PREPARED REMARKS
Q1 2020
MAY 8, 2020

Ron Bialobrzeski – Atlantic Power Corporation – Director, Finance

Page 2: Cautionary Note Regarding Forward-Looking Statements

Financial figures that are presented in this document and the presentation are stated in U.S. dollars and are approximate unless otherwise noted.

Management's prepared remarks presented in this document include forward-looking statements. As discussed on page 2 of the accompanying presentation, these statements are not guarantees of future performance and involve certain risks and uncertainties that are more fully described in our various securities filings. Actual results may differ materially from such forward-looking statements. Please see Atlantic Power Corporation's Safe Harbor statement, presented on page 2 of the accompanying presentation, which can be found in the Investor Relations section of our website.

In addition, the financial results in the Company's press release and the presentation include both GAAP and non-GAAP measures, including Project Adjusted EBITDA. For reconciliations of this measure to the most directly comparable GAAP financial measure to the extent that they are available without unreasonable effort, please refer to the press release, the Appendix of the presentation, our annual report on Form 10-K or our quarterly report on Form 10-Q, all of which are available on our website.

For additional information, please refer to our most recent SEC filings, which can be accessed free of charge on our website, www.atlanticpower.com, and on EDGAR and SEDAR.

James J. Moore, Jr. – Atlantic Power Corporation – President & CEO

I'll cover the highlights of the quarter before discussing our free cash flow outlook in more detail. Terry Ronan will review our first quarter results and Nick Galotti and Joe Cofelice will provide operational and commercial updates, respectively.

Page 4: Q1 2020 Highlights

Coronavirus impacts. To date, the pandemic has not materially interfered with our ability to continue operating our plants safely and reliably. We continue to follow the recommended guidelines designed to ensure the health and safety of our employees. With our substantially contracted business model, predominantly investment-grade counterparties and stable liquidity, we believe that we are in a strong financial position to weather this pandemic as well. Terry and Nick will address this in more detail. We are continuing to monitor this rapidly evolving situation, where the ultimate impacts are of course impossible to predict.

Financial results. Project Adjusted EBITDA of $50.8 million modestly exceeded our internal expectation, primarily due to above-average water flows at Curtis Palmer. We remain on track to achieve our 2020 guidance for Project Adjusted EBITDA.

Balance sheet. We repaid $21.6 million of consolidated debt, using our strong operating cash flow from existing businesses. Our leverage ratio improved from 3.8 times at year-end 2019 to 3.6 times at March 31, 2020, or 3.3 times net of cash. Following the amendment to our credit facilities that we announced last quarter, which reduced the cost of the facilities and extended the maturity date of the term loan, in March we executed an amendment to our revolver, which extended its maturity by three years.

Capital allocation. We had a very active and successful quarter in terms of our ability to allocate capital, repurchasing common and preferred shares under our normal course issuer bid and launching a substantial issuer bid in late March for our common shares, which closed on May 1. Year to date, we have invested $33.2 million in common share repurchases and US$6.4 million equivalent in preferred share repurchases.

Over the past several years, we have reshaped the Company to withstand hard economic times with a stronger balance sheet and leaner cost structure. Our conservative financial management and disciplined approach allowed us to protect our employees in this crisis and to ramp up our return of capital to shareholders.

Next I would like to spend a few minutes on our five-year discretionary flow outlook, which I mentioned in my recent letter to shareholders, as well as how we are positioned for different economic scenarios.

Page 5: 2020-2024 EBITDA and Cash Flow Outlook

As we have noted in the past, our plants are substantially contracted, with approximately 95% of our Project Adjusted EBITDA and operating cash flow for the 2020-2024 period generated under existing Power Purchase Agreements (PPAs) and forward capacity sales that have little sensitivity to market conditions. We also have very limited foreign currency or interest rate exposure, and our fuel cost risk is well managed through contracts and other commercial arrangements. Operational performance is the primary risk during this period.

The balance—less than 5%—comes from assumed re-contracting of certain plants and merchant capacity and energy sales. We expect our Project Adjusted EBITDA to be relatively stable through 2022, as we have noted previously, and then decline thereafter due to PPA expirations in 2022-2024.

During this five-year period, we expect to generate approximately $520 million to $570 million of operating cash flow, or an average of more than $100 million annually. We plan to use the majority of this operating cash flow and the Manchief sale proceeds to repay term loan and project debt totaling approximately $423 million, which is more than 60% of our total debt. After funding capex and preferred dividend payments during this period, we expect to generate discretionary cash flow of $115 million to $165 million.

