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PRESENTATION

Operator

Good day, and welcome to the ALLETE third quarter financial results call. Today's call is being recorded.

Certain statements contained in this conference call that are not descriptions of historical facts are forward-looking statements, such as terms defined in the Private Securities Litigation Reform Act of 1995. Because such statements can include risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause results to differ materially from those expressed or implied by such forward-looking statements include but are not limited to, those discussed in filings made by the company with the Securities and Exchange Commission. Many of the factors that will determine the company's future results are beyond the ability of management to control or predict. Listeners should not place undue reliance on forward-looking statements, which reflect management reviews only as of the date hereof. The company undertakes no obligation to revise or update any forward-looking statements or to make any other forward-looking statements, whether as a result of new information, future events or otherwise.

Welcome to ALLETE's conference call announcing third quarter 2021 financial results. (Operator Instructions) As a reminder, this call is being recorded. I would now like to turn the call over to Bethany Owen, Chair, President and CEO. You may begin.

Bethany M. Owen ALLETE, Inc. - *President & CEO*

Thank you, and good morning, everyone, and thanks for joining us today. With me are ALLETE's Senior Vice President and Chief Financial Officer, Bob Adams; and Vice President and Chief Accounting Officer, Steve Morris. Also with us this morning are Al Rudeck, President of ALLETE Clean Energy; and Frank Frederickson, Minnesota Power's Vice President of Customer Experience.

Corresponding slides for this morning's call can be found on our website at allete.com in the Investors section. To follow along, we'll call out each slide number as we go through today's presentation.

This morning, ALLETE reported third quarter 2021 earnings of \$0.53 per share on net income of \$27.6 million. These results were above our internal expectations for the current quarter and align with our ability to achieve our 2021 full year earnings guidance range of \$3 to \$3.30 per share. In a few minutes, Steve and Bob will provide additional information on the quarter and insights into key financial drivers for the remainder of the year.

First, I'd like to highlight ALLETE's sustainability in action strategy, a strategy we developed to address the effects of climate change.

As many of you know, ALLETE was an early mover to significantly decarbonize its energy sources. And as a result, we have been recognized as a leader in our nation's transition to a carbon-free energy future. At ALLETE, we're committed to answering our nation's call for clean energy with all of our stakeholders in mind: our customers, our communities, our employees and our shareholders. We couldn't be more excited about the future as we successfully position our businesses to continue to thrive and grow.

We'll begin with an update on our largest business, Minnesota Power, which has made significant progress on key initiatives foundational to ALLETE's sustainability in action strategy.

Please refer to Slide 3. In late October, Minnesota Power filed its second ever Integrated Distribution Plan. This IDP details Minnesota Power's 5-year investment plan and 10-year outlook for its distribution system. The clean energy transition requires investment in infrastructure and related technology to ensure continued reliability of our essential services. Our plan focuses on creating a more resilient grid to ensure the safe and reliable delivery of energy to our customers and advances new technologies that will provide customers with even more control over their energy use. The comment period will begin in the coming weeks, and we expect to receive final approval later next year.

Similar to the IDP but with a broader scope, Minnesota Power filed its Integrated Resource Plan with the Minnesota Public Utilities Commission in February of this year. The IRP outlines our plans to further transform Minnesota Power's energy supply to 70% renewable by 2030 and to be coal-free and 80% lower carbon by 2035. All of these plans lay the strong foundation for our vision to provide 100% carbon-free energy to customers by 2050.

Just last week, the Minnesota Department of Commerce requested a 3-month extension on initial IRP comments. And assuming the MPUC approves, comments will be due March 1 of next year. Throughout this process, we will continue our close and transparent engagement with our many stakeholders, and we anticipate the commission's decision later in 2022.

These important milestones are a key part of Minnesota Power's Energy Forward initiatives, a journey of thoughtful positioning in a transforming energy landscape to ensure safe, reliable and affordable service to our customers. We know that this service comes at a cost, and to achieve the best outcomes for all, we've worked closely with our regulators and other stakeholders, emphasizing that a constructive rate review environment is critical to our ability to continue our energy transformation.

Throughout its clean energy transition, Minnesota Power has maintained residential electric rates that are among the lowest in the state of Minnesota. Our Minnesota Power team has worked thoughtfully with low-income customer advocates to provide affordability discounts through our care program, energy efficiency support through our energy partners program, and a special rate for qualified low-income customers that will continue to support our most economically vulnerable customers with some of the lowest monthly bills in the state. While we advance our vision of a carbon-free energy supply by 2050, we will continue to make affordability a priority.

