

ATLANTIC POWER CORP
Form S-4/A
July 03, 2012

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As filed with the Securities and Exchange Commission on July 3, 2012

Registration No. 333-181548

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 2

to

Form S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

ATLANTIC POWER CORPORATION

(Exact name of registrant issuer as specified in its charter)

See Table of Registrant Guarantors for information regarding additional Registrants

British Columbia, Canada
(State or other jurisdiction of
incorporation or organization)

4900
(Primary Standard Industrial
Classification Code Number)
One Federal Street, Floor 30
Boston, Massachusetts 02110
(617) 977-2400

55-0886410
(I.R.S. Employer
Identification Number)

(Address, including zip code, and telephone number, including area code, of registrants' principal executive offices)

Barry E. Welch
President and Chief Executive Officer
Atlantic Power Corporation
One Federal Street, Floor 30
Boston, Massachusetts 02110
(617) 977-2400

(Name, address, including zip code, and telephone number, including area code, of agent for service)

With a copy to:

James P. Barri, Esq.
Goodwin Procter LLP
Exchange Place
Boston, Massachusetts 02109
(617) 570-1105

Approximate date of commencement of proposed sale of the securities to the public:
As soon as practicable after the effective date of this registration statement.

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If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box:

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "**large accelerated filer**," "**accelerated filer**" and "**smaller reporting company**" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

(Do not check if a
smaller reporting company)

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)
Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment that specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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Exact Name of Registrant Guarantor as Specified in its Charter(1)	State of Incorporation or Organization	Primary Standard Industrial Classification Code Number	I.R.S. Employer Identification Number
Atlantic Auburndale LLC	Delaware	4900	N/A
Atlantic Cadillac Holdings, LLC	Delaware	4900	27-4273066
Atlantic Idaho Wind C, LLC	Delaware	4900	45-1605034
Atlantic Idaho Wind Holdings, LLC	Delaware	4900	27-3399080
Atlantic Oklahoma Wind, LLC	Delaware	4900	45-4407008
Atlantic Piedmont Holdings, LLC	Delaware	4900	27-3625805
Atlantic Power Generation, Inc.	Delaware	4900	68-0679361
Atlantic Power Holdings, Inc.	Delaware	4900	20-1530167
Atlantic Power Services, LLC	Delaware	4900	45-2821416
Atlantic Power Services Canada GP Inc.	Province of British Columbia, Canada	4900	N/A
Atlantic Power Services Canada LP	Province of Ontario, Canada	4900	N/A
Atlantic Power Transmission, Inc.	Delaware	4900	68-0679364
Atlantic Renewables Holdings, LLC	Delaware	4900	27-2798949
Auburndale GP, LLC	Delaware	4900	77-0605848
Aubundale LP, LLC	Delaware	4900	77-0605851
Badger Power Associates, L.P.	Delaware	4900	48-1105763
Badger Power Generation I LLC	Delaware	4900	48-1087469
Badger Power Generation II LLC	Delaware	4900	48-1087468
Baker Lake Hydro LLC	Delaware	4900	43-1531993
Atlantic Power Limited Partnership (formerly named Capital Power Income L.P.)	Province of Ontario, Canada	4900	N/A
Atlantic Power GP Inc. (formerly named CPI Income Services Ltd.)	Province of British Columbia, Canada	4900	N/A
Atlantic Power (US) GP (formerly named CPI Power (US) GP)	Delaware	4900	26-0413906
Dade Investment, L.P.	Delaware	4900	22-3392923
Epsilon Power Funding, LLC	Delaware	4900	04-3559960
Harbor Capital Holdings, LLC	Delaware	4900	27-2798899
Lake Cogen Ltd.	Florida	4900	22-3392919
Lake Investment, L.P.	Delaware	4900	22-3392922
NCP Dade Power LLC	Delaware	4900	33-0505981
NCP Gem LLC	Delaware	4900	33-0505980
NCP Lake Power LLC	Delaware	4900	33-0505977
NCP Pasco LLC	Delaware	4900	33-0505992
Olympia Hydro LLC	Delaware	4900	43-1532005
Orlando Power Generation I LLC	Delaware	4900	48-1120961
Orlando Power Generation II LLC	Delaware	4900	48-1120963
Pasco Cogen, Ltd.	Florida	4900	59-3100509
Teton East Coast Generation LLC	Delaware	4900	22-2579015
Teton New Lake, LLC	Delaware	4900	90-0181311
Teton Operating Services, LLC	Delaware	4900	N/A
Teton Power Funding, LLC	Delaware	4900	42-1620123
Teton Selkirk LLC	Delaware	4900	22-3340768

(1) The address and phone number of each Registrant Guarantor is as follows:

c/o Atlantic Power Corporation
One Federal Street, Floor 30

Boston, Massachusetts 02110
(617) 977-2400

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JULY 3, 2012

PROSPECTUS

Atlantic Power Corporation

Exchange Offer for Up to \$460,000,000 Principal Amount Outstanding of 9% Senior Notes due 2018 for a Like Principal Amount of Registered 9% Senior Notes due 2018

Offer for outstanding 9% Senior Notes due 2018 in the aggregate principal amount of \$460,000,000 (which we refer to as the "**Old Notes**") in exchange for up to \$460,000,000 in aggregate principal amount of 9% Senior Notes due 2018 that have been registered under the Securities Act of 1933, as amended (the "**Securities Act**") (which we refer to as the "**Exchange Notes**" and, together with the Old Notes, the "**notes**").

Terms of the Exchange Offer

Expires 5:00 p.m., New York City time, July 31, 2012, unless extended.

You may withdraw tendered outstanding Old Notes any time before the expiration or termination of the exchange offer.

The exchange offer is subject to customary conditions that may be waived by us.

We will not receive any proceeds from the exchange offer.

The exchange of Old Notes for the Exchange Notes should not be a taxable exchange for U.S. federal income tax purposes. See "Certain U.S. Federal Income Tax Considerations."

All Old Notes that are validly tendered and not validly withdrawn prior to the expiration of the exchange offer will be exchanged for the Exchange Notes.

Terms of the Exchange Notes:

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The Exchange Notes will mature on November 15, 2018. The Exchange Notes will pay interest semi-annually in cash in arrears on May 15 and November 15 of each year, beginning on November 15, 2012.

Subject to release as described in the indenture governing the notes and below in "Description of Exchange Notes," the Exchange Notes will be guaranteed, jointly and severally, on an unsecured basis, by all of our wholly owned U.S. and Canadian subsidiaries that guarantee our secured revolving credit facility.

The Exchange Notes and the related guarantees will rank effectively junior to all secured indebtedness to the extent of the value of the collateral securing such debt, pari passu with all existing and future senior unsecured indebtedness and senior to all existing and future indebtedness that by its terms is expressly subordinated to the Exchange Notes.

We may redeem the Exchange Notes in whole or in part from time to time. See "Description of Exchange Notes."

Upon a change of control, we must give holders the opportunity to sell their Exchange Notes to us at 101% of their principal amount plus accrued and unpaid interest, if any.

The terms of the Exchange Notes are identical to those of the outstanding Old Notes, except the transfer restrictions, registration rights and additional interest provisions relating to the Old Notes do not apply to the Exchange Notes.

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For a discussion of the specific risks that you should consider before tendering your Old Notes in the exchange offer, see "Risk Factors" beginning on page 12 of this prospectus.

No public market exists for the outstanding Old Notes. We do not intend to list the Exchange Notes on any securities exchange and, therefore, no active public market is anticipated for the Exchange Notes.

Each broker-dealer that receives Exchange Notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Notes. A broker-dealer who acquired Old Notes as a result of market making or other trading activities may use this exchange offer prospectus, as supplemented or amended from time to time, in connection with any resales of the Exchange Notes.

Neither the Securities and Exchange Commission (the "SEC") nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2012.

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Each broker-dealer that receives Exchange Notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Notes. By so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. A broker-dealer who acquired Old Notes as a result of market making or other trading activities may use this prospectus, as supplemented or amended from time to time, in connection with any resales of the Exchange Notes. We have agreed that, for a period of up to 90 days after the closing of the exchange offer, we will use our commercially reasonable efforts make this prospectus available for use in connection with any such resale. See "Plan of Distribution."

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy securities other than those specifically offered hereby or an offer to sell any securities offered hereby in any jurisdiction where, or to any person whom, it is unlawful to make such offer or solicitation. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of the Exchange Notes.

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As used in this prospectus, the terms "Atlantic Power," the "Company," "we," "our" and "us" refer to Atlantic Power Corporation, together with those entities owned or controlled by Atlantic Power Corporation, unless the context indicates otherwise. Unless otherwise noted, all references to "C\$" and "Canadian dollars" are to the lawful currency of Canada and all references to "\$," "US\$" and "U.S. dollars" are to the lawful currency of the United States. This prospectus includes our trademarks and other trade names identified herein. All other trademarks and trade names appearing in this prospectus are the property of their respective holders.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements with respect to the financial condition, results of operations, business strategies, operating efficiencies, synergies, revenue enhancements, competitive positions, plans and objectives of management and growth opportunities of Atlantic Power Corporation.

These forward-looking statements relate to, among other things, the expected benefits of the Canadian Hills project, such as accretion, the ability to pay increased dividends, enhanced cash flow, growth potential, liquidity and access to capital, market profile and financial strength, the position of the combined company and the expected timing of the commencement of commercial operations (if at all).

Forward-looking statements can generally be identified by the use of words such as "should," "intend," "may," "expect," "believe," "anticipate," "estimate," "continue," "plan," "project," "will," "could," "would," "target," "potential" and other similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. Although we believe that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking statements, including, but not limited to, factors and assumptions regarding the items outlined above. Actual results may differ materially from those expressed or implied in such statements. Important factors that could cause actual results to differ materially from these expectations include, among other things:

the amount of distributions expected to be received from our projects;

the impact of legislative, regulatory, competitive and technological changes; and

other risk factors relating to us and the power industry, as detailed from time to time in our filings with the SEC and the Canadian Securities Administrators (the "CSA").

You are cautioned that any forward-looking statement speaks only as of the date of this prospectus. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required by applicable law.

