

Atlantic Power Announces Private Placement of 7.5 million IPSs to Caisse de depot et placement du Quebec

BOSTON, MASSACHUSETTS, Oct 3, 2005 (CCNMatthews via COMTEX News Network) -- Proceeds Used to Redeem Portion of Sponsors' Interest

Atlantic Power Corporation (TSX:ATP.UN) ("Atlantic Power") announced today that it had sold 7.5 million Income Participating Securities (IPSs) to Caisse de depot et placement du Quebec (the "Caisse") in a secondary private placement. Following the transaction, the Caisse will own 16.9% of the outstanding IPSs of Atlantic Power.

The net proceeds from the private placement were used by Atlantic Power to increase its ownership in Atlantic Power Holdings ("Holdings") from 58.1% to 70.1%. Holdings is the U.S. holding company that owns interests in 16 power plants predominantly in the United States. Holdings in turn redeemed, using the net proceeds of the sale, a portion of its ownership held indirectly by ArcLight Energy Partners Funds I and II and other investors (the "Existing Investors") from 41.9% down to 29.9%. The sale results in no dilution to public holders of IPSs, as the price per unit at which the ownership interests of the Existing investors were redeemed was the same as the new proceeds per IPS sold under the private placement.

At the time of Atlantic Power's Initial Public Offering ("IPO") the Existing Investors were given a Liquidity Right allowing them to request that Holdings redeem all or a portion of their interest in Holdings (subject to holding a minimum 10% interest during the first two years after the IPO). Following delivery of a Liquidity Notice from the Existing Investors, Holdings is obligated to use its best efforts to fund the redemption through the sale of additional equity securities to Atlantic Power, which in turn is obligated to use its best efforts to raise funds through the issuance of IPSs or other securities. The private placement to the Caisse is pursuant to the exercise of the Liquidity Right.

The price paid by the Caisse was \$10.00 per IPS. Satisfying the Liquidity Notice through this secondary private placement to the Caisse offered cost savings to the parties compared to raising funds through a secondary public issuance of IPSs due to significantly reduced legal, accounting and underwriting expenses.

"We are very pleased to have the Caisse as a significant owner as their long-term investment objectives are strongly aligned with Atlantic Power's business strategy," stated Barry Welch, President and CEO. "We also continue to benefit from the strong support of our Sponsor, Arclight Capital Partners, L.P., who will still retain a 30% interest following the transaction." Two officers also participated as buyers in the private placement.

Regarding this investment, Caisse de depot et placement du Quebec's Senior Vice President of Investments in Infrastructure, Ghislain Gauthier, said: "This investment in Atlantic Power Corporation fits perfectly our infrastructure portfolio strategy of generating predictable current income and return."

When used in this news release, the words "anticipate", "expect", "project", "believe", "estimate", "forecast" and similar expressions are intended to identify forward-looking statements, which include statements relating to pending and proposed projects. Such statements are subject to certain risks, uncertainties and assumptions pertaining to operating performance, regulatory parameters, weather and economic conditions and, in the case of pending and proposed projects, risks relating to design and construction, regulatory processes, obtaining financing and performance of other parties, including partners, contractors and suppliers.

About Atlantic Power Corporation:

Atlantic Power Corporation owns interests in a diversified portfolio of 16 power generation projects located primarily in major markets in the United States. The Company's objectives are to sustain and grow its cash distributions over the long term by enhancing the performance of its existing assets and by making accretive acquisitions.

About the Caisse de depot et placement du Quebec

The Caisse de depot et placement du Quebec is a financial institution that manages funds primarily for public and private pension and insurance plans. As at December 31, 2004, it held CA\$102.4 billion of net assets. The leading institutional fund manager in Canada, the Caisse invests in the main financial markets as well as in private equity and real estate.

SOURCE: Atlantic Power Corporation

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