as a renewable eligible energy technology under Minnesota Statute Section 216B.1691, subdivision 1.

“Emergency” – any condition or situation which in the judgment of MP, Interconnection Provider, MISO, or any other entity with operational control or authority over the interconnected transmission system (as communicated to MP or the Interconnection Provider), (i) endangers or might endanger life or property or (ii) adversely affects or might adversely affect MP's ability, or the ability of any other entity associated with the interconnected transmission system, to maintain safe and reliable electric service, including, but not limited to, an “Emergency” as defined in the Interconnection Agreement.

“Energy” – the amount of electricity either used or generated over a period of time, expressed in terms of megawatt-hours (“MWh”).

“Environmental Contamination” – the presence of Hazardous Materials at such levels, quantities or location, or of such form or character, as to constitute a violation of federal, state or local laws or regulations, and present a material risk under federal, state or local laws and regulations that the Site will not be available or usable for the purposes contemplated by this PPA.

“Expected Energy” – the amount of Contract Energy expected to be generated by the Facility in the relevant Calendar Year as set forth in **Exhibit F**.

“Event of Default” – shall mean, as applicable, a default of Seller pursuant to **Section 11.1** or a default of MP pursuant to **Section 11.3**.

“Excused Curtailment” – shall have the meaning set forth in **Section 7.4.2** hereof.

“Facility” – Seller's electric generating facilities and all of Seller's Interconnection Facilities as associated with each of the Project A, Project B, and Project C components of the Facility, all as further described in **Exhibit A**, including, but not limited to, Seller's equipment, buildings, generators, step-up transformers, output breakers, protective and associated equipment, improvements, and other tangible assets on the Site owned or used for the construction, operation,

and maintenance of the electric generating facility and the generation of power and energy subject to this PPA.

“Fair Market Value” – shall have the meaning set forth in **Section 11.8**.

“FERC” – the Federal Energy Regulatory Commission, and any successor agency.

“Financier” – Any individual or entity providing money or extending credit (including any capital lease) to Seller for (i) the construction, term, or permanent financing of the Facility whether in the form of debt, equity or other financing; or (ii) working capital or other ordinary business requirements for the Facility. “Financier” shall not include common trade creditors of Seller.

“Financier Consent” – shall have the meaning set forth in **Section 16.2**.

“Financing Documents” – the loan and credit agreements, notes, bonds, indentures, security agreements, lease financing agreements, mortgages, interest rate exchanges, or swap agreements and other documents relating to the development, bridge, construction and/or the permanent financing for the Facility, including any credit enhancement, credit support, working capital financing, or refinancing documents, and any and all amendments, modifications, or supplements to the foregoing that may be entered into from time to time at the discretion of Seller in connection with development, construction, ownership, leasing, operation or maintenance of the Facility.

“Force Majeure” – causes or events beyond the reasonable control of, and without the fault or negligence of the Party claiming Force Majeure, which by exercise of due diligence and reasonable foresight could not reasonably have been avoided, including, without limitation, (i) acts of God; (ii) sudden actions of the elements, such as floods, earthquakes, hurricanes or tornadoes, lightning, ice storms, high winds of sufficient strength or duration to materially damage a facility or significantly impair its construction or operation for a period of time longer than normally encountered in similar businesses under comparable circumstances; (iii) serial manufacturing and/or design defects in the photovoltaic solar generators or other major components comprising the Facility only in the event and to the extent that such occurrence is established to constitute a serial defect under Seller’s photovoltaic solar generator supply agreement or Construction Contract; (iv) long-term material changes in renewable energy flows across the Facility caused by climactic change; (v) fire, sabotage, vandalism beyond that which could reasonably be prevented by Seller; terrorism; war; riots; fire; explosion; blockades; insurrection; pandemic or epidemic; and (vi) actions or inactions by any Governmental Authority taken after the date hereof (including the adoption or change in any Requirements of Law imposed by such Governmental Authority), but only if such requirements, actions, or failures to act prevent or delay performance; and (vii) inability, despite due diligence, to obtain any licenses, permits, or approvals required by any Governmental Authority.

The term Force Majeure does not include (i) inability by Seller to procure photovoltaic solar generators or any component parts, for any reason (the risk of which is assumed by Seller), (ii) any other acts or omissions of any third party, including any vendor, materialman, customer, or supplier of Seller, except failure of the Interconnection Provider (distribution and transmission owner) to complete all network upgrades (through no fault of Seller) necessary to deliver Contract Energy to the Point of Delivery, unless such acts or omissions are themselves excused by reason

of Force Majeure; (iii) any full or partial curtailment in the electric output of the Facility that is caused by or arises from a mechanical or equipment breakdown or other mishaps, events or conditions attributable to normal wear and tear or flaws, unless such acts or omissions are themselves excused by reason of Force Majeure; (iv) failure to abide by Good Utility Practices; (v) changes in market conditions that affect the cost of Seller's supplies, or that affect demand or price for power and/or RECs; (vi) economic hardship; (vii) strike; slow-down or labor disruptions against Seller or Seller's contractors or subcontractors; or (viii) foreseeable disruptions to the Facility caused by weather events typically experienced in the region of the country where the Facility is located, but excluding events and actions listed in this definition above.

“Forced Outage” – any condition that requires immediate removal of the Facility, or some part thereof, from service, another outage state, or a reserve shutdown state.

“Good Utility Practice(s)” – any of the practices, methods, and acts engaged in or approved by a significant portion of the electric or electric power generation industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known or reasonably should have known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region.

“Governmental Authority” – any nation, government, state or other political subdivision thereof, whether foreign or domestic, including, without limitation, any municipality, township and county, and any entity exercising executive, legislative, judicial, regulatory, or administrative functions of or pertaining to government, including, without limitation, any corporation, or other entity owned or controlled by any of the foregoing.

“Green Tags” – any contractual right to the full set of non-energy attributes, including any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, directly attributable to a specific amount of capacity and/or electric energy generated from an Eligible Energy Resource, including any and all environmental air quality credits, benefits, emissions reductions, off-sets, allowances, or other benefits as may be created or under any existing or future statutory or regulatory scheme (federal, state, or local) by virtue of or due to the Facility's actual energy production or the Facility's energy production capability because of the Facility's environmental or renewable characteristics or attributes, including any Renewable Energy Credits including Solar or similar rights arising out of or eligible for consideration in the M-RETS Program. For the avoidance of doubt, Green Tags excludes (i) any local, state or federal depreciation deductions or other tax credits providing a tax benefit to Seller based on ownership of, or energy production from, any portion of the Facility, including the investment tax credit, Production Tax Credit and United States Treasury Cash Grant that may be available to Seller with respect to the Facility under Requirements of Law, and (ii) depreciation and other tax benefits arising from ownership or operation of the Facility unrelated to its status as a generator of renewable or environmentally clean energy.

“Guarantee Period” – shall have the meaning set forth in **Section 3.2**.

“Guarantor” – a Person with an Investment Grade Credit Rating, and who has issued a Guaranty for the benefit of MP.

“Guaranty” – a guaranty for the benefit of MP issued by Guarantor, in the form attached hereto as **Exhibit G**, or otherwise acceptable to MP.

“Hazardous Materials” – any substance, material, gas, or particulate matter that is regulated by any Governmental Authority as an environmental pollutant or dangerous to public health, public welfare, or the natural environment including, without limitation, protection of non-human forms of life, land, water, groundwater, and air, including, but not limited to, any material or substance that is (i) defined as “toxic,” “polluting,” “hazardous waste,” “hazardous material,” “hazardous substance,” “extremely hazardous waste,” “solid waste” or “restricted hazardous waste” under any provision of local, state, or federal law; (ii) petroleum, including any fraction, derivative or additive; (iii) asbestos; (iv) polychlorinated biphenyls; (v) radioactive material; (vi) designated as a “hazardous substance” pursuant to the Clean Water Act, 33 U.S.C. §1251 *et seq.* (33 U.S.C. §1251); (vii) defined as a “hazardous waste” pursuant to the Resource Conservation and Recovery Act, 42 U.S.C. §6901 *et seq.* (42 U.S.C. §6901); (viii) defined as a “hazardous substance” pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §9601 *et seq.* (42 U.S.C. §9601); (ix) defined as a “chemical substance” under the Toxic Substances Control Act, 15 U.S.C. §2601 *et seq.* (15 U.S.C. §2601); or (x) defined as a pesticide under the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. §136 *et seq.* (7 U.S.C. §136).

“House Power” – shall have the meaning set forth in **Section 3.4**.

“Indemnified Party” – shall have the meaning set forth in **Section 12.1**.

“Indemnifying Party” – shall have the meaning set forth in **Section 12.1**.

“Installed Capacity” – the sum of the designed maximum outputs of each solar unit comprising the Facility, and as further specified in **Section 3.1**.

“Interconnection Agreement(s)” – the separate agreement between Interconnection Provider, Seller and MISO (if applicable) with respect to the interconnection of the Facility to the Interconnection Provider’s System, as such agreement may be amended from time to time.

“Interconnection Facilities” – all the facilities installed for the purpose of interconnecting the Interconnection Provider’s System and each of the Project A, Project B, and Project C components of the Facility.

“Interconnection Provider” – the Person that owns and operates the distribution and transmission lines, Interconnection Facilities and other equipment and facilities with which the Facility interconnects at the Electric Interconnection Point, and any successor(s) or permitted assignees thereto.

“Interconnection Provider’s Interconnection Facilities” – the facilities necessary to connect the Interconnection Provider’s System with each of the Project A, Project B, and Project C components of the Facility at the Electric Interconnection Point, including breakers, bus work, bus

relays and associated equipment installed by the Interconnection Provider, along with any easements, rights of way, surface use agreements and other interests or rights in real estate reasonably necessary for the construction, operation and maintenance of such facilities.

“Interconnection Provider’s System” – the contiguously interconnected electric distribution and transmission facilities, including Interconnection Provider’s Interconnection Facilities, over which the Interconnection Provider has rights (by ownership or contract) to provide interconnection service for the Contract Energy at the Electric Interconnection Point.

“Investment Grade Credit Rating” – with respect to (a) a corporation, limited liability company, partnership, or other entity other than a financial institution, a long-term unsecured, general obligation bond rating of BBB or above from Standard & Poor’s Corporation (“S&P”) or Baa2 or above from Moody’s Investors Services (“Moody’s”), in each case with a “stable” outlook, or (b) a financial institution, a rating on the senior long-term debt of such financial institution of BBB or above from S&P or Baa2 or above from Moody’s, in each case with a “stable” outlook.

“ITCs” – federal investment tax credits arising from electricity produced from certain renewable resources pursuant to 26 U.S.C. § 48 as amended.

“ITC Value” – the value of ITCs derived.

“kWh”- kilowatt-hour.

“kVar” – kilovar.

“Letter of Credit” or **“LOC”** – shall have the meaning set forth in **Section 9.2.3**.

“Maintenance Schedule” – shall have the meaning set forth in **Section 6.2.2**.

“Major Milestone(s)” – the date(s) set forth in **Exhibit C** by which Seller agrees to achieve the corresponding result(s) specified for such date(s), including, but not limited to, the Commercial Operation Milestone.

“MISO” – the Midcontinent Independent Service Operator, Inc., and any successor organization.

“MP” – shall have the meaning set forth in the Preamble.

“MPUC” – the Minnesota Public Utilities Commission, and any successor agency.

“MPUC Approval” – receipt of a written final order from the MPUC approving this PPA and all other Solar Package Agreements, or which otherwise approves the PPA and Solar Package Agreements as reasonable and in the public interest, and finding that all costs incurred under this PPA are recoverable from MP’s retail customers pursuant to the Requirements of Law, subject only to the MPUC’s ongoing jurisdiction to review the performance and administration of this PPA.

“MPUC Approval Deadline Date” – shall have the meaning set forth in **Section 1.2.1**.

“**MWh**” – megawatt-hour

“**M-RETS Program**” – the Midwest Renewable Energy Trading System program, MPUC Docket No. E-999/CI-04-1616 and subsequent related proceedings.

“**NERC**” – the North American Electric Reliability Council and any successor organization.

“**Net Output**” – all energy produced by the Facility and delivered at the Point of Delivery.

“**New Joint Transmission Authority**” – any independent service organization or other Person that may be created or becomes operational subsequent to the date of this Agreement and that is empowered or authorized to plan, coordinate, operate, regulate or otherwise manage any or all of the Interconnection Provider’s System, whether in place of, or in addition to MISO.

“**Notice**” – any notice, request, consent, or other communication required or authorized under this PPA to be given by one Party to the other Party.

“**On-Peak Period**” – daylight hours as applicable for the time of year.

“**Operating Committee**” – one representative each from MP and Seller as described in **Section 8.3**.

“**Operating Procedures**” – those procedures implemented by the Operating Committee.

“**Output Guarantee Amount**” – shall have the meaning set forth in **Section 3.2**.

“**Output Shortfall**” – shall have the meaning set forth in **Section 3.2.2**.

“**Parties**” – MP and Seller, and their respective successors and permitted assignees.

“**Party**” – MP or Seller, and their respective successors and permitted assignees.

“**Performance Security**” – shall have the meaning set forth in **Section 9.1.2**.

“**Permits**” – all state, federal, and locate authorizations, certificates, permits, licenses, and approvals required by any Governmental Authority for the construction, operation, and maintenance of the Facility.

“**Person**” – an individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture, Governmental Authority, or other entity.

“**Point of Delivery**” – the point on the electric system at which Seller makes available to MP and delivers to MP the Contract Energy being sold by Seller to MP under this PPA, and shall for the purposes of this PPA be the same physical location as the Electric Interconnection Point, which is described in **Exhibit A**.

“**PPA**” – shall have the meaning set forth in the preamble.

“**Proprietary Data**” – shall have the meaning set forth in **Section 17.18**.

“**Requirements of Law**” – collectively, the certificate of incorporation and bylaws or other organizational or governing documents of Seller or MP and any United States or Canadian federal, state or provincial law, treaty, franchise, rule, regulation, order, writ, judgment, injunction, decree, award or determination of any arbitrator or a court or other Governmental Authority that are applicable to a Party, the business of a Party, or the Facility, now in effect or hereafter enacted.

“**Replacement Power Costs**” – in the event Seller fails to satisfy its obligation set forth in **Section 3.2**, the difference between (i) the costs actually and reasonably incurred by MP, at MP’s sole discretion, to purchase or produce Energy and Capacity plus a corresponding amount of Green Tags, any and all direct and indirect incidental charges incurred by MP minus (ii) the costs MP would have paid under this Agreement for such Energy, Capacity, and Green Tags.

“**Resource Adequacy Capacity**” – the amount of Contract Capacity that MP is permitted to claim annually under MISO’s Resource Adequacy Construct to meet capacity, installed reserve, resource adequacy or other similar requirements as established by MISO.

“**Scheduled Outage/Derating**” – a planned interruption/reduction of generation at each or all of the Project A, Project B, or Project C components of the Facility that is reasonably required for inspection, or preventive or corrective maintenance.

“**Security**” – the amount and type of security that Seller is required to establish and maintain, pursuant to **Article 9**, as security for Seller’s performance under this PPA.

“**Seller Interconnection Facilities**” – the equipment on Seller’s side of the Electric Interconnection Point, including all related relaying protection and physical structures as well as all distribution and transmission facilities required to access the Interconnection Provider’s System at the Electric Interconnection Point, including Seller’s metering, relays, and load control equipment as provided for in the Interconnection Agreements.