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ENFORCEABILITY OF CIVIL LIABILITIES

We are incorporated under the laws of Canada, and certain of the guarantors are organized under the laws of various Canadian jurisdictions. Certain of our and the guarantors' directors, as well as certain of the experts named in this prospectus, are residents of Canada, and all or a portion of their respective assets are located outside the United States. We and the guarantors have agreed, in accordance with the terms of the indenture under which the Exchange Notes will be issued, to accept service of process in any suit, action or proceeding with respect to the indenture, the notes (including Exchange Notes) or the guarantees (including registered guarantees exchanged for the guarantees of the Old Notes) brought in any federal or state court located in the Borough of Manhattan, in the City of New York, by an agent designated for such purpose, and to submit to the jurisdiction of such courts in connection with such suits, actions or proceedings. However, it may be difficult for holders of the notes to effect service within the United States upon directors and experts who are not residents of the United States or to realize in the United States upon judgments of courts of the United States predicated upon civil liability under U.S. federal or state securities laws or other laws of the United States. There is doubt as to the enforceability in Canada against us, the Canadian guarantors or against our or the guarantors' directors and the experts who are not residents of the United States, in original actions or in actions for enforcement of judgments of courts of the United States, of liabilities predicated solely upon U.S. federal or state securities laws.

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SUMMARY

This summary highlights information contained in this prospectus. It is not complete and does not contain all of the information that you should consider before participating in the exchange offer. You should read the following summary together with the more detailed information regarding our company, the Exchange Notes and the financial statements and notes thereto appearing elsewhere in this prospectus.

Our Business

Atlantic Power Corporation owns and operates a diverse fleet of power generation and infrastructure assets in the United States and Canada. Our power generation projects sell electricity to utilities and other large commercial customers largely under long-term power purchase agreements ("PPAs"), which seek to minimize exposure to changes in commodity prices. Our power generation projects in operation have an aggregate gross electric generation capacity of approximately 3,397 megawatts (or "MW") in which our aggregate ownership interest is approximately 2,141 MW. Our current portfolio consists of interests in 31 operational power generation projects across 11 states in the United States and two provinces in Canada and a 500-kilovolt 84-mile electric transmission line located in California. In addition, we have one 53 MW biomass project under construction in Georgia and one approximately 300 MW wind project under construction in Oklahoma. We also own a majority interest in Rollcast Energy Inc. ("Rollcast"), a biomass power plant developer in North Carolina. Twenty-three of our projects are wholly-owned subsidiaries.

We sell the capacity and energy from our power generation projects under PPAs with a number of utilities and other parties. Under the PPAs, which have expiration dates ranging from 2012 to 2037, we receive payments for electric energy delivered to our customers (known as energy payments), in addition to payments for electric generating capacity (known as capacity payments). We also sell steam from a number of our projects to industrial purchasers under steam sales agreements. The transmission system rights associated with our power transmission project entitle us to payments indirectly from the utilities that make use of the transmission line.

Our power generation projects generally have long-term fuel supply agreements, typically accompanied by fuel transportation arrangements. In most cases, the term of the fuel supply and transportation arrangements corresponds to the term of the relevant PPAs. Many of the PPAs and steam sales agreements provide for the indexing or pass-through of fuel costs to our customers. In cases where there is no pass-through of fuel costs, we often attempt to mitigate the market price risk of changing commodity costs through the use of hedging strategies.

We directly operate and maintain more than half of our power generation fleet. We also partner with recognized leaders in the independent power industry to operate and maintain our other projects, including Caithness Energy, LLC ("Caithness"), Colorado Energy Management ("CEM"), Power Plant Management Services ("PPMS") and the Western Area Power Administration ("Western"). Under these operation, maintenance and management agreements, the operator is typically responsible for operations, maintenance and repair services.

Recent Developments

Senior Credit Facility Credit Agreement and Note Purchase and Parent Guaranty Agreement

On June 22, 2012, Atlantic Power, Atlantic Power Generation, Inc., Atlantic Power Transmission, Inc. and the lenders under our senior credit facility entered into a consent and second amendment (the "**Bank Amendment**") to the credit agreement that governs our senior credit facility. Under the Bank Amendment, the lenders released Curtis Palmer LLC's guarantee of Atlantic Power Limited Partnership's (the "Partnership") guarantee of the indebtedness under the senior credit facility. As a result, Curtis Palmer LLC's guarantee of the Partnership's guarantee of our 9.00% senior notes

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due November 2018 (the "**Notes**") was automatically released pursuant to its terms. In addition, under the Bank Amendment, the lenders consented to the terms of the amendment to the Note Purchase and Parent Guaranty Agreement (as described below), and we agreed to add a covenant requiring certain of our subsidiaries who hold interests in the Canadian Hills Wind project and the Rockland Wind project to provide guarantees of the senior credit facility in the future upon satisfaction of certain conditions.

On June 25, 2012, we also entered into a consent and waiver (the "**Consent**") to the senior credit facility. The Consent permits us to use up to \$50 million of borrowings under the senior credit facility to pay project costs of the Canadian Hills Wind project and waives the total leverage ratio to permit the incurrence of up to \$130,000,000 of unsecured indebtedness under certain conditions in connection with the Canadian Hills Wind project.

On June 22, 2012, Atlantic Power, Atlantic Power (US) GP and certain other of our subsidiaries entered into an amendment to the Note Purchase and Parent Guaranty Agreement, dated as of August 15, 2007 (the "**Note Purchase Agreement**"), which governs the 5.87% senior guaranteed notes, Series A, due August 15, 2017 (the "**Series A Notes**") and the 5.97% senior guaranteed notes, Series B, due August 15, 2019 (the "**Series B Notes**") of Atlantic Power (US) GP. Under the amendment, we have agreed: (i) that we and the existing and future guarantors of our Notes, our senior credit facility and refinancings thereof would provide guarantees of the Series A and Series B Notes; (ii) to shorten the maturity of the Series A Notes from August 15, 2017 to August 15, 2015; (iii) to shorten the maturity of the Series B Notes from August 15, 2019 to August 15, 2017; (iv) to include an event of default that would be triggered if certain defaults occurred under our debt instruments and certain of our subsidiaries; and (v) to add certain covenants, including covenants that limit Curtis Palmer's ability to incur debt or liens, make distributions other than in the ordinary course of business, prepay debt or sell material assets and our ability to sell Curtis Palmer. The parties entered into the amendment following a series of discussions concerning our acquisition of the Partnership. Although we believe that the acquisition of the Partnership was in full compliance with the terms and conditions of the Note Purchase Agreement, the holders of the Series A and Series B Notes have agreed to waive certain defaults or events of default that they alleged may have occurred as a result of our acquisition of the Partnership in return for Atlantic Power and its subsidiaries entering into the amendment.

Under the Note Purchase Agreement, Atlantic Power (US) GP and the Partnership were required to deliver audited annual financial statements of the Partnership for 2011 and a related compliance certificate within 120 days after the end of its fiscal year and unaudited quarterly financial statements of the Partnership for the first quarter of 2012 and a related compliance certificate within 60 days after the end of the first quarter. The financial statements have been delayed because they were required to be prepared in accordance with generally accepted accounting principles in effect in Canada and, beginning on January 1, 2011, Canada has adopted International Financial Reporting Standards. Under the amendment to the Note Purchase Agreement, we have agreed to deliver to holders of the Series A and Series B Notes the audited financial statements and related compliance certificate by July 6, 2012 and the unaudited financial statements and related compliance certificate by July 27, 2012 and we expect to deliver such financial statements and compliance certificates within the applicable cure periods. Under the amendment to the Note Purchase Agreement, the holders of the Series A and Series B Notes have waived each default that resulted from the failure to deliver the financial statements and the related compliance certificates until the end of the applicable cure periods described above.

Acquisition of Rockland Wind

On December 28, 2011, we purchased a 30% interest for \$12.5 million in the Rockland Wind Project ("**Rockland**"), an 80 MW wind farm near American Falls, Idaho, that began operations in early

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December 2011. The Rockland Wind Project sells power under a 25-year PPA with Idaho Power. Rockland is accounted for under the equity method of accounting.

Acquisition of Canadian Hills Wind Power Development Project

On January 31, 2012, Atlantic Oklahoma Wind, LLC ("**Atlantic OW**"), a Delaware limited liability company and a wholly owned subsidiary of Atlantic Power, entered into a purchase and sale agreement with Apex Wind Energy Holdings, LLC, a Delaware limited liability company ("**Apex**"), pursuant to which Atlantic OW acquired a 51% interest in Canadian Hills Wind, LLC, an Oklahoma limited liability company ("**Canadian Hills**") for a nominal sum. Canadian Hills is the owner of a 298.45 MW wind energy project under construction in the State of Oklahoma. On March 30, 2012, we completed the purchase of an additional 48% interest in Canadian Hills for a nominal amount, bringing our total interest in the project to 99%. Apex retained a 1% interest in the project.

At the time, we also closed a \$310 million non-recourse, project-level construction financing facility for the project. The facility includes a \$290 million construction loan and a \$20 million 5-year letter of credit facility. Proceeds from the construction loan were used, in part, to repay Atlantic Power \$29.3 million in member loans that were made to the project to fund construction prior to closing the construction financing facility. The construction loan is structured to be repaid with a tax equity investment, which we are actively pursuing, by institutional investors at the time Canadian Hills commences commercial operations.

In connection with the closing of the construction financing facility on March 30, 2012, we committed to invest approximately \$180 million in equity (net of financing costs) to cover the balance of the construction and development costs, expected to be drawn following the final disbursement of the construction loan. We have received an approximately \$360 million bridge facility commitment (the "**Bridge Facility**") from Morgan Stanley to provide flexibility in the timing of the tax equity investment and our own equity commitment in the project.

Canadian Hills executed PPAs for all of its output with Southwestern Electric Power Company (201.25 MW), Oklahoma Municipal Power Authority (49.2 MW), and Grand River Dam Authority (48 MW).

