

Atlantic Power Agrees to Acquire 155MW Cogeneration Facility in Florida And Hedges Lake Project's 2009 Natural Gas Prices

BOSTON, MASSACHUSETTS -- (MARKET WIRE) -- 10/01/08 -- Atlantic Power Corporation (TSX: ATP.UN) ("Atlantic Power" or the "Company") announced today that it has agreed to indirectly acquire Auburndale Power Partners, Limited Partnership ("Auburndale"), which owns and operates a 155 MW natural gas-fired combined cycle cogeneration facility located in Polk County, Florida. The purchase price will be approximately US\$134.5 million and will be funded by cash on hand, a borrowing under the Company's credit facility and non-recourse acquisition debt. Closing of the acquisition is subject to customary closing conditions including one federal regulatory approval, and is anticipated to occur in the fourth quarter of 2008.

The facility being acquired is the last of the projects in which Atlantic Power was granted a right of first offer by ArcLight Energy Partners Fund I, L.P. ("ArcLight Fund I") at the time of Atlantic Power's initial public offering. ArcLight Fund I is the majority owner of a portion of the project through Pomifer Funding, LLC ("Pomifer"), an entity owner in which Caisse de depot et placement du Quebec ("CDP") is a minority owner. ArcLight Fund I is one of the owners of Atlantic Power Management, LLC, the Manager of Atlantic Power and CDP owns approximately 19% of the Company's IPSs and Cdn\$36.5 million of its outstanding subordinated notes. An independent financial advisor has provided a fairness opinion to the independent directors of Atlantic Power given that the sellers are related parties of Atlantic Power. The remaining portion of Auburndale is owned by Calpine Corporation ("Calpine") and is being acquired from Calpine as provided for by Pomifer's right to drag-along Calpine in a sale of its Auburndale ownership interest.

The acquisition brings a number of benefits to Atlantic Power's shareholders, as it:

- Will be immediately accretive to cash flow;
- Has a medium term power purchase agreement with Progress Energy Florida and a fuel supply agreement with El Paso Corporation, which substantially hedges natural gas prices
- Has an excellent operating history since commencing commercial operations in 1994, and will allow Atlantic Power to capitalize on its base of existing knowledge and relationships in connection with its interests in three other Florida plants
- Can be acquired without raising additional equity in the public markets

Additional information about the project and its financing will be provided upon closing of the acquisition.

Natural Gas Price Hedges for Lake Project in 2009

Pursuant to its previously discussed strategy, the Company began hedging natural gas prices to its Lake project for the second half of 2009, following expiration of its current gas supply agreement. Two hedges have been executed which cover this period and provide an average price of \$8.64 per Mmbtu, which in turn will support projected distributions from Lake in 2009 at the high end of the guidance range previously provided.

About Atlantic Power

Atlantic Power Corporation owns interests in a diversified portfolio of 13 power generation projects and one

transmission line located in major markets in the United States. Atlantic Power's objectives are to sustain and its cash distributions and increase the long term value of the company 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 Auburndale, the anticipated financial and operational performance of Auburndale and the impact of Auburndale on Atlantic Power's future cash distributions.

Such forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to the ability of the Company to obtain necessary financing to complete the acquisition of Auburndale, the ability of the Company to satisfy conditions under the purchase agreement and the anticipated financial and operating performance of Auburndale. 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 the date of this press release 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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Source: Atlantic Power Corporation

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