Page 6: 2020-2024 Capital Allocation Alternatives

What will we do with this cash? As I noted in my letter to shareholders, companies have five options for allocating discretionary cash – invest in the business; pay down debt; undertake mergers or acquisitions; repurchase equity securities; and pay common dividends.

Over the past five to seven years, we have reduced our consolidated debt by more than $1.2 billion, utilizing a combination of operating cash flow, asset sale proceeds and refinancings. Debt reduction is not driven by the returns available on our debt, but rather the priority of strengthening our balance sheet. Together with several re-pricings of our credit facilities that we have achieved, this has resulted in $89 million of annualized interest savings.

We also have allocated discretionary cash to the other alternatives that I listed, including internal investments in our plants, external acquisitions and repurchases of common and preferred securities.

In 2013 through 2016, we invested $25 million in internal investments in our power generation fleet and realized attractive returns. The low-hanging fruit has been picked and there is less need for this today.

In 2018 and 2019, we invested $45 million in the acquisition of two biomass projects and equity interests in two others, as well as consolidated our ownership of the Koma Kulshan hydro project. These investments represent a meaningful addition to the level and length of our contracted cash flows.

Since 2015, we have repurchased a total of approximately 33.3 million common shares, representing an investment of $72 million and an average price of $2.16 per share. As a result of these repurchases, common shares outstanding were reduced nearly 24% during this period. I would emphasize that we did not lever up our balance sheet to undertake these repurchases, but rather used discretionary cash. During this period, our leverage ratio declined from 5.7 times at the end of 2015 to 3.6 times currently.

We also repurchased approximately 2.1 million preferred shares during this period, representing a total investment of US$25.5 million equivalent, at an average discount to par of 37%. The after-tax return on these repurchases has ranged between 10% and 12%.

We also paid $10 million in common dividends in 2015. Although we expect to generate significant cash flow in excess of our needs over the next five years, our EBITDA profile may not be consistent with a sustainable dividend policy.

We don’t have a predetermined plan for capital allocation. Our approach is to assess the impact on our estimates of intrinsic value per share, while balancing risk and reward. We would invest externally only when we believe the returns are superior to those we can achieve by investing internally or repurchasing shares.

Going forward, we will continue to look for opportunities to deploy this cash in ways that will grow our intrinsic value per share.

If we did nothing, however—which is the least likely scenario—the build-up of cash would put us in a net debt neutral position sometime in 2025.

If we allocated all of this cash to repurchases of common and/or preferred shares, we could—at least, at current prices—repurchase significant numbers of shares if we decided that was our best use of capital.

We also continue to seek external growth investments that meet our return criteria. Our capacity to do acquisitions is bolstered by the $102 million of availability under our revolver.

The most likely scenario for the use of our discretionary cash is a combination of these alternatives.

Pages 7-8: Risks to Outlook and Potential Sources of Value for Plants Post-PPA

I'll conclude my remarks with a few thoughts on how we are positioned for different economic scenarios, both in the power sector and more broadly.

With approximately 95% of our cash flow under PPAs and forward capacity sales, we are reasonably well protected from a long period of deflation, in power prices or more broadly. The operating cash flow we expect to generate would allow us to reduce our debt by another 60% by the end of 2024, to approximately $243 million. During that period we would expect to allocate our discretionary cash flow to increase intrinsic value per share, either through share repurchases or acquisitions, or to further improve our net debt position.

A better outcome for us would be a return to higher power prices or a more inflationary environment. If that occurred as PPAs were expiring, it could be very beneficial for us. Higher natural gas prices would also benefit our hydro projects as their PPAs expire.

If we do not see an improvement in power prices, either from inflation, higher gas prices, or a slowdown in capacity additions, we still have an average remaining PPA term of nearly six years. By 2025, we'd have substantially lower debt levels, hydro assets with long physical and economic lives that are difficult to replace, gas plants that are more economic and more reliable than intermittent resources, and biomass plants with significant remaining PPA term. We don't mind being in that position. We view the combination of good deflationary protection, a lower debt-burdened set of energy assets and significant discretionary cash flow as a good profile to have in these extraordinary times.

