

ATLANTIC POWER CORPORATION
CODE OF BUSINESS CONDUCT AND ETHICS

The following code of business ethics was adopted by the board of directors of Atlantic Power Corporation (the “**Issuer**”) on December 13, 2004.

This Code of Business Conduct and Ethics covers a wide range of business practices and procedures. It does not cover every issue that may arise, but sets out basic principles to guide all directors, managers, officers and employees of the Issuer and its subsidiaries (collectively, “Atlantic Power Personnel”). All Atlantic Power Personnel must conduct themselves accordingly and seek to avoid even the appearance of improper behavior.

If a law conflicts with a policy in this Code, Atlantic Power Personnel must comply with the law. If a local custom or policy conflicts with this Code, Atlantic Power Personnel must comply with this Code. If you have any questions about these conflicts, you should ask a senior officer of the Issuer how to handle the situation. **Management of the Issuer responsible for administering this Code is: Jamie D’Angelo, Chief Administrative Officer of the Issuer (phone: 617-977-2715) for any questions regarding the Code.**

Atlantic Power Personnel who violate the standards in this Code will be subject to disciplinary action, up to and including termination of their employment or other relationship with the Issuer or its subsidiaries (collectively, the “Atlantic Power Entities”). If you are in a situation that you believe may violate or lead to a violation of this Code, follow the guidelines described below under “Compliance Procedures”.

All Atlantic Power Personnel are to sign the Acknowledgement Form attached to the Code and return it to Jamie D’Angelo, the Chief Administrative Officer of the Issuer, within 30 days of receiving a copy of the Code at the commencement of their employment.

THE CODE

Compliance with Laws, Rules and Regulations

Obeying the law, both in letter and in spirit, is the foundation on which the Atlantic Power Entities’ ethical standards are built and is critical to our reputation and continued success. All Atlantic Power Personnel must respect and obey the laws of the various jurisdictions in which the Atlantic Power Entities operate and avoid even the appearance of impropriety. Although not all Atlantic Power Personnel are expected to know the details of these laws, it is important to know enough to determine when to seek advice from executive members or other appropriate personnel. Jamie D’Angelo, the Chief Administrative Officer of the Issuer, is available to assist Atlantic Power Personnel in determining applicable legal requirements and to seek the advice of legal counsel where appropriate.

Conflicts of Interest

A “conflict of interest” exists when a person’s private interests interfere in any way with the interests of the Atlantic Power Entities. A conflict of interest can arise when Atlantic Power Personnel take actions or have interests that may make it difficult for them to perform their work for an Atlantic Power Entity objectively and effectively. Conflicts of interest also may arise when Atlantic Power Personnel or members of their families receive improper personal benefits as a result of their positions with an Atlantic Power Entity.

Conflicts of interest are prohibited as a matter of policy, except as may be approved by the board of directors of the Issuer. Conflicts of interest may not always be clear-cut. If you have a question, you should consult with your supervisor or department head. Any Atlantic Power Personnel who become aware of a conflict or potential conflict should bring it to the attention of a supervisor or department head and consult the procedures described below under “Compliance Procedures”.

Confidentiality

Atlantic Power Personnel must maintain the confidentiality of confidential information entrusted to them by any Atlantic Power Entity and persons with whom the Atlantic Power Entities do business, except when disclosure is authorized under the Issuer’s Confidential Information Policy or required by laws or regulations. Confidential information includes all non-public information that might be of use to competitors or harmful to any Atlantic Power Entity or the person to whom it relates if disclosed. The obligation to preserve the confidentiality of confidential information continues even after Atlantic Power Personnel cease to have a relationship with the Atlantic Power Entities.

Atlantic Power Personnel who have access to confidential information are not permitted to use or share that information for trading purposes or for any other purpose except the conduct of the Atlantic Power Entities’ business. All Atlantic Power Personnel should read and abide by the Issuer’s Confidential Information Policy, Disclosure Policy and Insider Trading Policy.

Corporate Opportunities

Atlantic Power Personnel are prohibited from taking for themselves personally opportunities that are discovered through the use of corporate property, information or positions without the consent of the board of directors of the Issuer and from using corporate property, information or positions for improper personal gain. No Atlantic Power Personnel may compete with any of the Atlantic Power Entities directly or indirectly. Atlantic Power Personnel owe a duty to each Atlantic Power Entity to advance its legitimate interests when the opportunity to do so arises.

Protection and Proper Use of Atlantic Power Entity Assets

All Atlantic Power Personnel should endeavor to protect Atlantic Power Entity assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the profitability of the Atlantic Power Entities. Any suspected incident of fraud or theft should be reported immediately to your supervisor or department head for investigation.

The obligation of Atlantic Power Personnel to protect the assets of the Atlantic Power Entities includes the Atlantic Power Entities' proprietary information. Proprietary information includes any information that is not known generally to the public or would be helpful to competitors of any of the Atlantic Power Entities. Examples of proprietary information include intellectual property (such as trade secrets, patents, trademarks and copyrights), business, marketing and service plans, designs, databases, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information would violate Atlantic Power Entity policy and could be illegal and result in civil or criminal penalties. The obligation to preserve the confidentiality of proprietary information continues even after Atlantic Power Personnel cease to have a relationship with the Atlantic Power Entities.

