Atlantic Power Corporation

Atlantic Power Corporation Announces Strong First Quarter 2007 Results

BOSTON, MASSACHUSETTS--(CCNMatthews - May 15, 2007) - Atlantic Power Corporation (TSX: ATP.UN)(TSX:ATP.DB) (the "Company") today announced its results for the three months ended March 31, 2007. All amounts are in US dollars unless otherwise indicated.

Highlights:

- Adjusted Project EBITDA up 24% vs. last year period

- Cash flow available for distribution increased to $20.8 million vs. $10.2 million in the first quarter 2006

- New three-year agreement at Rumford extends project's cash flow profile

"We are very pleased with our strong financial and operating performance in the quarter," commented Barry Welch, President and CEO. "Going forward we will continue to execute our strategy to extend expiring power purchase agreements at our projects to support and grow our future cash flows."

Extending Power Purchase Agreements

The Company continued its strategy to mitigate risk by extending the duration of its projects' contracted cash flows. During 2006 the Rumford project operated under an interim market-based power purchase agreement ("PPA"). In the first quarter of 2007, the project signed a new three-year agreement with Rumford Paper Company, the Project's steam host, which provides fixed payments of approximately $2.7 million per year with no operating, fuel or power price risks.

Cash Flow Available for Distribution

For the three months ended March 31, 2007, Cash Flow Available for Distribution was $20.8 million (Cdn $0.36 per diluted IPS) compared to $10.2 million (Cdn $0.27 per diluted IPS) for the same period last year. Distributions declared in the quarter were $14.0 million (Cdn $0.27 per IPS), resulting in a payout ratio of 67%, versus 97% in the first quarter of 2006. The increase in Cash Flow Available for Distribution was primarily due to higher operating cash flow, a full quarter's contribution from Path 15 acquired on September 15, 2006, and improved results at the Chambers and Pasco projects.

Strong Operating Performance

The Company reported project revenue of $67.3 million in the first quarter of 2007, an increase of over 25% from the first quarter last year. The increase was due to the acquisition of the Path 15 project and improved operational performance at existing projects. The Chambers project had increased generation and lower maintenance costs in the first quarter of 2007 due to the planned outage in the prior year period, and also experienced stronger spot market electricity pricing. Pasco benefited from increased generation and higher fuel efficiency due to the gas turbine upgrades completed in 2006.

Adjusted EBITDA at the Projects, including earnings from equity investments, increased 24% in the first quarter of 2007 compared to the prior year period. The increase was driven by the new contribution from Path 15 and the improved project performance discussed above. These increases were partially offset by the absence of any Selkirk or Gregory Adjusted EBITDA contributions. Because these two projects are accounted for under the cost method of accounting, their Adjusted EBITDA is equal to distributions received. There were no distributions received from these projects during the first quarter of 2007 because

Selkirk receives its distributions in the second and fourth quarters of each year, and distributable cash at Gregory is currently restricted under the terms of its project-level debt agreement.

The Company generated a project loss of $34.9 million in the first quarter, which included non-cash mark-to-market losses of $48.4 million related to changes in the fair value of the Chambers PPA and Onondaga's swap and index hedge agreements. The fair value adjustment to the Chambers PPA arises due to adoption by the Company at January 1, 2007 of a new accounting standard for financial instruments, as fully described in the Company's first quarter 2007 MD&A. Excluding this non-cash accounting adjustment, project income was $13.5 million for the first quarter compared to $10.8 million in the prior year period. The net loss for the three months ended March 31, 2007 was $49.7 million or $0.81 per IPS. Not including the mark-to-market losses, the net loss would have been $1.3 million or $0.02 per IPS.

The calculation of Cash Flow Available for Distribution and a summary of Adjusted EBITDA by individual project for the three months ended March 31, 2007 are attached to this news release.

The Company's financial statements for the period and management's discussion and analysis for the three months ended March 31, 2007 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 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.

Certain statements in this news release may 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. 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 28, 2007. 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 three months ended March 31, 2007. Investors are cautioned that the Company may calculate this measure in a manner that is different from other companies.

