

Atlantic Power Announces Closing of Path 15 Acquisition and Distribution Increase

BOSTON, MASSACHUSETTS--(CCNMatthews - Sept. 15, 2006) - Atlantic Power Corporation (TSX:ATP.UN) ("Atlantic Power" or the "Company") announced today that Atlantic Power Holdings, LLC had indirectly acquired 100% of Trans-Elect NTD Path 15, LLC, which owns approximately 72% of the transmission system rights in the Path 15 transmission project (the "Project" or "Path 15") located in California. The Company paid \$85.5 million in cash for the Project, which has approximately \$145 million in non-recourse project-level debt.

The Project is an 84-mile, 500-kilovolt transmission line built along an existing transmission corridor in California to help alleviate what had been a chronic transmission congestion point in the state's north-south capacity. The Project went into service in December 2004.

The Project's revenue stream is regulated by the Federal Energy Regulatory Commission (the "FERC") on a cost-of-service rate base methodology, which insulates cash flows from any impacts of power prices or actual line usage. The approved rate base includes all costs of the Project and earns an allowed rate of return that is reviewed by the FERC every three years, and the rate base is depreciated over 30 years. All prudently incurred operating and maintenance costs and capital expenditures may be collected in rates charged. California's Independent System Operator ("CAL-ISO") collects Transmission Access Charges being paid predominantly by the state's investor-owned utilities and passes them to transmission owners, such as Path 15.

"We are very pleased to be completing the Path 15 acquisition, further strengthening our ability to generate stable, sustainable and predictable cash flows while enhancing the diversity of our project portfolio," commented Barry Welch, President and CEO.

The Company also announced today that it will increase its cash distribution to shareholders by an annual rate of Cdn\$ 0.03 per Income Participating Security ("IPS") commencing with the September distribution. Since its Initial Public Offering ("IPO") in November 2004 the Company has increased annualized cash distributions per IPS by 6%.

"This increase in cash distributions, the second since our IPO, is another significant milestone and the direct result of our successful strategies to support and grow distributable cash over the long term," commented Barry Welch.

Atlantic Power Corporation owns interests in a diversified portfolio of fifteen power generation projects and one transmission line 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.

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 the acquisition of the Project and the anticipated financial and operational performance of the Project. Such statements are subject to certain risks, uncertainties and assumptions which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to the anticipated financial and operating performance of the Project. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements contained in this news release represent our expectations as of September 15, 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.

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