Terry Ronan – Atlantic Power Corporation – EVP & CFO

Page 9: Limited Impact of Coronavirus

Before turning to a review of our financial results, I'd like to address why we believe that our business model and the proactive steps we have taken—both over time and more recently—significantly limit the impact of the coronavirus pandemic on our operations and financial position. It is important to keep in mind, however, that the effects of this pandemic are rapidly evolving and impossible to predict.

First, it's important to note that power generation has been deemed a critical and essential business in both the United States and Canada. As Nick notes in his remarks, we acted quickly to implement the recommended guidelines designed to ensure the health and safety of our employees and the continued operation of our plants.

From a financial standpoint, nearly all of our EBITDA through 2022 is generated from existing PPAs and forward capacity sales. Substantially all of our PPAs include a capacity payment or contracted energy rate. We have limited sensitivity to the downturn in demand that has occurred or the declines in spot prices in many power markets. Our exposure to spot market prices is primarily in PJM (mostly at Morris), where the contribution to Project Adjusted EBITDA from merchant energy sales is very modest. All but one of our PPA customers is investment-grade rated. We have not experienced any delays in payments to date.

As a result, we don't anticipate that the coronavirus pandemic will have a material impact on our financial position or results. We have stable liquidity of approximately $125 million, adjusted for the recent use of $25 million of cash to repurchase common shares. There is no need to access the capital markets. Most of our debt amortizes from operating cash flow and we don't have any bullet maturities until January 2025 (the Series E convertible debentures). We believe we are well positioned to withstand an economic downturn.

Page 10: Q1 2020 Financial Highlights and Recent Developments

Financial highlights of the first quarter are as follows:

Financial results. Project Adjusted EBITDA declined $2.9 million, mostly due to the Cadillac outage. The result was modestly better than we had expected, as water flows at both Curtis Palmer and Mamquam were well above average for the quarter. Cash provided by operating activities declined $20.8 million, primarily due to changes in working capital. Results for the quarter keep us on track with our 2020 guidance.

Repaid debt and improved leverage ratio. We repaid $20.0 million of term loan and $1.6 million of Cadillac project debt during the first quarter, and our consolidated leverage ratio at March 31, 2020 was 3.6 times. This was modestly improved from 3.8 times at year-end 2019.

Capital allocation. During the first quarter, we invested $14.6 million in the repurchase of nearly 3.8 million common shares and 564,159 preferred shares under our normal course issuer bid. We also launched a substantial issuer bid on March 25, and completed it on May 1, repurchasing 12.5 million common shares at a price of $2.00 per share.

<u>Credit facilities amendment</u>. As disclosed on our previous quarterly conference call, we successfully amended our credit facilities in January, achieving a 25 basis point reduction in the spread, a two-year extension of the term loan maturity to April 2025 and a modification of the targeted debt balances to reflect the sale of Manchief in 2022. In March, we amended our revolver to extend the maturity by three years to April 2025 to coincide with the maturity of our term loan in April 2025. In conjunction with the extension, we reduced the size of the revolver by $20 million to $180 million. We have the ability to expand it to $210 million, subject to certain conditions, without further amendment.

<u>Cadillac insurance recovery</u>. During the first quarter we received the second tranche of insurance recoveries relating to the Cadillac fire, which totaled $7.4 million. As I discussed on our previous quarterly conference call, this represents recovery of both property damage and business interruption losses, but is not allocated between the two. We recorded the $7.4 million as a reduction to our insurance receivable and included it as a source of Investing cash flows. During the quarter we incurred $9.7 million of capital expenditures for Cadillac repairs and equipment purchases, and this amount is included as a use of Investing cash flows. At March 31, 2020, our insurance receivable was $6.1 million.

We estimate that approximately $3.2 million of the first quarter recovery relates to business interruption losses. To date through March 31, 2020, we have recovered $18.6 million, of which we estimate $5.2 million relates to business interruption losses. This amount, plus any business interruption recoveries going forward, will be recorded to income and included in Project Adjusted EBITDA once the plant returns to service and the insurance claim is settled later this year. From a timing standpoint, we will see an impact on Project income (loss) and Project Adjusted EBITDA from the Cadillac outage until the plant returns to service, but we expect there to be no net impact for the year as a whole, assuming the plant is returned to service in 2020.

I'll review our financial results for the quarter in more detail on the following pages.