At the same time, a reasonable rate of return is essential to keeping our company financially healthy and ensuring value for our shareholders. To that end, on November 1, Minnesota Power filed a general rate case supporting an increase in base retail electric rates. This request is important to Minnesota Power's financial health and ability to continue its clean energy transformation while delivering the safe, resilient and reliable service that powers people's lives and businesses throughout Northeastern Minnesota.

Minnesota Power has completed only 3 rate cases in the past 25 years, with our last completed rate case back in 2016, 5 years ago. The core of our current request is simple: recovery of prudent costs and investments that support our clean energy transition, a more resilient grid and our customers' desire to control their energy use. Our request also reflects the risk and volatility that come with our unique customer mix and allows the opportunity for our investors to earn a reasonable rate of return. Steve will share more details on the rate case filing in a moment.

In a creative effort to help customers, Minnesota Power filed a petition with the Minnesota Public Utilities Commission for approval to sell land surrounding several reservoirs on its hydroelectric system. The land is not required to maintain operations and has an estimated value of approximately \$100 million. So Minnesota Power proposed to give the net proceeds from the land sales to our customers either through a credit in a future rate case or through the renewable resources rider to help mitigate future rate increases. At a hearing last month, the MPUC approved the methodology to allow the land sales to begin with certain conditions and required compliance filings. We are pleased to offer this innovative and meaningful rate mitigation for our customers, and we appreciate the MPUC's approval.

The MPUC also recently approved a new demand response product for Minnesota Power's large industrial customers that facilitates those customers making their capacity available in exchange for fair compensation. The additional capacity these large customers make available can be critical to maximizing the efficiency and ensuring the resiliency of our overall system during extreme weather events, such as the polar vortex earlier this year.

Turning to our second largest business in the ALLETE family. ALLETE Clean Energy, with 100% renewable generation is making progress on its multifaceted strategy focused on portfolio optimization, new projects and plans for expanding service offerings beyond wind to include solar and storage solutions. In addition, the company is executing on plans to optimize its existing PTC safe harbor turbine inventory and enhancing the returns of its existing projects.

The renewables industry continues to grow rapidly, attracting significant capital and investor interest as well as strong bipartisan policy support in Congress. ALLETE Clean Energy is well positioned to capitalize on customers' desire to expand renewable energy as the economy decarbonizes and the focus on sustainability accelerates. The ALLETE Clean Energy team is deep into the evaluation of avenues to add renewable capabilities beyond wind, and we anticipate sharing more information on our expansion into solar and storage in the coming quarters.

Now I'll turn it over to Steve and Bob for additional details on our 2021 third quarter financial results, 2021 rate case and ALLETE's growth outlook. Steve?

Steven Wayne Morris ALLETE, Inc. - VP, Controller & CAO

Thanks, Bethany, and good morning, everyone. I would like to remind you that we filed our 10-Q this morning, and I encourage you to refer to it for more details. Please refer to Slides 4 and 5 for significant variances and other items for comparison considerations.

Today, ALLETE reported third quarter 2021 earnings of \$0.53 per share on net income of \$27.6 million. Earnings in 2020 were \$0.78 per share on net income of \$40.7 million. The third quarter results for 2021 did exceed our internal expectations by approximately 25%. The third quarter is typically the lowest quarter for consolidated earnings.

A few details from our business segments. ALLETE's regulated operations segment, which includes Minnesota Power, Superior Water, Light and Power and the company's investment in the American Transmission Company recorded net income of \$32.9 million compared to \$42.4 million in the third quarter of 2020. Third quarter 2021 earnings reflected lower net income at Minnesota Power primarily due to increased operating and maintenance and property tax expenses. In addition, the recording of income tax expense resulted in a negative impact of approximately \$5 million or \$0.10 per share for the quarter as compared to 2020. The accounting for income taxes varies quarter-to-quarter based on an estimated annual effective tax rate. Results in 2021 reflected higher kilowatt-hour sales to residential, commercial and municipal customers and higher industrial sales, partially offset by lower sales to the idle Verso paper facility.

ALLETE Clean Energy recorded a net loss of \$800,000 in the third quarter of 2021, compared to net income of \$1.1 million in 2020. Net income in 2021 reflected lower wind resources and availability than our internal expectation.