PERH Interest Sale

On February 16, 2012, we entered into an agreement with Primary Energy Recycling Corporation ("**PERC**"), whereby PERC agreed to purchase our 14.3% common membership interests in PERH for approximately \$24 million, plus a management agreement termination fee of approximately \$6.1 million for a total price of \$30.1 million. The transaction closed on May 31, 2012 and we received proceeds of approximately \$30.2 million.

Path 15

In February 2011, we filed a rate application with the Federal Energy Regulatory Commission ("**FERC**") to establish Path 15's revenue requirement at \$30.3 million for the 2011-2013 period. On March 7, 2012, Path 15 filed a formal settlement agreement establishing a revenue requirement at \$28.8 million with the Administrative Law Judge for her review and certification to FERC for approval. The FERC approved the settlement agreement on May 23, 2012.

DuPont Litigation

In December 2008, the Chambers project, our investment in which is accounted for under the equity method of accounting, filed suit against E.I. du Pont de Nemours and Company ("**DuPont**") for breach of the energy services agreement related to unpaid amounts associated with disputed price

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change calculations for electricity. DuPont subsequently filed a counterclaim for an unspecified level of damages. In February 2011, the Chambers project received a favorable ruling from the court on its summary judgment motion as to liability. The court's decision included a description of the pricing methodology that is consistent with the project's position. On April 25, 2012, the court issued its written opinion which ordered DuPont to pay Chambers a total of approximately \$15.7 million. This amount represents DuPont's electricity underpayments from January 2003 through June 2009, and interest through July 22, 2011. The court also ordered that from July 1, 2009 going forward, the pricing methodology should be calculated in accordance with the court's prior ruling on summary judgment. On May 18, 2012, the court issued a final judgment in the amount of \$16.2 million. The Chambers project has submitted an additional \$9.0 million in invoices to DuPont based on the calculation of electricity for underpayments and interest for the periods outside those covered by the final summary judgment.

DuPont has 45 days from the date of the final judgment to file an appeal. It is anticipated that DuPont will file a motion to stay payment of damages pending appeal.

Offering of Common Shares and Convertible Debentures

We commenced public offering of 5,567,177 of our common shares and \$130.0 million in aggregate principal amount of 5.75% Series C Convertible Unsecured Subordinated Debentures due 2019, which are anticipated to be convertible into our common shares at the option of the holder thereof. We cannot assure you that we will consummate either offering.

Corporate Information

Atlantic Power Corporation is organized under the laws of the Province of British Columbia. Our registered office is located at 355 Burrard Street, Suite 1900, Vancouver, British Columbia, Canada V6C 2G8 and our headquarters are located at One Federal Street, Floor 30, Boston, Massachusetts, USA 02110, telephone number (617) 977-2400. Our website is www.atlanticpower.com. Information contained on our website is not part of this prospectus.

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The Exchange Offer

On November 4, 2011, Atlantic Power (the "**Issuer**") sold, through a private placement exempt from the registration requirements of the Securities Act \$460,000,000 principal amount of 9% Senior Notes due 2018 (the "**Old Notes**"), all of which are eligible to be exchanged for notes which have been registered under the Securities Act (the "**Exchange Notes**"). The Old Notes and the Exchange Notes are referred to together as the "**notes**."

Simultaneously with the private placement, we entered into a registration rights agreement with the initial purchasers of the Old Notes (the "**Registration Rights Agreement**"). Under the Registration Rights Agreement, we agreed to cause a registration statement relating to substantially identical notes, which will be issued in exchange for the Old Notes, to be filed with the Securities and Exchange Commission (the "**SEC**") and to use our commercially reasonable efforts to complete the exchange offer within 270 days following the date on which we issued the Old Notes. You may exchange your Old Notes for Exchange Notes in this exchange offer. You should read the discussion under the headings " The Exchange Notes," "The Exchange Offer" and "Description of Exchange Notes" for further information regarding the Exchange Notes.

Securities to be Exchanged
The Exchange Offer; Securities Act Registration

Up to \$460,000,000 principal amount of 9% Senior Notes due 2018. We are offering to exchange the Old Notes for an equal principal amount of the Exchange Notes. Old Notes may be exchanged only in denominations of \$2,000 of principal amount and any integral multiple of \$1,000 in excess thereof.

The exchange offer is being made pursuant to the Registration Rights Agreement, which grants the initial purchasers and any subsequent holders of the Old Notes certain exchange and registration rights. This exchange offer is intended to satisfy those exchange and registration rights with respect to the Old Notes. After the exchange offer is complete and except for our obligations to file a shelf registration statement under the circumstances described below, you will no longer be entitled to any exchange or registration rights with respect to Old Notes.

You may tender your outstanding Old Notes for Exchange Notes by following the procedures described under the heading "The Exchange Offer."

Expiration Date

The exchange offer will expire at 5:00 p.m., New York City time, on July 31, 2012, or a later date and time to which the Issuer may extend it.

Withdrawal Rights

You may withdraw your tender of the Old Notes at any time prior to the expiration date of the exchange offer. Any Old Notes not accepted by us for exchange for any reason will be returned to you at our expense promptly after the expiration or termination of the exchange offer.

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Conditions to the Exchange Offer

The exchange offer is subject to customary conditions, some of which we may waive.

We intend to conduct the exchange offer in accordance with the provisions of the Registration Rights Agreement and the applicable requirements of the Securities Act, the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and the rules and regulations of the SEC.

For more information, see "The Exchange Offer Conditions to the Exchange Offer."

Procedures for Tendering Old Notes Through Brokers and Banks

Since the Old Notes are represented by global book-entry notes, the Depository Trust Company ("**DTC**"), as depository, or its nominee is treated as the registered holder of the Old Notes and will be the only entity that can tender your Old Notes for Exchange Notes.

To tender your outstanding Old Notes, you must instruct the institution where you keep your Old Notes to tender your Old Notes on your behalf so that they are received on or prior to the expiration of this exchange offer. By tendering your Old Notes you will be deemed to have acknowledged and agreed to be bound by the terms set forth under "The Exchange Offer." Your outstanding Old Notes must be tendered in denominations of \$2,000 of principal amount and any integral multiple of \$1,000 in excess thereof.

In order for your tender to be considered valid, the exchange agent must receive a confirmation of book-entry transfer of your outstanding Old Notes into the exchange agent's account at DTC, under the procedure described in this prospectus under the heading "The Exchange Offer," on or before 5:00 p.m., New York City time, on the expiration date of the exchange offer.

See "The Exchange Offer" for more information regarding the procedures for tendering Old Notes.

Effect of Not Tendering Old Notes

If you do not tender your Old Notes or if you do tender them but they are not accepted by us, your Old Notes will continue to be subject to the existing restrictions upon transfer. Except for our obligation to file a shelf registration statement under the circumstances described below, we will have no further obligation to provide for the registration under the Securities Act of Old Notes. If your outstanding Old Notes are not tendered and accepted in the exchange offer, it may become more difficult for you to sell or transfer your outstanding Old Notes.

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Resale of the Exchange Notes

Under existing interpretations by the staff of the SEC as set forth in no-action letters issued to unrelated third parties and referenced below, we believe that the Exchange Notes issued in the exchange offer in exchange for Old Notes may be offered for resale, resold and otherwise transferred by you without compliance with the registration and prospectus delivery provisions of the Securities Act, if you:

are not an "affiliate" of ours within the meaning of Rule 405 of the Securities Act;

are acquiring the Exchange Notes in the ordinary course of business; and

have no arrangement or understanding with any person to participate in a distribution of the Exchange Notes.

In addition, each participating broker-dealer that receives Exchange Notes for its own account pursuant to the exchange offer in exchange for Old Notes that were acquired as a result of market-making or other trading activity must also acknowledge that it will deliver a prospectus in connection with any resale of the Exchange Notes. For more information, see "Plan of Distribution."

Any holder of Old Notes, including any broker-dealer, who:

is our affiliate,

does not acquire the Exchange Notes in the ordinary course of its business, or

tenders in the exchange offer with the intention to participate, or for the purpose of participating, in a distribution of Exchange Notes, cannot rely on the position of the staff of the SEC expressed in *Exxon Capital Holdings Corporation, Morgan Stanley & Co., Incorporated* or similar no-action letters and, in the absence of an applicable exemption, must comply with the registration and prospectus delivery requirements of the Securities Act in connection with the resale of the Exchange Notes or it may incur liability under the Securities Act. We will not be responsible for, or indemnify against, any such liability.

Minimum Condition

The exchange offer is not conditioned on any minimum aggregate principal amount of Old Notes being tendered for exchange.

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Appraisal or Dissenters' Rights	Holders of the Old Notes do not have any appraisal or dissenters' rights in connection with the exchange offer.
Certain Federal Income Tax Considerations	Your exchange of Old Notes for Exchange Notes to be issued in the exchange offer will not be a taxable event for U.S. or Canadian federal income tax purposes. See "Certain U.S. Federal Income Tax Considerations" and "Certain Canadian Federal Income Tax Considerations" for a summary of U.S. and Canadian federal tax consequences associated with the exchange of Old Notes for Exchange Notes and the ownership and disposition of those Exchange Notes.
Use of Proceeds	We will not receive any proceeds from the issuance of Exchange Notes pursuant to the exchange offer.
Exchange Agent	Wilmington Trust, National Association is serving as the exchange agent in connection with the exchange offer. The address and telephone number of the exchange agent are set forth under the heading "The Exchange Offer Exchange Agent."
Shelf Registration Statement	The Registration Rights Agreement requires that we file a shelf registration statement, in addition to or in lieu of conducting the exchange offer, in the event that: (a) we are not permitted to file the exchange offer registration statement or to consummate the exchange offer due to a change in law or SEC policy; or (b) for any reason, we do not consummate the exchange offer within 270 days following the date on which we issued the Old Notes; or (c) any of the initial purchasers party to the Registration Rights Agreement notifies us that it holds Old Notes that are or were ineligible to be exchanged in the exchange offer.

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The Exchange Notes

The summary below describes the principal terms of the Exchange Notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The terms of the Exchange Notes are identical to the terms of the Old Notes, except that the transfer restrictions, registration rights and provisions for additional interest relating to the Old Notes do not apply to the Exchange Notes. The "Description of Exchange Notes" section of this prospectus contains a more detailed description of the terms and conditions of the Exchange Notes. References to "we," "us" and "our" refer only to Atlantic Power and not to any of its subsidiaries or any other entity.

