Atlantic Power Corporation

Atlantic Power Corporation Announces Strong Second Quarter 2007 Results and New Power Purchase Agreements

BOSTON, MASSACHUSETTS--(Marketwire - Aug. 14, 2007) - Atlantic Power Corporation (TSX:ATP.UN) (TSX:ATP.DB) (the "Company") today announced its results for the three and six months ended June 30, 2007. All amounts are in U.S. dollars unless otherwise indicated.

Second Quarter 2007 Highlights:

- EBITDA at Projects up 9%

- New tolling agreements at the Gregory and Pasco projects enhance growth profile and cash flow stability

- Revolving credit facility amended to reflect longer term, increased amount and improved pricing

- Distribution payout ratio of 87% for the quarter and 76% year-to-date

"Our strong operating and financial performance in the second quarter reflects our continued success in optimizing our high quality asset base to grow cash flow," commented Barry Welch, President and CEO. "A number of key transactions during and subsequent to the quarter are expected to contribute to further growth and the increased stability of our cash flow over the long term."

Cash Flow Available for Distribution

For the three months ended June 30, 2007, Cash Flow Available for Distribution was $17.4 million (Cdn $0.28 per diluted IPS) compared to $21.1 million (Cdn $0.54 per diluted IPS) for the same period last year. Distributions declared in the second quarter of 2007 were Cdn$16.3 million (Cdn $0.27 per IPS), generating a payout ratio of 87%. The decrease in Cash Flow Available for Distribution in the second quarter of 2007 compared to 2006 is primarily attributable to routine fluctuations in the timing of working capital and the timing of semi-annual debt payments at the Path 15 Project.

For the six months ended June 30, 2007, Cash Flow Available for Distribution was $38.2 million (Cdn $0.61 per diluted IPS) compared to $31.4 million (Cdn $0.81 per diluted IPS) for the same period last year. Distributions declared for the first half of 2007 were Cdn$32.6 million (Cdn $0.53 per IPS), resulting in a payout ratio of 76%. The increase in Cash Flow Available for Distribution for the six-month period was primarily due to higher operating cash flow, attributable to a full period contribution from Path 15 transmission line, purchased in September 2006, and improved results at the Chambers and Pasco projects.

Strong Operating Performance

Adjusted EBITDA at the Projects, including earnings from equity investments, increased 9% and 16% to $34.6 million and $68.1 million, respectively, in the three and six month periods of 2007 compared to the same periods last year (see Non-GAAP Measures in this news release). The increase was driven by the new contribution from Path 15, increased generation and efficiency as well as lower maintenance expense at Pasco and strong performance at Chambers due to higher power prices. These increases were partially offset by a lower contribution from the Selkirk project and the absence of any contributions from Gregory. Because these two projects are accounted for under the cost method of accounting, their Adjusted EBITDA is equal to distributions received. Distributable cash at Gregory is currently restricted under the terms of its project-level debt agreement. Also partially offsetting results was the $5.1 million impairment charge incurred related to the planned sale of the Company's interest in the Jamaica project (see discussion under Recent Transactions below).

The Company generated project income of $2.7 million in the second quarter, which included non-cash mark-to-market losses of $24.2 million related to changes in the fair value of the Chambers PPA. For the first six months of 2007, the Company generated a project loss of $32.2 million, which included $73.5 million of non-cash mark-to-market losses related to the Chambers PPA. 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 MD&A for the second quarter of 2007. During the second quarter of 2007, the Company also recognized a $10 million non-cash gain associated with a settlement of firm gas transportation contracts at the Onondaga project (see discussion under Recent Transactions below). Excluding these non-cash items, project income was $16.9 million for the three months and $31.2 million for the six months ended June 30, 2007, compared to $16.8 million and $29.0 million respectively, for the same periods last year. The net loss for the three and six months ended June 30, 2007 was $24.2 million or $0.39 per IPS and $56.2 million or $0.91 per IPS, respectively. Not including the mark-to-market losses and the non-cash gain at Onondaga, the net loss for the three months would have been $10.0 million or $0.16 per IPS and the net income for the six months ended June 30, 2007 would have been $7.3 million or $0.12 per IPS.

During the second quarter of 2007, it was determined that a future tax liability should be reflected as a result of the adjustments to opening retained earnings (deficit) as of January 1, 2007 related to the initial adoption of new accounting standards for financial instruments. As a result, opening retained earnings as of January 1, 2007 has been reduced by $87,938 with a corresponding increase in the future tax liability. In addition, the change in the fair value of the Chambers PPA resulted in a reduction in the future tax liability of $9,704 and $29,401, respectively, in the three and six months ended June 30, 2007. These amounts were recorded as a credit to income taxes in the consolidated statement of operations and retained earnings (deficit) in the three and six months ended June 30, 2007. The impact of this correction, which does not affect cash flows, is to reduce the previously reported loss for the three months ended March 31, 2007 by $17,693 or $0.29 per IPS. Accordingly, income tax expense (benefit), net income (loss) and income (loss) per IPS are restated to ($16,687), ($32,047) and ($0.52), respectively, for the three months ended March 31, 2007 and the future tax liability as of March 31, 2007 was $87,676. The Company has filed the restated first quarter financial statements and management's discussion and analysis on SEDAR.