“**Seller**” – shall have the meaning set forth in the Preamble.

“**Seller CP Date**” – shall have the meaning set forth in **Section 1.3**.

“**Site**” – the parcel or parcels of real property on which each of the Project A, Project B, and Project C components of the Facility will be constructed and located, including any easements, rights of way, surface use agreements, and other interests or rights in real estate necessary for the construction, operation and maintenance of the Facility. The Site is more specifically described in **Exhibit A** to this PPA.

“**Solar Package Agreements**” – shall have the meaning set forth in **Section 1.2.1**.

“**Solar Power Acquisition Docket**” – shall have the meaning set forth in the Recitals.

“**Step-In Rights**” – shall have the meaning set forth in **Section 11.7**.

“**Substitute Owner**” – shall have the meaning given thereto in **Exhibit H**.

“**Tariff**” – the MISO Transmission and Energy Markets Tariff (“TEMT”) in effect and as amended from time to time in accordance with applicable FERC regulations.

“**Term**” – shall have the meaning set forth in in **Section 1.1**.

“**Test Energy**” – that Energy which is produced by the Facility and delivered to MP at the Point of Delivery in order to perform testing of the Facility prior to Commercial Operation.

“**Zonal Resource Credits**” – Capacity Resources that are converted to Zonal Resource Credits pursuant to the MISO Tariff.

18.2 Rules of Construction. The capitalized terms in this Agreement shall have the meanings set forth herein whenever the terms appear in this PPA, whether in the singular or the plural or in the present or past tense. Other terms used in this PPA but not listed in this Section shall have meanings as commonly used in the English language and the generally accepted technical or trade meanings for technical terms used herein. In addition, the following rules of interpretation shall apply:

18.2.1 The masculine shall include the feminine and neuter.

18.2.2 References to “Sections,” or “Exhibits” shall be to Articles, Sections, or Exhibits of this PPA.

18.2.3 The Exhibits attached hereto are incorporated in and made a part of this PPA; provided that in the event of a conflict between the terms of any Exhibit and the terms set forth in the body of this PPA, the terms set forth in the body of this PPA shall take precedence.

18.2.4 This PPA was negotiated and prepared by both Parties with advice of counsel to the extent deemed necessary by each Party. The Parties have agreed to the wording of this PPA and none of the provisions hereof shall be construed against one Party on the ground that such Party is the author of this PPA or any part hereof.

18.2.5 The Parties shall act in accordance with the principles of good faith and fair dealing in the performance of this PPA. Unless expressly provided otherwise in this PPA, (a) where the PPA requires the consent, approval, or similar action by a Party, such consent or approval shall not be unreasonably withheld, conditioned or delayed, and (b) wherever the PPA gives a Party a right to determine, require, specify or take similar action with respect to a matter, such determination, requirement, specification or similar action shall be reasonable.

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IN WITNESS WHEREOF, the Parties have executed this PPA.

**ALLETE Enterprises, Inc., a Minnesota
corporation**

By: _____

Its: _____

**Minnesota Power, a division of ALLETE,
Inc., a Minnesota corporation:**

By: _____

Its: _____

EXHIBIT A
FACILITY DESCRIPTION, ONE-LINE DIAGRAM, AND SITE MAP

The Facility shall be located on the Site. Maps and one-line diagrams of the Project A, Project B, and Project C components of the Facility are included as part of this exhibit.

Project A (“Laskin Solar”)

Location: Laskin Energy Park,
Near Hoyt Lakes, Minnesota
47°31'27.18"N, - 92°10'48.46"W
[The Laskin Solar Site has not been assigned a physical address.]

Located on: MP-owned property

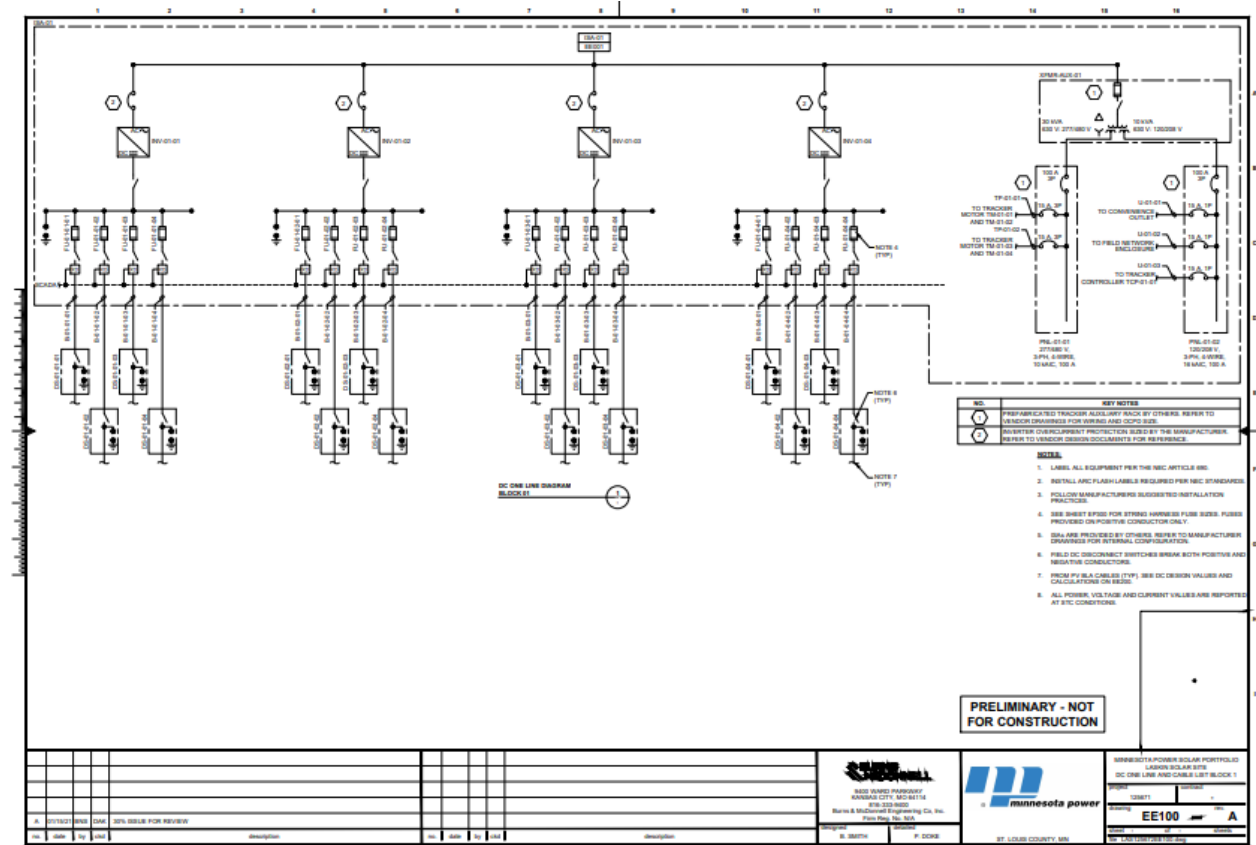
Capacity: 9.6 MW-AC

The Facility includes the following specific components:

- Modules: Heliene 400 watt Bifacial
- Racking: Single-Axis Tracking; Manufacturer TBD
- Inverters: Manufacturer TBD

Site Map





Project B (“Sylvan Solar”).

Location: Near the Sylvan Hydro station west of Brainerd, Minnesota
Located in Sylvan Township, Minnesota
46°19’26.75”N, - 94°23’16.30”W
[The Sylvan Solar Site has not been assigned a physical address.]

Located on: MP-owned property

Capacity: 10 MW-AC

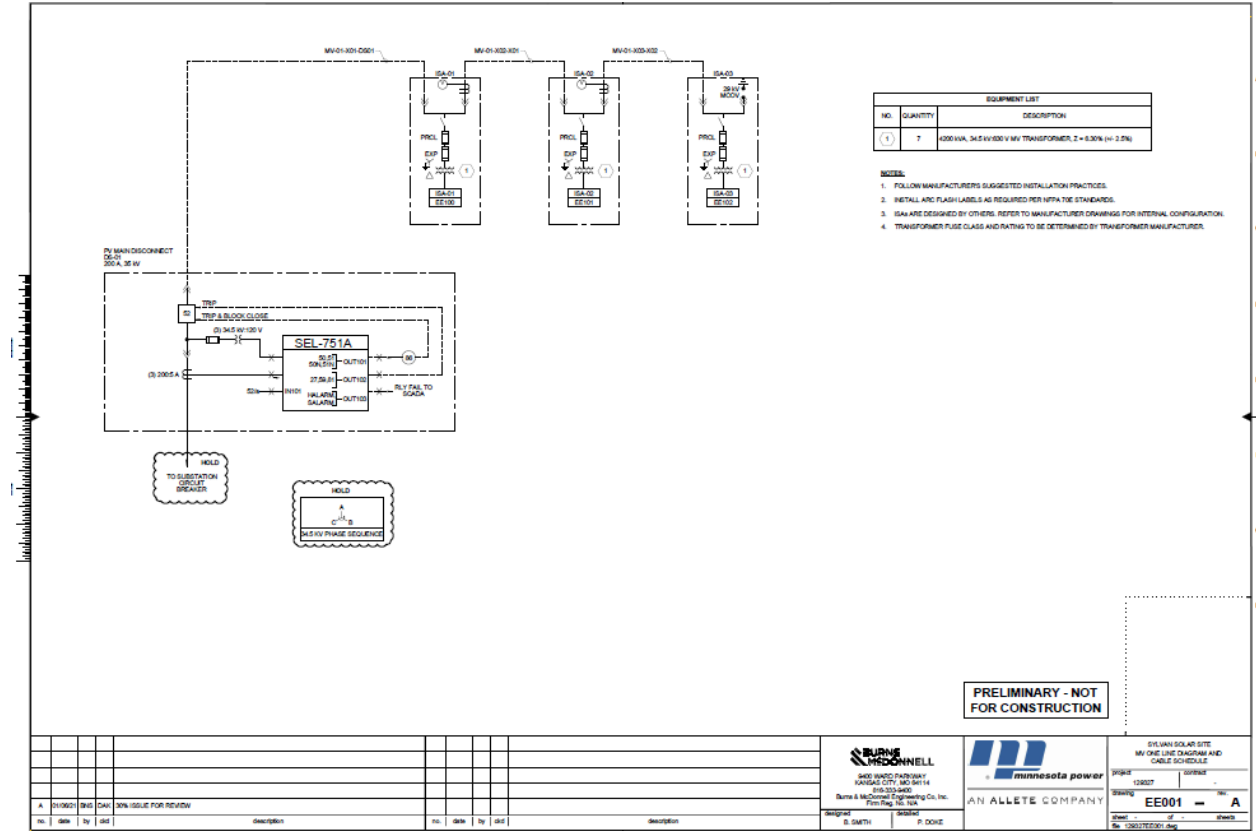
The Facility includes the following specific components:

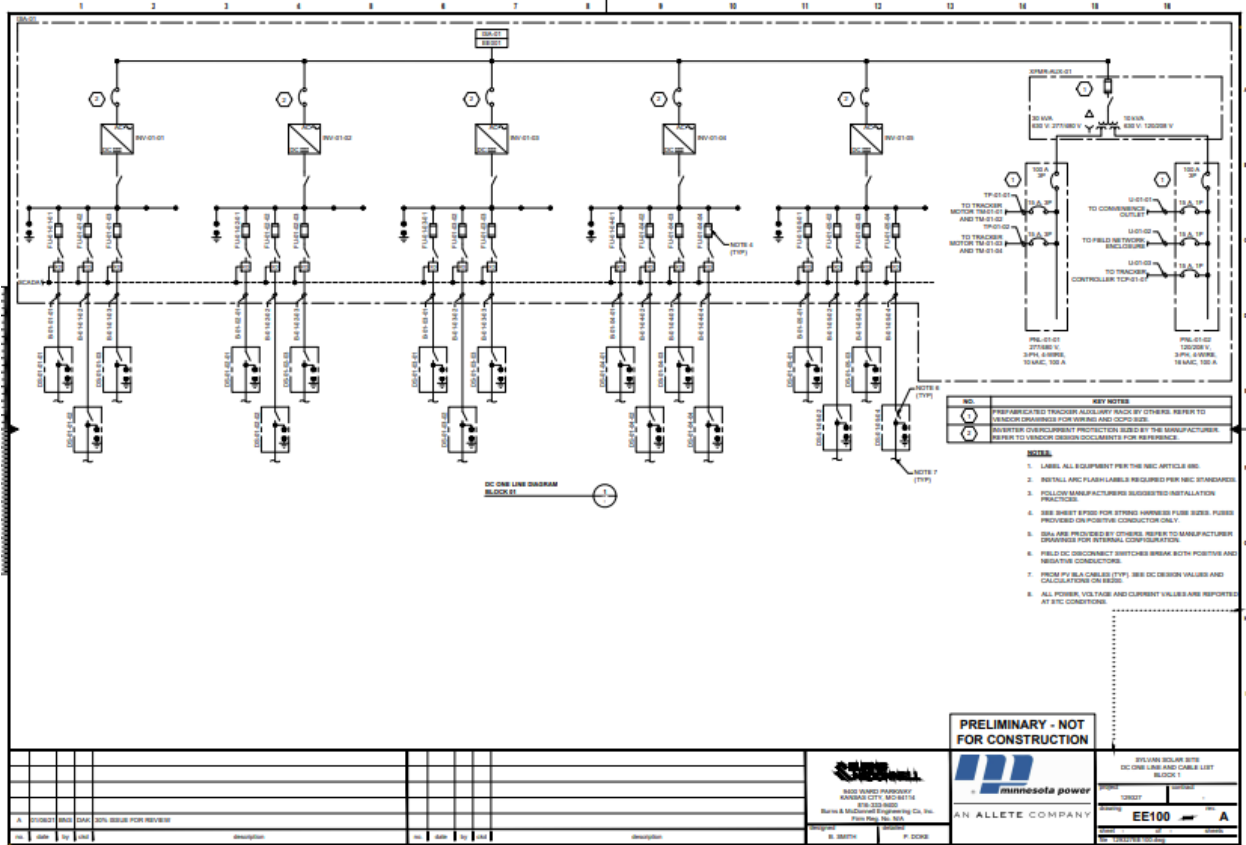
- Modules: Heliene 400 watt Bifacial
- Racking: Single-Axis Tracking; Manufacturer TBD
- Inverters: Manufacturer TBD

Site Map



One-Line Diagrams





Project C (“Duluth Solar”).

Location: Northeast Duluth, Minnesota
Located East of 3525 Riley Road in Duluth, Minnesota
46°52'24.02"N, - 92° 3'7.49"W
[The Duluth Solar Site has not been assigned a physical address.]