Issuer	Atlantic Power
Securities Offered	\$460,000,000 principal amount of 9% Senior Notes due 2018.
Maturity	November 15, 2018.
Interest	Interest on the Exchange Notes will accrue from the date of the original issuance of the Old Notes or from the date of the last payment of interest on the Old Notes, whichever is later. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. We will not pay interest on Old Notes tendered and accepted for exchange.
Interest Rate	Interest will accrue at a rate of 9% per annum.
Interest Payment Dates	Each May 15 and November 15, beginning on November 15, 2012.
Ranking	The Exchange Notes will be our and the guarantors' general senior unsecured obligations, will rank equal in right of payment with all of such entities' existing and future senior indebtedness, including the Old Notes and borrowings under our secured revolving credit facility, and will rank senior in right of payment to all of such entities' existing and future subordinated indebtedness; however, the Exchange Notes will be effectively subordinated to all of our and the guarantors' secured indebtedness to the extent of the value of the collateral securing such indebtedness. The Exchange Notes will also be structurally subordinated to the indebtedness and other obligations of our subsidiaries that do not guarantee the Exchange Notes with respect to the assets of such entities. See Note 24 to our consolidated audited financial statements and Note 13 to our quarterly financial statements (unaudited), each of which is included elsewhere in this prospectus, for financial information related to our guarantor and non-guarantor subsidiaries.

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Guarantees	Subject to release as described in the indenture governing the notes and below in "Description of Exchange Notes," the Exchange Notes will be guaranteed, jointly and severally, on an unsecured basis, by all of our wholly owned U.S. and Canadian subsidiaries that guarantee our secured revolving credit facility. See "Description of Exchange Notes Guarantees."
Optional Redemption	On or after November 15, 2014, we may redeem all or a part of the notes at the redemption prices set forth under "Description of Exchange Notes Optional Redemption," plus accrued and unpaid interest, if any, to the applicable redemption date. In addition, at any time prior to November 15, 2014, we may, on one or more occasions, redeem some or all of the notes at any time at a redemption price equal to 100% of the principal amount of the notes redeemed, plus a "make-whole" premium together with accrued and unpaid interest, if any, to the applicable redemption date. On or prior to November 15, 2014, we may also redeem up to 35% of the aggregate principal amount of notes, using the proceeds of certain equity offerings at a redemption price of 109% of the principal amount thereof, plus accrued and unpaid interest, if any, to the applicable redemption date. We may make that redemption only if, after the redemption, at least 65% of the aggregate principal amount of the notes remains outstanding and the redemption occurs within 90 days of the closing of the equity offering. See "Description of Exchange Notes Optional Redemption."
Change of Control	Upon a Change of Control Triggering Event (as defined under "Description of Exchange Notes"), we will be required to make an offer to purchase the notes. The purchase price will equal 101% of the principal amount of the notes on the date of purchase plus accrued and unpaid interest, if any, to the repurchase date.
Certain Covenants	The indenture governing the notes (including the Exchange Notes) contains covenants that, among other things, limit our ability to:

incur debt or issue disqualified stock;

incur secured debt;

pay dividends and make distributions;

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enter into sale and leaseback transactions;

merge, amalgamate or otherwise sell all or substantially all of our assets; and

provide guarantees.

You should read "Description of Exchange Notes - Certain Covenants of Atlantic Power" in this prospectus for a description of these covenants each of which contains important exceptions and carveouts.

Absence of a Public Market for the Exchange Notes

The Exchange Notes are a new issue of securities with no established public market. We do not intend to apply for listing of the Exchange Notes on any securities exchange.

You should refer to the section titled "Risk Factors" on page 12 of this prospectus for a description of some of the risks you should consider before tendering your Old Notes for Exchange Notes.

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RISK FACTORS

Before you decide to participate in the exchange offer, you should be aware that an investment in the Exchange Notes involves various risks and uncertainties, including those described below. You should carefully consider the risks and uncertainties described below with all of the other information that is included in this prospectus. If any of these risks actually occur, our business, financial position or results of operations could be materially adversely affected, and you could lose all or part of your investment.

Risks Related to Our Business and Our Projects

Our revenue may be reduced upon the expiration or termination of our power purchase agreements.

Power generated by our projects, in most cases, is sold under PPAs that expire at various times. See "Business Our Organization and Segments" for details about our projects' PPAs and related expiration dates. In addition, these PPAs may be subject to termination prior to expiration in certain circumstances, including default by the project. When a PPA expires or is terminated, it is possible that the price received by the project for power under subsequent arrangements may be reduced significantly. It is possible that subsequent PPAs may not be available at prices that permit the operation of the project on a profitable basis. If this occurs, the affected project may temporarily or permanently cease operations.

Our projects depend on their electricity, thermal energy and transmission services customers.

Each of our projects rely on one or more PPAs, steam sales agreements or other agreements with one or more utilities or other customers for a substantial portion of its revenue. The largest customers of our power generation projects, including projects recorded under the equity method of accounting, are Public Service Company of Colorado ("PSCo"), Progress Energy Florida, Inc. ("PEF"), Ontario Electricity Financial Corp. ("OEFEC") and Equistar Chemicals ("Equistar"), which purchased approximately 17%, 15%, 9% and 8%, respectively, of the net electric generation capacity of our projects for the year ended December 31, 2011. Our results of operations are highly dependent upon customers under such agreements fulfilling their contractual obligations. There is no assurance that these customers will perform their obligations or make required payments.

Certain of our projects are exposed to fluctuations in the price of electricity.

Those of our projects operating with no PPA or PPAs based on spot market pricing for some or all of their output will be exposed to fluctuations in the wholesale price of electricity. In addition, should any of the long-term PPAs expire or terminate, the relevant project will be required to either negotiate a new PPA or sell into the electricity wholesale market, in which case the prices for electricity will depend on market conditions at the time.

Currently, our most significant exposure to market power prices is at the Selkirk, Morris and Chambers projects. At Chambers, our utility customer has the right to sell a portion of the plant's output into the spot power market if it is economical to do so, and the Chambers project shares in the profits from these sales. In addition, during periods of low spot electricity prices the utility takes less generation, which negatively affects the project's operating margin. At Morris, the facility can sell approximately 100MW above Equistar's demand into the grid at market prices. If market prices do not justify the increased generation the project has no requirement to sell power in excess of the Equistar demand. At Selkirk, approximately 23% of the capacity of the facility is not contracted and is sold at market prices or not sold at all if market prices do not support the profitable operation of that portion of the facility.

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Our projects may not operate as planned.

The ability of our projects to meet availability requirements and generate the required amount of power to be sold to customers under the PPAs are primary determinants of the amount of cash that will be distributed from the projects to us. There is a risk of equipment failure due to wear and tear, latent defect, design error or operator error, or force majeure events among other things, which could adversely affect revenues and cash flow. To the extent that our projects' equipment requires more frequent and/or longer than forecasted down times for maintenance and repair, or suffers disruptions of plant availability and power generation for other reasons, our results of operations may be adversely affected.

In general, our power generation projects transmit electric power to the transmission grid for purchase under the PPAs through a single step up transformer. As a result, the transformer represents a single point of vulnerability and may exhibit no abnormal behavior in advance of a catastrophic failure that could cause a temporary shutdown of the facility until a replacement transformer can be found or manufactured.

If the reason for a shutdown is outside of the control of the operator, a power generation project may be able to make a force majeure claim for temporary relief of its obligations under the project contracts such as the PPA, fuel supply, steam sales agreement, or otherwise mitigate impacts through business interruption insurance policies, maintenance and debt service reserves. If successful, such insurance claims may prevent a default or reduce monetary losses under such contracts. However, a force majeure claim may be challenged by the contract counterparty and, to the extent the challenge is successful, the outage may still have a materially adverse effect on the project.

We provide letters of credit under our \$300 million senior secured revolving credit facility for contractual credit support at some of our projects. If the projects fail to perform under the related project-level agreements, the letters of credit could be drawn and we would be required to reimburse our senior lenders for the amounts drawn.

Our projects depend on third-party suppliers under fuel supply agreements, and increases in fuel costs may adversely affect the profitability of the projects.

The amount of energy generated at the projects is highly dependent on suppliers under certain fuel supply agreements fulfilling their contractual obligations. The loss of significant fuel supply agreements or an inability or failure by any supplier to meet its contractual commitments may adversely affect our results.

Upon the expiration or termination of existing fuel supply agreements, we or our project operators will have to renegotiate these agreements or may need to source fuel from other suppliers. We may not be able to renegotiate these agreements or enter into new agreements on similar terms. Furthermore, there can be no assurance as to availability of the supply or pricing of fuel under new arrangements, and it can be very difficult to accurately predict the future prices of fuel.

Revenues earned by our projects may be affected by the availability, or lack of availability, of a stable supply of fuel at reasonable or predictable prices. To the extent possible, the projects attempt to match fuel cost setting mechanisms in supply agreements to energy payment formulas in the PPA. To the extent that fuel costs are not matched well to PPA energy payments, increases in fuel costs may adversely affect the profitability of the projects, if not otherwise hedged. For example, a portion of the required natural gas at our Auburndale project and all of the natural gas required at our Lake project is purchased at market prices, but the projects' PPAs that expire in 2013 do not effectively pass through changes in natural gas prices.

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Revenues from windpower projects are highly dependent on suitable wind and associated weather conditions.

We own interests in two windpower projects. The energy and revenues generated at a wind energy project are highly dependent on climatic conditions, particularly wind conditions, which are variable and difficult to predict. Turbines will only operate within certain wind speed ranges that vary by turbine model and manufacturer, and there is no assurance that the wind resource at any given project site will fall within such specifications.

We base our investment decisions with respect to each wind energy project on the findings of wind studies conducted on-site before starting construction. However, actual climatic conditions at a project site, particularly wind conditions, may not conform to the findings of these wind studies, and, therefore, our wind energy projects may not meet anticipated production levels, which could adversely affect our forecasted profitability.

Insurance may not be sufficient to cover all losses.

