Atlantic Power Corporation Announces Third Quarter 2006 Results

BOSTON, MASSACHUSETTS – Atlantic Power Corporation (TSX: ATP.UN, ATP.DB) (the "Company") today announced its results for the three and nine months ended September 30, 2006. All amounts are in US dollars unless otherwise indicated.

Third Quarter 2006 Highlights:

- Accretive purchase of interest in Path 15 transmission line completed
- Annual cash distributions to shareholders increased Cdn.$0.03 per IPS
- Cdn.$90 million of IPSs and Cdn.$60 million of 6.25% convertible debentures issued in bought deal financing that closed on October 11
- Increased ownership in Atlantic Power Holdings from 70.1% to approximately 86%
- Cash Flows from Operating Activities in the third quarter increased by 49%
- Payout Ratio for the first nine months of 2006 at conservative 66%

"With the accretive acquisition of a substantial interest in the Path 15 transmission project, and the strong performance of our power generating assets, we were pleased to increase cash distributions during the third quarter, the second increase since our IPO in November 2004," commented Barry Welch, President and CEO.

For the three months ended September 30, 2006 Cash Flow Available for Distribution was $14.8 million (Cdn $0.37 per IPS) compared to $9.1 million (Cdn $0.30 per IPS) for the same period last year. Distributions declared in the quarter were $10.3 million (Cdn $0.26 per IPS), resulting in a payout ratio of 70%, versus 86% in last year's third quarter. The Company reported project income of $13.6 million in the third quarter of 2006. Net loss for the three months ended September 30, 2006 was $13.3 million or ($0.30) per IPS.

For the nine months ended September 30, 2006, Cash Flow Available for Distribution was $46.2 million (Cdn $1.19 per IPS) compared to $28.0 million (Cdn $0.90 per IPS) for the same period last year. Distributions declared in the first nine months of 2006 were $30.5 million (Cdn $0.78 per IPS), and the payout ratio improved to 66%, as compared to 81% last year. The Company generated project revenue of $178.7 million and project income of $42.6 million in the first nine months of 2006. Net loss for the nine months ended September 30, 2006 was $5.3 million or ($0.12) per IPS.

EBITDA at the Projects increased 3% in the third quarter of 2006 compared to the prior year period. The increases were driven by the large contribution in 2006 from the Chambers acquisition and a small initial contribution from the Path 15 acquisition which closed on September 15, 2006. These positive factors were partially offset by reduced EBITDA from Pasco due to maintenance costs incurred during a forced outage earlier in the year and from Rumford due to its transition to a market-based interim PPA. In addition, the Stockton project recorded a non-cash charge in the quarter related to future asset retirement obligations

For the nine months ended September 30, 2006, EBITDA at the Projects was up 11% compared to the same period in 2005. The first nine months of 2006 included the contribution from Chambers, improved margins at Lake and stronger EBITDA at Orlando, due to improved performance this year from the turbine upgrade completed in May 2005 compared to the prior year, which also included the upgrade outage. Partially offsetting these positive contributions was the absence of any contribution from Masspower, Rumford's reduced EBITDA due to its transition to a market-based interim PPA, and reduced margin at Selkirk due primarily to lower gas resale margins.

The calculation of Cash Flow Available for Distribution and a breakdown of unaudited EBITDA by individual project for the three and nine-month periods ended September 30, 2006 is attached to this news release.

On September 15, 2006, the Company announced that Atlantic Power Holdings, LLC ("Holdings") had indirectly acquired 100% of the equity interests in Trans-Elect NTD Holdings Path 15, LLC ("Path 15 Holdco"), the indirect owner of approximately 72% of the transmission system rights in the Path 15 transmission project (the "Project" or "Path 15") located in California. Path 15 is an 84-mile, 500-kilovolt transmission line built along an existing transmission corridor to help alleviate what had been a chronic transmission congestion point in the State's north-south capacity. The Project commenced commercial operations in December 2004. The Company paid $88 million in cash for the equity interests in Path 15 Holdco including transaction costs, and assumed approximately $145 million in non-recourse project-level debt.

"The Path 15 acquisition is accretive to cash flow, increases the diversity and duration of our project portfolio, and decreases overall risk", commented Mr. Welch.

Concurrent with the closing of this acquisition, the Company increased its cash distributions to shareholders by an annual rate of Cdn. $0.03 per IPS commencing with the September 2006 distribution. Since its initial public offering in November 2004 the Company has increased annualized cash distributions per IPS by approximately 6%.

On October 11, 2006 the Company completed a $150 million bought deal financing with the issuance of 8,531,000 income participating securities ("IPS") for gross proceeds of Cdn. $90 million and Cdn. $60 million of 6.25% convertible secured debentures. The net proceeds of the financing were used to partially repay an acquisition credit facility arranged in connection with the acquisition of Path 15 Holdco and to redeem a portion of the ownership interests in Holdings held by subsidiaries of ArcLight Energy Partners Funds I and II and another investor. With the closing of the bought-deal financing, the Company increased its ownership interest in Holdings to approximately 86% from 70.1%.

On October 31, 2006, the Government of Canada announced a comprehensive taxation plan to levy a "Distribution Tax" on distributions from publicly traded income trusts and limited partnerships. Under the tax proposal, certain distributions of flow through entities income would be subject to tax at corporate income tax rate. Based on management's initial analysis of the proposed tax, it appears that Atlantic Power, which is organized as a Canadian corporation, is not likely to be directly impacted by the proposed new law. However, the application of the proposed rules cannot be definitively concluded until the legislation implementing the proposed rules is finalized and enacted.

The Company's financial statements for the period and management's discussion and analysis for the nine months ended September 30, 2006 are available on the Company's web site at www.atlanticpowercorporation.com or on SEDAR www.sedar.com.

Atlantic Power Corporation owns interests in a diversified portfolio of 15 power generation projects and one transmission line located primarily in

Certain statements in this news release constitute forward-looking statements, which reflect the expectations of the manager of the Company regarding the Projects and the anticipated financial results and operations of the Projects and Path 15 Holdco. Words such as "will", "anticipate", "expect", "project", "believe", "estimate", "forecast" and similar expressions are intended to identify forward-looking statements. Such forward-looking statements reflect current expectations regarding future events and operating performance and speak only as of the date of this news release. 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. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed under ''Risk Factors'' contained in the Company's annual information form dated March 30, 2006. 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 the Company assumes no obligation to update or revise them to reflect new events or circumstances.

Cash Flow Available for Distribution is not a measure recognized under Canadian generally accepted accounting principles ("GAAP") and does not have a standardized meaning prescribed by GAAP. Management believes Cash Flow Available for Distributions is a relevant supplemental measure of the Company's ability to earn and distribute cash returns to investors. A reconciliation of Cash Flows from Operating Activities to Cash Flow Available for Distributions is attached to this news release and is also included in the MD&A for the nine months ended September 30, 2006. Investors are cautioned that the Company may calculate this measure in a manner that is different from other companies.

EBITDA, earnings before interest, taxes, depreciation and amortization, is not a measure recognized under GAAP and does not have a standardized meaning prescribed by GAAP. Management uses aggregate EBITDA at the Projects as a cash flow measure to provide aggregate annual comparative information about Project performance. Investors are cautioned that the Company may calculate this measure in a manner that is different from other companies.

For further information please contact:

Atlantic Power Corporation

Barry Welch, President and CEO

(617) 531-6379

info@atlanticpowercorporation.com