Located on: Property owned by the City of Duluth

Capacity: 1.6 MW-AC

The Facility includes the following specific components:

- Modules: Heliene 400 watt Bifacial
- Racking: Single-Axis Tracking; Manufacturer TBD
- Inverters: Manufacturer TBD

Site Map



One-Line Diagram [TO BE PROVIDED UPON COMPLETION OF ENGINEERING]

**EXHIBIT C
MAJOR MILESTONES**

PROJECT A MAJOR MILESTONES

Major Milestone	Results Seller Must Achieve
TBD	Site Control Agreement Executed
October 1, 2021	Conditional Use Permit / Interim Use Permit Received
October 1, 2021	Interconnection Agreement Executed
October 1, 2021	Issuance of Full Notice to Proceed to Contractor
March 30, 2022	Mechanical Completion
April 30, 2022	Commercial Operation Date

PROJECT B MAJOR MILESTONES

Major Milestone	Results Seller Must Achieve
TBD	Site Control Agreement Executed
October 1, 2021	Conditional Use Permit / Interim Use Permit Received
October 1, 2021	Interconnection Agreement Executed
October 1, 2021	Issuance of Full Notice to Proceed to Contractor
March 30, 2022	Mechanical Completion
April 30, 2022	Commercial Operation Date

PROJECT C MAJOR MILESTONES

Major Milestone	Results Seller Must Achieve
TBD	Site Control Agreement Executed
October 1, 2021	Conditional Use Permit / Interim Use Permit Received
October 1, 2021	Interconnection Agreement Executed
October 1, 2021	Issuance of Full Notice to Proceed to Contractor
March 30, 2022	Mechanical Completion
April 30, 2022	Commercial Operation Date

EXHIBIT D
**SELLER'S REQUIRED GOVERNMENTAL AUTHORITY, PERMITS, CONSENTS,
APPROVALS, LICENSES AND AUTHORIZATIONS TO BE OBTAINED**

Permit / Approval	Issuing Agency
Conditional Use Permit / Interim Use Permit	County or City or Township
Wetlands Concurrence (if required)	Local Government Unit (LGU) and Army Corps of Engineers
National Pollutant Discharge Elimination System (NPDES) / State Disposal System (SDS)	Minnesota Pollution Control Agency
Stormwater Control and Erosion Permit	County or City
Building Permit (if required)	County or City or Township
Driveway Permit	County or City

EXHIBIT E
NOTICE ADDRESSES

MP	SELLER
<p>Notices: Vice President Strategy & Planning Minnesota Power 30 W. Superior Street Duluth, MN 55802 Phone: (800) 228-4966 Fax: (218) 723-3915</p> <p>With a copy to:</p> <p>Chief Legal Officer Minnesota Power 30 W. Superior Street Duluth, MN 55802 Phone: (800) 228-4966 Fax: (218) 723-3955</p>	<p>Notices: Bethany Owen Chief Executive Officer ALLETE Enterprises, Inc. 30 W. Superior Street Duluth, MN 55802 Phone: (800) 228-4966</p> <p>With a copy to:</p> <p>Chief Legal Officer ALLETE Enterprises, Inc. 30 W. Superior Street Duluth, MN 55802 Phone: (800) 228-4966</p>
<p>Operating Committee Representative: To be specified in accordance with Section 8.3</p> <p>Alternate: To be specified in accordance with Section 8.3.</p>	<p>Operating Committee Representative: To be specified in accordance with Section 8.3.</p> <p>Alternate: To be specified in accordance with Section 8.3.</p>

EXHIBIT F
EXPECTED ENERGY ESTIMATE AND OUTPUT GUARANTEE AMOUNT

The Expected Energy Estimates and Output Guarantee Amount for the Facility, and all related calculations shall be determined on an aggregate basis, taking into account the availability of each of the Project A, Project B, and Project C components of the Facility.

Commercial Operation Year	Expected Energy Estimate (MWh)	Output Guarantee Amount (MWh) (85 percent of Expected Energy Estimate)
1	40,800	34,680
2	40,596	34,507
3	40,393	34,334
4	40,191	34,162
5	39,990	33,992
6	39,790	33,822
7	39,591	33,653
8	39,393	33,484
9	39,196	33,317
10	39,000	33,150
11	38,805	32,984
12	38,611	32,820
13	38,418	32,655
14	38,226	32,492
15	38,035	32,330
16	37,845	32,168
17	37,656	32,007
18	37,467	31,847
19	37,280	31,688
20	37,094	31,530
21	36,908	31,372
22	36,724	31,215
23	36,540	31,059
24	36,357	30,904
25	36,175	30,749

EXHIBIT G FORM OF GUARANTY

In consideration of Allete, Inc., d/b/a Minnesota Power (“Company”), entering into a power purchase agreement with [INSERT COUNTERPARTY] (hereinafter referred to as “Applicant”), [INSERT GUARANTOR] (hereinafter referred to together as “Guarantor”), agree with Company as follows:

1. The term “Obligations” shall mean all obligations, liabilities and indebtedness of any kind whatsoever arising in connection with the Power Purchase Agreement, dated [INSERT DATE], between the Company and Applicant. The amount of Obligations existing from time to time shall be calculated after giving effect to all contractual netting arrangements between Applicant and the Company.
2. Guarantor unconditionally and irrevocably guarantees to Company the full, prompt and faithful payment and performance when due of each and all of the Obligations; provided, however, that Guarantor’s total liability hereunder shall not exceed [INSERT AMOUNT OF REQUIRED PERFORMANCE SECURITY].
3. This is a continuing guaranty relating to the Obligations.
4. Any of the Obligations may be amended, modified, waived, or increased (whether or not beyond any dollar limitation hereunder) from time to time by Applicant and without further authorization from or notice to Guarantor, and no such action shall terminate, release, impair, reduce, discharge, diminish or in any way affect any of the Obligations of Guarantor hereunder or any security furnished by Guarantor or give Guarantor any recourse or defense against Company. Company need not inquire into the power of Applicant or the authority of its officers, directors, partners or agents acting or purporting to act in its behalf.
5. With respect to all Obligations, this is a guaranty of payment and performance and not of collection, and Guarantor waives and agrees not to assert or take advantage of:
 - (a) any right to require Company to proceed against Applicant or any other person or to resort to, proceed against or exhaust any security held by it at any time or to pursue any other remedy in its power before proceeding against any Guarantor;
 - (b) demand, presentment, protest and notice of any kind including, without limiting the generality of the foregoing, notice of nonperformance, protest, dishonor and acceptance of this Guaranty, and notice of the existence, creation or incurring of any new or additional indebtedness or obligation or of any action or non-action on the part of Applicant, Company, a guarantor under this or any other instrument, or creditor of Applicant or any other person whomsoever, in connection with any of the Obligations or any collateral for any of the Obligations or in connection with any of the Obligations; and
 - (c) any suretyship defenses and suretyship rights of every nature otherwise available under Minnesota law and the laws of any other state or jurisdiction.
6. All existing and future indebtedness of Applicant to Guarantor (“Intercompany Obligations”) is subordinated to all Obligations hereby guaranteed. In the event of any default in

the payment of any of the Obligations when due and until the Obligations guaranteed hereby have been paid in full, Guarantor shall pay to Company immediately any payments of such Intercompany Obligations received by Guarantor.

7. Guarantor agrees to pay all attorneys' fees (including, without limitation, reasonably allocated fees of in-house counsel) and all other costs and expenses which may be incurred by Company in the enforcement of this Guaranty against Guarantor.

8. This Guaranty is not assignable by Guarantor without Company's consent. This Guaranty shall inure to the benefit of Company and its successors and assigns, including the assignees of any Obligations, and bind the heirs, executors, administrators, successors and permitted (if any) assigns of Guarantor. This Guaranty is assignable by Company with respect to all or any portion of the Obligations, and when so assigned Guarantor shall be liable to the assignees under this Guaranty without in any manner affecting the liability of Guarantor hereunder with respect to any Obligations retained by Company.

9. This Guaranty shall be governed by and construed in accordance with the laws of the State of Minnesota, without reference to its choice of law provisions. Guarantor hereby irrevocably and unconditionally agrees that any legal action or proceeding against Guarantor or any of Guarantor's property with respect to this Guaranty may be brought in the federal courts for the County of Hennepin, Minnesota, as Company may elect, and by executing and delivering this Guaranty Guarantor hereby submits to and accepts with regard to any such action or proceeding for himself, herself or itself and in respect of his, her or its property, generally, irrevocably and unconditionally, the jurisdiction of the above mentioned courts.

10. Except as provided in any other written agreement now or at any time hereafter in force between Company and Guarantor, this Guaranty shall constitute the entire agreement of Guarantor with Company with respect to the subject matter hereof and no representation, understanding, promise or condition concerning the subject matter hereof shall be binding upon Company unless expressed herein.

11. All notices, demands, requests and other communications required or permitted hereunder shall be in writing and shall be given personally, by certified or registered mail, postage prepaid, return receipt requested, or by reliable overnight courier to the address of the Company set forth below (or to such new address as Company may designate hereafter in a notice to Guarantor) in the case of a communication to the Company and to the address appearing next to Guarantor's signature on this Guaranty (or to such new address as Guarantor may designate hereafter in a notice to Company) in the case of a communication to Guarantor. Any notice served personally shall be deemed delivered upon receipt, and any notice served by certified or registered mail or by reliable overnight courier shall be deemed delivered on the date of receipt as shown on the addressee's registry or certification of receipt or on the date receipt is refused as shown on the records or manifest of the U.S. Postal Service or such courier.

12. Until all of the Obligations guaranteed hereby have been satisfied in full, Guarantor shall have no right of subrogation or reimbursement from Applicant which Guarantor may have as a result of any payment by Guarantor under this Guaranty, and waives any right to enforce any remedy which Company now has or may hereafter have against Applicant as a result

of such payment by Guarantor under this Guaranty and any other benefit of or right to participate in any security now or hereafter held by Company.

13. All amounts payable by Guarantor hereunder shall be paid without set-off or counterclaim and without any deduction or withholding whatsoever unless and to the extent that Guarantor shall be prohibited by law from doing so, in which case Guarantor shall pay to Company such additional amount as shall be necessary to ensure that Company receives the full amount it would have received if no such deduction or withholding had been made.

14. If any portion of this Guaranty is held to be unenforceable by a court of competent jurisdiction, the remainder of this Guaranty shall remain in full force and effect.

EXHIBIT H FINANCIER CONSENT PROVISIONS

In the event Seller collaterally assigns its rights hereunder to a Financier as security, any related Financier Consent will contain provisions substantially as follows:

1. Seller and MP will neither modify nor terminate the PPA other than as provided therein, without the prior written consent of the Financier.
2. The Financier shall have the right, but not the obligation, to do any act required to be performed by Seller under the PPA, and any such act performed by the Financier shall be as effective to prevent or cure a default as if done by Seller itself.
3. If MP becomes entitled to terminate the PPA due to an uncured Event of Default by Seller, MP shall not terminate the PPA unless it has first given notice of such uncured Event of Default to the Financier and has given the Financier the same cure period afforded to Seller under Section 11.1 of the PPA, plus an additional thirty (30) Days beyond Seller's cure period to cure any monetary Event of Default and an additional sixty (60) Days beyond Seller's cure period to cure any non-monetary Event of Default; *provided, however*, that if the Financier requires possession of the Facility in order to cure the Event of Default, and if the Financier diligently seeks possession, the Financier's additional thirty (30)-Day or sixty (60) Day cure period, as applicable shall not begin until foreclosure is completed, a receiver is appointed or possession is otherwise obtained by or on behalf of the Financier.
4. Neither the Financier nor any agent or trustee acting on behalf of Financier under the Financing Documents shall be obligated to perform or be liable for any obligation of Seller under the PPA until and unless any of them assumes possession of the Facility through the exercise of the Financier's rights and remedies.
5. Any party taking possession of the Facility through the exercise of the Financier's rights and remedies shall remain subject to the terms of the PPA and shall assume all of Seller's obligations under the PPA, both prospective and accrued, including the obligation to cure any then-existing defaults capable of cure by performance or the payment of money damages. In the event that the Financier or its successor assumes the PPA in accordance with this paragraph 5, MP shall continue the PPA with the Financier or its successor, as the case may be, substituted wholly in the place of Seller.
6. Within ninety (90) Days of any termination of the PPA in connection with any bankruptcy or insolvency Event of Default of Seller, the Financier (or its successor) and MP shall enter into a new power purchase agreement on the same terms and conditions as the PPA and for the period that would have been remaining under the PPA but for such termination.
7. MP shall deliver to Financier, concurrently with the delivery thereof to the Seller, a copy of each notice of breach or default of Seller given by MP pursuant to the PPA.
8. Subject to the provisions of Article 16, MP agrees that, if the Financier notifies MP that an event of default under the Financing Documents has occurred and is continuing and that the Financier has exercised its rights (i) to have itself or its designee substituted for the Seller under the PPA, (ii) to acquire or have its designee or assignee acquire the Seller or

(iii) to sell, assign, transfer or otherwise dispose of the PPA to a third party, then the Financier, the Financier's designee or such third party (each, a "Substitute Owner") shall be substituted for the Seller under the PPA and, in such event, MP shall continue to perform its obligations under the PPA in favor of the Substitute Owner, subject to the terms and conditions thereof; provided, however, that the Substitute Owner shall be required to cure any then-existing defaults capable of cure by performance or the payment of money damages.

SOCIOECONOMIC BENEFITS OF NEW LOCAL SOLAR INSTALLATIONS IN NORTHEASTERN MINNESOTA

Executive Summary

Minnesota Power economists conducted a preliminary economic impact assessment of constructing three solar installations in the northeastern Minnesota region¹ using a customized model from Regional Economic Model, Inc. (“REMI”). This assessment leveraged the most current project cost specifications available to estimate the regional economic benefits² of construction and operation of these solar facilities.

The Company has identified noteworthy and immediate economic benefits related to the addition of these solar installations in the North East Minnesota Region. Construction of these solar projects would add an estimated \$10.2 Million³ to 2021 Gross Regional Product (GRP) and boost employment in 2021 by about 73 jobs.⁴ The majority of these immediate stimulative effects from construction fade in the post-2021 timeframe; however, the increased payments to local taxing authorities and increased purchases from local vendors for parts and maintenance provide low-level, long-term stimulus. Minnesota Power estimates construction and operation of the local solar projects would increase:

- Cumulative economic value (GRP) by about \$11.2 million 2021-2030,
- Local government revenues by about \$55,000 annually from direct payments, and an additional \$45,000 annually via secondary economic effects,⁵
- Regional employment in 2021 by 38 jobs directly related to construction, and an additional 35 jobs via secondary economic effects,
- Long-term employment by about 2 jobs,⁶
- Regional population by 9 people⁷

These estimates (above) assume a local solar panel manufacturer is granted contract for panel production in order to retain as much local economic benefit as possible. Solar panels comprise approximately 50% of all materials/equipment costs, so purchasing these panels from a non-local

¹ Minnesota Power’s 13-County Planning Area is defined as: Carlton, Cass, Crow Wing, Hubbard, Itasca, Koochiching, Lake, Morrison, Pine, Saint Louis, Todd, and Wadena counties in Minnesota, and Douglas County in Wisconsin.

² Excludes the value of power produced by these facilities.

³ All dollar figures quoted are nominal dollars

⁴ All employment figures are annualized full time equivalent, i.e. the equivalent of full-time for an entire year.

⁵ On average between 2022-2035. Directly refers to the estimated amounts used as inputs; indirectly refers to additional stimulus inferred by REMI.

⁶ No direct jobs added as a result of the project; long-term service accounted for with vendor payments.

⁷ On average between 2022-2035.

entity results in notably diminished regional economic benefits. The Company estimates that importing PV modules lowers the 2020-2035 cumulative economic value (GRP) of the project by about \$4.1 million, and reduces government revenues in the post-construction timeframe (2022-2030) by about \$14,000 per year relative to a scenario in which panels are procured locally.