Our business involves significant operating hazards related to the generation of electricity. While we believe that the projects' insurance coverage addresses all material insurable risks, provides coverage that is similar to what would be maintained by a prudent owner/operator of similar facilities, and are subject to deductibles, limits and exclusions which are customary or reasonable given the cost of procuring insurance, current operating conditions and insurance market conditions, there can be no assurance that such insurance will continue to be offered on an economically feasible basis, nor that all events that could give rise to a loss or liability are insurable, nor that the amounts of insurance will at all times be sufficient to cover each and every loss or claim that may occur involving our assets or operations of our projects. Any losses in excess of those covered by insurance, which may include a significant judgment against any project or project operator, the loss of a significant permit or other approval or the imposition of a significant fine or penalty, could have a material adverse effect on our business, financial condition and future prospects and could adversely affect dividends to our shareholders.

Our operations are subject to the provisions of various energy laws and regulations.

Generally, in the United States, our projects are subject to regulation by the Federal Energy Regulatory Commission ("FERC") regarding the terms and conditions of wholesale service and rates, as well as by state regulators regarding the prudence of utilities entering into PPAs entered into by qualifying facility projects and the siting of the generation facilities. The majority of our generation is sold by qualifying facility projects under PPAs that required approval by state authorities.

In August 2005, the Energy Policy Act of 2005 was enacted, which removed certain regulatory constraints on investment in utility power producers. The Energy Policy Act of 2005 also limited the requirement that electric utilities buy electricity from qualifying facilities in certain markets that have certain competitive characteristics, potentially making it more difficult for our current and future projects to negotiate favorable PPAs with these utilities. Finally, the Energy Policy Act of 2005 amended and expanded the reach of the FERC's merger approval authority.

If any project that is a qualifying facility were to lose its status as a qualifying facility, then such project may no longer be entitled to exemption from provisions of the Public Utility Holding Company Act of 2005 or from provisions of the Federal Power Act and state law and regulations. Such project may be able to obtain exempt wholesale generator status to maintain its exemption from the provisions of the Public Utility Holding Company Act of 2005; however, our projects may not be able to obtain such exemptions. Loss of qualifying facility status could trigger defaults under covenants to maintain that status in the PPAs and project-level debt agreements, and if not cured within allowed cure periods, could result in termination of agreements, penalties or acceleration of indebtedness under such agreements.

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The Energy Policy Act of 2005 provides incentives for various forms of electric generation technologies, which may subsidize our competitors. In addition, pursuant to the Energy Policy Act of 2005, the FERC selected an electric reliability organization to impose mandatory reliability rules and standards. Among other things, the FERC's rules implementing these provisions allow such reliability organizations to impose sanctions on generators that violate their new reliability rules.

The introductions of new laws, or other future regulatory developments, may have a material adverse impact on our business, operations or financial condition.

Generally, in Canada, our projects are subject to energy regulation primarily by the relevant provincial authorities.

Risks with respect to the two Canadian provinces where we currently have projects are addressed further below.

(i) British Columbia

The government of British Columbia has a number of specific statutes and regulations that govern our projects in that province. The statutes can be changed by act of the provincial legislature and the regulations may be changed by the provincial cabinet. Such changes could have a material effect on our projects.

British Columbia Hydro and Power Authority ("**BC Hydro**") is generally required to acquire all new power (beyond what it already generates from existing BC Hydro plants) from independent power producers. Two of our three British Columbia projects currently sell all of their electricity to BC Hydro, and the third project sells substantially all of its electricity to BC Hydro. Therefore, changes to BC Hydro's energy procurement policies and financial difficulties of or regulatory intervention in respect of BC Hydro could impact the market for electricity generated by our British Columbia projects. This risk is mitigated in part because, in general, BC Hydro is currently limited by regulation to undertaking efficiency improvements at its existing facilities and only undertaking development of new generation with the approval of the British Columbia Utilities Commission. There is a risk that the regulatory regime could adversely affect the amount of power that BC Hydro purchases from our projects and the competitive environment or the price at which BC Hydro is willing to purchase power from our British Columbia projects.

The British Columbia Utilities Commission to some extent regulates independent power producers. While the British Columbia Utilities Commission is nominally independent of the government, its chair and commissioners are effectively appointed by the provincial cabinet. All contracts for electricity supply, including those between independent power producers and BC Hydro, must be filed with and approved by British Columbia Utilities Commission as being "in the public interest." The British Columbia Utilities Commission may hold a hearing in this regard. Furthermore, the British Columbia Utilities Commission may impose conditions to be contained in agreements entered into by public utilities for electricity.

(ii) Ontario

The government of Ontario has a number of specific statutes and regulations that govern our projects in that province. The statutes can be changed by act of the provincial legislature and the regulations may be changed by the provincial cabinet. Such changes could have a material effect on our projects.

In Ontario, the Ontario Energy Board is an administrative tribunal with authority to grant or renew, and set the terms for, licenses with respect to electricity generation facilities, including our projects. No person is permitted to generate electricity in Ontario without a license from the Ontario Energy Board. While all of our Ontario projects are currently licensed, the Ontario Energy Board has the authority to effectively modify the licenses by adopting "codes" that are deemed to form part of the

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licenses. Furthermore, any violations of the license or other irregularities in the relationship with the Ontario Energy Board can result in fines.

While the Ontario Energy Board provides reports to the Ontario Minister of Energy, it generally operates independently from the government. However, the Minister may issue policy directives (with Cabinet approval) concerning general policy and the objectives to be pursued by the Ontario Energy Board, and the Ontario Energy Board is required to implement such policy directives. Thus, the Ontario Energy Board's regulation of our projects is subject to potential political interference, to a degree.

A number of other regulators and quasi-governmental entities play a role, including the Independent Electricity System Operator, Hydro One, the Electrical Safety Authority, OEFC and the Ontario Power Authority. All these agencies may affect our projects.

Furthermore, on April 18, 2012, the Ontario government announced that it intended to merge the Independent Electricity System Operator and the Ontario Power Authority. The mandate of the new, merged agency would be to establish market rules to benefit consumers, align contracts and create an electricity system that is more responsive to changing conditions. The government's proposed legislation has not yet been tabled in the legislature. If and when this merger occurs, it may affect our Ontario projects.

Future FERC rate determinations could negatively impact Path 15's cash flows.

The stability of Path 15's cash flows will continue to be subject to the risk of the FERC's adjusting the expected formulation of revenues as a result of its rate review every three years and the participation therein by interveners who may argue for lower rates. Such a rate review commenced in February 2011. The cost-of-service methodology currently applied by the FERC is well established and transparent; however, certain inputs in the FERC's determination of rates are subject to its discretion, including its response to protests from interveners in such rate cases, which include return on equity and the recovery of certain extraordinary expenses. Unfavorable decisions on these matters could adversely affect the cash flow, financial position and results of operations of us and Path 15, and could adversely affect our cash available for dividends.

Noncompliance with federal reliability standards may subject us and our projects to penalties.

Our operations are subject to the regulations of NERC, a self-regulatory non-governmental organization which has statutory responsibility to regulate bulk power system users and generation and transmission owners and operators. NERC groups the users, owners, and operators of the bulk power system into 17 categories, known as functional entities e.g., Generator Owner, Generator Operator, Purchasing-Selling Entity, etc. according to the tasks they perform. The NERC Compliance Registry lists the entities responsible for complying with the mandatory reliability standards and the FERC, NERC, or a regional reliability organization may assess penalties against any responsible entity found to be in noncompliance. Violations may be discovered through self-certification, compliance audits, spot checking, self-reporting, compliance investigations by NERC (or a regional reliability organization) and the FERC, periodic data submittals, exception reporting, and complaints. The penalty that might be imposed for violating the requirements of the standards is a function of the Violation Risk Factor. Penalties for the most severe violations can reach as high as \$1 million per violation, per day, and our projects could be exposed to these penalties if violations occur.

Our projects are subject to significant environmental and other regulations.

Our projects are subject to numerous and significant federal, state, provincial and local laws, including statutes, regulations, by-laws, guidelines, policies, directives and other requirements governing or relating to, among other things: air emissions; discharges into water; ash disposal; the storage,

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handling, use, transportation and distribution of dangerous goods and hazardous, residual and other regulated materials, such as chemicals; the prevention of releases of hazardous materials into the environment; the prevention, presence and remediation of hazardous materials in soil and groundwater, both on and off site; land use and zoning matters; and workers' health and safety matters. Our facilities could experience incidents, malfunctions or other unplanned events that could result in spills or emissions in excess of permitted levels and result in personal injury, penalties and property damage. As such, the operation of our projects carries an inherent risk of environmental, health and safety liabilities (including potential civil actions, compliance or remediation orders, fines and other penalties), and may result in the projects being involved from time to time in administrative and judicial proceedings relating to such matters. We have implemented environmental, health and safety management programs designed to continuously improve environmental, health and safety performance.

The Clean Air Act of 1963, as amended, and related regulations and programs of the U.S. Environmental Protection Agency (the "EPA") extensively regulate the air emissions of sulfur dioxide, nitrogen oxides, mercury and other compounds by power plants. Environmental laws and regulations have generally become more stringent over time, and this trend may continue. In particular, the EPA promulgated the final Cross-State Air Pollution Rule ("CSAPR") which replaces the Clean Air Interstate Rule ("CAIR") and requires 27 states and the District of Columbia to curb emissions of sulfur dioxide and nitrogen oxides from power plants through more aggressive state-by-state emissions limits for nitrogen oxides and sulfur dioxide. The first phase of compliance was to begin on January 1, 2012 and the second (and more restrictive) phase would begin on January 1, 2014. On December 30, 2011, the U.S. Court of Appeals stayed CSAPR pending hearings in the second quarter of 2012. The court could issue a final decision on the merits of CSAPR in the summer or early fall of 2012. In the interim, the regulations of the CAIR remain in place. Compliance with the new rule, when implanted, may have a material adverse impact on our business, operations or financial condition.

The EPA proposed new mercury and air toxics emissions standards for power plants on May 3, 2011 and issued a final rule on December 16, 2011. Meeting these new standards at our coal-fired facility may have a material adverse impact on our business, operations or financial condition.