As foreshadowed in the second quarter disclosures, ALLETE Clean Energy's wind facilities continued to be impacted by lower wind resources than expected and were 7% below expectations for the quarter. The impact of lower wind resources was partially offset by lower operating costs resulting from ALLETE Clean Energy's expense management efforts. Keep in mind that although seasonal wind patterns can vary throughout the year, wind production is typically the lowest in the third quarter and at the highest in the first and fourth quarters of the year.

Our Corporate and Other businesses, which includes BNI Energy and ALLETE Properties, recorded a third quarter net loss of \$4.5 million in 2021, compared to a net loss of \$2.8 million in 2020. The increased net loss is primarily due to higher expenses.

I'll now turn to our 2021 earnings guidance, which remains unchanged from our original range of \$3 to \$3.30 per share. Consistent with our disclosures in the second quarter, we anticipate our Regulated Operations segment will be at the higher end of our guidance range of \$2.30 to \$2.50 per share. This is primarily driven by Minnesota Power's taconite customers operating at higher levels than our original projections and is expected to remain at near full production levels throughout the fourth quarter.

We continue to expect that ALLETE Clean Energy in our Corporate and Other businesses to be at the lower end of our guidance range of \$0.70 to \$0.80 per share. This is primarily due to the negative impacts of the extreme winter weather event in the first quarter of 2021, at

the Diamond Spring wind energy facility of approximately \$0.10 per share and lower-than-expected wind resources and availability throughout 2021. These negative impacts are partially offset by a 16% after-tax gain recorded in the fourth quarter of 2021 for the sale of a portion of the Nemadji Trail Energy Center by South Shore Energy, ALLETE's non-rate-regulated Wisconsin subsidiary. The sale, which closed on October 1, 2021, was reflected in our second quarter guidance as we had anticipated the closing of the transaction in the second half of the year. As noted in previous quarters, the timing of income tax expense has negatively impacted year-to-date results compared to internal expectations. We estimate that approximately \$3 million or \$0.06 per share is expected to reverse in the fourth quarter.

Turning to the Minnesota Power rate case filing. Please refer to Slides 6 and 7. On November 1, Minnesota Power filed a retail rate increase request with the MPUC, seeking an increase of \$108 million in total additional annual revenue. The filing seeks a return on equity of 10.25% and a 53.81% equity ratio. Interim rates of \$87 million would begin January 1, 2022, with approval by the MPUC. Interim rates are subject to refund. At this time, we anticipate final rates would be implemented sometime in late 2023.

The rate case assumes taconite production of approximately 34 million tons, which is in alignment with the long-term average production levels for taconite. In addition, Minnesota Power has included a proposal to address and mitigate the financial impacts related to operational volatility of its large power customers. This proposal includes a sales true-up mechanism, offering a simple and balanced method to align risk and benefit of large power load volatility that can occur between rate cases. We will share procedural updates as the filing progresses in future quarterly updates.

I'll now turn it over to Bob for comments on our longer-term growth outlook. Bob?

Robert J. Adams ALLETE, Inc. - Senior VP & CFO

Thanks, Steve, and good morning, everyone. I am pleased to report that our trajectory for improved EPS growth remains on track, and I'm confident in our ability to achieve our long-term annual average earnings per share growth objective of within a range of 5% to 7%. This growth will come from a continued disciplined focus on efficient operations and high-quality clean energy investments with strong operating cash flow characteristics further supporting our strong credit ratings and future dividends.

As we have consistently characterized throughout the year, 2021 has been a transitional year, and I'm particularly pleased about the progress we have made around initiatives that are aimed at improving our business unit returns at both our rate-regulated and nonregulated business segments while ensuring we provide an excellent value proposition for our customers.

In terms of new investments, we have been busy planning and planting seeds for advancing our clean energy, sustainability in action strategy, which will translate into some exciting new opportunities as we go forward. Indeed, in our year-end conference call in February, we will be providing our 2022 guidance along with enhanced visibility into investment opportunities across our business platforms. These updates will reflect our latest views on the IRP, the IDP, ACE clean energy expansion into the solar storage segments and transmission development opportunities. In addition, we expect the developments around federal spending and tax reform, including clean energy tax incentives, will be better known.

In terms of current initiatives, perhaps one of the most important is our recently filed November 1 general rate case proceeding. As Bethany noted earlier, this rate case is critical to ensure the company is able to recover costs associated with our ongoing safe, reliable operations, clean energy transition and to ensure we earn a reasonable rate of return required to maintain our credit ratings and attract investment capital.