Recent Transactions

In June 2007, the Onondaga project paid $9.75 million to an unrelated third party in exchange for the assumption by the third party of long-term firm gas transportation contract obligations. that are no longer required by the project. Associated tax benefits will reduce the after-tax cost to the Company by an estimated $3.2 million. This transaction resulted in a gain to second quarter 2007 earnings of approximately $10.0 million. The payment was funded with a $9.75 million contribution from the Company, which in turn was partially funded by a $9.4 million release of restricted cash at the Path 15 project.

In July 2007, a subsidiary of the Company entered into an agreement to sell its interest in the Jamaica project for $6.2 million. The carrying value of the project at June 30, 2007 exceeded the sale price, and accordingly an impairment charge in the amount of $5.1 million was recorded in the second quarter of 2007. The transaction is expected to close in the second half of 2007.

In July 2007, the Gregory project executed a tolling agreement with Fortis Merchant and Private Banking. This new agreement will commence when the current PPA expires in 2009 and extends for five years through 2013. Under the tolling agreement structure, the project receives fixed payments based on meeting plant availability and heat rate targets and is not exposed to fuel or electricity price risk. Based on the terms of the new agreement, the terms of the project-level financing arrangements and forecasted operations at the plant, the Company expects to receive distributions from the Gregory project in the range of $10 to $12 million in 2008, $8 million of which is expected from a release of restricted cash debt reserves.

In August 2007, the Pasco Project signed a new 10-year tolling agreement with Tampa Electric Company ("TECo"). Under the terms of the agreement, which is effective from 2009 to 2018, all of the capacity of the project is dedicated to TECo and Pasco does not retain any fuel or electricity price risk. This agreement is subject to customary approval by the Florida Public Service Commission. The Company expects to receive distributions from Pasco of approximately $2 million per year during the term of the agreement.

In August 2007, the Company amended its revolving credit facility. Under the terms of the amendment, the total amount available under the credit facility has been increased from $75 million to $100 million, of which $50 million may be utilized for letters of credit. The November 2008 maturity date of the credit facility has been extended to August 2012 with an option for the Company to extend the maturity date by one additional year. Outstanding amounts under the amended credit facility bear interest at the London Interbank Offered Rate ("LIBOR") plus an applicable margin that varies based on certain credit ratios of Holdings. The range of applicable margin is 0.875% to 1.625% . Based on Holdings' credit statistics at June 30, 2007, the applicable margin is currently 0.875% . Prior to the amendment, the applicable margin was fixed at 1.50% .

The calculation of Cash Flow Available for Distribution and a summary of Adjusted EBITDA by individual project for the three and six months ended June 30, 2007 and 2006 are attached to this news release. The Company's financial statements for the period and management's discussion and analysis for the three and six months ended June 30, 2007 are available on the Company's website at www.atlanticpowercorporation.com and on SEDAR at 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.

Forward-Looking Statements

Certain statements in this news release constitute forward-looking statements, which reflect the expectations of the management of Atlantic Power Management, LLC, 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 a variety of significant risks, uncertainties and assumptions pertaining to operating performance, regulatory parameters, fuel and electricity prices, weather, economic conditions and other factors that could cause actual results to differ materially from those contemplated by these statements and should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not or when 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 risks and uncertainties discussed in the Company's management's discussion and analysis for the year ended December 31, 2006 and 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.

Non-GAAP Measures

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 Company's management's discussion and analysis for the three and six months ended June 30, 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, amortization and change in fair value of derivative instruments, is not a measure recognized under GAAP and does not have a standardized meaning prescribed by GAAP. Management uses Adjusted EBITDA at the Project-level 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 issuers.

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

	Three months ended June 30,		Six months ended June 30,	
(unaudited)	2007	2006	2007	2006
Cash flows from operating activities	11,927	15,978	30,709	24,005
Project-level debt repayment	(15,093)	(7,201)	(19,782)	(11,238)
Interest on IPS portion of Subordinated Notes	9,015	6,325	17,369	12,452
Income tax installments recoverable (net)(1)	12,597	7,849	12,395	8,397
Purchase of property, plant and equipment	(1,033)	(1,814)	(2,459)	(2,236)

Cash flow available for distribution, US$ (2)	17,413	21,137	38,232	31,380
Cash flow available for distribution, Cdn$ (2)	19,328	24,141	42,644	35,761
Interest on IPS Subordinated Notes	9,015	6,325	17,369	12,452
Dividends on IPS Common Shares	6,054	3,948	11,664	7,773
Total IPS distributions, US$	15,069	10,273	29,033	20,225
Total IPS distributions, Cdn$	16,296	11,422	32,590	22,843
Cash flow available for distribution per basic IPS, Cdn$ (2)	$0.31	$0.54	$0.69	$0.81
Cash flow available for distribution per diluted IPS, Cdn$ (2)	$0.28	$0.54	$0.61	$0.81
Total distribution declared per IPS, US$	$0.25	$0.23	$0.47	$0.46
Total distribution declared per IPS, Cdn$	$0.27	$0.26	$0.53	$0.52

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.