The Resource Conservation and Recovery Act of 1976, as amended, has historically exempted fossil fuel combustion wastes from hazardous waste regulation. However, in June 2010 the EPA proposed two alternative sets of regulations governing coal ash. One set of proposed regulations would designate coal ash as "special waste" and bring ash impoundments at coal-fired power plants under federal regulations governing hazardous solid waste under Subtitle C of the Resource Conservation and Recovery Act. Another set of proposed regulations would regulate coal ash as a non-hazardous solid waste. If the EPA determines to regulate coal ash as a hazardous waste, our 40% owned coal-fired facility may be subject to increased compliance obligations and costs associated that may have a material adverse impact on our business, operations or financial condition.

Significant costs may be incurred for either capital expenditures or the purchase of allowances under any or all of these programs to keep the projects compliant with environmental laws and regulations. The projects' PPAs do not allow for the pass through of emissions allowance or emission reduction capital expenditure costs, with the exception of Pasco. However, the Selkirk project has such a PPA without pass-through, yet participated in a settlement with New York utilities, IPPs and the state in which any required RGGI costs shall nonetheless be reimbursed to the IPPs. If it is not economical to make those expenditures it may be necessary to retire or mothball facilities, or restrict or modify our operations to comply with more stringent standards.

Our projects have obtained environmental permits and other approvals that are required for their operations. Compliance with applicable environmental laws, regulations, permits and approvals and material future changes to them could materially impact our businesses. Although we believe the operations of the projects are currently in material compliance with applicable environmental laws,

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licenses, permits and other authorizations required for the operation of the projects, and although there are environmental monitoring and reporting systems in place with respect to all the projects, there is no guarantee that more stringent laws will not be imposed, that there will not be more stringent enforcement of applicable laws or that such systems may not fail, which may result in material expenditures. Failure by the projects to comply with any environmental, health or safety requirements, or increases in the cost of such compliance, including as a result of unanticipated liabilities or expenditures for investigation, assessment, remediation or prevention, could result in additional expense, capital expenditures, restrictions and delays in the projects' activities, the extent of which cannot be predicted.

Ongoing public concerns about emissions of CO₂ and other greenhouse gases have resulted in the enactment of, and proposals for, laws and regulations at the federal, state and regional levels, some of which do or could apply to some of our project operations. For example, the multi-state CO₂ cap-and-trade program, known as the Regional Greenhouse Gas Initiative, applies to our fossil fuel facilities in the Northeast region. The Regional Greenhouse Gas Initiative program went into effect on January 1, 2009. CO₂ allowances are now a tradable commodity.

California, British Columbia and Ontario are part of the Western Climate Initiative, which is developing a regional cap-and-trade program to reduce greenhouse gas emissions in the region to 15% below 2005 levels by 2020.

In 2006, the State of California passed legislation initiating two programs to control/reduce the creation of greenhouse gases. The two laws are more commonly known as AB 32 and SB 1368. Under AB 32 (the Global Warming Solutions Act), the California Air Resources Board ("**CARB**") is required to adopt a greenhouse gas emissions cap on all major sources (not limited to the electric sector). In order to do so, it must adopt regulations for the mandatory reporting and verification of greenhouse gas emissions and to reduce state-wide emissions of greenhouse gases to 1990 levels by 2020. On October 20, 2011, the CARB adopted rules whose first phase will take full effect on January 1, 2013. Starting that date, electricity generators and certain other facilities will be subject to an allowance for greenhouse gas emissions. Allowances will be allocated by both formulas set by the CARB and auctions. Legal challenges to the program are underway and additional challenges are anticipated.

SB 1368 added the requirement that the California Energy Commission, in consultation with the California Public Utilities Commission (the "**CPUC**") and the CARB establish greenhouse gas emission performance standards and implement regulations for power purchase agreements for a term of five or more years entered into prospectively by publicly-owned electric utilities. The legislation directs the California Energy Commission to establish the performance standard as one not exceeding the rate of greenhouse gas emitted per megawatt-hour associated with combined-cycle, gas turbine baseload generation, such as our North Island project.

In addition to the regional initiatives, legislation for the reduction of greenhouse gases has been introduced at the federal level and if passed, may eventually override the regional efforts with a national cap and trade program. To date, however, federal bills to create both a cap-and-trade allowance system and a renewable/efficiency portfolio standard have not been adopted into law. Separately, the EPA has taken several recent actions for the regulation of greenhouse gas emissions.

The EPA's actions include its finding of "endangerment" to public health and welfare from greenhouse gases, its issuance in September 2009 of the Final Mandatory Reporting of Greenhouse Gases Rule which requires large sources, including power plants, to monitor and report greenhouse gas emissions to the EPA annually starting in 2011, and its publication in May 2010 of its final Prevention of Significant Deterioration and Title V Greenhouse Gas Tailoring Rule, which took effect in 2011 and requires large industrial facilities, including power plants, to obtain permits to emit, and to use best available control technology to curb emissions of, greenhouse gases. Proposed EPA regulations to

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impose greenhouse gas new source performance standards for electricity utility steam generating units are anticipated in 2012.

The implementation of existing CO₂ and other greenhouse gas legislation or regulation, the introduction of new regulation, or other future regulatory developments may subject us to increased compliance obligations and costs that could have a material adverse impact on our business, operations or financial condition.

All of our generating facilities complied with the March 31, 2011 requirement to submit 40 CFR Part 98 Mandatory Greenhouse Gas reporting for the emission of eligible site generated greenhouse gases in 2010. This is a national requirement and stands as a start in developing a baseline for greenhouse gases emissions at a national level.

Increasing competition could adversely affect our performance and the performance of our projects.

The power generation industry is characterized by intense competition, and our projects encounter competition from utilities, industrial companies and other independent power producers, in particular with respect to uncontracted output. In recent years, there has been increasing competition among generators for power sales agreements, and this has contributed to a reduction in electricity prices in certain markets where supply has surpassed demand plus appropriate reserve margins. Increasing competition among participants in the power generation industry may adversely affect our performance and the performance of our projects.

We have limited control over management decisions at certain projects.

In a number of cases, our projects are not wholly-owned by us or we have contracted for their operations and maintenance, and in some cases we have limited control over the operation of the projects. Although we generally prefer to acquire projects where we have control, we may make acquisitions in non-control situations to the extent that we consider it advantageous to do so and consistent with regulatory requirements and restrictions, including the Investment Company Act of 1940. Third-party operators (such as Caithness, PPMS and Western) operate many of the projects. As such, we must rely on the technical and management expertise of these third-party operators, although typically we are represented on a management or operating committee if we do not own 100% of a project. To the extent that such third-party operators do not fulfill their obligations to manage the operations of the projects or are not effective in doing so, the amount of cash available to pay dividends may be adversely affected.

We may face significant competition for acquisitions and may not successfully integrate acquisitions.

Our business plan includes growth through identifying suitable acquisition opportunities, pursuing such opportunities, consummating acquisitions and effectively integrating them with our business. We may be unable to identify attractive acquisition candidates in the power industry in the future, and we may not be able to make acquisitions on an accretive basis or be sure that acquisitions will be successfully integrated into our existing operations, any of which could negatively impact our ability to continue paying dividends in the future at current rates.

Although electricity demand is expected to grow, creating the need for more generation, and the U.S. power industry is continuing to undergo consolidation and may offer attractive acquisition opportunities, we are likely to confront significant competition for those opportunities and, to the extent that any opportunities are identified, we may be unable to effect acquisitions or investments.

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Any acquisition or investment may involve potential risks, including an increase in indebtedness, the inability to successfully integrate operations, the potential disruption of our ongoing business, the diversion of management's attention from other business concerns and the possibility that we pay more than the acquired company or interest is worth. There may also be liabilities that we fail to discover, or are unable to discover, in our due diligence prior to the consummation of an acquisition, and we may not be indemnified for some or all these liabilities. In addition, our funding requirements associated with acquisitions and integration costs may reduce the funds available to us to make dividend payments.

Our equity interests in certain of projects may be subject to transfer restrictions.

The partnership or other agreements governing some of the projects may limit a partner's ability to sell its interest. Specifically, these agreements may prohibit any sale, pledge, transfer, assignment or other conveyance of the interest in a project without the consent of the other partners. In some cases, other partners may have rights of first offer or rights of first refusal in the event of a proposed sale or transfer of our interest. These restrictions may limit or prevent us from managing our interests in these projects in the manner we see fit, and may have an adverse effect on our ability to sell our interests in these projects at the prices we desire.

The projects are exposed to risks inherent in the use of derivative instruments.

We and the projects may use derivative instruments, including futures, forwards, options and swaps, to manage commodity and financial market risks. In the future, the project operators could recognize financial losses on these arrangements as a result of volatility in the market values of the underlying commodities or if a counterparty fails to perform under a contract. If actively quoted market prices and pricing information from external sources are not available, the valuation of these contracts would involve judgment or use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these contracts.

Most of these contracts are recorded at fair value with changes in fair value recorded currently in earnings, resulting in significant volatility in our income (as calculated in accordance with GAAP) that does not significantly affect current period cash flows or the underlying risk management purpose of the derivative instruments. As a result, we may be unable to accurately predict the impact that our risk management decisions may have on our quarterly and annual income (as calculated in accordance with GAAP).

If the values of these financial contracts change in a manner that we do not anticipate, or if a counterparty fails to perform under a contract, it could harm our financial condition, results of operations and cash flows. We have executed natural gas swaps to reduce our risks to changes in the market price of natural gas, which is the fuel consumed at many of our projects. Due to declining natural gas prices, we have incurred losses on these natural gas swaps. We execute these swaps only for the purpose of managing risks and not for speculative trading.

Construction projects are subject to construction risk.

In any construction project, there is a risk that circumstances occur which prevent the timely completion of a project, cause construction costs to exceed the level budgeted, or result in operating performance standards not being met. In the event a power project does not achieve commercial operation by its expected date, the project may be subject to increased construction costs associated with the continuing accrual of interest on the project's construction loan, which customarily matures at the start of commercial operation and converts to a term loan. A delay in completion of construction may also impact a project under its PPA which may include penalty provisions for a delay in commercial operation date or in situations of extreme delay, termination of the PPA.