Adjusted 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 Adjusted EBITDA at the Projects to provide comparative information about Project performance. Investors are cautioned that the Company may calculate this measure in a manner that is different from other companies.

Atlantic Power Corporation Calculation of Cash Flow Available for Distribution (In thousands of U.S. dollars, except as otherwise stated)

(unaudited)	Three months ended March 31, 2007	2006
Cash flows from operating activities	18,782	8,027
Project-level debt repayment	(4,689)	(4,037)
Interest on IPS portion of Subordinated Notes	8,354	6,127
Income tax installments recoverable (net)(1)	(202)	548
Purchase of property, plant and equipment	(1,426)	(422)
Cash flow available for distribution, US$	20,819	10,243
Cash flow available for distribution, Cdn$	24,150	11,938
Interest on IPS Subordinated Notes	8,354	6,127
Dividends on IPS Common Shares	5,610	3,824
Total IPS distributions, US$	13,964	9,951
Total IPS distributions, Cdn$	16,297	11,421
Cash flow available for distribution per basic IPS, Cdn$	$0.39	$0.27
Cash flow available for distribution per diluted IPS, Cdn$	$0.36	$0.27
Total distribution declared per IPS, Cdn$	$0.27	$0.26

1 Income tax installments recoverable represents management's estimate of U.S. federal income tax installment payments that will be recovered in future periods. The amount presented is comprised of installment payments made during the period, offset by the current tax provision recorded in the consolidated statement of operations and deficit and any income tax refunds received. These adjustments have the effect of removing changes in working capital resulting from the timing of tax payments from the calculation of cash flow available for distribution.

Atlantic Power Corporation
Project Adjusted EBITDA(1)
(in thousands of U.S. dollars)

(unaudited)	Three months ended March 31, 2007	2006
Adjusted EBITDA from consolidated and proportionately consolidated Projects		
Badger Creek	1,276	1,449
Chambers	7,796	5,976
Koma Kulshan	172	28
Lake	6,962	7,792
Mid-Georgia	442	306
Onondaga	161	(43)
Orlando	2,252	2,090
Pasco	3,317	1,532
Stockton	996	866
Topsham	415	415
Path 15	7,380	-
Other	200	165
Total adjusted EBITDA from consolidated and proportionately consolidated Projects	31,369	20,576
Amortization	12,758	10,477
Interest expense, net	6,157	3,587
Change in the future value of derivative instruments	48,403	(1,343)
Other income	9	(2,499)
Earnings (loss) from consolidated and proportionately consolidated Projects	(35,958)	10,354
Adjusted EBITDA from equity Projects		
Delta-Person	598	525
Gregory(2)	-	958
Jamaica	982	1,008
Rumford	596	843
Selkirk(2)	-	3,165
Other	(41)	(47)
Total adjusted EBITDA from equity Projects	2,135	6,452
Amortization	485	2,993
Interest expense, net	353	1,404
Income tax	212	220
Equity earnings, net	1,085	1,835
Project income		
Total adjusted EBITDA from all Projects	33,504	27,028
Amortization	13,243	13,470
Interest expense, net	6,510	4,991
Other (income) expense	9	(2,499)

Change in fair value of derivative instruments 48,403 (1,343) Income tax

	212	220
Project income (loss) as reported in the statement of income	(34,873)	12,189
Earnings (loss) from consolidated and proportionately consolidated Projects	(35,958)	10,354
Equity earnings, net	1,085	1,835
Project income (loss) as reported in the statement of income	(34,873)	12,189

1 Adjusted EBITDA is not a measure recognized under GAAP and does not have a standardized meaning prescribed by GAAP. Adjusted EBITDA is defined as earnings before interest, taxes, depreciation, amortization and changes in fair value of derivative instruments. Management uses adjusted EBITDA at the Projects to provide comparative information about Project performance.

2 Effective January 1, 2007, the Gregory and Selkirk Projects are accounted for under the cost method of accounting. See "Changes in Accounting Policies" in the Company's MD&A for the three months ended March 31, 2007 for additional information.

FOR FURTHER INFORMATION PLEASE CONTACT:
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