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April 1, 2025

Co-Chairs Patty Acomb, Chris Swedzinski, and members of the committee,

On behalf of Minnesota Power, we write to express concerns with the virtual power plant legislation (Revisor Code 25-04891 pending introduction) being introduced by Rep. Larry Kraft. MN Power is a Duluth-based investor-owned electric utility serving 150,000 customers and some of the nation's largest industrial customers.

We work closely with all of our customers to offer programs which already aggregate resources and provide demand response capabilities to our system. In fact, MN Power has twice the average amount of demand response on our system due to our unique large power customer composition. Through our integrated resource planning procedures, we already create these robust demand response programs which meet the needs of our customers.

As proposed through this bill, third-party aggregation of distributed energy resources would place another entity in between our utility and our customers, relationships which are critically important for long-term partnerships. For one example, we integrate onsite generation into our system without fees, but a third-party aggregator would charge a margin to a customer or utility to do so. We pride ourselves in maintaining and strengthening these relationships by designing programs which meet the specific needs of our customer base.

It also important to note that virtual power plants are a relatively new concept, so making this a requirement within our integrated resource plan is premature. However, we are open to further exploring these ideas with regulatory agencies.

For these reasons, we have concerns with today's legislation on virtual power plants. Thank you for the opportunity to submit comments today.

Sincerely,

Zach Martin
Government Affairs Manager
ALLETE / MN Power