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Construction cost overruns which exceed the project's construction contingency amount may require that the project owner infuse additional funds in order to complete construction.

At the completion of construction, the power project may not meet its expected operating performance levels. Adverse circumstances may impact the design, construction, and commissioning of the project that could result in reduced output, increased heat rate or excessive air emissions.

The Piedmont project commenced construction in November 2010 and is expected to be completed in late 2012. A delay in completion could result in the delay and/or loss of the proceeds from the 1603 grant.

Our Canadian Hills project is subject to construction risk.

Our Canadian Hills project commenced construction in April 2012 and is expected to be completed and begin commercial operations in late 2012. In any construction project, there is a risk that circumstances occur which prevent its timely completion, cause construction costs to exceed the level budgeted or result in operating performance standards not being met.

In the event Canadian Hills does not begin commercial operations by its expected date, the project may be subject to increased construction costs associated with the continuing accrual of interest on the project's construction loan, which matures at the start of commercial operation. A delay in completion of construction may also impact a project under its PPA which may include penalty provisions for a delay in commercial operation date or in situations of extreme delay, termination of the PPA. To the extent actual construction costs of the project exceed estimates, we will have to contribute additional funds in order to complete construction. We have entered into contracts with our turbine suppliers and balance of plant contractor which contain terms and conditions (e.g. liquidated damages provisions) designed to mitigate those risks.

In addition, the federal government provides economic incentives to the owners of wind energy facilities such as Canadian Hills. As provided by the American Recovery and Reinvestment Act of 2009, the owners of qualifying wind energy facilities placed in service before the end of 2012 are eligible for production tax credits in the form of a ten-year tax credit against federal income tax obligations. In the event Canadian Hills (or some subset of Wind Turbines) are not placed in service by the end of 2012 and Congress does not extend the production tax credit provision, this could have a material adverse effect on the project's financial condition. Moreover, upon the commencement of commercial operations, we currently expect to repay outstanding amounts under the \$310 million construction loan facility for the project with the proceeds of tax equity investments by institutional investors. If we do not qualify for production tax credits, however, we will be unable to secure the same amount of tax equity investments for the project and will need to seek alternative form of financing for the project. We may be unable to secure alternative forms of financing on favorable terms or at all.

At the completion of construction, Canadian Hills may not meet its expected operating performance levels or prove to be accretive to our cash flow from operations. Adverse circumstances may impact the design, construction, and commissioning of the project that could result in reduced output or other unfavorable results. Any of these risks could adversely affect the cash flow, financial position and results of operations of Canadian Hills, and could adversely affect our cash available for dividends to stockholders.

If financing for our Canadian Hills project is unavailable, we may not be able to complete construction of the project.

Pursuant to the terms of the Canadian Hills' construction financing facility, we have agreed to make equity contributions in aggregate amount of \$180 million to Canadian Hills to finance the project construction and development costs in excess of the borrowings available under the financing facility.

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While we do not need to begin making our equity contributions until the construction loan facility is drawn down in full, we are required thereafter to make our equity contributions as necessary to meet construction draws as they occur. The precise required timing and amount of the draws depends upon the progress of the project construction, which will be subject to a variety of contingencies, many of which will be beyond our control.

We anticipate funding our equity commitment with the proceeds of one or more financing arrangements, including offerings of convertible debentures and common shares, borrowings under our revolving credit facility or other senior debt facilities or issuances, or a combination thereof. The sources of financing for our equity commitment will depend upon a variety of factors, including market conditions, and we may not be able to complete securities offerings successfully or at all. In addition, borrowings under our existing revolving credit facility may only be used to fund our equity commitment in Canadian Hills with the consent of the applicable lenders under that facility. While we have received an approximately \$360 million bridge facility commitment from Morgan Stanley to provide flexibility in the timing of the tax equity and permanent capital raise. Draws on this facility are subject to meeting covenants under our existing revolving credit facility. Funding under the bridge facility is also subject to certain conditions, including, without limitation, that there shall not have occurred a material adverse effect with respect to us (or Canadian Hills). If the bridge facility were to be drawn down and not repaid within one year, refinancing terms could be unfavorable and have an adverse impact on the Company. In the event that the lenders under our existing revolving credit facility or the bridge facility fail to provide or consent to funding for any reason, we may not be able to complete construction of the Canadian Hills project in a timely manner or at all, which would have a material adverse effect on our financial condition and results of operations.

Certain employees are subject to collective bargaining.

A number of our plant employees, one plant in British Columbia and four plants in Ontario are subject to collective bargaining agreements. These agreements expire periodically and we may not be able to renew them without a labor disruption or without agreeing to significant increases in labor costs.

Our Pension Plan may require future contributions.

Certain of our employees in Canada are participants in a defined benefit pension plans that we sponsor. As of December 31, 2011, the unfunded pension liability on our pension plan was approximately \$2.2 million. The amount of future contributions to our defined benefit plan will depend upon asset returns and a number of other factors and, as a result, the amounts we will be required to contribute in the future may vary. Cash contributions to the plan will reduce the cash available for our business.

Risks Related to Our Structure

Distribution of available cash may restrict our potential growth.

A payout of a significant portion of our operating cash flow may make additional capital and operating expenditures dependent on increased cash flow or additional financing in the future. Lack of these funds could limit our future growth and cash flow. In addition, we may be precluded from pursuing otherwise attractive acquisitions or investments if the projected short-term cash flow from the acquisition or investment is not adequate to service the capital raised to fund the acquisition or investment.

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A downgrade in Atlantic Power's or the Partnership's credit ratings or any deterioration in their credit quality could negatively affect our ability to access capital and our ability to hedge and could trigger termination rights under certain contracts.

A downgrade in Atlantic Power's or the Partnership's credit ratings or deterioration in their credit quality could adversely affect our ability to renew existing, or obtain access to new, credit facilities and could increase the cost of such facilities and/or trigger termination rights or enhanced disclosure requirements under certain contracts to which Atlantic or the Partnership is a party. Any downgrade of Atlantic's or the Partnership's corporate credit rating could cause counterparties to require us to post letters of credit or other additional collateral, make cash prepayments, obtain a guarantee agreement or provide other security, all of which would expose us to additional costs and/or could adversely affect our ability to comply with covenants or other obligations under any of our revolving credit facility, convertible debentures or unsecured notes or any other financing arrangements, borrowings or indebtedness (or could constitute an event of default under any such financing arrangements, borrowings or indebtedness that we may be unable to cure), any of which could have a material adverse effect on our business, results of operations and financial condition.

We are subject to Canadian tax.

As a Canadian corporation, we are generally subject to Canadian federal, provincial and other taxes, and dividends paid by us are generally subject to Canadian withholding tax if paid to a shareholder that is not a resident of Canada. We completed our initial public offering on the TSX in November 2004. At the time of the initial public offering, our public security was an Income Participating Security ("**IPS**"). Each IPS was comprised of one common share and Cdn\$5.767 principal value of 11% subordinated notes due 2016. In the fourth quarter of 2009, we converted to a traditional common share company through a shareholder approved plan of arrangement in which each IPS was exchanged for one of our new common shares. Our new common shares were listed and posted for trading on the TSX commencing on December 2, 2009 and trade under the symbol "ATP," and the former IPSs, which traded under the symbol "ATP.UN," were delisted at that time. In connection with our conversion from an IPS structure to a traditional common share structure and the related reorganization of our organizational structure, we received a note from our primary U.S. holding company (the "**Intercompany Note**"). We are required to include, in computing our taxable income, interest on the Intercompany Note.

On November 5, 2011, we acquired directly and indirectly, all of the outstanding limited partnership units of the Partnership pursuant to a court-approved plan of arrangement. We are required to include the income or loss from the Partnership in our taxable income. We expect that our existing tax attributes initially will be available to offset the income inclusions noted herein such that they will not result in an immediate material increase to our liability for Canadian taxes. However, once we fully utilize our existing tax attributes (or if, for any reason, these attributes were not available to us), our Canadian tax liability would materially increase. Although we intend to explore potential opportunities in the future to preserve the tax efficiency of our structure, no assurances can be given that our Canadian tax liability will not materially increase at that time.

Our prior and current structure may be subject to additional U.S. federal income tax liability.

Under our prior IPS structure, we treated the subordinated notes as debt for U.S. federal income tax purposes. Accordingly, we deducted the interest payments on the subordinated notes and reduced our net taxable income treated as "effectively connected income" for U.S. federal income tax purposes. Under our current structure, our subsidiaries that are incorporated in the United States are subject to U.S. federal income tax on their income at regular corporate rates (currently as high as 35%, plus state and local taxes), and one of our U.S. holding companies will claim interest deductions with respect to the Intercompany Note in computing its income for U.S. federal income tax purposes. The Partnership

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acquisition added another U.S. holding company to our structure. This holding company owns the U.S. operating assets of the Partnership. This group currently has certain intercompany financing arrangements (the "**Partnership Financing Arrangements**") in place. We claim interest deductions in the U.S. with respect to the Partnership Financing Arrangements. To the extent any interest expense under the subordinated notes, the Intercompany Note or the Partnership Financing Arrangements is disallowed or is otherwise not deductible, the U.S. federal income tax liability of our U.S. holding companies will increase, which could materially affect the after-tax cash available to distribute to us.

While we received advice from our U.S. tax counsel, based on certain representations by us and our U.S. holding companies and determinations made by our independent advisors, as applicable, that the subordinated notes and the Intercompany Note should be treated as debt for U.S. federal income tax purposes, and the Partnership has received advice from its U.S. accountants, based on certain representations by its holding companies, that the payments on the Partnership Financing Arrangements should be deductible for U.S. federal income tax purposes, it is possible that the Internal Revenue Service ("**IRS**") could successfully challenge these positions and assert that any of these arrangements be treated as equity rather than debt for U.S. federal income tax purposes or that the interest on such arrangements are otherwise not deductible. In this case, the otherwise deductible interest would be treated as non-deductible distributions and, in the case of the Intercompany Note and the Partnership Financing Arrangements, may be subject to U.S. withholding tax to the extent our U.S. holding company had current or accumulated earnings and profits. The determination of debt or equity treatment for U.S. federal income tax purposes is based on an analysis of the facts and circumstances. There is no clear statutory definition of debt for U.S. federal income tax purposes, and its characterization is governed by principles developed in case law, which analyzes numerous factors that are intended to identify the nature of the purported creditor's interest in the borrower.

