

Atlantic Power Announces Closing of Auburndale Acquisition and Third Distribution Increase

BOSTON, MASSACHUSETTS -- (MARKET WIRE) -- 11/21/08 -- Atlantic Power Corporation (TSX: ATP.UN) ("Atlantic Power" or the "Company") announced today that it has closed the previously announced acquisition of Auburndale Power Partners, Limited Partnership ("Auburndale"), which owns and operates a 155 MW natural gas-fired cogeneration facility located in Polk County, Florida.

The purchase price was \$134.5 million plus customary adjustments for working capital. The acquisition was funded with cash on hand, a \$55 million borrowing under the Company's credit facility and non-recourse acquisition debt of \$35 million. There is no debt being assumed with the acquisition. The non-recourse acquisition debt associated with this transaction amortizes fully over the term of the power purchase agreement ("PPA").

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

- Generates strong cash flow that is expected to result in distributions to the Company of between \$20 million and \$23 million in 2009 and \$8 million to \$10 million per year during the 2010 to 2013 period
- Has a power purchase agreement with Progress Energy Florida that provides strong and steady cash flow through 2013 with promising near-term opportunities to recontract the plant beyond the term of the current PPA
- Has a fuel supply agreement with El Paso Corporation through mid-2012 with fixed prices, leaving only 18% of required volumes exposed to spot natural gas prices; management will execute hedging strategy to further mitigate this risk
- Has an excellent operating history and will allow Atlantic Power to capitalize on its base of existing knowledge and relationships from its interests in three other Florida plants
- Project-level debt fully amortizes over the term of the existing PPA
- Was funded without raising equity in the public markets

The Company intends but is not required to refinance the indebtedness incurred to acquire Auburndale, including the borrowing under the Company's credit facility and the non-recourse acquisition debt, within 12-18 months. Any anticipated refinancing is expected to be non-recourse to the Company and fully amortize over the remaining term of the PPA, leaving the project free of debt at the end of 2013. The cash distribution projections above assume that the refinancing is completed by the end of 2009, but the total cash distributions through 2013 are not dependent on or significantly impacted by the refinancing assumption.

Dividend Increase and Sustainability

The acquisition of Auburndale further diversifies and strengthens the Company's long-term cash flow available for distribution. As a result, the Company announced today that the dividend to common shareholders will be increased by Cdn\$0.034, or 8%, to Cdn\$0.46 per year beginning in January 2009. When combined with the interest payment on the subordinated notes portion of the Company's IPS, the dividend increase results in a total annual distribution of Cdn\$1.094 per IPS.

In addition, management of the Company has reaffirmed that cash on hand and projected future cash flows

from existing projects, including cash flows from Auburndale and the distribution increase discussed above, are sufficient to meet the new level of cash distributions to IPS holders into 2015.

About Atlantic Power

Atlantic Power Corporation owns interests in a diversified portfolio of 14 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 anticipated financial and operational performance of Auburndale and the expected distributions to the Company from Auburndale in 2009 through 2013.

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 refinance the non-recourse acquisition debt 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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