Introduction

Minnesota Power economists conducted a summary-level socioeconomic analysis to assess the regional benefit of constructing three solar power production facilities in the Company's service territory. The Company used a custom model built by Regional Economic Model, Inc. ("REMI") software to model the impacts of the three solar facilities in aggregate, as opposed to modeling the benefits of each individual facility.

The REMI model allows users to model changes in the economy resulting from a modified economic "policy variable;" this may take the form of increased employment in a specific sector, additional spending by state/local government, additional retail consumption, or additional industry sales (e.g. electronic components). Policy variable selection plays an important role in the study's design. These variables represent the Company's assumptions about the expected direct impacts of solar facilities' construction and operation.

This document details the full analysis results, the modeling input assumptions (policy variables and "direct" effects) and methodology, the Regional Economic Model's specifications, and the method's overall strengths and weaknesses.

Note: the economic impacts detailed in this report are entirely related to construction and on-going operation of the facilities, and do not include any benefits related to the energy produced. Further, this analysis considers the added benefits of local procurement of panels from Heliene Inc, but does not attempt to quantify any potential harm if panels are imported (i.e. not produced by Heliene). For example: Heliene may need to reduce workforce, temporarily idle, close its facility, or be unable to expand production in the absence of this purchase by Minnesota Power. However, quantifying this potential harm and lost economic value is beyond the scope of this analysis. It's fair to say the economic value of retaining or expanding Heliene Inc as a local employer and tax payer is considerable.

This analysis also assumes project-related costs such as consulting and procurement of some materials occurs in 2020; if these expenditures do not occur in 2020, it's fair to assume they occur in 2021. The bulk of positive economic impacts in 2020 would therefore be shifted and added to 2021.

Results (15-year outlook)

The Company has identified a sizable and immediate benefit resulting from the proposed approximately 20 MW solar facilities’ construction. During planning and construction in 2021, regional employment is temporarily increased by about 73 jobs and GRP is increased by about \$10.2 million⁸. These solar installations (three sites, totaling approximately 20 MW) do not require any new direct employment, and spending on local vendors and contractors is estimated to be relatively low; therefore, the lasting regional economic benefits of this project are minor compared to the temporary stimulus resulting from construction.

Table 1 below shows the estimated impact of these solar facilities’ construction on the region for several summary economic metrics.

Table 1: Economic Impacts of three solar projects totaling 20 MW in 2021

20 MW of New Solar in 2021 Category	Construction		Operating														
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
Total Employment (Individuals)	6	73	6	4	3	2	1	1	1	1	1	1	1	1	1	2	2
Gross Domestic Product (\$1000)	1,889	10,173	247	209	105	55	35	31	35	41	49	56	61	65	67	67	67
Population (Individuals)	2	26	20	17	14	12	10	9	8	7	7	6	6	5	5	5	5
Local Government Spending (\$1000)	114	709	400	239	153	106	80	66	57	52	49	46	44	42	40	38	38
Empl. - Natural Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Empl. - Construction	-	40	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Empl. - Manufacturing	1	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Empl. - Retail and Wholesale	1	6	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-
Empl. - Transport and Utilities	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Empl. - Finance, Insurance,...	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Empl. - Services	2	14	-	1	1	-	-	-	-	-	1	1	1	1	1	1	1
Empl. - Government	1	7	4	3	2	1	1	1	1	1	1	1	1	1	1	1	1
Empl. - Farm	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

About half of the jobs created in 2021 (38) are “direct” impacts, representing those directly employed for the projects’ engineering and construction requirements. The remaining jobs (35) are either in support industries (“indirect”) or added employment stemming from additional spending in the community (“induced”). This means these projects’ direct construction and engineering jobs have an employment multiplier of about two, which is consistent with available literature.⁹ This is a limited approach to verification, but it suggests the Company’s overall methodology (including policy variable selection) and estimates are valid.

Table 1 shows the economic impacts of solar facility construction when solar panels are procured locally to retain as much benefit as possible. Table 2 below shows the benefits resulting specifically from solar panel procurement from a local manufacturer, as opposed to importing panels. Local procurement retains \$4.1 million in GRP benefit and about 6 full-time equivalent jobs during construction years (2020 and 2021) alone. Table 2 also shows local procurement of

⁸ The Company had previously estimated the projects regional economic value in 2021 as \$16 million. The results shown in this report differ due to updated and more detailed project cost assumptions and a recent REMI model update. *In the Matter of a Petition of Minnesota Power for the Approval of the Acquisition of Solar Power to Support Economic Relief and Recovery*, Docket No. E015/M-20-828 (November 13, 2020).

⁹ For example: the Economic Policy Institute used Bureau of Labor Statistics data to estimate the employment multiplier for construction as 2.26 <https://www.epi.org/publication/updated-employment-multipliers-for-the-u-s-economy/>. This multiplier is related to a larger geography than Minnesota Power is evaluating, and therefore should be larger than MP estimates.

panels has lasting economic benefits for retail trade and local government. Local government revenues also benefit from local procurement; revenues during construction (2021) are increased by about \$140,000, and revenues remain elevated for some time after construction due to local PV module procurement.

Table 2: Economic Impacts of Local Procurement of PV Modules

20 MW (Modules only) Category	Construction		Operating													
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Total Employment (Individuals)	4	6	1	1	0	0	0	0	0	0	0	0	0	0	0	0
Gross Domestic Product (\$1000)	1,806	2,228	34	24	8	0	0	0	0	0	0	1	2	3	3	4
Population (Individuals)	1	3	2	2	2	1	1	1	1	1	1	1	1	1	0	0
Local Government Spending (\$1000)	107	173	85	44	23	13	7	4	3	2	2	2	2	1	1	1
Empl. - Natural Resources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Empl. - Construction	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Empl. - Manufacturing	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Empl. - Retail and Wholesale	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Empl. - Transport and Utilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Empl. - Finance, Insurance,...	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Empl. - Services	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Empl. - Government	1	2	1	-	-	-	-	-	-	-	-	-	-	-	-	-
Empl. - Farm	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Modeling Input Assumptions

This section details the estimated direct impact of constructing 20 MW of new solar and explains how each direct impact is translated to a REMI model input. These direct effects/model inputs are derived from engineering estimates of projects’ construction costs, internal estimates of any increased payments to local taxing authorities or facility operation and maintenance costs, and historical actual property tax payments. The direct effects/model inputs detailed below are simulated in the REMI model to identify the overall economic impact. Note that all dollar-denominated figures in this section are in real 2012 dollars.

Direct Employment was simulated by increasing construction sector employment by [TRADE SECRET DATA BEGINS [REDACTED] TRADE SECRET DATA ENDS] jobs, which is the Company’s estimate of full-time, annualized equivalent positions required for construction.¹⁰

The Company took a similar approach to modeling any local engineering or consulting labor costs which equates to [TRADE SECRET DATA BEGINS [REDACTED] TRADE SECRET DATA ENDS] full-time equivalent, annualized position in 2020 and [TRADE SECRET DATA BEGINS [REDACTED] TRADE SECRET DATA ENDS] positions in 2021.

At this time, the Company does not expect that these solar facilities will directly employ anyone, so there is no increase in permanent employment.

Materials and Equipment spending was simulated by increasing sales in several industry sectors:

- Fabricated metal product manufacturing was increased by about [TRADE SECRET DATA BEGINS [REDACTED] TRADE SECRET DATA ENDS] to simulate purchases of racking piles.

¹⁰ MP and engineering consultants estimate approximately 75,720 person-hours for construction/installation labor. The National standard for full-time workers according to the U.S. Office of Personnel Management is 2,087 hours per year per employee. 75,720/2,087 = 36 full-time, annualized equivalent construction jobs.

- Electrical equipment, appliance, and component were increased by about [TRADE SECRET DATA BEGINS ██████████ TRADE SECRET DATA ENDS] to simulate purchases of PV modules and an additional [TRADE SECRET DATA BEGINS ██████████ TRADE SECRET DATA ENDS] to simulate purchases of trackers, substation, inverter skids, etc.
- Commercial and industrial machinery and equipment rental and leasing was increased by about [TRADE SECRET DATA BEGINS ██████████ TRADE SECRET DATA ENDS] to account for construction equipment requirements.

For each series, the Company nullified employment, investment, and compensation to prevent the model from inferring additional labor demand or additional investments; the Company accounted for labor via an adjustment to construction and consulting services compensation, as noted above.

Miscellaneous Construction Expenses and Utilities were simulated by increasing industry sales to the Wholesale Trade and Utilities sectors by a total of [TRADE SECRET DATA BEGINS ██████████ TRADE SECRET DATA ENDS]. Site utilities for construction, vehicle rental, portable bathrooms, on-site office trailer, builder's insurance, etc. are accounted for here.

Ongoing Maintenance Costs and Payments to Local Vendors were simulated by increasing regional Non-Residential Investment Spending, a catch-all for business spending, by about [TRADE SECRET DATA BEGINS ██████████ TRADE SECRET DATA ENDS] in each year following construction, i.e. the entire post-2021 timeframe.

Local Government Revenue was simulated by increasing Local Government Spending by about [TRADE SECRET DATA BEGINS ██████████ TRADE SECRET DATA ENDS] in each year following construction, i.e. the entire post-2021 timeframe.

Regional Economic Model (REMI) Specifications and Documentation

Minnesota Power subscribes to the latest REMI Policy Insight version (PI+) and the model is customized for Minnesota Power's geographical Planning Area. REMI is an input/output econometric simulation software that combines a national economic outlook with specified regional economic conditions to produce a forecast for the 13-County Planning Area such as employment by sector, population, economic output by sector, and gross regional product.

Methodological Strengths/Weaknesses

This socioeconomic impact study leverages estimated project development costs and identified their closest corollary in the REMI model input categories. Both of these steps involve estimation and generalization, which limits how exact the Company can be in modeling these economic impacts. However, this is an issue inherent in all economic impact modeling. The

Company leveraged the best available project cost information, consulted with REMI analysts when necessary, and verified results against available literature and public data.

The REMI model also has a defined geography (13-County planning region) and effectively assumes all projects are centrally located. This means that projects near the border of this region may have a more limited stimulative effect than estimated in this study, i.e. more of their stimulative effect may “leak” into adjoining counties, outside the REMI model’s defined region. There’s no effective method for addressing this issue; it’s a known and accepted estimation error.

Conclusion

As these results indicate, the construction and operation of these local solar facilities within Minnesota Power’s service territory has substantial up-front socioeconomic impacts on the region. The analysis provides insights that are informative to the resource planning process as well as to policymakers, regulators, and community leaders.

Minnesota Power
Renewable Resources Rider: Utility Scale Solar Plan Filing
Estimated First Year Rates
PPA and Solar Capacity Benefit Charge (Credit)

Utility Scale Solar PPA		SES-Paying Customers	SES-Exempt Customers
First Year Generation	MWh	40,800	
PPA Price - First Year	\$/MWh	\$ 60.00	
PPA Cost - First Year		\$ 2,448,000	N/A
Billing 2020 Units /1	kWh	3,075,019,000	N/A
PPA Rate - First Year 2/	¢/kWh	0.080	N/A
Solar Capacity Benefit Charge (Credit) 3/			
Residential		\$ (129,695)	\$ -
General Service		\$ (97,708)	\$ -
Large Light & Power		\$ (143,758)	\$ 1,234
Large Power		\$ -	\$ 369,927
Lighting		\$ -	\$ -
Total		\$ (371,161)	\$ 371,161
Billing 2020 Units /1			
Residential	kWh	1,046,739,000	-
General Service	kWh	701,891,000	4,597,000
Large Light & Power	kWh	1,306,023,000	18,138,000
Large Power	kWh	-	5,475,441,000
Lighting	kWh	20,366,000	53,000
Total	kWh	3,075,019,000	5,498,229,000
Solar Factor Rates /4			
Residential	¢/kWh	(0.012)	-
General Service	¢/kWh	(0.014)	-
Large Light & Power	¢/kWh	(0.011)	0.007
Large Power	¢/kWh	-	0.007
Lighting	¢/kWh	-	-
Total: PPA Rate plus Solar Factor Rate			
Residential		0.068	-
General Service		0.066	-
Large Light & Power		0.069	0.007
Large Power		-	0.007
Lighting		-	-

1/ 2020 Budgeted billing units.

2/ PPA to flow through SEA Adjustment after approval. Existing SEA Adjustment and TOGA not included here.

3/ There were no allocation bases for General Service SES-Exempt or Lighting SES-Exempt Customers in the 2017 rate case allocation factors. General Service customers would have not yet claimed exemption. Lighting is off with no demand during MP's summer MISO CP hour.

4/ To be updated and then included in subsequent RRR Solar Factor.

Lease and Solar Easement

This Lease and Solar Easement (“Lease”) is entered into and effective on _____, 2021 (“Effective Date”) between Minnesota Power, a division of ALLETE, Inc., a Minnesota corporation (“Lessor”) and RendField Land Company, Inc., a Minnesota corporation (“Lessee”).

Recitals

1. Lessor is the owner of real property located in St. Louis County, Minnesota.
2. Lessee wishes to lease a portion of the lessor property to install and operate a solar photovoltaic energy conversion facility, together with related solar easements, and Lessor is willing to grant Lessee a lease and easement in accordance with the terms of this Lease.
3. Lessor and Lessee wish to enter into a Power Purchase Agreement (“PPA”) in which Lessee will sell the power generated by the solar facility to Lessor.

NOW, THEREFORE, in consideration of the above and the mutual promises and other consideration set forth below, the adequacy and receipt of which is acknowledged, Lessor and Lessee agree as follows:

ARTICLE I. Premises

Section 1.1 General

- (a) The above Recitals are incorporated into this Lease by this reference. Lessor leases to Lessee and Lessee leases from Lessor the real property legally described in Exhibit A attached hereto and incorporated herein by reference (the “Premises”) for the purposes of (i) monitoring, testing and assessing the Premises for solar photovoltaic energy generation, and (ii) developing, constructing, installing, operating, maintaining, repairing and replacing photovoltaic electric energy generating equipment, supporting structures and ballasts, inverters, overhead and/or underground electrical transmission/distribution and communications lines, electric transformers, fixtures, metering equipment, interconnection facilities, energy storage facilities, telecommunications equipment, power generation facilities and substations to be operated in conjunction with solar energy generating equipment installations, roads, driveways, and related facilities and equipment installed and owned by Lessee (collectively, the “Facility”) on the Premises. Lessee’s rights under this Lease include, but are not limited to, the right to clear and remove trees and other vegetation from the Premises; the right to grade and fill the Premises; and the right to construct, erect, operate, inspect, install, maintain, monitor, repair, replace and remove all such equipment and apparatus as may be necessary for the production, storage and transmission of solar power.

The general description of the Premises is set forth on attached Exhibit A.

The parties agree that Lessor shall obtain a survey containing an exact legal description of the Premises which survey and legal description shall replace the Exhibit A attached hereto.

- (b) Lessee reserves the right to relocate or reconfigure the Facility upon the Premises during the term of this Lease.