Furthermore, not all courts have applied this analysis in the same manner, and some courts have placed more emphasis on certain factors than other courts have. To the extent it were ultimately determined that our interest expense on the subordinated notes, the Intercompany Note or the Partnership Financing Arrangements were disallowed, our U.S. federal income tax liability for the applicable open tax years would materially increase, which could materially affect the after-tax cash available to us to distribute. Alternatively, the IRS could argue that the interest on the subordinated notes, the Intercompany Note or the Partnership Financing Arrangements exceeded or exceeds an arm's length rate, in which case only the portion of the interest expense that does not exceed an arm's length rate may be deductible and, in the remainder may be subject to U.S. withholding tax to the extent our U.S. holding companies had current or accumulated earnings and profits. We have received advice from independent advisors that the interest rate on these debt instruments was and is, as applicable, commercially reasonable in the circumstances, but the advice is not binding on the IRS.

Furthermore, our U.S. holding companies' deductions attributable to the interest expense on the Intercompany Note and/or certain of the Partnership Financing Arrangements may be limited by the amount by which its net interest expense (the interest paid by our U.S. holding company on all debt, including the Intercompany Note and the Partnership Financing Arrangements, less its interest income) exceeds 50% of their adjusted taxable income (generally, U.S. federal taxable income before net interest expense, net operating loss carryovers, depreciation and amortization). Any disallowed interest expense may currently be carried forward to future years. Moreover, proposed legislation has been introduced, though not enacted, several times in recent years that would further limit the 50% of adjusted taxable income cap described above to 25% of adjusted taxable income, although recent proposals in the Fiscal Year Budget for 2010 would only apply the revised rules to certain foreign corporations that were expatriated. Furthermore, if our U.S. holding companies do not make regular interest payments as required under these debt agreements, other limitations on the deductibility of interest under U.S. federal income tax laws could apply to defer and/or eliminate all or a portion of the interest deduction that our U.S. holding company would otherwise be entitled to. Finally, the

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applicability of recent changes to the U.S.-Canada Income Tax Treaty to the structure associated with certain of the Partnership Financing Arrangements may result in distributions from the Partnership's U.S. group to its Canadian parent being subject to a 30% rate of withholding tax instead of the 5% rate that would otherwise have applied.

Our U.S. holding companies have existing net operating loss carryforwards that we can utilize to offset future taxable income. While we expect these losses will be available to us as a future benefit, in the event that they are successfully challenged by the IRS or subject to future limitations, our ability to realize these benefits may be limited. A reduction in our net operating losses, or a limitation on our ability to use such losses, may result in a material increase in our future income tax liability. Our U.S. Holding companies include the Partnership's U.S. Holding company, Atlantic Power (US) GP, which has net operating loss carryforwards attributable to tax years prior to our acquisition. It is anticipated that these net operating loss carryforwards will be available to offset future taxable income of Atlantic Power (US) GP; however, their use may be subject to an annual limitation. While we expect these losses will be available to us as a future benefit, in the event that they are successfully challenged by the IRS or subject to additional future limitations, our ability to realize these benefits may be limited. A reduction in our net operating losses, or additional limitations on our ability to use such losses, may result in a material increase in our future income tax liability.

Risks Related to the Acquisition of the Partnership

The failure to integrate successfully the businesses of Atlantic Power and the Partnership in the expected timeframe would adversely affect the combined company's future result.

The success of our acquisition of the Partnership, which was completed in the fourth quarter of 2011, will depend, in large part, on our ability to realize the anticipated benefits, including modest cost savings, from combining the businesses of Atlantic Power and the Partnership. To realize these anticipated benefits, the businesses of Atlantic Power and the Partnership must be successfully integrated. This integration will be complex and time-consuming. The failure to integrate successfully and to manage successfully the challenges presented by the integration process may result in the combined company not fully achieving the anticipated benefits of the Plan of Arrangement.

Potential difficulties that may be encountered in the continuing integration process include the following:

challenges associated with managing the larger, more complex, combined business;

conforming standards, controls, procedures and policies, business cultures and compensation structures between the entities;

integrating personnel from the two entities while maintaining focus on developing, producing and delivering consistent, high quality services;

consolidating corporate and administrative infrastructures;

coordinating geographically dispersed organizations;

potential unknown liabilities and unforeseen expenses, delays or regulatory conditions;

performance shortfalls at one or both of the entities as a result of the diversion of management's attention caused integrating the entities' operations; and

the ability of the combined company to deliver on its strategy going forward.

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If goodwill or other intangible assets that we record in connection with the acquisition become impaired, we could have to take significant charges against earnings.

In connection with the accounting for the acquisition, we have recorded a significant amount of goodwill and other intangible assets. Under U.S. GAAP, we must assess, at least annually and potentially more frequently, whether the value of goodwill and other indefinite-lived intangible assets have been impaired. Amortizing intangible assets will be assessed for impairment in the event of an impairment indicator. Any reduction or impairment of the value of goodwill or other intangible assets will result in a charge against earnings, which could materially adversely affect our results of operations and shareholders' equity in future periods.

Our success depends in part on our ability to retain, motivate and recruit executives and other key employees, and failure to do so could negatively affect us.

Our success depends in part on our ability to retain, recruit and motivate key employees. Experienced employees in the power industry are in high demand and competition for their talents can be intense. Employees of both Atlantic Power and the Partnership may experience uncertainty about their future role with the combined company even after, strategies with regard to the combined company are announced or executed. The potential distractions may adversely affect our ability to attract, motivate and retain executives and other key employees and keep them focused on applicable strategies and goals. A failure to retain and motivate executives and other key employees could have an adverse impact on our business.

Atlantic Power Preferred Equity Ltd. (formerly named CPI Preferred Equity Ltd.) is subject to Canadian tax, as is Atlantic Power's income from the Partnership.

As a Canadian corporation, we are generally subject to Canadian federal, provincial and other taxes. See "Risks Related to Our Structure We are subject to Canadian tax." We are required to include in computing our taxable income any income earned by the Partnership. In addition, Atlantic Power Preferred Equity Ltd., a subsidiary of the Partnership, is also a Canadian corporation and is generally subject to Canadian federal, provincial and other taxes. Atlantic Power Preferred Equity Ltd. is liable to pay its applicable Canadian taxes.

Risks Relating to the Exchange Offer

You may not be able to sell your Old Notes if you do not exchange them for Exchange Notes in the exchange offer.

If you do not exchange your Old Notes for Exchange Notes in the exchange offer, your Old Notes will continue to be subject to restrictions on transfer. In general, you may not offer, sell or otherwise transfer the Old Notes in the United States unless they are:

registered under the Securities Act;

offered or sold pursuant to an exemption from the Securities Act and applicable state securities laws; or

offered or sold in a transaction not subject to the Securities Act and applicable state securities laws.

The Issuers and the guarantors do not currently anticipate that they will register the Old Notes under the Securities Act and, except for limited instances, they will not be under any obligation to do so under the Registration Rights Agreement or otherwise.

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Your ability to sell your Old Notes may be significantly more limited and the price at which you may be able to sell your Old Notes may be significantly lower if you do not exchange them for Exchange Notes in the exchange offer.

To the extent that the Old Notes are tendered and accepted for exchange in the exchange offer, the trading market for the Old Notes that remain outstanding may be significantly more limited. As a result, the liquidity of the Old Notes not tendered and accepted for exchange could be adversely affected. The extent of the market for Old Notes and the availability of price quotations would depend on a number of factors, including the number of holders of Old Notes remaining outstanding and the interest of securities firms in maintaining a market in the Old Notes. An issue of securities with a similar outstanding market value available for trading, which is called the "float," may command a lower price than would be comparable to an issue of securities with a greater float. As a result, the market price for the Old Notes that are not exchanged in the exchange offer may be affected adversely to the extent that the Old Notes exchanged in the exchange offer reduce the float. The reduced float also may make the trading price of the Old Notes that are not exchanged more volatile.

You must comply with the exchange offer procedures in order to receive new, freely tradable Exchange Notes.

Delivery of Exchange Notes in exchange for Old Notes tendered and accepted for exchange pursuant to the exchange offer will be made only after timely receipt by the exchange agent of book-entry transfer of Old Notes into the exchange agent's account at DTC, as depository, including an Agent's Message (as defined in "The Exchange Offer Procedures for Tendering Old Notes Through Brokers and Banks"). We are not required to notify you of defects or irregularities in tenders of Old Notes for exchange. Old Notes that are not tendered or that are tendered but we do not accept for exchange will, following consummation of the exchange offer, continue to be subject to the existing transfer restrictions under the Securities Act and, upon consummation of the exchange offer, certain registration and other rights under the Registration Rights Agreement will terminate. See "The Exchange Offer Procedures for Tendering Old Notes Through Brokers and Banks" and "The Exchange Offer Consequences of Failure to Exchange."

Some holders who exchange their Old Notes may be deemed to be underwriters, and these holders will be required to comply with the registration and prospectus delivery requirements in connection with any resale transaction.

If you exchange your Old Notes in the exchange offer for the purpose of participating in a distribution of the Exchange Notes, you may be deemed to have received restricted securities and, if so, will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

Risks Relating to our Indebtedness and the Exchange Notes

If you fail to exchange your Original Notes, they will continue to be restricted securities and may become less liquid.

Original Notes that you do not tender or we do not accept will, following the exchange offer, continue to be restricted securities, and you may not offer to sell them except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities law. We will issue New Notes in exchange for the Original Notes pursuant to the exchange offer only following the satisfaction of the procedures and conditions set forth in "The Exchange Offer Procedures for Tendering." These procedures and conditions include timely receipt by the exchange agent of such Original Notes (or a confirmation of book-entry transfer) and of a properly completed and duly executed letter of transmittal (or an agent's message from The Depository Trust Company).