

Atlantic Power Corporation Announces Agreement to Acquire Partner Interests in Koma Kulshan Hydro Project

DEDHAM, Mass., July 3, 2018 /PRNewswire/ -- Atlantic Power Corporation (NYSE: AT) (TSX: ATP) ("Atlantic Power" or the "Company") announced today that on June 29, 2018, it executed an agreement to acquire Covanta's 50.00% interest in Koma Kulshan, a 13 megawatt run-of-the-river hydro project located north of Seattle, for \$11.8 million. In addition, the Company will buy out the operation and maintenance (O&M) contract held by Covanta for \$0.3 million. The transaction, which is not subject to any regulatory approvals, is expected to close in the third quarter of 2018. Upon closing of the transaction with Covanta, Atlantic Power will own 100% of the project and will become the project operator.

The Koma Kulshan project has been in commercial operation since October 1990. All of the output is sold to Puget Sound Energy under a Power Purchase Agreement (PPA) that runs through March 2037. The project has two FERC hydro licenses, both of which expire at the same time as the PPA. The project has no debt.

The Company's existing 49.75% ownership interest in Koma Kulshan is held through a partnership. Earlier in June 2018, the Company acquired the 0.25% interest held by the managing general partner for \$1.1 million. The acquisition eliminates the payment of management fees to the general partner going forward.

The total consideration of approximately \$13.2 million represents a multiple of approximately 10 times the Company's estimate of pro forma Project Adjusted EBITDA and approximately 11 times the Company's estimate of pro forma cash distributions. Both estimates are based on average water conditions. The Company plans to fund the acquisition from discretionary cash.

"This is an important milestone for Atlantic Power as it marks the first external growth investment after a three-year business restructuring process," said James J. Moore, Jr., President and CEO of Atlantic Power. "We view our hydro assets as having excellent near-term value and strong long-term prospects, so we are pleased to acquire the remaining interests in Koma Kulshan. By buying out the O&M and management contracts as well, we will have 100% ownership and operating control of a hydro project with a PPA that has a 19-year remaining term."

About Atlantic Power

Atlantic Power is an independent power producer that owns power generation assets in nine states in the United States and two provinces in Canada. The generation projects sell electricity and steam to investment-grade utilities and other creditworthy large customers predominantly under long-term PPAs that have expiration dates ranging from 2019 to 2037. The Company seeks to minimize its exposure to commodity prices through provisions in the contracts, fuel supply agreements and hedging arrangements. The projects are diversified by geography, fuel type, technology, dispatch profile and offtaker (customer). The majority of the projects in operation are 100% owned and directly operated and maintained by the Company. The Company has expertise in operating most fuel types, including gas, hydro, and biomass, and it owns a 40% interest in one coal project.

Atlantic Power's shares trade on the New York Stock Exchange under the symbol AT and on the Toronto Stock Exchange under the symbol ATP. For more information, please visit the Company's website at www.atlanticpower.com or contact:

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Copies of the Company's financial data and other publicly filed documents are available on SEDAR at www.sedar.com or on EDGAR at www.sec.gov/edgar.shtml under "Atlantic Power Corporation" or on the Company's [website](#).

Cautionary Note Regarding Forward-Looking Statements

To the extent any statements made in this news release contain information that is not historical, these statements are forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended, and under Canadian securities law (collectively, "forward-looking statements").

Certain statements in this news release may constitute "forward-looking statements", which reflect the expectations of management regarding the future growth, results of operations, performance and business

prospects and opportunities of the Company and its projects. These statements, which are based on certain assumptions and describe the Company's future plans, strategies and expectations, can generally be identified by the use of the words "may," "will," "project," "continue," "believe," "intend," "anticipate," "expect" or similar expressions that are predictions of or indicate future events or trends and which do not relate solely to present or historical matters. Examples of such statements in this press release include, but are not limited, to statements with respect to the following:

- The Company's estimates of pro forma Project Adjusted EBITDA and pro forma cash distributions for the acquired interests in the Koma Kulshan project; and
- the Company's views of the value of its hydro assets, both near- and long-term.

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not or the times at or by which such performance or results will be achieved. Please refer to the factors discussed under "Risk Factors" and "Forward-Looking Information" in the Company's periodic reports as filed with the U.S. Securities and Exchange Commission (the "SEC") from time to time for a detailed discussion of the risks and uncertainties affecting the Company. 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, except as expressly required by applicable law, the Company assumes no obligation to update or revise them to reflect new events or circumstances.

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