Section 1.2 Solar Easement

- (a) Lessor hereby grants and conveys to Lessee, for a period of time from the Effective Date until the Term (as defined below) expires or until the Lease is earlier terminated in accordance with its terms, whichever occurs first, an exclusive easement on, over and across the Premises for the following: the open and unobstructed access to the sun and to ensure adequate exposure of the solar power generation equipment to the sun. In addition, Lessor hereby grants and conveys to Lessee, for a period of time from the Effective Date until the Term (as defined below) expires or until the Lease is earlier terminated in accordance with its terms, whichever occurs first, an exclusive easement prohibiting any obstruction to the open and unobstructed access to the sun (together with the preceding sentence, the "Solar Easement") throughout the Premises to and for the benefit of the area existing horizontally three hundred and sixty degrees (360) from any point where any solar power generation equipment comprising any part of the Facility is or may be located at any time from time to time (each such point referred to as a "Site") and for a distance from each Site to the boundaries of the Premises, together vertically through all space located above the surface of the Premises, that is, one hundred eighty degrees (180) or such greater number or numbers of degrees as may be necessary to extend from each point on and along a line drawn along the surface from each point along the exterior boundary of the Premises through each Site to each point and on and along such line to the opposite exterior boundary of the Premises.
- (b) Lessor may not place or plant any trees, structures or improvements ("Improvement") on the Premises after the date of this Lease which may, in Lessee's reasonable judgment, impede, diminish or interfere with the receipt of sunlight at any Site, unless Lessor has received approval from Lessee for installation of any such trees, structure of improvement. Should Lessor construct an Improvement that is determined by Lessee to violate or not be in compliance with any of the restrictions of this section, Lessee may provide notice to Lessor that said Improvement must be removed within thirty (30) days of Lessor's receipt of Lessee's notice. Should Lessor fail to remove the non-complying Improvement within such thirty (30) day period, Lessee may cause the same to be removed and may off-set the cost of the removal against any lease payments due hereunder to Lessor.

- (c) **No Interference.** Lessor shall not interfere with, and shall not allow any other party to interfere with, the free, unobstructed and open and unobstructed access to the sun, solar speed or solar direction over and across the Premises.

Section 1.3 Access Easement

- (a) Lessor hereby grants to Lessee, for a period of time from the Effective Date until the Term (as defined below) expires or until the Lease is earlier terminated in accordance with its terms, whichever occurs first, an easement (the "Access Easement") over, across and on the Premises for ingress to and egress from the Facility by means of any existing roads, driveways or routes, or by such route or routes as Lessee may construct from time to time. The Access Easement shall include the right to improve existing roads and lanes, or to build new roads or driveways.

Section 1.4 Access Easement Over Adjacent Property

- (a) Lessor hereby agrees to grant unto Lessee, for a period of time from the Effective Date until the Term (as defined below) expires or until the Lease is earlier terminated in accordance with its terms, whichever occurs first, a nonexclusive access easement ("Adjacent Access Easement") over adjacent property owned by Lessor which property is legally described as follows:

Gov't Lot 7 and SE 1/4 of SW 1/4, Section 6, Township 58, Range 14, St. Louis County, Minnesota;

That part of NE 1/4 of NW 1/4 lying Northwesterly of County Rd #633, & Gov't Lot 1, Section 7, Township 58, Range 14, St. Louis County, Minnesota; and

That part of E1/2 of SE 1/4 lying Southeasterly of Partridge River, Section 1, Township 58, Range 15, St. Louis County, Minnesota.

The location of said access easement is set forth on attached Exhibit B.

The parties agree that said access easement will be more specifically defined by survey for the location and exact description of said easement, and shall provide such additional terms as the parties may agree. The burdens of such easement shall run with the land.

Section 1.5 Lessor's Retained Rights

- (a) Lessor retains the right of ingress to and egress from the Facility over and along the Premises by means of roads and lanes thereon if existing, or otherwise by such route or routes as Lessee or Lessor may construct from time to time.

ARTICLE II. Lease Term

Section 2.1 Lease Term

- (a) The term of this Lease shall commence upon the Effective Date and continue until the date that is thirty-five (35) years from the date on which the Facility commences commercial operation (“Commercial Operation Date”) unless terminated earlier in accordance with its terms (“Term”). Commercial Operation is defined as the date upon which a power purchasing utility or other entity first receives and purchases power produced by the Facility, excluding electric energy delivered to the electric grid in connection with testing, start-up or commissioning of the Facility. Lessee shall notify Lessor of the Commercial Operation Date.
- (b) Provided Lessee is not in default under this Lease, Lessee shall have the option to extend the Term an additional five (5) years after the expiration of the original 35-year term. To exercise its option, Lessee shall provide written notice to Lessor no later than one year prior to the scheduled expiration of the initial 35-year term.

Section 2.2 Termination of Lease

The occurrence of any of the following events shall terminate the Lease:

- (a) The expiration of the Term as set forth in Section 2.1; or
- (b) The written agreement of the Parties to terminate this Lease; or
- (c) A breach of this Lease by either Party and the election of the non-breaching Party to terminate the Lease pursuant to Article IX; or
- (d) At the option of Lessee, thirty (30) days after Lessee’s execution and delivery of written notice of termination to Lessor (as to the entire Premises, or any part thereof at Lessee’s option), in Lessee’s sole and absolute discretion.

ARTICLE III. Consideration and Taxes

Section 3.1 Consideration

- (a) Lessor leases the Premises to Lessee at no cost for the purpose of constructing and operating the Facility and selling the generated power to Lessor pursuant to the PPA to be negotiated between the parties. As consideration for leasing the Premises, the pricing for the energy set forth in the PPA shall account for Lessor’s contribution of the Premises.

Section 3.2 Taxes, Assessments and Utilities

- (a) Lessee shall pay all personal property and other taxes and assessments levied against the Facility when due. If the real property taxes assessed to such Premises increase solely as a result of the installation of the Facility, including any reclassification of the Premises, Lessee shall pay or reimburse Lessor an amount equal to the increase to the extent caused by such installation no later than ten (10) days prior to the date each year on which the applicable real estate taxes are due to be paid by Lessor, provided that not less than thirty (30) days prior to such due date Lessor provides Lessee with copies of the applicable current and past statements of real estate taxes payable for the Premises and any related information demonstrating that the installation of the Facility resulted in the increase in real estate taxes for which Lessor is requiring payment or reimbursement from Lessee.
- (b) Either Party may contest the validity or amount of any levied taxes, assessments or other charges for which each is responsible under this Lease as long as such contest is pursued in good faith and with due diligence and the Party contesting the tax, assessment or charge has paid the obligation in question or established adequate reserves to pay the obligation in the event of an adverse determination.
- (c) Lessee shall pay for all water, electric, telecommunications and any other utility services used by the Facility or Lessee on the Premises.

ARTICLE IV. Lessee's Covenants

Section 4.1 Liens

Lessee shall keep the Premises free and clear of all liens and claims of liens for labor, materials, services, supplies and equipment performed on or furnished to Lessee or the Facility on the Premises or in connection with Lessee's use of the Premises. Lessee may contest any such lien, but shall post a bond or utilize other available means to remove any lien that is created during the contested proceeding. Lessee agrees to otherwise remove any lien or encumbrance for which it is responsible pursuant to this paragraph within ninety (90) days of notice to Lessee of the creation of any such lien or encumbrance.

Section 4.2 Permits and Laws

Lessee and its designees shall at all times comply with all federal, state and local laws, statutes, ordinances, rules, regulations, judgments and other valid orders of any governmental authority applicable with respect to Lessee's activities pursuant to this Lease and shall obtain all permits, licenses and orders required to conduct any and all such activities. Lessee shall have the right, in its sole discretion, to contest by appropriate legal proceeding the validity or applicability of any law, ordinance, statute, order, or regulation to the Premises or the Facility. Lessor shall cooperate in every reasonable way in such contest, provided Lessee reimburses Lessor for its reasonable and actual out-of-pocket expense directly incurred in connection with such cooperation, to the extent Lessee has approved such expense in advance.

Section 4.3 Lessee's Improvements

- (a) The Facility and related equipment constructed, installed or placed on the Premises by Lessee pursuant to this Lease shall be the sole property of Lessee, and Lessor shall have no ownership or other interest in the Facility and related equipment owned by Lessee on the Premises. The Facility is and shall remain personal property of the Lessee, and Lessor acknowledges that the Facility is and shall remain personal property of Lessee irrespective of the manner of its attachment or connection to the Premises. Lessor acknowledges that lenders may request a first priority security interest in the Facility as collateral for financing of the Facility, and Lessor consents to the grant by Lessee of such a security interest, and the filing of instruments necessary to perfect such a security interest under the Uniform Commercial Code in the Facility as personal property of the Lessee.
- (b) Throughout the Term, Lessee shall, at its sole cost and expense, maintain Lessee's Facility in good condition and repair, ordinary wear and tear excepted. Any portion of the Facility constructed, installed or placed on the Premises by Lessee pursuant to this Lease may be replaced, repaired or refurbished by Lessee at any time. At the end of the Term, including any early termination of the Lease, Lessee shall remove the Facility, including all support posts in their entirety and foundations or other equipment, within twelve (12) months from the date the Term expires or the Lease terminates, and restore the Premises to a condition comparable to the condition it was in at the Effective Date (exclusive of changes caused by the activities of Lessor), normal wear and tear excluded. If Lessee fails to remove any portion of the Facility within the required time period, that portion of the Facility shall be considered abandoned by Lessee and Lessor may remove that portion of the Facility from the Premises and dispose of it in its sole discretion without notice or liability to Lessee. If Lessor removes any portion of the Facility or restores the Premises at Lessor's expense, Lessee shall reimburse Lessor for all reasonable costs of removing that portion of the Facility or restoring the Premises as required by the Lease, less any salvage or resale value received by Lessor, within thirty (30) days after receipt of an invoice from Lessor.

Section 4.4 Environmental Laws

Lessee shall not use, store, dispose of or release on the Premises or cause or permit to exist or be used, stored, disposed of or release on the Premises as a result of Lessee's activities, any Hazard Substances, except in such quantities as may be required in its normal business operations and is in full compliance with all Environmental Laws. Lessee shall comply with all Environmental Laws applicable to its use and occupation of the Premises and construction, operation and maintenance of the Facility.

"Environmental Laws" shall mean: any federal, state and local laws, including statutes, regulations, ruling, orders, administrative interpretations and other governmental restrictions and requirements, relating to the production, handling, release, discharge, treatment or disposal of air pollutants, water pollutants, process waste water, Hazardous Substances, toxic substances or otherwise relating to the natural environment or natural resources, each as amended from time to time, including, but not limited to (i) the Clean Air Act, as amended, 42 U.S.C. § 7401 et seq.; (ii) the Federal Water Pollution Control Act, as amended, 33 U.S.C.

§ 1251 et seq.; (iii) the Resource Conservation and Recovery Act of 1976, as amended, 42 U.S.C. § 6901 et. seq.; (iv) the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. § 9601 et seq.; (v) the Toxic Substances Control Act, as amended, 15 U.S.C. § 2601 et seq.; (vi) Occupational Safety and Health Act of 1970; (vii) the Emergency Planning and Community Right-to-Know Act, 42 U.S.C. § 11001 et seq.; and (viii) any other similar applicable federal, state or local law.

“Hazardous Substance” shall mean: (A) any substance which is listed, defined, designated or classified under any Environmental Law as a (i) hazardous material, substance, constituent or waste, (ii) toxic material, substance, constituent or waste, (iii) radioactive material, substance, constituent or waste, (iv) dangerous material, substance, constituent or waste, (v) pollutant, (vi) contaminant, or (vii) special waste; (B) any material, substance, constituent or waste regulated under any Environmental Laws; or (C) petroleum, petroleum products, radioactive materials, polychlorinated biphenyl, pesticides, asbestos, or asbestos-containing materials.

Section 4.5 Insurance

Lessee shall obtain and maintain in force the policies of insurance covering the Facility and Lessee’s activities on the Premises at all times during the Term as described in Exhibit C. Lessee shall provide Lessor with certificates of insurance reflecting the required coverage upon request by Lessor.

ARTICLE V. Lessor Covenants

Lessor covenants, represents and warrants to Lessee as follows:

Section 5.1 Title and Authority

Lessor is the sole owner of the Premises, in fee simple, and has the full and unrestricted authority to execute and deliver this Lease and to grant the easements and rights granted herein. When signed by Lessor, this Lease constitutes a valid and binding agreement enforceable against Lessor in accordance with its terms. Lessor agrees to use all commercially reasonable efforts to deliver any documents necessary to correct any title defects which would, if not corrected, adversely affect Lessee’s rights hereunder.

Section 5.2 Quiet Enjoyment

- (a) Lessee shall have the quiet use and enjoyment of the Premises in accordance with the terms of this Lease without any interference of any kind by Lessor or any person claiming through Lessor. Lessor and its activities on the Premises and any grant of rights Lessor makes to any other person shall not interfere with any of Lessee’s activities pursuant to this Lease, and Lessor shall not interfere with any of Lessee’s activities pursuant to this Lease.
- (b) Lessee acknowledges that Lessor may not own the oil, gas, mineral and similar rights to and underlying the Premises.

Section 5.3 Cooperation

Lessor shall cooperate with Lessee to obtain and maintain any permits or regulatory approvals needed for the Facility.

Section 5.3 Exclusivity

Lessee shall have the sole and exclusive rights to install and operate the Facility on the Premises, to use the Premises for solar energy purposes and to convert all of the solar resources of the Premises. In no event during the Term shall Lessor construct, build or locate or allow others to construct, build or locate any solar energy facility or similar project on the Premises.

ARTICLE VI. Indemnification

Section 6.1 Indemnification

Each Party (the “Indemnifying Party”) agrees to defend, indemnify and hold harmless the other Party and the other Party’s elected and appointed officials, officers, directors, employees, representatives, and agents (collectively the “Indemnified Party”) against any and all losses, damages, claims, expenses and liabilities for physical damage to property and for physical injury to any person, including, without limitation, reasonable attorneys’ fees (“Damages”), to the extent resulting from or arising out of (i) any operations or activities of the Indemnifying Party on the Premises; (ii) any negligent or intentional act or omission on the part of the Indemnifying Party; or (iii) any breach of this Lease by the Indemnifying Party. Nothing in this Section shall relieve Lessor or Lessee of any liability to the other for any breach of the Lease. This indemnification shall not apply to Damages to the extent caused by any negligent or intentional act on the part of the Indemnified Party. These indemnity provisions shall not be construed to relieve any insurer of its obligations to pay claims consistent with the provisions of a valid insurance policy. This indemnification provision shall survive the expiration or termination of this Lease.

Section 6.2 Damage to Lessor’s Property

- (a) In the event Lessor suffers damage to the Premises or any improvements of Lessor on the Premises during Lessee’s construction, installation, operation and maintenance of the Facility on the Premises, Lessee shall reimburse Lessor for the reasonable costs to repair or replace any such damage or pay Lessor fair compensation for any such losses or damage.

