

Atlantic Power Announces Closing of Cadillac Renewable Energy Acquisition

BOSTON, MASSACHUSETTS – December 20, 2010 – Atlantic Power Corporation (TSX: ATP) (NYSE: AT) (“Atlantic Power” or the “Company”) announced today that it has closed the previously announced acquisition of 100% of the membership interests in Cadillac Renewable Energy, LLC (“Cadillac”), a 39.6 MW wood fired facility located in Cadillac, Michigan.

The purchase price was \$77 million, plus customary working capital adjustments, and was funded by \$34 million of cash on hand and \$43 million of assumed non-recourse, project-level debt. The assumed non-recourse debt amortizes fully over the term of the power purchase agreement (“PPA”). Operations and maintenance will be managed by Rollcast Energy, Atlantic Power’s majority-owned affiliate. The Company expects to receive distributions from the project in the range of \$3.5 million to \$4.5 million per year, starting in 2011.

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

- Is immediately accretive to cash flow;
- Has demonstrated an excellent operational record, including an availability factor which has averaged 93% since 2006;
- Extends the average contract life of our portfolio due to its long-term power purchase agreement through 2028 with Consumers Energy Company;
- 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 nine 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 1,778 megawatts (or “MW”), in which the Company’s ownership interest is approximately 828 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 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.

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