

Atlantic Power Provides Update on Status of Three Ontario Facilities

DEDHAM, Mass., Jan. 9, 2017 /PRNewswire/ -- Atlantic Power Corporation (NYSE: AT) (TSX: ATP) ("Atlantic Power" or the "Company") announced today revised contractual arrangements for, and operational status of, its Kapuskasing, North Bay and Nipigon facilities in Ontario, each having a capacity of 40 megawatts. Effective for 2017, Atlantic Power Limited Partnership (APLP, a subsidiary of the Company) has signed Non-Utility Generator (NUG) Enhanced Dispatch Contracts with the Ontario Independent Electricity System Operator for the three facilities. In conjunction with the execution of the new contracts, APLP has agreed to terminate the Power Purchase Agreements (PPAs) with the Ontario Electricity Financial Corporation (OEFC) for the Kapuskasing and North Bay plants, which were scheduled to expire in December 2017, and to suspend for a period (as described below) the Nipigon PPA, which is scheduled to expire in December 2022.

The Enhanced Dispatch Contracts for Kapuskasing and North Bay provide a fixed monthly payment to the plants until December 31, 2017. The contracts have no delivery obligations and allow APLP to retain operating flexibility. Based on its assessment of the Ontario power market, including the estimated impact on plant economics, the Company has begun the process of mothballing both plants.

The Enhanced Dispatch Contract for Nipigon provides fixed monthly payments to that plant through October 31, 2018. During that period, the plant's PPA with the OEFC will be suspended. At the conclusion of that period, or after that date should that subsequently be agreed to, the arrangement will revert to the existing terms of the PPA. The Company also has begun the process of mothballing Nipigon.

The Company is committed to working with those employees affected by the decision to mothball the three facilities.

Atlantic Power believes this outcome provides benefits for ratepayers and contributes to the Province's goal of reducing greenhouse gas emissions. The Company is continuing to work collaboratively with the relevant parties on potential other initiatives that could result in additional benefits to ratepayers.

The Company does not expect the revised contractual arrangements for these three facilities to have a cash impact on its 2016 financial results. However, because the PPAs at the Kapuskasing and North Bay plants have been terminated one year earlier than the original expiration date, the amortization of the intangible assets related to those PPAs must be accelerated, resulting in a non-cash amortization expense, subject to audit adjustments, of approximately \$13 million, which will be included in 2016 net income rather than being expensed over the course of 2017. The impact on 2017 financial results is expected to be positive as compared to the corresponding results under the previous arrangements for the three plants. Further detail will be provided in the Company's 2016 year-end earnings release and annual report on Form 10-K.

About Atlantic Power

Atlantic Power owns and operates a diverse fleet of twenty-three power generation assets across nine states in the United States and two provinces in Canada. The Company's power generation projects sell electricity to utilities and other large commercial customers largely under long-term power purchase agreements, which seek to minimize exposure to changes in commodity prices. The aggregate gross electric generation capacity of this portfolio is approximately 2,138 megawatts (MW), and the Company's aggregate net ownership interest is approximately 1,500 MW. Nineteen of the projects are currently operational, totaling 1,975 MW on a gross capacity basis and 1,337 MW on a net ownership basis; the other four, all in Ontario, are presently mothballed.

Atlantic Power's shares trade on the New York Stock Exchange under the symbol AT and on the Toronto Stock Exchange under the symbol ATP. For more information, please visit the Company's website at www.atlanticpower.com or contact:

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Copies of the Company's financial data and other publicly filed documents are available on SEDAR at www.sedar.com or on EDGAR at www.sec.gov/edgar.shtml under "Atlantic Power Corporation" or on the Company's [website](#).

Cautionary Note Regarding Forward-Looking Statements

To the extent any statements made in this news release contain information that is not historical, these statements are forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended, and under Canadian securities law (collectively, "forward-looking statements").

Certain statements in this news release may constitute "forward-looking statements", which reflect the expectations of management regarding the future growth, results of operations, performance and business prospects and opportunities of the Company and its projects. These statements, which are based on certain assumptions and describe the Company's future plans, strategies and expectations, can generally be identified by the use of the words "may," "will," "project," "continue," "believe," "intend," "anticipate", "expect" or similar expressions that are predictions of or indicate future events or trends and which do not relate solely to present or historical matters. Examples of such statements in this press release include, but are not limited, to statements with respect to the following:

- The Company's assessment of the Ontario power market, including the estimated impact on plant economics, and the impact of that assessment on the Company's decision to mothball the affected facilities;
- the Company's belief that the revised contractual arrangements and operating status of its plants will result in benefits for Ontario ratepayers, and contribute to the Province's greenhouse gas reduction goals;
- the Company's expectation that the revised contractual arrangements will not result in a cash impact on its 2016 financial results, but will result in approximately \$13 million, subject to audit adjustments, of additional amortization expense associated with intangible assets related to the Kapuskasing and North Bay PPAs that will be recorded in 2016;
- the Company's expectation that the revised contractual arrangements and operating status of its plants will have a positive impact on its 2017 financial results relative to the corresponding results under the previous arrangements; and
- the Company's plan to provide further detail on the revised arrangements in its year-end 2016 earnings release and annual report on Form 10-K.

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not or the times at or by which such performance or results will be achieved. Please refer to the factors discussed under "Risk Factors" and "Forward-Looking Information" in the Company's periodic reports as filed with the Securities and Exchange Commission from time to time for a detailed discussion of the risks and uncertainties affecting the Company. Although the forward-looking statements contained in this news release are based upon what

are believed to be reasonable assumptions, investors cannot be assured that actual results will be consistent with these forward-looking statements, and the differences may be material. These forward-looking statements are made as of the date of this news release and, except as expressly required by applicable law, the Company assumes no obligation to update or revise them to reflect new events or circumstances.

SOURCE Atlantic Power Corporation

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