In terms of our continued clean energy transition, perhaps one of the most exciting opportunities lies in the transmission and distribution areas. As we have been highlighting for several years, transmission and delivery needs are accelerating, and the needed infrastructure to accommodate the Clean Energy buildout is greatly lagging across the entire country, especially in the Upper Midwest. Specifically, our MISO region includes key corridors that are not currently sufficient to handle the rapid expansion of renewable energy on the grid.

Our planned expansion of our 550-megawatt DC transmission line, participation in the Grid North Partners initiative, and our increasing investment in the American Transmission Company are clearly of significant strategic value to ALLETE. In aggregate, we believe this part

of our business will be ALLETE's second fastest-growing segment in the next decade.

In addition to strategic positioning initiatives gaining traction at our regulated business, ALLETE Clean Energy is on the verge of completing its construction of the Caddo wind project located in Oklahoma, which will serve additional Fortune 500 customers under long-term contracts and is comfortably on track to be online before the end of this year. This is the second large-scale wind facility built and placed in service by ALLETE Clean Energy in just 2 years. In total, Oklahoma-based Caddo and Diamond Spring projects represent over \$800 million of investment and will provide its large C&I customers with over 2.1 million megawatt-hours of carbon-free wind generation.

ALLETE Clean Energy's investment in safe harbor wind components remains a competitive advantage in the development of new wind projects such as Caddo and Diamond Spring, and in further optimization efforts of its existing wind portfolio.

Please refer to Slide 8. Regarding optimization initiatives underway, the 92-megawatt Red Barn build, order, transfer project with Wisconsin Public Service Corporation and Madison Gas & Electric will utilize some of our safe harbor turbines while expanding our customer base and presence in another geographic region of the country. ALLETE Clean Energy is finalizing development and plans to begin to complete construction of this facility in 2022.

An extension of this project and a testimony to our strong relationships with optionality to serve the C&I and/or utility space, the approximately 68-megawatt Whitetail development project is advancing with its advanced transmission queue position, landowner relationships and for either a long-term PPA or build, order, transfer project.

Speaking of strengthening our development pipeline to leverage ACE's safe harbor turbines, we continue to advance the 200-megawatt Ruso wind project in North Dakota and are working with state regulators and the Federal Aviation Administration on permitting and siting for this facility. We are encouraged by North Dakota Governor Burgum's call for the state to be carbon-neutral by 2030, and this and additional clean energy projects are part of this ambitious vision.

Regarding the up to 120-watt -- megawatt Northern wind project with Xcel Energy, construction will begin upon receiving permitting approval from the MPUC. This project involves a repowering expansion and planned sale of our Chanarambie Viking wind facility. This project also remains on track to advance with completion expected in late 2022. We were pleased that Xcel Energy received MPUC approval to acquire the project from ALLETE Clean Energy earlier this year.

Cash received from these optimization efforts will be deployed into new opportunities related to our solar and storage expansion strategy, reducing the potential for future equity needs.

In summary, ALLETE's sustainability in action strategy remains on track, and we anticipate sharing more successes in the near future as we execute our clean energy growth initiatives. This multifaceted, unique clean energy strategy is well on its way to providing a differentiated value proposition to investors while serving the needs of many other stakeholders with strong metrics on the environmental, social and corporate governance front.

I'll now hand it back to Bethany.

Bethany M. Owen ALLETE, Inc. - President & CEO

Thanks for those updates, Steve and Bob. As demonstrated by ALLETE's significant clean energy projects, transformational decarbonization efforts and development and expansion of infrastructure that's critical to the transmission and delivery of carbon-free energy, we are actively addressing climate change in all the right spaces. We are a company and a team that cares for our customers, our communities, our employees and our shareholders. We have a well-earned reputation of being on the forefront with transforming clean energy investments, and we anticipate significant investments in ALLETE's regulated and nonregulated businesses in the coming years.

We believe we will be well aligned with still to be finalized national and state clean energy goals. Our sustainability and action strategy is a balanced approach that moves the needle while allowing time for advances in technology and an equitable transition to a secure and

carbon-free energy economy.

On Slide 9, there are several links to important information about our company, especially the second linked document, ALLETE's Corporate Sustainability Report. A guiding principle of ALLETE's sustainability in action strategy is communication and transparency, and we've updated our corporate sustainability report to include 2020 data that was unavailable at the time of the initial March publication, as well as updates on climate policy and ALLETE board composition.

On that note, we're proud and excited to have welcomed Charlene Thomas, Chief Diversity, Equity and Inclusion Officer of UPS, to the ALLETE Board of Directors a few weeks ago. I encourage you to review our CSR in its entirety as it describes ALLETE's accomplishments and our strong commitment to sustainability in all its forms. We'll continue to track industry, political and regulatory trends to ensure our future reports consider any evolving climate-related risks and opportunities.