<u>Page 11: Q1 2020 Project Adjusted EBITDA bridge</u>

As shown in the bridge on page 11, Project Adjusted EBITDA for the first quarter of 2020 decreased $2.9 million to $50.8 million from $53.7 million in the first quarter of 2019. The extended outage at Cadillac accounted for $4.3 million of the decline although, as noted, we expect $3.2 million will be recovered when the plant is returned to service later in the year and we are able to record business interruption recoveries to income. This decrease was partially offset by slightly higher Project Adjusted EBITDA from Williams Lake under the new contract and $1.8 million of Project Adjusted EBITDA contribution from the Allendale, Dorchester, Craven and Grayling biomass plants (or equity interests) that we acquired in July and August 2019.

The result was modestly higher than our expectations, which assume average water flows. Generation at Curtis Palmer declined 2% versus the comparable year-ago period, but was still 29% above the long-term first quarter average. Mamquam generation increased 31% versus the first quarter of 2019, which had been below normal.

Page 12: Operating Cash Flow and Uses of Cash

Cash provided by operating activities was $8.4 million in the first quarter of 2020, a decrease of $20.8 million from $29.2 million in the first quarter of 2019. Approximately $16.8 million of the decrease was attributable to unfavorable changes in working capital. The change in working capital was primarily due to the timing of cash receipts at Williams Lake, Morris and Nipigon, as well as larger cash disbursements for repair work at Cadillac and in preparation for a maintenance outage at Morris later in 2020. Another $2.9 million of the decrease in operating cash flow was attributable to lower Project Adjusted EBITDA.

Uses of cash flow during the first quarter included repayment of $20.0 million of our term loan and $1.6 million of project-level debt at Cadillac. We also paid $1.7 million of dividends on our preferred shares and made $0.3 million of capital expenditures, excluding capital expenditures of $9.7 million for repairs to Cadillac, which were covered by insurance proceeds. Because working capital balances decreased operating cash flow, cash at the projects was reduced to pay the term loan in part.

Page 13: Liquidity

Total liquidity at March 31, 2020 was $149.7 million, which included $47.8 million of unrestricted cash ($34.0 million at the parent and $13.8 million at the projects) and $101.9 million of availability under our revolver. Project-level cash included $2.0 million from Cadillac insurance proceeds for use in reconstruction of the plant.

The $46.9 million decline in liquidity from $196.6 million at year-end 2019 was due to the following:

- Revolver capacity was reduced in March 2020 to $180 million from $200 million in conjunction with the extension of the maturity date.
- We used $14.6 million of cash at the parent for repurchases of common and preferred shares during the quarter.

- Cash at the projects was reduced $12.2 million, mostly because of changes in working capital balances.

Subsequent to the end of the quarter, on May 1, 2020, we used $25 million of cash at the parent to purchase 12.5 million common shares under our Substantial Issuer Bid, which reduced our liquidity on a pro forma basis to $124.7 million.

Page 14: Debt Repayment Profile and Projected Debt Balances

The charts on page 14 of the presentation show our expected debt repayment and projected debt balances through 2024. These charts include our share of project debt at Chambers, which is accounted for using the equity method. Repayment of that debt occurs at the project level before we receive cash distributions.

In the first quarter of 2020, we repaid $20.0 million of term loan and $1.6 million of project debt, reducing our debt at March 31, 2020 to $645 million. Our consolidated leverage ratio was 3.6 times, slightly improved from 3.8 times at year-end 2019. Note that we calculate the ratio on a gross basis. Net of cash, the leverage ratio at March 31, 2020 was approximately 3.3 times. The continuing repayment of debt as shown on the chart and relatively stable levels of EBITDA through 2022 should result in the leverage ratio moving lower after 2020.

As shown in the chart, we expect to repay a total of $401 million of debt through 2024, and reduce our debt balances by more than 60% from the March 31, 2020 level. The total includes $38.5 million of project-level debt repayment at Chambers. Following the amendment to our credit facilities earlier this year, we no longer have any bullet maturities during this period, as the maturity date of our term loan was extended two years to 2025. We expect the loan to be fully repaid by the maturity date from operating cash flow and proceeds from the Manchief sale in 2022 ($45.2 million). As noted, we also recently extended the maturity of our corporate revolver to 2025. We have no borrowings outstanding under the revolver but are using it for letters of credit.

We expect this substantial debt repayment over the next several years to generate significant interest cost savings that would mitigate a portion of the impact of lower Project Adjusted EBITDA (from PPA expirations, or extensions on less favorable terms) on our operating cash flow.