ARTICLE VII. Assignment; Encumbrance of Lease

Section 7.1 Right to Encumber

- (a) Lessee may at any time mortgage or encumber all or any part of its interest in the Lease and rights under this Lease and/or enter into a collateral assignment of all or any part of its interest in the Lease or rights under this Lease to any entity providing equity or debt financing for the Facility (“Lender”) without the consent of Lessor. Lessee may not mortgage or encumber Lessor’s fee interest or other interests in the Premises. Any Lender shall have no obligations under this Lease until such time as it exercises its rights to acquire Lessee’s interests subject to the lien of Lender’s mortgage by foreclosure or otherwise assumes the obligations of Lessee directly. Lessee shall notify Lessor of the identity and notice address for any Lender.
- (b) Lessor agrees that any Lender shall have the right to make any payment and to do any other act or thing required to be performed by Lessee under this Lease, and any such payment, act or thing performed by Lender shall be as effective to prevent a default under this Lease and any forfeiture of any of Lessee’s rights under this Lease as if done by Lessee itself.
- (c) During the time all or any part of Lessee’s interests in the Lease are mortgaged or assigned to any Lender, if Lessee defaults under any of its obligations and Lessor is required to give Lessee notice of the default Lessor shall also be required to give Lender notice of the default at the address provided by Lessee pursuant to Section 7.1(a). If Lessor becomes entitled to terminate this Lease due to an uncured default by Lessee, Lessor shall not terminate this Lease unless it has first given written notice of the uncured default and of its intent to terminate this Lease to the Lender and has given the Lender at least thirty (30) days to cure the default to prevent termination of this Lease. If within such thirty (30) day period the Lender notifies the Lessor that it must foreclose on Lessee’s interest or otherwise take possession of Lessee’s interest under this Lease in order to cure the default, Lessor shall not terminate this Lease and shall permit the Lender a reasonable period of time necessary for the Lender, with the exercise of due diligence, to foreclose or acquire Lessee’s interest under this Lease and to perform or cause to be performed all of the covenants and agreements to be performed and observed by Lessee.
- (d) The acquisition of all or any part of Lessee’s interests in the Lease by any Lender through foreclosure or other judicial or non-judicial proceedings in the nature of foreclosure, or by any conveyance in lieu of foreclosure, shall not require the consent of Lessor, not constitute a breach or default of this Lease by Lessee, and upon the completion of the acquisition or conveyance Lessor shall acknowledge and recognize Lender as Lessee’s proper successor under this Lease upon Lender’s cure of any existing Lessee defaults and assumption of the obligations of Lessee under this Lease prospectively.

Section 7.2 Assignment

Lessee shall not assign this Lease or any portion thereof, without the prior written consent of Lessor, which consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, Lessor's consent shall not be required for Lessee to assign this Lease or any portion thereof to any Affiliate of Lessee. For purposes of this Lease, an "Affiliate" means, with respect to any specified person or entity, any other person or entity that controls, is under the control of, or is under common control with, such specified person or entity. The following shall apply to any assignment of this Lease, or any portion thereof, made by Lessee: (i) at least thirty (30) days prior notice of any such assignment shall be given to the Lessor; (ii) any assignee shall expressly assume the assignor's obligations hereunder, unless otherwise agreed to by Lessor, and no assignment, whether or not consented to, shall relieve the assignor of its obligations hereunder in the event the assignee fails to perform, unless Lessor agrees in writing in advance to waive the assignor's continuing obligations pursuant to this Lease; and (iii) any such assignment shall not be for a period beyond the Term.

Lessor may assign its rights and obligations under this Lease without the consent of Lessee.

Section 7.3 Continuing Nature of Obligations

- (a) The benefits of the Solar Easement, Access Easement, Adjacent Access Easement and all other easements and related rights granted by Lessor in this Lease to Lessee, are easements "in gross", representing interests personal to and for the benefit of Lessee, its successors and assigns, as owner of the rights created by the Solar Easement, Access Easement, and Adjacent Access Easement.. The Solar Easement, Access Easement, and Adjacent Access Easement and other rights granted by Lessor in this Lease to Lessee are independent of any lands or estates or interests in lands, there is no other real property benefiting from Solar Easement, Access Easement, or Adjacent Access Easement and, as between the Premises and other tracts of property, no tract is considered dominant or servient as to the other.
- (b) The burdens of the Solar Easement and Access Easement, and all other rights granted to Lessee in this Lease, with the exception of the Adjacent Access Easement, shall run with and against the Premises and shall be binding upon and against Lessor and its successors, assigns, permittees, licensees, lessees, employees and agents. The Lease, including the Solar Easement, and Access Easement, shall inure to the benefit of Lessee and its successors, assigns, permittees, licensees and lessees. Lessor acknowledges that any sale or conveyance of the Premises shall be subject to the leasehold and easement interests of Lessee in this Lease.

ARTICLE VIII. Force Majeure

Section 8.1 Force Majeure

Neither Lessor nor Lessee shall be liable to each other, or be permitted to terminate this Lease, for any failure to perform an obligation of this Lease to the extent such performance is prevented by a Force Majeure, which shall mean an event beyond the control of the Party affected and which, by exercise of due diligence and foresight, could not reasonably have been

avoided, and includes, but is not limited to, fire, earthquake, flood, hurricane, tornado, war, epidemics, riot or civil strife, strikes or labor disputes, or the action by any governmental authority to prohibit the performance of the applicable obligation for reasons not attributable to the affected Party. The affected Party shall notify the other Party of the occurrence of Force Majeure and its effect on performance of the Lease and shall take all reasonable efforts to remove or overcome the effects of the Force Majeure preventing performance of its obligations under this Lease.

ARTICLE IX. Default/Termination

Section 9.1 Events of Default

- (a) Subject to Section 7.1, any material breach of this Lease by either Party which continues for thirty (30) days after written notice of default from the non-defaulting Party or, if the cure will take longer than thirty (30) days, the length of time necessary to effect cure as long as the defaulting Party is making diligent efforts to cure during that time, shall constitute an event of default that shall permit the non-defaulting Party to terminate this Lease or pursue other remedies available at law or equity.

Section 9.2 Surrender

Upon the termination or expiration of this Lease, Lessee shall peaceably surrender the Premises to Lessor and remove the Facility from the Premises at Lessee's expense as required under Section 4.3 of this Lease.

Section 9.3 Specific Performance

Lessor acknowledges and agrees that should Lessor breach any of its obligations hereunder or otherwise fail to permit Lessee to exercise any of the rights and privileges created herein, damages would be difficult to calculate and money damages would not be sufficient to compensate Lessee for such breach. In such circumstances, Lessee shall have the right to seek specific enforcement of this Lease. In that event, Lessor agrees that Lessee has no adequate remedy at law.

ARTICLE X. Miscellaneous

Section 10.1 Notice

Notices, consent or other documents required or permitted by this Lease must be given by personal delivery, reputable overnight courier, or U.S. certified mail postage prepaid and shall be sent to the respective parties as follows (or at such other address as either party may designate upon written notice to the other Party in the manner provided in this paragraph):

To Lessor: Minnesota Power, a division of ALLETE, Inc.
Attn: Real Estate Services

30 West Superior Street
Duluth, MN 55802

To Lessee: RendField Land Company, Inc.
Attn: Real Estate Services
30 West Superior Street
Duluth, MN 55802

Notice shall be deemed delivered upon receipt or refusal, if personally delivered, upon the date of actual delivery or refusal shown on the courier's delivery receipt if sent by overnight courier, and on the third business day after deposit in the U.S. mail if sent by certified mail.

Section 10.2 No Third Party Beneficiaries

Except for the rights of Lenders set forth above, no provision of this Lease is intended to nor shall it in any way inure to the benefit of any third party so as to constitute any such person a third party beneficiary under this Lease, or of any one or more of the terms of this Lease, or otherwise give rise to any cause of action in any person not a party to this Lease.

Section 10.3 Entire Agreement

It is mutually understood and agreed that this Lease constitutes the entire agreement between Lessor and Lessee and supersedes any and all prior oral and written understandings, representations or statements, and that no understandings, representations or statements, verbal or written, have been made which modify, amend, qualify or affect the terms of this Lease. This Lease may not be amended except in writing executed by both Parties.

Section 10.4 Governing Law

This Lease is made in Minnesota and shall be governed by the laws of the State of Minnesota. The Parties agree that any rule of construction to the effect that ambiguities are to be resolved in favor of either Party shall not be employed in the interpretation of this Lease. In interpreting this Lease, time is of the essence.

Section 10.5 Cooperation

Each of the Parties, without further consideration, agrees to execute and deliver such additional documents and take such action as may be reasonably necessary to carry out the purposes and intent of this Lease and to fulfill the obligations of the respective Parties.

Section 10.6 Waiver

Neither Party shall be deemed to have waived any provision of this Lease or any remedy available to it unless such waiver is in writing and signed by the Party against whom the waiver would operate. Any waiver at any time by either Party of its rights with respect to any rights

arising in connection with this Lease shall not be deemed a waiver with respect to any subsequent or other matter.

Section 10.7 Relationship of Parties

The duties, obligations and liabilities of each of the Parties are intended to be several and not joint or collective. This Lease shall not be interpreted or construed to create an association, joint venture, fiduciary relationship or partnership between Lessor and Lessee or to impose any partnership obligation or liability or any trust or agency obligation or relationship upon either Party. Lessor and Lessee shall not have any right, power, or authority to enter into any agreement or undertaking for, or act on behalf of, or to act or be an agent or representative of, or to otherwise bind, the other Party.

Section 10.8 Severability

Should any provision of this Lease be or become void, illegal or unenforceable, the validity or enforceability of the other provisions of the Lease shall not be affected and shall continue in full force.

Section 10.9 Counterparts

This Lease may be executed in two or more counterparts and by different parties on separate counterparts, all of which shall be considered one and the same agreement and each of which shall be deemed an original.

Section 10.10 Memorandum of Lease

Lessor and Lessee shall execute in recordable form and Lessee at its option may record a memorandum of this Lease in the form attached hereto as Exhibit D.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be executed effective as of the date above written.

LESSOR:

**MINNESOTA POWER, A DIVISION OF
ALLETE, INC.**

By: _____

Name:

Title:

LESSEE:

REDFIELD LAND COMPANY, INC.

By: _____
Name:
Title:

EXHIBIT A

Legal Description of Premises

Parcel 1:

NE 1/4 of SE 1/4, Section 12, Township 58, Range 15, St. Louis County, Minnesota.

PID: 570-0022-00300

Parcel 2:

NW 1/4 of SE 1/4, Section 12, Township 58, Range 15, St. Louis County, Minnesota.

PID: 570-0022-00310

Parcel 3:

That part of the NE 1/4 lying Easterly of Partridge River, Section 12, Township 58, Range 15, St. Louis County, Minnesota.

PID: 570-0022-00185

EXHIBIT B

Depiction of Adjacent Access Easement (highlighted in red)



- Access Road
- Laskin Solar Site

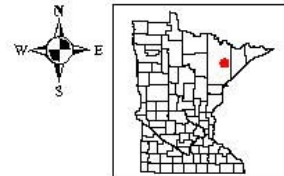
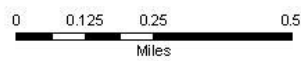


EXHIBIT C

INSURANCE

Workers' Compensation Insurance in compliance with the statutory requirements of the state of operation, and Employer's Liability Insurance in the amount of \$1,000,000 each accident/disease/policy limit. Lessee shall be allowed to self-insure its Workers' Compensation obligation if it is an approved self-insurer in the state where the Facility is located.

Commercial General Liability Insurance including Contractual Liability Coverage, covering liability assumed under this Agreement, Products/Completed Operations Coverage, Broad Form Property Liability Coverage, and Personal Injury Coverage in the amount of \$2,000,000 combined single limit for Bodily Injury and Property Damage and a \$4,000,000 general aggregate limit. This requirement may be satisfied through self-insurance, an excess liability or umbrella liability policy or any combination of the forgoing.

Commercial Automobile Liability Insurance covering all owned, hired, leased, and non-owned vehicles, for Bodily Injury Liability and Property damage, a combined single limit of not less than \$1,000,000. This requirement may be satisfied through self-insurance, an excess liability or umbrella liability policy or any combination of the forgoing.

Excess Liability Coverage with limits of not less than \$5,000,000 each occurrence, and applying excess of the primary Commercial General Liability, Auto Liability and Employers Liability policies. Coverage shall be on a form that is at least as broad as the underlying policies it follows.

(a) Lessee's insurance policies, excluding Workers Compensation, shall include Lessor as an additional insured as its interests may appear under this Lease. All of Lessee's policies of insurance shall be primary insurance and non-contributing with any other insurance maintained by Lessor and shall provide for a Waiver of Subrogation in favor of Lessor. Upon receipt from its insurer, Lessee will use its best efforts to provide Lessor with thirty (30) days' prior Notice of cancellation. Lessee shall provide Lessor with Certificates of Insurance issued to Lessor evidencing coverage currently in effect upon execution of this Lease, and within thirty (30) days after each of Lessee's policy renewals thereafter for the duration of this Lease.

(b) Lessee shall be fully responsible for any deductible or self-insured retention amounts contained in its insurance program or for any deficiencies in the amounts of insurance maintained.

(c) Liability coverage limits may be satisfied through a combination of both primary and or excess liability or umbrella liability limits.

EXHIBIT D

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE AND SOLAR EASEMENT (“Memorandum of Lease”) is entered into this ___day of ____, 20__ by and between Minnesota Power, a division of ALLETE, Inc., a Minnesota corporation, (“Lessor”) and RendField Land Company, Inc., a Minnesota corporation (“Lessee”).

RECITALS

A. Lessor and Lessee have entered into a certain Lease and Solar Easement dated _____, 20__ (the “Lease Agreement”), whereby Lessor has agreed to lease to Lessee certain real property, together with access easements rights and a Solar Easement across said premises, in the County of St. Louis, State of Minnesota, and being more particularly described in Schedule A attached hereto and made a part hereof (the “Premises”).

B. The parties wish to give notice of the existence of such Lease Agreement.

IN CONSIDERATION of the sum of One and 00/100 Dollar (\$1.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. The above recitals are incorporated into this Memorandum of Lease by this reference.
2. Lessor and Lessee have entered into the Lease Agreement dated ____, 20__ (the “Effective Date”), to lease and demise the Premises for solar energy purposes and to grant access and Solar Easements. Pursuant to the Lease Agreement, Lessee has the exclusive right to use the Premises for solar energy purposes, together with certain related solar, access and other easement rights and other rights related to the Premises, all as more fully described in the Lease Agreement.
3. The initial term of the Lease Agreement commences on the Effective Date and continues until the date that is thirty-five (35) years from the date on which the Facility commences commercial operation (“Commercial Operation Date”). Commercial Operation is defined in the Lease Agreement. Lessee has a right to extend the term of the Lease Agreement for one (1) additional period of five (5) years upon written notice to Lessor.
4. Lessor shall have no ownership or other interest in any solar facilities installed on the Premises by Lessee, and Lessee may remove any or all solar facilities at any time.
5. The Lease Agreement and the easement and rights granted Lessee therein shall burden the Premises and shall run with the land. The Lease Agreement will inure to the benefit of and be binding upon Lessor and Lessee and, to the extent provided in any assignment or other transfer under the Lease Agreement, any assignee of Lessee, and their respective heirs, transferees, successors and assigns, and all persons claiming under them.

LESSEE

REDFIELD LAND COMPANY, INC.

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

The foregoing instrument was acknowledged before me this ____ day of _____, 20__ by _____, the _____ of RendField Land Company, Inc., a Minnesota corporation, on behalf of said corporation..

Lease and Solar Easement

This Lease and Solar Easement (“Lease”) is entered into and effective on _____, 2021 (“Effective Date”) between Minnesota Power, a division of ALLETE, Inc., a Minnesota corporation (“Lessor”) and RendField Land Company, Inc., a Minnesota corporation (“Lessee”).

Recitals

1. Lessor is the owner of real property located in Cass County, Minnesota.
2. Lessee wishes to lease a portion of the lessor property to install and operate a solar photovoltaic energy conversion facility, together with related solar easements, and Lessor is willing to grant Lessee a lease and easement in accordance with the terms of this Lease.
3. Lessor and Lessee wish to enter into a Power Purchase Agreement (“PPA”) in which Lessee will sell the power generated by the solar facility to Lessor.

