

Atlantic Power Announces New Power Purchase Agreement at Rumford Cogeneration Facility

BOSTON, MASSACHUSETTS--(CCNMatthews - Jan. 3, 2006) - Atlantic Power Corporation (TSX:ATP.UN)("Atlantic Power") announced today that the Rumford Cogeneration Company Limited Partnership (the "Partnership"), the owner of the Rumford cogeneration facility (the "Project"), has executed a one-year interim electric energy sales agreement (the "New PPA") with the Rumford Paper Company (the "Paper Company"). Atlantic Power Holdings, LLC ("Holdings") owns an indirect 26% limited partnership interest (estimated 23.2% economic interest) in the Partnership.

The Rumford Project is a nominal 85 MW coal and waste wood-fired cogeneration facility located in Rumford, Maine. The Project previously sold all of its power output under a power purchase agreement ("PPA") with Central Maine Power ("CMP"), which expired on December 31, 2005, and continues to sell its steam output to the adjacent Rumford Paper Company, which is owned by NewPage Corporation. Under the New PPA, the Partnership will also sell all of the Project's power output to the Rumford Paper Company at spot market prices, while retaining any benefits that may be generated by sales of capacity or ancillary services, or environmental credits.

Revenue that might be generated by the New PPA can be estimated using the published NYMEX settlement prices for electricity at the New England hub adjusted based on the Project's location. In late December, 2005, the average of 2006 monthly settlement prices adjusted this way was approximately US\$93 per MWh, though these prices have followed a decreasing trend through December. Based on a somewhat lower price assumption for 2006 electricity revenues than the most recently settled forward prices, along with current estimates of the Project's 2006 operating, maintenance and administrative costs, the Partnership could distribute approximately US\$6 million to Holdings in 2006. This estimate is highly dependent upon, among other things, actual spot electricity prices in the region as discussed further below. At the time of Atlantic Power's initial public offering, no distributions from Rumford to Holdings were expected in 2006 due to significantly lower power prices projected at that time.

"This new agreement is an excellent example of how we are managing PPA expirations and adding incremental cash flow by leveraging our solid asset base and significant experience in the industry for the benefit of our investors. We are very pleased with the new agreement." stated Barry Welch, President and CEO.

When used in this news release, the words "anticipate", "expect", "estimate", "project", "believe", "management estimates", "forecast" and similar expressions identify forward-looking statements with regard to the expected impact of the New PPA. Such statements are subject to certain risks, uncertainties and assumptions pertaining to operating performance, regulatory parameters, weather and economic conditions. In particular, the possible cash distributions from the Partnership for 2006 assume that the Rumford Project does not experience any operating difficulties during 2006, its operating and administrative costs remain as projected, and it is able to continue producing electricity at historical levels. In addition, the cash distributions from the Rumford Project will vary based on the New England spot market prices, which are primarily driven by natural gas prices that have been extremely volatile over the past year. Changes in the price of natural gas could have a material effect on the spot price of power in New England and therefore on the cash flows allocable to Atlantic Power from the Rumford Project. The forward-looking statements contained in this news release represent our expectations as of January 3, 2006 and, accordingly, are subject to change after such date. Except as required by applicable law, we disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Atlantic Power Corporation owns interests in a diversified portfolio of sixteen power generation projects located primarily in major markets in the United States. Atlantic Power'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 Atlantic Power

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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.

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