Interest Costs

We have de minimis exposure to fluctuations in interest rates. As of March 31, 2020, virtually all of our debt carried either a fixed rate or a variable rate that has been fixed through interest rate swaps.

Page 15: 2020 Project Adjusted EBITDA Guidance

We have not provided guidance for Project income or Net income because of the difficulty of making accurate forecasts and projections without unreasonable efforts with respect to certain highly variable components of these comparable GAAP metrics, including changes in the fair value of derivative instruments and foreign exchange gains or losses. These factors, which generally do not affect cash flow, are not included in Project Adjusted EBITDA.

As shown on page 15, we are maintaining our 2020 guidance for Project Adjusted EBITDA in the range of $175 million to $190 million. As we noted when we initiated guidance with our year-end 2019 results, the decline from the 2019 actual level of $196.1 million is mostly attributable to an assumption of a return to average water flows for Curtis Palmer (from levels that were well above average), the PPA expirations at Oxnard and Calstock, and higher maintenance expense at Morris, primarily associated with a planned hot gas path inspection. These decreases are partially offset by expected modest increases from a full year contribution by the biomass acquisitions, Nipigon, Cadillac and Moresby Lake, as shown on page 14.

While we were slightly ahead of plan in the first quarter due to above-average water flows at Curtis Palmer and Mamquam (+$4 million), our guidance assumes that water flows will be approximately average over the entire year. Our guidance also assumes that PPAs for Oxnard and Calstock are not extended and expire as scheduled in May and June of this year, respectively.

Although we are not providing quarterly guidance, we expect that the year-over-year decrease in Project Adjusted EBITDA will be concentrated in the first half of the year, primarily in the second quarter, for several reasons:

- Generation at Curtis Palmer in the second quarter of 2019 was 40% above the long-term average and at Mamquam was 9% above the long-term average;
- Williams Lake required outage and projected maintenance expense in April through at least July 2020;
- Business interruption impact at Cadillac in first half 2020, to be reversed in the second half of the year; and

- Cadillac, Oxnard and Williams Lake had negative Project Adjusted EBITDA in the fourth quarter of 2019.

Page 16: 2020 Cash provided by operating activities and planned capital allocation

Our estimate of 2020 cash provided by operating activities is a range of $100 million to $115 million, as shown on page 16 of the presentation, which is also unchanged from our previous quarterly conference call. As is our practice, for purposes of this estimate we have assumed that the impact of changes in working capital on cash flow is nil. In the first quarter, changes in working capital were a $13.7 million use of cash.

As shown on page 16, our principal planned uses of operating cash flow in 2020 include $72.5 million amortization of our term loan and $3.9 million of project debt amortization, for total debt repayment of $76.4 million. In addition, we expect to use cash for $7.4 million of dividend payments on our preferred shares (level with 2019) and $4.0 million of capital expenditures (excluding Cadillac repair costs, which are covered by insurance). Based on these estimates, discretionary cash flow in 2020 is expected to be in the range of approximately $12 million to $27 million.

Capital Allocation

As shown on page 16 of the presentation, through May 1, 2020, we allocated $39.6 million to the repurchase of preferred and common shares under our normal course issuer bid and substantial issuer bid, as detailed below. This was funded from cash on our balance sheet.

NCIB Update

During the first quarter, we repurchased and canceled approximately 3.76 million common shares at a cost of $8.17 million or an average price of $2.17 per share.

In addition, we repurchased 381,794 shares of the 4.85% Cumulative Redeemable Preferred, Series 1, at an average price of Cdn$15.17 per share; 62,365 shares of the 7.0% Cumulative Rate Reset Preferred, Series 2, at an average price of Cdn$15.20 per share; and 120,000 shares of the Cumulative Floating Rate Preferred, Series 3 at an average price of Cdn$17.90 per share. The total cost of preferred share repurchases during the quarter was Cdn$8.9 million (US$6.4 million equivalent) and the average discount to par was 39%.

Substantial Issuer Bid (SIB)

On March 25, 2020, we announced a substantial issuer bid for up to $25 million of common shares at a price not less than $1.95 per share and not to exceed $2.20 per share. We completed this offer on May 1, 2020, repurchasing 12.5 million common shares at a price of $2.00 per share. The shares repurchased have been canceled. As a result, our outstanding shares were reduced by approximately 12% to 93,002,338 shares.

