

Atlantic Power Announces Agreement to Acquire Cadillac Renewable Energy, LLC

BOSTON, MASSACHUSETTS – October 25, 2010 – Atlantic Power Corporation (TSX: ATP) (NYSE: AT) (“Atlantic Power” or the “Company”) announced today that it has entered into an agreement to acquire 100% of the membership interests of Cadillac Renewable Energy, LLC (“Cadillac”), a 39.6 MW wood fired facility located in Cadillac, Michigan from a joint venture which is owned by Arclight Energy Partners Fund II L.P. and Olympus Power, LLC. The project has been in operation since July 1993. The purchase price will be approximately \$77 million, subject to customary working capital adjustments, and will be funded by \$35 million of cash on hand and \$42 million of assumed non-recourse, project-level debt. Operations and maintenance will be managed by Rolcast Energy, Atlantic Power’s majority-owned subsidiary. The acquisition is expected to close later in the fourth quarter. The Company expects to receive distributions from the project in the range of US\$3.5 million to US\$4.5 million per year, starting in 2011.

“We are pleased to have identified an immediately accretive renewable power acquisition that further enhances the geographic diversification of our assets,” commented Barry Welch, President and CEO of Atlantic Power. “The current acquisition market in both renewable and natural gas-fired electric power assets will continue to provide opportunities to execute on our growth strategy.”

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

- Will be immediately accretive to cash flow;
- Has demonstrated an excellent operational history, including an availability factor which has averaged 93% since 2006;
- Has a long-term power purchase agreement through 2028, which will further extend the average contract life of our portfolio;
- Has contract capacity payments that comprise approximately half of the project’s revenue;
- Has developed a broad, reliable network of fuel suppliers, approximately 75% of which have provided fuel to the plant since inception; and
- Benefits from a favorable state regulatory climate that provides incentives for biomass projects.

About Atlantic Power

Atlantic Power Corporation is an independent power producer with power projects located in major markets in the United States. The Company’s current portfolio consists of interests in 12 operational power generation projects across eight states, a 500 kilovolt 84-mile electric transmission line located in California, one wind project under construction in Idaho, one biomass project under construction in Georgia, and a number of development projects in five states. The Company’s power generation projects in operation have an aggregate gross electric generation capacity of approximately 1,823 megawatts (or “MW”), in which the Company’s ownership interest is approximately 808 MW. For more information, please visit the Company’s website at www.atlanticpower.com.

Forward-Looking Statements

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

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 complete the acquisition of Cadillac, the ability of the Company to satisfy conditions under the purchase agreement and the anticipated financial and operating performance of Cadillac. 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.

For further information please contact:

Atlantic Power Corporation

Patrick Welch

(617) 977-2700

info@atlanticpower.com

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