Atlantic Power Entity assets may never be used for illegal purposes.

Competition and Fair Dealing

The Atlantic Power Entities seek to excel and to outperform any competitors fairly and honestly through superior performance and not through unethical or illegal business practices. Taking proprietary information without the owner's consent, inducing disclosure of that information by past or present employees of other persons or using that information is prohibited. Atlantic Power Personnel should respect the rights of, and deal fairly with, the Atlantic Power Entities' competitors and persons with whom the Atlantic Power Entities have a business relationship. Atlantic Power Personnel should never take unfair advantage of anyone through illegal conduct, manipulation, concealment, abuse of proprietary information, misrepresentation of material facts or any other intentional unfair-dealing practice, nor should any Atlantic Power Personnel act in a manner that may be anti-competitive under anti-trust laws; Jamie D'Angelo, the Chief Administrative Officer of the Issuer, is available to assist Atlantic Power Personnel in determining the application of those laws and to seek the advice of legal counsel where appropriate.

Gifts and Entertainment

Business gifts and entertainment are customary courtesies designed to build goodwill and constructive relationships among business partners. These courtesies may include such things as meals and beverages, tickets to sporting or cultural events, discounts not available to the general public, accommodation and other merchandise or services. In some cultures, they play an important role in business relationships. However, a problem may arise when these courtesies compromise, or appear to compromise, an Atlantic Power Entity's ability to make fair and objective business decisions or to gain an unfair advantage.

Offering or receiving any gift, gratuity or entertainment that might be perceived to unfairly influence a business relationship should be avoided. Common sense should dictate what would be considered extravagant or excessive; if a disinterested third party would be likely to believe that the gift affected your judgement, then its value is too high. All business dealings must be free from any favourable treatment resulting from the personal interests of Atlantic Power Personnel. These guidelines apply at all times and do not change during traditional gift-giving seasons.

No gift or entertainment should ever be offered, given, provided, authorized or accepted by any Atlantic Power Personnel or their family members unless it is not a cash gift, is consistent with

customary business practices, is not excessive in value, cannot be construed as a bribe or payoff and does not violate any laws. Strict rules apply when an Atlantic Power Entity does business with governmental agencies and officials (as discussed in more detail below). Atlantic Power Personnel should discuss with their supervisor or department head any gifts or proposed gifts about which they have any questions.

Lobbying

Any contact with government personnel for the purpose of influencing legislation or rule-making, including such activity in connection with marketing or procurement matters, is considered lobbying. Atlantic Power Personnel are responsible for knowing and adhering to all relevant lobbying laws and associated gift laws, if applicable, and for compliance with all reporting requirements. Atlantic Power Personnel must obtain the prior approval of Jamie D'Angelo, the Chief Administrative Officer of the Issuer, to lobby, or to authorize anyone else (for example, a consultant or agent) to lobby on behalf of the Atlantic Power Entities, except when lobbying only involves normal marketing activities and not influencing legislation or rule-making.

Payments to Government Personnel

All Atlantic Power Personnel must comply with all laws prohibiting improper payments to domestic and foreign officials. Other governments have laws regarding business gifts that may be accepted by government personnel. The promise, offer or delivery to an official or employee of various governments of a gift, favour or other gratuity in violation of these laws would not only violate the Atlantic Power Entities' policies but could also be a criminal offence. Illegal payments should not be made to government officials of any country. Jamie D'Angelo, the Chief Administrative Officer of the Issuer, can provide guidance to Atlantic Power Personnel in this area.

Discrimination and Harassment

The diversity of Atlantic Power Personnel is a tremendous asset. The Atlantic Power Entities are firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination or harassment of any kind. Examples include derogatory comments based on racial or ethnic characteristics and unwelcome sexual advances. Violence and threatening behavior are not permitted. Atlantic Power Personnel are encouraged to speak with Jamie D'Angelo, the Chief Administrative Officer of the Issuer, when a co-worker's conduct makes them uncomfortable and to report harassment when it occurs.

Health and Safety

The Atlantic Power Entities strive to provide all Atlantic Power Personnel with a safe and healthy work environment. All Atlantic Power Personnel have responsibility for maintaining a safe and healthy workplace by following safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions to a supervisor or department head. Being under the influence, and the possession, of illegal drugs in the workplace will not be tolerated. Atlantic Power Personnel should report to work in condition to perform their duties, free from the influence of illegal drugs or alcohol.