We're focused on meeting our nation's accelerating needs for cleaner, more efficient and more resilient energy. Our strategy sets ALLETE apart, and we're committed to continue on this journey as a strong steward of all of our stakeholders' interest. Doing the right things in the right way is nothing new here at ALLETE, and we are proud of the progress our company is making.

It's also important to note that ALLETE's sustainability commitments align with the commitments our customers are making. For example, all of Minnesota Power's largest customers have now committed to reduce carbon emissions in their products and their operations. The fact that Minnesota Power serves these customers with 50% renewable energy today directly contributes to the sustainability of their current operations. And our carbon-free energy vision for the future also supports these customers' longer-term goals.

As a result of this focus on sustainability, we've seen Minnesota Power's largest mining customers invest in new ways of utilizing the abundant iron resource in our region to support continued sustainability improvements for what is already some of the cleanest steelmaking in the world.

In addition, in the forest product sector, we are looking forward to a new customer that is investing in an idled paper plant to utilize recycled fiber for tissue production, and another new customer that will leverage sustainably harvest Minnesota timber to produce advanced building panels. These are just a few examples of how our ALLETE companies and our customers are aligned in our commitment and are actively advancing sustainability in many ways, building an even better and brighter future for us all.

Thank you for your interest and your investment in ALLETE. At this time, I'll ask the operator to open the line for your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from Richard Sunderland with JPMorgan.

Richard Wallace Sunderland *JPMorgan Chase & Co, Research Division - Associate*

Just wanted to circle back to the message on guidance. Was the NTEC gain \$0.16? Did I see that correctly? And was that gain originally contemplated in the '21 range?

Steven Wayne Morris *ALLETE, Inc. - VP, Controller & CAO*

Rich, it's Steve Morris. It was in our -- it is \$0.16. We did have it in our update for the last quarter, but it was not reflected in our original guidance range of \$3 to \$3.30.

Richard Wallace Sunderland *JPMorgan Chase & Co, Research Division - Associate*

Understood. And then circling to the rate case, could you remind us of the history with the sales true-up and when you've sought that in the past? And then just any sense on the receptivity to it now?

Steven Wayne Morris ALLETE, Inc. - VP, Controller & CAO

Yes. So we haven't really had this exact type of true-up. We had more of an ROE type of true-up in the past. That was in the '16 rate case that didn't get a lot of traction. But I think we're going to get more receptive audience to this. I'll let Frank talk about it a little bit, too.

Frank Frederickson ALLETE, Inc. - VP of Customer Experience- Minnesota Power

Thanks, Steven and Richard, Frank Frederickson here. And so what -- Richard, Frank Frederickson here. So what we've proposed in this rate case is a real simple and fair true-up based on large power revenue volatility. And it's pretty straightforward, as Steve mentioned, quite a bit different than what was proposed in the 2016 case in that we're looking at just addressing some of the volatility that we've seen, our large power customer operations with the real simple revenue mechanism that plus or minus \$10 million in terms of where the revenue comes in that we would -- to the extent that customers are operating above that, we'd return that to customers in the form of a rate discount. And to the extent that they're operating below that, we'd seek that for a revenue true-up.

Richard Wallace Sunderland JPMorgan Chase & Co, Research Division - Associate

Understood. And then finally, on the ACE side, just curious about the expansion efforts and what you're seeing in your evaluations on the solar and storage side and how you think about some of the larger market concerns around solar currently as you look to enter the space?

Al Rudeck ALLETE, Inc. - President of Allete Clean Energy, Inc.

Yes. Great question, Richard. This is Al Rudeck at ACE. Thank you for the question. We're serious about expanding into solar and storage. We're seeing a strong pull from customers when you look at IRP plans around the country and you look at what commercial and industrial and municipal customers are looking for. So we're taking a very judicious approach to it, kind of a multipronged approach. Part of it will be -- we've already begun adding organically some solar and storage talent into our existing development team. As well, we are looking at options for acquisitions of right-sized companies or platforms to accelerate that portion of our strategy.

So more to come in future quarters. We're very excited about it. We are naturally watching very carefully the supply chain issues and the manufacturing run-up issues that are happening around the world. And we think, broadly, the way we're going to play, being a small player in a big market, we'll be able to find success and be able to manage those risks as we get into it. But certainly, the industry has seen its ups and downs over the last 10 or 15 years of PTC policy. So we're watching that very carefully, and we'll take that into account as we make our first moves into solar and storage.