NOW, THEREFORE, in consideration of the above and the mutual promises and other consideration set forth below, the adequacy and receipt of which is acknowledged, Lessor and Lessee agree as follows:

ARTICLE I. Premises

Section 1.1 General

- (a) The above Recitals are incorporated into this Lease by this reference. Lessor leases to Lessee and Lessee leases from Lessor the real property legally described in Exhibit A attached hereto and incorporated herein by reference (the “Premises”) for the purposes of (i) monitoring, testing and assessing the Premises for solar photovoltaic energy generation, and (ii) developing, constructing, installing, operating, maintaining, repairing and replacing photovoltaic electric energy generating equipment, supporting structures and ballasts, inverters, overhead and/or underground electrical transmission/distribution and communications lines, electric transformers, fixtures, metering equipment, interconnection facilities, energy storage facilities, telecommunications equipment, power generation facilities and substations to be operated in conjunction with solar energy generating equipment installations, roads, driveways, and related facilities and equipment installed and owned by Lessee (collectively, the “Facility”) on the Premises. Lessee’s rights under this Lease include, but are not limited to, the right to clear and remove trees and other vegetation from the Premises; the right to grade and fill the Premises; and the right to construct, erect, operate, inspect, install, maintain, monitor, repair, replace and remove all such equipment and apparatus as may be necessary for the production, storage and transmission of solar power.

The general description of the Premises is set forth on attached Exhibit A.

The parties agree that Lessor shall obtain a survey containing an exact legal description of the Premises which survey and legal description shall replace the Exhibit A attached hereto.

- (b) Lessee reserves the right to relocate or reconfigure the Facility upon the Premises during the term of this Lease.

Section 1.2 Solar Easement

- (a) Lessor hereby grants and conveys to Lessee, for a period of time from the Effective Date until the Term (as defined below) expires or until the Lease is earlier terminated in accordance with its terms, whichever occurs first, an exclusive easement on, over and across the Premises for the following: the open and unobstructed access to the sun and to ensure adequate exposure of the solar power generation equipment to the sun. In addition, Lessor hereby grants and conveys to Lessee, for a period of time from the Effective Date until the Term (as defined below) expires or until the Lease is earlier terminated in accordance with its terms, whichever occurs first, an exclusive easement prohibiting any obstruction to the open and unobstructed access to the sun (together with the preceding sentence, the "Solar Easement") throughout the Premises to and for the benefit of the area existing horizontally three hundred and sixty degrees (360) from any point where any solar power generation equipment comprising any part of the Facility is or may be located at any time from time to time (each such point referred to as a "Site") and for a distance from each Site to the boundaries of the Premises, together vertically through all space located above the surface of the Premises, that is, one hundred eighty degrees (180) or such greater number or numbers of degrees as may be necessary to extend from each point on and along a line drawn along the surface from each point along the exterior boundary of the Premises through each Site to each point and on and along such line to the opposite exterior boundary of the Premises.
- (b) Lessor may not place or plant any trees, structures or improvements ("Improvement") on the Premises after the date of this Lease which may, in Lessee's reasonable judgment, impede, diminish or interfere with the receipt of sunlight at any Site, unless Lessor has received approval from Lessee for installation of any such trees, structure of improvement. Should Lessor construct an Improvement that is determined by Lessee to violate or not be in compliance with any of the restrictions of this section, Lessee may provide notice to Lessor that said Improvement must be removed within thirty (30) days of Lessor's receipt of Lessee's notice. Should Lessor fail to remove the non-complying Improvement within such thirty (30) day period, Lessee may cause the same to be removed and may off-set the cost of the removal against any lease payments due hereunder to Lessor.

- (c) **No Interference.** Lessor shall not interfere with, and shall not allow any other party to interfere with, the free, unobstructed and open and unobstructed access to the sun, solar speed or solar direction over and across the Premises.

Section 1.3 Access Easement

- (a) Lessor hereby grants to Lessee, for a period of time from the Effective Date until the Term (as defined below) expires or until the Lease is earlier terminated in accordance with its terms, whichever occurs first, an easement (the “Access Easement”) over, across and on the Premises for ingress to and egress from the Facility by means of any existing roads, driveways or routes, or by such route or routes as Lessee may construct from time to time. The Access Easement shall include the right to improve existing roads and lanes, or to build new roads or driveways.

Section 1.4 Lessor’s Retained Rights

- (a) Lessor retains the right of ingress to and egress from the Facility over and along the Premises by means of roads and lanes thereon if existing, or otherwise by such route or routes as Lessee or Lessor may construct from time to time.

ARTICLE II. Lease Term

Section 2.1 Lease Term

- (a) The term of this Lease shall commence upon the Effective Date and continue until the date that is thirty-five (35) years from the date on which the Facility commences commercial operation (“Commercial Operation Date”) unless terminated earlier in accordance with its terms (“Term”). Commercial Operation is defined as the date upon which a power purchasing utility or other entity first receives and purchases power produced by the Facility, excluding electric energy delivered to the electric grid in connection with testing, start-up or commissioning of the Facility. Lessee shall notify Lessor of the Commercial Operation Date.
- (b) Provided Lessee is not in default under this Lease, Lessee shall have the option to extend the Term an additional five (5) years after the expiration of the original 35-year term. To exercise its option, Lessee shall provide written notice to Lessor no later than one year prior to the scheduled expiration of the initial 35-year term.

Section 2.2 Termination of Lease

The occurrence of any of the following events shall terminate the Lease:

- (a) The expiration of the Term as set forth in Section 2.1; or
- (b) The written agreement of the Parties to terminate this Lease; or
- (c) A breach of this Lease by either Party and the election of the non-breaching Party to terminate the Lease pursuant to Article IX; or
- (d) At the option of Lessee, thirty (30) days after Lessee's execution and delivery of written notice of termination to Lessor (as to the entire Premises, or any part thereof at Lessee's option), in Lessee's sole and absolute discretion.

ARTICLE III. Consideration and Taxes

Section 3.1 Consideration

- (a) Lessor leases the Premises to Lessee at no cost for the purpose of constructing and operating the Facility and selling the generated power to Lessor pursuant to the PPA to be negotiated between the parties. As consideration for leasing the Premises, the pricing for the energy set forth in the PPA shall account for Lessor's contribution of the Premises.

Section 3.2 Taxes, Assessments and Utilities

- (a) Lessee shall pay all personal property and other taxes and assessments levied against the Facility when due. If the real property taxes assessed to such Premises increase solely as a result of the installation of the Facility, including any reclassification of the Premises, Lessee shall pay or reimburse Lessor an amount equal to the increase to the extent caused by such installation no later than ten (10) days prior to the date each year on which the applicable real estate taxes are due to be paid by Lessor, provided that not less than thirty (30) days prior to such due date Lessor provides Lessee with copies of the applicable current and past statements of real estate taxes payable for the Premises and any related information demonstrating that the installation of the Facility resulted in the increase in real estate taxes for which Lessor is requiring payment or reimbursement from Lessee.
- (b) Either Party may contest the validity or amount of any levied taxes, assessments or other charges for which each is responsible under this Lease as long as such contest is pursued in good faith and with due diligence and the Party contesting the tax, assessment or charge has paid the obligation in question or established adequate reserves to pay the obligation in the event of an adverse determination.
- (c) Lessee shall pay for all water, electric, telecommunications and any other utility services used by the Facility or Lessee on the Premises.

ARTICLE IV. Lessee's Covenants

Section 4.1 Liens

Lessee shall keep the Premises free and clear of all liens and claims of liens for labor, materials, services, supplies and equipment performed on or furnished to Lessee or the Facility on the Premises or in connection with Lessee's use of the Premises. Lessee may contest any such lien, but shall post a bond or utilize other available means to remove any lien that is created during the contested proceeding. Lessee agrees to otherwise remove any lien or encumbrance for which it is responsible pursuant to this paragraph within ninety (90) days of notice to Lessee of the creation of any such lien or encumbrance.

Section 4.2 Permits and Laws

Lessee and its designees shall at all times comply with all federal, state and local laws, statutes, ordinances, rules, regulations, judgments and other valid orders of any governmental authority applicable with respect to Lessee's activities pursuant to this Lease and shall obtain all permits, licenses and orders required to conduct any and all such activities. Lessee shall have the right, in its sole discretion, to contest by appropriate legal proceeding the validity or applicability of any law, ordinance, statute, order, or regulation to the Premises or the Facility. Lessor shall cooperate in every reasonable way in such contest, provided Lessee reimburses Lessor for its reasonable and actual out-of-pocket expense directly incurred in connection with such cooperation, to the extent Lessee has approved such expense in advance.

Section 4.3 Lessee's Improvements

- (a) The Facility and related equipment constructed, installed or placed on the Premises by Lessee pursuant to this Lease shall be the sole property of Lessee, and Lessor shall have no ownership or other interest in the Facility and related equipment owned by Lessee on the Premises. The Facility is and shall remain personal property of the Lessee, and Lessor acknowledges that the Facility is and shall remain personal property of Lessee irrespective of the manner of its attachment or connection to the Premises. Lessor acknowledges that lenders may request a first priority security interest in the Facility as collateral for financing of the Facility, and Lessor consents to the grant by Lessee of such a security interest, and the filing of instruments necessary to perfect such a security interest under the Uniform Commercial Code in the Facility as personal property of the Lessee.
- (b) Throughout the Term, Lessee shall, at its sole cost and expense, maintain Lessee's Facility in good condition and repair, ordinary wear and tear excepted. Any portion of the Facility constructed, installed or placed on the Premises by Lessee pursuant to this Lease may be replaced, repaired or refurbished by Lessee at any time. At the end of the Term, including any early termination of the Lease, Lessee shall remove the Facility, including all support posts in their entirety and foundations or other equipment, within twelve (12) months from the date the Term expires or the Lease terminates, and restore the Premises to a condition comparable to the condition it was in at the Effective Date (exclusive of changes caused by the activities of Lessor), normal wear and tear excluded. If Lessee fails to remove any portion of the Facility within the required time period, that portion of the Facility shall be considered abandoned by Lessee and Lessor may remove that portion of the Facility from the Premises and dispose of it in its sole discretion

without notice or liability to Lessee. If Lessor removes any portion of the Facility or restores the Premises at Lessor's expense, Lessee shall reimburse Lessor for all reasonable costs of removing that portion of the Facility or restoring the Premises as required by the Lease, less any salvage or resale value received by Lessor, within thirty (30) days after receipt of an invoice from Lessor.

Section 4.4 Environmental Laws

Lessee shall not use, store, dispose of or release on the Premises or cause or permit to exist or be used, stored, disposed of or release on the Premises as a result of Lessee's activities, any Hazard Substances, except in such quantities as may be required in its normal business operations and is in full compliance with all Environmental Laws. Lessee shall comply with all Environmental Laws applicable to its use and occupation of the Premises and construction, operation and maintenance of the Facility.

"Environmental Laws" shall mean: any federal, state and local laws, including statutes, regulations, ruling, orders, administrative interpretations and other governmental restrictions and requirements, relating to the production, handling, release, discharge, treatment or disposal of air pollutants, water pollutants, process waste water, Hazardous Substances, toxic substances or otherwise relating to the natural environment or natural resources, each as amended from time to time, including, but not limited to (i) the Clean Air Act, as amended, 42 U.S.C. § 7401 et seq.; (ii) the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251 et seq.; (iii) the Resource Conservation and Recovery Act of 1976, as amended, 42 U.S.C. § 6901 et seq.; (iv) the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. § 9601 et seq.; (v) the Toxic Substances Control Act, as amended, 15 U.S.C. § 2601 et seq.; (vi) Occupational Safety and Health Act of 1970; (vii) the Emergency Planning and Community Right-to-Know Act, 42 U.S.C. § 11001 et seq.; and (viii) any other similar applicable federal, state or local law.

"Hazardous Substance" shall mean: (A) any substance which is listed, defined, designated or classified under any Environmental Law as a (i) hazardous material, substance, constituent or waste, (ii) toxic material, substance, constituent or waste, (iii) radioactive material, substance, constituent or waste, (iv) dangerous material, substance, constituent or waste, (v) pollutant, (vi) contaminant, or (vii) special waste; (B) any material, substance, constituent or waste regulated under any Environmental Laws; or (C) petroleum, petroleum products, radioactive materials, polychlorinated biphenyl, pesticides, asbestos, or asbestos-containing materials.

Section 4.5 Insurance

Lessee shall obtain and maintain in force the policies of insurance covering the Facility and Lessee's activities on the Premises at all times during the Term as described in Exhibit B. Lessee shall provide Lessor with certificates of insurance reflecting the required coverage upon request by Lessor.

ARTICLE V. Lessor Covenants

Lessor covenants, represents and warrants to Lessee as follows:

Section 5.1 Title and Authority

Lessor is the sole owner of the Premises, in fee simple, and has the full and unrestricted authority to execute and deliver this Lease and to grant the easements and rights granted herein. When signed by Lessor, this Lease constitutes a valid and binding agreement enforceable against Lessor in accordance with its terms. Lessor agrees to use all commercially reasonable efforts to deliver any documents necessary to correct any title defects which would, if not corrected, adversely affect Lessee's rights hereunder.

Section 5.2 Quiet Enjoyment

- (a) Lessee shall have the quiet use and enjoyment of the Premises in accordance with the terms of this Lease without any interference of any kind by Lessor or any person claiming through Lessor. Lessor and its activities on the Premises and any grant of rights Lessor makes to any other person shall not interfere with any of Lessee's activities pursuant to this Lease, and Lessor shall not interfere with any of Lessee's activities pursuant to this Lease.
- (b) Lessee acknowledges that Lessor may not own the oil, gas, mineral and similar rights to and underlying the Premises.

Section 5.3 Cooperation

Lessor shall cooperate with Lessee to obtain and maintain any permits or regulatory approvals needed for the Facility.

Section 5.3 Exclusivity

Lessee shall have the sole and exclusive rights to install and operate the Facility on the Premises, to use the Premises for solar energy purposes and to convert all of the solar resources of the Premises. In no event during the Term shall Lessor construct, build or locate or allow others to construct, build or locate any solar energy facility or similar project on the Premises.

ARTICLE VI. Indemnification

Section 6.1 Indemnification

Each Party (the "Indemnifying Party") agrees to defend, indemnify and hold harmless the other Party and the other Party's elected and appointed officials, officers, directors, employees, representatives, and agents (collectively the "Indemnified Party") against any and all losses, damages, claims, expenses and liabilities for physical damage to property and for physical injury to any person, including, without limitation, reasonable attorneys' fees ("Damages"), to the extent resulting from or arising out of (i) any operations or activities of the Indemnifying Party on the Premises; (ii) any negligent or intentional act or omission on the part of the Indemnifying

Party; or (iii) any breach of this Lease by the Indemnifying Party. Nothing in this Section shall relieve Lessor or Lessee of any liability to the other for any breach of the Lease. This indemnification shall not apply to Damages to the extent caused by any negligent or intentional act on the part of the Indemnified Party. These indemnity provisions shall not be construed to relieve any insurer of its obligations to pay claims consistent with the provisions of a valid insurance policy. This indemnification provision shall survive the expiration or termination of this Lease.