Year to date under the NCIB and recently completed SIB, we have repurchased approximately 16.3 million common shares at a total cost of $33.2 million, or an average price of $2.04 per share.

During the period the SIB was in effect, we were required to suspend purchases of common shares and Series E convertible debentures under the NCIB. This restriction will be lifted in mid-May.

Nick Galotti – Atlantic Power Corporation – SVP Operations

Page 17: Coronavirus Response

At Atlantic Power, the safety of our employees is our number one priority. Early in March we saw the potential implications of the spread of the coronavirus and we moved quickly to implement strategies and take actions to ensure that our employees could continue to work in a safe manner and our plants could continue to operate safely and reliably.

At our plant sites, we formalized emergency minimum staffing plans for each facility and rotated managers and schedules where possible to ensure social distancing. Employees have been provided with travel letters where needed due to state travel bans or shelter-in-place regulations. Non-essential personnel have been required to work from home, with access to sites restricted to plant personnel only. Any personnel with suspected symptoms have been quarantined for two weeks at home, though to date we have had zero confirmed cases. At our cogeneration facilities (such as Morris and Kenilworth), we are following the thermal host's requirements as well.

We have adequate personal protective equipment and sanitization equipment at all sites, and we are sanitizing facilities at every shift change. These stepped-up cleaning protocols are also being bolstered by regularly scheduled professional cleaning of facilities.

At our corporate headquarters in Dedham, we suspended travel and implemented remote work for all corporate employees. Our executive team has been having daily conference calls. We continue to monitor guidelines from public health officials as we carefully plan for a return to the Dedham office.

As a result of these initiatives, we have not had any material disruption to our plant operations.

Page 18: Q1 2020 Operational Performance

Safety

From a safety standpoint, we had a great result in the first quarter, with no recordable injuries and no lost time accidents.

Generation

Turning to our operating results, generation increased 0.5% in the first quarter of 2020 compared to the 2019 period, primarily because of the acquisitions of Allendale and Dorchester and equity interests in Craven and Grayling, higher dispatch at Frederickson, and higher generation at Mamquam due to higher water flows. Generation at Mamquam increased 31% from the year-ago period, and was 23% above the long-term average for the first quarter. These increases were partially offset by lower generation at Cadillac due to the outage, at Manchief due to lower dispatch, and at Williams Lake due to fuel availability. Although generation at Curtis Palmer decreased 2% from the first quarter of 2019, it was 29% above the long-term average for the first quarter.

Availability

Our availability factor in the first quarter of 2020 decreased to 86.8% from 97.9% in the first quarter of 2019. Cadillac availability was zero due to the outage and plant reconstruction following the fire and Piedmont had a maintenance outage. Most of the decline was attributable to our Hydro segment, where Moresby Lake availability was affected by a failure of the main transformer last May, which we replaced in February. Koma Kulshan also had reduced availability due to transmission line issues and freezing conditions.

Page 19: Operations Update

Cadillac

We continue to make progress on reconstruction of the plant. Fortunately, construction crews have been permitted on site, and we do not anticipate any coronavirus-related delays to the schedule at this time. Overhaul of the replacement generator and steam turbine that were sourced from an identical biomass plant in Maine were recently completed. Both the turbine and generator arrived at the Cadillac site earlier this month and will be installed in the next two weeks. Backfeed power to the plant was recently re-established and the rebuild of the plant's control room has been completed.

As we noted on our previous quarterly conference call, we are targeting a return to operation in the third quarter of this year and we expect to start building fuel inventory again this spring.

We continue to believe that the total cost of new equipment and repairs to the plant will be at least $25 million. Cumulatively through March 31, 2020, we have capitalized $14.8 million of equipment purchases and repairs and received $18.6 million from our insurers, net of deductibles. We have received additional insurance recoveries since that date.

Williams Lake

Williams Lake operated throughout the quarter at approximately 50 megawatts. Under the terms of the contract with BC Hydro, the plant will not operate from May through July (during the spring thaw or freshet). As we noted on our previous quarterly conference call, our plan had been to operate the plant into April. As the fuel inventory had declined, we began the planned outage on April 9.

Our plan during this period is to perform necessary plant maintenance, including a replacement of the cooling tower (which will be expensed), and to rebuild our fuel supply inventory, with a goal of returning the plant to service in the third quarter. The timing of the return will depend on fuel availability. The contract requires the plant to operate in November through February of next year.

