

Atlantic Power Announces Agreement to Acquire Ownership Interests in Two Contracted Biomass Plants

DEDHAM, Mass., May 15, 2019 /PRNewswire/ -- Atlantic Power Corporation (NYSE: AT) (TSX: ATP) ("Atlantic Power" or the "Company") announced today that it has executed an agreement to acquire, for \$20 million, the equity ownership interests held by AltaGas Power Holdings (U.S.) Inc. ("AltaGas") in two contracted biomass plants in North Carolina and Michigan. The acquisition is subject to the approval of the Federal Energy Regulatory Commission and customary third-party consents. Closing is expected by mid-2019. The purchase will be funded from the Company's discretionary cash.

Craven County Wood Energy is a 48 megawatt (MW) biomass plant in North Carolina that has been in service since October 1990. Atlantic Power will acquire a 50% interest in the plant from AltaGas. The remaining 50% interest is held by CMS Energy. Craven County has a Power Purchase Agreement (PPA) with Duke Energy Carolinas that runs through December 2027. The plant burns wood waste, including wood chips, poultry litter, forestry residues, mill waste, bark and sawdust.

Grayling Generating Station is a 37 MW biomass plant in Michigan that has been in service since June 1992. Atlantic Power will acquire a 30% interest in the plant from AltaGas. The remaining interests are held by Fortistar (20%) and CMS Energy (50%). Grayling has a PPA with Consumers Energy, the utility subsidiary of CMS Energy, which runs through December 2027. The plant burns wood waste from local mills, forestry residues, mill waste and bark.

Both plants are operated by an affiliate of CMS Energy. There is no project-level debt at either plant.

"Since last summer, we have announced the acquisitions of five plants – Craven County and Grayling; the remaining ownership interests in the Koma Kulshan hydro facility, which we acquired in July; and the Allendale and Dorchester biomass plants in South Carolina, on which we expect to close later this year. The PPAs for these acquired plants run through December 2027, March 2037 and October 2043, respectively," said James J. Moore, Jr., President and CEO of Atlantic Power. "The acquisitions represent a meaningful addition to the level and length of our existing contracted cash flows, and we estimate they will contribute Project Adjusted EBITDA of \$8 million to \$10 million annually on average through the date of the first PPA expiration.¹ We acquired the five plants at what we consider to be attractive prices."

Mr. Moore continued, "As a result of the strengthening of our balance sheet (with more than \$1 billion of debt reduction since 2014), reduction in interest and overhead costs (more than \$100 million in recurring annual cost savings) and ample liquidity (approximately \$198 million at March 31, 2019), we have been able to continue with debt reduction, repurchases of common and preferred shares under our normal course issuer bid and the acquisition of contracted plants that add to our cash flow. We remain focused on cash flow and intrinsic value per share in making these capital allocation decisions."

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 forward-looking information 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," "should," "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 view that the five acquired plants represent a meaningful addition to the level and length of existing contracted cash flows;
- the Company's estimate that the five acquired plants will contribute approximately \$8 million to \$10 million of Project Adjusted EBITDA annually on average through the expiration of the first PPA;
- the Company's view that the acquisitions were done at attractive prices; and
- the Company's view that it is able to continue with debt reduction, repurchases of common and preferred shares under its normal course issuer bid, and acquisitions.

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.

¹ The Company has not provided guidance for Project income or Net income on a Project basis because of the difficulty of making accurate forecasts and projections without unreasonable efforts with respect to certain highly variable components of these comparable GAAP metrics, including changes in the fair value of derivative instruments and foreign exchange gains or losses.

SOURCE Atlantic Power Corporation

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