Section 6.2 Damage to Lessor's Property

- (a) In the event Lessor suffers damage to the Premises or any improvements of Lessor on the Premises during Lessee's construction, installation, operation and maintenance of the Facility on the Premises, Lessee shall reimburse Lessor for the reasonable costs to repair or replace any such damage or pay Lessor fair compensation for any such losses or damage.

ARTICLE VII. Assignment; Encumbrance of Lease

Section 7.1 Right to Encumber

- (a) Lessee may at any time mortgage or encumber all or any part of its interest in the Lease and rights under this Lease and/or enter into a collateral assignment of all or any part of its interest in the Lease or rights under this Lease to any entity providing equity or debt financing for the Facility ("Lender") without the consent of Lessor. Lessee may not mortgage or encumber Lessor's fee interest or other interests in the Premises. Any Lender shall have no obligations under this Lease until such time as it exercises its rights to acquire Lessee's interests subject to the lien of Lender's mortgage by foreclosure or otherwise assumes the obligations of Lessee directly. Lessee shall notify Lessor of the identity and notice address for any Lender.
- (b) Lessor agrees that any Lender shall have the right to make any payment and to do any other act or thing required to be performed by Lessee under this Lease, and any such payment, act or thing performed by Lender shall be as effective to prevent a default under this Lease and any forfeiture of any of Lessee's rights under this Lease as if done by Lessee itself.
- (c) During the time all or any part of Lessee's interests in the Lease are mortgaged or assigned to any Lender, if Lessee defaults under any of its obligations and Lessor is required to give Lessee notice of the default Lessor shall also be required to give Lender notice of the default at the address provided by Lessee pursuant to Section 7.1(a). If Lessor becomes entitled to terminate this Lease due to an uncured default by Lessee, Lessor shall not terminate this Lease unless it has first given written notice of the uncured default and of its intent to terminate this Lease to the Lender and has given the Lender at least thirty (30) days to cure the default to prevent termination of

this Lease. If within such thirty (30) day period the Lender notifies the Lessor that it must foreclose on Lessee's interest or otherwise take possession of Lessee's interest under this Lease in order to cure the default, Lessor shall not terminate this Lease and shall permit the Lender a reasonable period of time necessary for the Lender, with the exercise of due diligence, to foreclose or acquire Lessee's interest under this Lease and to perform or cause to be performed all of the covenants and agreements to be performed and observed by Lessee.

- (d) The acquisition of all or any part of Lessee's interests in the Lease by any Lender through foreclosure or other judicial or non-judicial proceedings in the nature of foreclosure, or by any conveyance in lieu of foreclosure, shall not require the consent of Lessor, not constitute a breach or default of this Lease by Lessee, and upon the completion of the acquisition or conveyance Lessor shall acknowledge and recognize Lender as Lessee's proper successor under this Lease upon Lender's cure of any existing Lessee defaults and assumption of the obligations of Lessee under this Lease prospectively.

Section 7.2 Assignment

Lessee shall not assign this Lease or any portion thereof, without the prior written consent of Lessor, which consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, Lessor's consent shall not be required for Lessee to assign this Lease or any portion thereof to any Affiliate of Lessee. For purposes of this Lease, an "Affiliate" means, with respect to any specified person or entity, any other person or entity that controls, is under the control of, or is under common control with, such specified person or entity. The following shall apply to any assignment of this Lease, or any portion thereof, made by Lessee: (i) at least thirty (30) days prior notice of any such assignment shall be given to the Lessor; (ii) any assignee shall expressly assume the assignor's obligations hereunder, unless otherwise agreed to by Lessor, and no assignment, whether or not consented to, shall relieve the assignor of its obligations hereunder in the event the assignee fails to perform, unless Lessor agrees in writing in advance to waive the assignor's continuing obligations pursuant to this Lease; and (iii) any such assignment shall not be for a period beyond the Term.

Lessor may assign its rights and obligations under this Lease without the consent of Lessee.

Section 7.3 Continuing Nature of Obligations

- (a) The benefits of the Solar Easement Access Easement, and all other easements and related rights granted by Lessor in this Lease to Lessee, are easements "in gross", representing interests personal to and for the benefit of Lessee, its successors and assigns, as owner of the rights created by the Solar Easement and Access Easement. The Solar Easement, Access Easement, and other rights granted by Lessor in this Lease to Lessee, are independent of any lands or estates or interests in lands, there is no other real property benefiting from Solar Easement or Access Easement, and, as between the Premises and other tracts of property, no tract is considered dominant or servient as to the other.

- (b) The burdens of the Solar Easement and Access Easement, and all other rights granted to Lessee in this Lease shall run with and against the Premises and shall be binding upon and against Lessor and its successors, assigns, permittees, licensees, lessees, employees and agents. The Lease, including the Solar Easement, and Access Easement, shall inure to the benefit of Lessee and its successors, assigns, permittees, licensees and lessees. Lessor acknowledges that any sale or conveyance of the Premises shall be subject to the leasehold and easement interests of Lessee in this Lease.

ARTICLE VIII. Force Majeure

Section 8.1 Force Majeure

Neither Lessor nor Lessee shall be liable to each other, or be permitted to terminate this Lease, for any failure to perform an obligation of this Lease to the extent such performance is prevented by a Force Majeure, which shall mean an event beyond the control of the Party affected and which, by exercise of due diligence and foresight, could not reasonably have been avoided, and includes, but is not limited to, fire, earthquake, flood, hurricane, tornado, war, epidemics, riot or civil strife, strikes or labor disputes, or the action by any governmental authority to prohibit the performance of the applicable obligation for reasons not attributable to the affected Party. The affected Party shall notify the other Party of the occurrence of Force Majeure and its effect on performance of the Lease and shall take all reasonable efforts to remove or overcome the effects of the Force Majeure preventing performance of its obligations under this Lease.

ARTICLE IX. Default/Termination

Section 9.1 Events of Default

- (a) Subject to Section 7.1, any material breach of this Lease by either Party which continues for thirty (30) days after written notice of default from the non-defaulting Party or, if the cure will take longer than thirty (30) days, the length of time necessary to effect cure as long as the defaulting Party is making diligent efforts to cure during that time, shall constitute an event of default that shall permit the non-defaulting Party to terminate this Lease or pursue other remedies available at law or equity.

Section 9.2 Surrender

Upon the termination or expiration of this Lease, Lessee shall peaceably surrender the Premises to Lessor and remove the Facility from the Premises at Lessee's expense as required under Section 4.3 of this Lease.

Section 9.3 Specific Performance

Lessor acknowledges and agrees that should Lessor breach any of its obligations hereunder or otherwise fail to permit Lessee to exercise any of the rights and privileges created herein, damages would be difficult to calculate and money damages would not be sufficient to compensate Lessee for such breach. In such circumstances, Lessee shall have the right to seek specific enforcement of this Lease. In that event, Lessor agrees that Lessee has no adequate remedy at law.

ARTICLE X. Miscellaneous

Section 10.1 Notice

Notices, consent or other documents required or permitted by this Lease must be given by personal delivery, reputable overnight courier, or U.S. certified mail postage prepaid and shall be sent to the respective parties as follows (or at such other address as either party may designate upon written notice to the other Party in the manner provided in this paragraph):

To Lessor: Minnesota Power, a division of ALLETE, Inc.
Attn: Real Estate Services
30 West Superior Street
Duluth, MN 55802

To Lessee: RendField Land Company, Inc.
Attn: Real Estate Services
30 West Superior Street
Duluth, MN 55802

Notice shall be deemed delivered upon receipt or refusal, if personally delivered, upon the date of actual delivery or refusal shown on the courier's delivery receipt if sent by overnight courier, and on the third business day after deposit in the U.S. mail if sent by certified mail.

Section 10.2 No Third Party Beneficiaries

Except for the rights of Lenders set forth above, no provision of this Lease is intended to nor shall it in any way inure to the benefit of any third party so as to constitute any such person a third party beneficiary under this Lease, or of any one or more of the terms of this Lease, or otherwise give rise to any cause of action in any person not a party to this Lease.

Section 10.3 Entire Agreement

It is mutually understood and agreed that this Lease constitutes the entire agreement between Lessor and Lessee and supersedes any and all prior oral and written understandings, representations or statements, and that no understandings, representations or statements, verbal or written, have been made which modify, amend, qualify or affect the terms of this Lease. This Lease may not be amended except in writing executed by both Parties.

Section 10.4 Governing Law

This Lease is made in Minnesota and shall be governed by the laws of the State of Minnesota. The Parties agree that any rule of construction to the effect that ambiguities are to be resolved in favor of either Party shall not be employed in the interpretation of this Lease. In interpreting this Lease, time is of the essence.

Section 10.5 Cooperation

Each of the Parties, without further consideration, agrees to execute and deliver such additional documents and take such action as may be reasonably necessary to carry out the purposes and intent of this Lease and to fulfill the obligations of the respective Parties.

Section 10.6 Waiver

Neither Party shall be deemed to have waived any provision of this Lease or any remedy available to it unless such waiver is in writing and signed by the Party against whom the waiver would operate. Any waiver at any time by either Party of its rights with respect to any rights arising in connection with this Lease shall not be deemed a waiver with respect to any subsequent or other matter.

Section 10.7 Relationship of Parties

The duties, obligations and liabilities of each of the Parties are intended to be several and not joint or collective. This Lease shall not be interpreted or construed to create an association, joint venture, fiduciary relationship or partnership between Lessor and Lessee or to impose any partnership obligation or liability or any trust or agency obligation or relationship upon either Party. Lessor and Lessee shall not have any right, power, or authority to enter into any agreement or undertaking for, or act on behalf of, or to act or be an agent or representative of, or to otherwise bind, the other Party.

Section 10.8 Severability

Should any provision of this Lease be or become void, illegal or unenforceable, the validity or enforceability of the other provisions of the Lease shall not be affected and shall continue in full force.

Section 10.9 Counterparts

This Lease may be executed in two or more counterparts and by different parties on separate counterparts, all of which shall be considered one and the same agreement and each of which shall be deemed an original.

Section 10.10 Memorandum of Lease

Lessor and Lessee shall execute in recordable form and Lessee at its option may record a memorandum of this Lease in the form attached hereto as Exhibit C.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be executed effective as of the date above written.

ALLETE, INC.

LESSOR:

MINNESOTA POWER, A DIVISION OF

By: _____
Name:
Title:

LESSEE:

REDFIELD LAND COMPANY, INC.

By: _____
Name:
Title:

EXHIBIT A

Legal Description of Premises

Parcel 1:

Northeast Quarter of Northwest Quarter (NE 1/4 of NW 1/4), Section 19, Township 133, Range 29, Cass County, Minnesota

PID: 41-119-2100

Parcel 2:

Northwest Quarter of Northwest Quarter (NW 1/4 of NW 1/4), AKA Government Lot 1, Section 19, Township 133, Range 29, Cass County, Minnesota.

PID: 41-119-2200

EXHIBIT B

INSURANCE

Workers' Compensation Insurance in compliance with the statutory requirements of the state of operation, and Employer's Liability Insurance in the amount of \$1,000,000 each accident/disease/policy limit. Lessee shall be allowed to self-insure its Workers' Compensation obligation if it is an approved self-insurer in the state where the Facility is located.

Commercial General Liability Insurance including Contractual Liability Coverage, covering liability assumed under this Agreement, Products/Completed Operations Coverage, Broad Form Property Liability Coverage, and Personal Injury Coverage in the amount of \$2,000,000 combined single limit for Bodily Injury and Property Damage and a \$4,000,000 general aggregate limit. This requirement may be satisfied through self-insurance, an excess liability or umbrella liability policy or any combination of the forgoing.

Commercial Automobile Liability Insurance covering all owned, hired, leased, and non-owned vehicles, for Bodily Injury Liability and Property damage, a combined single limit of not less than \$1,000,000. This requirement may be satisfied through self-insurance, an excess liability or umbrella liability policy or any combination of the forgoing.

Excess Liability Coverage with limits of not less than \$5,000,000 each occurrence, and applying excess of the primary Commercial General Liability, Auto Liability and Employers Liability policies. Coverage shall be on a form that is at least as broad as the underlying policies it follows.

(a) Lessee's insurance policies, excluding Workers Compensation, shall include Lessor as an additional insured as its interests may appear under this Lease. All of Lessee's policies of insurance shall be primary insurance and non-contributing with any other insurance maintained by Lessor and shall provide for a Waiver of Subrogation in favor of Lessor. Upon receipt from its insurer, Lessee will use its best efforts to provide Lessor with thirty (30) days' prior Notice of cancellation. Lessee shall provide Lessor with Certificates of Insurance issued to Lessor evidencing coverage currently in effect upon execution of this Lease, and within thirty (30) days after each of Lessee's policy renewals thereafter for the duration of this Lease.

(b) Lessee shall be fully responsible for any deductible or self-insured retention amounts contained in its insurance program or for any deficiencies in the amounts of insurance maintained.

(c) Liability coverage limits may be satisfied through a combination of both primary and or excess liability or umbrella liability limits.

EXHIBIT C

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE AND SOLAR EASEMENT (“Memorandum of Lease”) is entered into this ___day of _____, 20___ by and between Minnesota Power, a division of ALLETE, Inc., a Minnesota corporation, (“Lessor”) and RendField Land Company, Inc., a Minnesota corporation (“Lessee”).

RECITALS

A. Lessor and Lessee have entered into a certain Lease and Solar Easement dated _____, 20___ (the “Lease Agreement”), whereby Lessor has agreed to lease to Lessee certain real property, together with access easements rights and a Solar Easement across said premises, in the County of St. Louis, State of Minnesota, and being more particularly described in Schedule A attached hereto and made a part hereof (the “Premises”).

B. The parties wish to give notice of the existence of such Lease Agreement.

IN CONSIDERATION of the sum of One and 00/100 Dollar (\$1.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. The above recitals are incorporated into this Memorandum of Lease by this reference.
2. Lessor and Lessee have entered into the Lease Agreement dated ____, 20__ (the “Effective Date”), to lease and demise the Premises for solar energy purposes and to grant access and Solar Easements. Pursuant to the Lease Agreement, Lessee has the exclusive right to use the Premises for solar energy purposes, together with certain related solar, access and other easement rights and other rights related to the Premises, all as more fully described in the Lease Agreement.
3. The initial term of the Lease Agreement commences on the Effective Date and continues until the date that is thirty-five (35) years from the date on which the Facility commences commercial operation (“Comercial Operation Date”). Commercial Operation is defined in the Lease Agreement. Lessee has a right to extend the term of the Lease Agreement for one (1) additional period of five (5) years upon written notice to Lessor.
4. Lessor shall have no ownership or other interest in any solar facilities installed on the Premises by Lessee, and Lessee may remove any or all solar facilities at any time.

LESSEE

REDFIELD LAND COMPANY, INC.

STATE OF MINNESOTA)

) ss.

COUNTY OF ST. LOUIS)

The foregoing instrument was acknowledged before me this ____ day of _____, 20__ by _____, the _____ of RendField Land Company, Inc., a Minnesota corporation, on behalf of said corporation..

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

AFFIDAVIT OF SERVICE VIA
ELECTRONIC FILING

Tiana Heger of the City of Duluth, County of St. Louis, State of Minnesota, says that on the 4th day of February, 2021, she served Minnesota Power's Petition in **Docket Nos. E015/M-20-828** and **E,G-999/CI-20-492** on the Minnesota Public Utilities Commission and the Energy Resources Division of the Minnesota Department of Commerce via electronic filing. The persons on E-Docket's Official Service List for this Docket were served as requested.



Tiana Heger