2. Cash flow available for distribution is not a measure recognized under GAAP and does not have a standardized meaning prescribed by GAAP and is therefore unlikely to be comparable to similar measures presented by other issuers. Non-GAAP measures should not be considered as alternatives to net income or comparable metrics determined in accordance with GAAP as indicators of the Company's performance, liquidity, cash flows and profitability. For more information on non-GAAP measures, see "Non-GAAP Financial Measures" in the Company's management's discussion and analysis for the three and six month periods ended June 30, 2007.

Atlantic Power Corporation
Project Adjusted EBITDA(1)

(in thousands of U.S. dollars)	Three months ended June 30,		Six months ended June 30,	
(unaudited)	2007	2006	2007	2006
Adjusted EBITDA from consolidated and proportionately consolidated Projects				
Badger Creek	850	937	2,126	2,386
Chambers	7,371	6,952	15,167	12,928
Koma Kulshan	513	529	685	557
Lake	7,293	7,668	14,255	15,460
Mid-Georgia	1,351	1,093	1,793	1,399
Onondaga	399	276	560	234
Orlando	1,758	2,884	4,010	4,974
Pasco	3,616	3,021	6,933	4,553
Stockton	662	424	1,658	1,290
Topsham	731	881	1,146	1,296
Path 15	7,857	-	15,237	-

Other 265 127 465 292

Total adjusted EBITDA from consolidated

and proportionately consolidated Projects 32,666 24,792 64,035 45,369 Amortization

12,745 10,465 25,503 20,942
Interest expense, net 4,490 956 10,647 4,543

Change in the fair value of derivative

instruments 23,505 (1,485) 71,908

(2,827)

Other income (10,041) - (10,032)

(2,499)

Earnings (loss) from consolidated and

proportionately consolidated Projects 1,967 14,856 (33,991) 25,210 --- Adjusted EBITDA from equity and cost

method Projects

Delta-Person	525	566	1,123	1,091
Gregory(2)	-	825	-	1,783
Jamaica	(3,716)	865	(2,734)	1,873
Rumford	677	196	1,273	1,039
Selkirk(2)	4,667	4,622	4,667	7,787
Other	(228)	(13)	(269)	(60)

Total adjusted EBITDA from equity and cost

method Projects	1,925	7,061	4,060	13,513
Amortization	514	3,357	999	6,350
Interest expense, net	348	1,635	701	3,039
Income tax	370	80	582	300

Equity income from cost and equity

investments 693 1,989 1,778 3,824

Project income Total adjusted EBITDA from all Projects 34,591 31,853 68,095 58,882 Amortization

13,259 13,822 26,502 27,292
Interest expense, net 4,838 2,591 11,348 7,582
Other (income) expense (10,041) - (10,032)

(2,499)

Change in fair value of derivative

instruments 23,505 (1,485) 71,908

(2,827)

Income taxes 370 80 582 300

Project income (loss) as reported in the statement of income 2,660 16,845 (32,213) 29,034

Earnings (loss) from consolidated and

proportionately consolidated Projects 1,967 14,856 (33,991) 25,210 Income from cost and equity method

Projects 693 1,989 1,778 3,824

Project income (loss) as reported in the

statement of income 2,660 16,845 (32,213) 29,034

----

1. Adjusted EBITDA is not a measure recognized under GAAP and does not have a standardized meaning prescribed by GAAP and is therefore unlikely to be comparable to similar measures presented by other issuers. Non-GAAP measures should not be considered as alternatives to net income or comparable metrics determined in accordance with GAAP as indicators of the Company's performance, liquidity, cash flows and profitability. For more information on non-GAAP measures, see "Non-GAAP Financial Measures" in the Company's management's discussion and analysis for the three and six month periods ended June 30, 2007.

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 management's discussion and analysis for the three and six month periods ended June 30, 2007 for additional information.

FOR FURTHER INFORMATION PLEASE CONTACT:
Atlantic Power Corporation

Barry Welch
(617) 977-2700
Email: info@atlanticpowercorporation.com

Source: Atlantic Power Corporation

Contact: Atlantic Power Corporation Barry Welch President and CEO (617) 977-2401 Email: info@atlanticpowercorporation.com Website: www.atlanticpowercorporation.com

---