Operator

Our next question comes from Brian Russo with Sidoti.

Brian J. Russo Sidoti & Company, LLC - Research Analyst

Just a follow-up on the comments regarding the proposed land sale surrounding some of your hydro plants. What did you -- could you just remind us what was the book value or the market value that you referenced earlier?

Bethany M. Owen ALLETE, Inc. - President & CEO

Brian, it's Bethany. \$100 million is what we're estimating at this time, the value of the land.

Brian J. Russo Sidoti & Company, LLC - Research Analyst

Okay. So that, in theory, could be a nice offset to what is an 18% rate increase in this pending rate filing with the \$108 million revenue requirement. Is that one way to look at it?

Bethany M. Owen ALLETE, Inc. - President & CEO

It is a rate mitigation effort on our part. It will take some time to implement. So obviously, these -- there's some planning work that needs to be done in connection with these land, and the sales process needs to take place. And then obviously, how it will actually be returned to customers will have a lot of oversight and approval of the commission as well. But we're committed -- we are really pleased with the approval of the methodology by the MPUC, and we're committed to moving forward with the process with their oversight as well.

Brian J. Russo Sidoti & Company, LLC - Research Analyst

Okay. Great. And what type of zoning is this land available for, if it's surrounding your hydro facilities?

Bethany M. Owen ALLETE, Inc. - President & CEO

So it's currently leased to leaseholders right now, for the most part, that actually many of them have cabins and homes already on the land. So it's already able to be used for residential purposes.

Brian J. Russo Sidoti & Company, LLC - Research Analyst

Okay. Great. And then just on the interim rate request, it's my understanding that the interim rates are always based on the existing, currently allowed ROE. And if so, what is -- remind us what your current allowed ROE is?

Steven Wayne Morris ALLETE, Inc. - VP, Controller & CAO

Brian, Steve Morris. So it's 9.25. That's the current allowed, and that is -- as you said, that is what the interim rates are based on.

Brian J. Russo Sidoti & Company, LLC - Research Analyst

Okay. So that delta of \$108 million versus the \$87 million interim, that probably is the delta on the ROE request versus allowed?

Steven Wayne Morris ALLETE, Inc. - VP, Controller & CAO

That is the majority of it. There are some other items in there, but just think about it that way. You're very close.

Brian J. Russo Sidoti & Company, LLC - Research Analyst

Okay. And then on the IRP, I think originally, the timeline was to get MPUC approval by early next year. I think earlier comments, now, it's going to be later in '22. But if I recall, you had some several hundred megawatts of solar investment proposals in the IRP. Are things -- is the time line, do you think, of developing a lot of that, assuming fair treatment by regulators, is the timing being pushed out now?

Robert J. Adams ALLETE, Inc. - Senior VP & CFO

Yes. Brian, this is Bob Adams. The -- first and foremost, as you'll appreciate, and Bethany spoke to this, the evolution of the renewables market and opportunities that are presenting themselves with technology advancements, cost -- decreasing costs, suggest a potential more rapid investment in some of those projects. And so we're -- the IRP had contemplated, I believe, about 400 megawatts in total between solar and storage investments. And so that aligns very consistently with what we're looking at now. But the timing of that could be accelerated as we go forward. And we'll be talking more about that in the early part of the year.

Brian J. Russo Sidoti & Company, LLC - Research Analyst

Okay. Great. And then just on ACE, the potential future projects that you mentioned, the 68-megawatt project and the 200-megawatt project, should we kind of use your recent base asset optimization project announcements kind of as a good kind of comp to what kind of value you could realize from these future projects?

Al Rudeck ALLETE, Inc. - President of Allele Clean Energy, Inc.

Yes. Brian, Al Rudeck here again. Yes, I think that's a fair way to think about it, Brian. We have not made a decision on whether those projects will be long-term PPAs with ownership by ACE or whether they'll be build transfers to another entity. So you've seen us develop both kinds of projects. And so I'd think about them similarly, yes.

Operator

Thank you. Due to limited time, I'd like to turn the call back over to Bethany Owen for closing remarks.

Bethany M. Owen ALLETE, Inc. - President & CEO

Thank you again for joining us this morning and for your investment and interest in ALLETE. We look forward to speaking with many of you in a few days during the EEL conference and at other investor venues throughout the remainder of the year. Enjoy the rest of your day.

Operator

This concludes the conference. You may now disconnect.

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