

NMPA-Minnkota Joint System: A Strategic Imperative for Our Future

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Initiating Discussions on Operational Models to Keep Pace with Industry Transformation

The Northern Municipal Power Agency (NMPA) and Minnkota Power Cooperative have shared a foundational partnership for over 45 years, ensuring reliable and affordable power for our 12 member municipalities and the 11 Minnkota distribution cooperatives. While our current Power Supply Coordination Agreement extends until 2041, the rapidly evolving energy landscape necessitates proactive and swift engagement to secure our collective future.

This document outlines the critical reasons why initiating discussions now to restructure and extend the relationship between NMPA and Minnkota is not just beneficial, but essential.

Why Proactive Engagement is Crucial:

- **Long-Term Generation Investments:** Significant capital investments are required for new generation assets, which typically have a more than 30-year operational lifespan. Planning and financing these crucial resources demand a stable, long-term partnership framework that extends beyond our current agreement's horizon.
- **Shared Ownership of Transmission Infrastructure:** Our transmission network is a single, unified system built and operated together with Minnkota over decades. This shared ownership structure provides reliability, efficiency and cost advantages that would be near-impossible to replicate independently. Attempting to separate this interconnected system would be extraordinarily complex and costly, diverting resources away from serving our communities. In addition, we continue to make ongoing investments into our load-ratio share of the infrastructure that will extend well past the current contract.
- **Strength in Unity & Economies of Scale:** For 45 years, our combined strength has provided resilience, efficiency, and economies of scale in power generation and delivery. In an industry undergoing rapid transformation due to new technologies, evolving government regulations, and shifting consumer expectations, maintaining this unified approach is more vital than ever.
- **Natural Efficiencies and Synergies:** Each of NMPA's 12 member communities is geographically surrounded by a Minnkota cooperative. This unique proximity creates inherent operational efficiencies and natural synergies that optimize resource allocation and service delivery, benefiting all stakeholders.
- **Navigating Regulatory Landscape (Minnesota Carbon-Free Law):** The Minnesota 100% Carbon-Free Law by 2040 mandates a significant transition in power generation. Achieving compliance and adapting to these stringent environmental requirements will necessitate substantial, long-term strategic planning and investment that can only be effectively managed through a continued, robust partnership.

Our Shared Future:

By commencing discussions now, NMPA and Minnkota can collaboratively design an operational structure that addresses future challenges, leverages shared strengths, and ensures the continued provision of reliable, affordable, and sustainable power for our communities for decades to come. This proactive approach safeguards our collective interests and positions us for success in a dynamic energy future.