Accuracy of Records and Reporting

The Atlantic Power Entities require honest and accurate recording and reporting of information to make responsible business decisions. Each Atlantic Power Entity accounting records are relied upon to produce reports for management, directors, managers, securityholders, governmental agencies and persons with whom the applicable Atlantic Power Entity does business. Each Atlantic Power Entity's financial statements and the books, records and accounts on which they are based must appropriately reflect such Atlantic Power Entity's activities and conform to applicable legal, accounting and auditing requirements and to the Atlantic Power Entity's system of internal controls. Unrecorded or "off the books" funds or assets should not be maintained unless required by applicable law or regulation.

All Atlantic Power Personnel have a responsibility, within the scope of their positions, to ensure that each Atlantic Power Entity's accounting records do not contain any false or intentionally misleading entries. The Atlantic Power Entities do not permit intentional misclassification of transactions as to accounts, departments or accounting records. All transactions must be supported by accurate documentation in reasonable detail and recorded in the proper accounts and in the proper accounting period. Atlantic Power Personnel should read the Issuer's Whistleblower Policy with respect to the confidential reporting of concerns regarding accounting, internal controls and auditing matters.

Many Atlantic Power Personnel use business expense accounts, which must be documented and recorded accurately. If Atlantic Power Personnel are not sure whether a certain expense is legitimate, a supervisor or department head can provide advice. General rules and guidelines are available from the Jamie D'Angelo, the Chief Administrative Officer of the Issuer.

Business records and communications often become public through legal or regulatory proceedings or the media. Atlantic Power Personnel should avoid exaggeration, derogatory remarks, guesswork or inappropriate characterizations that can be misunderstood. This requirement applies equally to communications of all kinds, including e-mail, informal notes, internal memos and formal reports.

Use of E-Mail and Internet Services

E-Mail and internet services are provided to assist Atlantic Power Personnel in carrying out their work only. Incidental and occasional personal use is permitted, but never for personal gain or any improper purpose. Atlantic Power Personnel may not access, send or download any information that could be insulting or offensive to another person, such as sexually explicit messages, cartoons or jokes; unwelcome propositions; derogatory messages based on racial or ethnic characteristics; or any other message that could reasonably be viewed as harassment. Flooding the Atlantic Power Entities' web-based system with junk mail, trivia and other non work-related items (aside from incidental and occasional personal messages as permitted by this Code) hampers the ability of the system to handle legitimate business and is prohibited.

Messages (including voicemail) and computer information sent, received or created by Atlantic Power Personnel are considered property of the Atlantic Power Entities and Atlantic Power Personnel should realize that these messages and information are not "private". Unless prohibited by law, the Atlantic Power Entities reserve the right to access and disclose those messages and information as necessary for business purposes. Atlantic Power Personnel should

use good judgment and not access, send messages, or store any information that they would not want to be seen or heard by others.

WAIVERS OF THE CODE

Any waiver of this Code for directors, managers or executive officers may be made only by the directors of the Issuer (or a committee of the board of directors to whom that authority has been delegated) and will be promptly disclosed as required by law or stock exchange regulation.

REPORTING ANY ILLEGAL OR UNETHICAL BEHAVIOR

Each of the Atlantic Power Entities has a strong commitment to the conduct of its business in a lawful and ethical manner. Atlantic Power Personnel are encouraged to talk to supervisors, managers or other appropriate personnel about observed illegal or unethical behavior and when in doubt about the best course of action in a particular situation. It is the policy of the Atlantic Power Entities not to allow retaliation for reports of misconduct by others made in good faith. It is, at the same time, unacceptable to file a report knowing that it is false. All Atlantic Power Personnel are expected to cooperate in internal investigations of misconduct.

COMPLIANCE PROCEDURES

All Atlantic Power Personnel must work to ensure prompt and consistent action against violations of this Code. However, in some situations it is difficult to know right from wrong. Since we cannot anticipate every situation that will arise, it is important that the Atlantic Power Entities have a way to approach a new question or problem. These are the steps to keep in mind:

- Make sure you have all the facts. In order to reach the right solutions, we must be as fully informed as possible.
- Ask yourself: What specifically am I being asked to do? Does it seem unethical or improper? This will help you to focus on the specific question you are faced with and the alternatives you have. Use your judgement and common sense - if something seems like it might possibly be unethical or improper, it probably is.
- Clarify your responsibility and role. In most situations, there is shared responsibility. Are your colleagues informed? It may help to get others involved and discuss the problem.
- Discuss the problem with your manager. This is the basic guidance for all situations. In many cases, your manager will be more knowledgeable about the question and will appreciate being brought into the decision-making process. Remember that it is your manager's responsibility to help solve problems.
- Seek help from company resources. In the rare case where it may not be appropriate to discuss an issue with your manager, or where you do not feel comfortable approaching your manager with your question, discuss it locally with your "two-up". If that is not appropriate for any reason, contact Jamie D'Angelo, Chief Administrative Officer of the Issuer.

- You may report ethical violations in confidence and without fear of retaliation. If your situation requires that your identity be kept secret, your anonymity will be protected. The Atlantic Power Entities do not permit retaliation of any kind against employees for good faith reports of ethical violations.
- Always ask first, act later: If you are unsure of what to do in any situation, seek guidance before you act.