Fuel procurement remains the major challenge at the Williams Lake. Our efforts will continue to be impacted by conditions in the British Columbia timber market, which have adversely affected the availability, cost, and tenor of new fuel supply arrangements. Since signing the new contract with BC Hydro, we have been focused on rebuilding our fuel supply sources, including traditional mill waste and forest and roadside residuals. We have entered into new fuel supply arrangements with the local First Nations, purchased and deployed a new mobile fuel grinder, and entered into other short-term agreements with third parties to extend supplies of mill waste and secure additional forest residuals. The grinder has been helpful in sourcing and transporting wood waste from forest areas as well as areas affected by recent forest fires. Although fuel costs to date have been mostly in line with the expectations we had when we executed the new contract, we will continue to monitor the availability of supply over the course of the year.

We continue to estimate that Williams Lake will generate approximately a breakeven level of EBITDA in 2020.

<u>Decommissioning of San Diego Sites</u>

We expect demolition of the three sites to now begin in June, due to coronavirus-related delays in site access, and will be completed within about six months. Our cost estimates have not changed. We expect a cash outlay this year to complete the work of approximately $4 million.

<u>Cost Focus</u>

In 2019, we continued to advance our program to improve our operation and maintenance performance. We rolled out Mainsaver (maintenance management system) to Allendale and Dorchester, which we acquired in July 2019, to Koma Kulshan, in which we acquired the remaining ownership interests in the third quarter of 2018, and to Piedmont in the fourth quarter of 2019. We have an ongoing focus on optimizing preventive maintenance programs for all sites.

Another area of focus is avoiding equipment issues that result in unplanned outages. To that end, we have installed predictive analytic software (PRiSM) at six plants over the past two years. To date, the system has had 33 good "catches" (potential equipment problems that were avoided). We recently installed PRiSM at Williams Lake and plan to roll it at Allendale and Dorchester in the summer of 2020.

In the fourth quarter, we rolled out a new system for testing and evaluating the condition of all plant step-up transformers. All equipment has been base-lined and going forward all plants will use the same lab for testing. Understanding the condition of these critical components will allow us to better predict potential failures and avoid long down time of our facilities.

<u>Joseph E. Cofelice – Atlantic Power Corporation – EVP Commercial Development</u>

My remarks this quarter are focused on our re-contracting efforts at Calstock and Oxnard.

<u>Page 20: Re-contracting Updates</u>

As you know, we have two projects for which the PPAs are expiring this year, Oxnard in May and Calstock in June.

<u>Oxnard</u> (California)

Oxnard's PPA with Southern California Edison (SCE) expires on May 24, 2020. As I discussed on our previous conference call in February, we were unsuccessful bidding Oxnard into the most recent SCE solicitation for resource adequacy and so have been pursuing other potential paths to continue operations at the plant. These other options include reliability must run (RMR) and resource adequacy (RA) offtake structures. On our February conference call, we also discussed recent developments in California, including recognition by the California Public Utilities Commission of near-term reliability challenges and the state's plans to continue the deployment of renewable generation, which highlight the need for reliable and firm capacity.

Since that time, however, power demand has fallen 5 to 8%, negatively affecting the value of generation capacity and hurting Oxnard's re-contracting prospects. Although the probability of a successful re-contracting outcome has declined, we remain engaged with the California Independent System Operator (CAISO) and other potential third-party offtakers in an effort to maintain operations over the short term. If successful, this would preserve the option to pursue new contracting opportunities if market conditions improve. Depending on the outcome of our re-contracting efforts, we may mothball the plant following the expiration of its PPA in May. As a reminder, we own the Oxnard site so our efforts are not affected by site-lease termination risk. We expect to provide a further update on plans for Oxnard post-PPA with our second quarter results, if not earlier.

<u>Calstock</u> (Ontario)

On our February conference call, we reported that despite support from the local government, unions, various forestry organizations and Hearst area mills, and our continued engagement with the relevant government ministries to develop a re-contracting path for Calstock, we expected that the plant would cease operations when its PPA expires in June.

Earlier this month, in response to the efforts of all stakeholders, including Atlantic Power, the government advised that it intends to extend Calstock's PPA by six months to provide time for government and stakeholders to evaluate the potential future role of biomass generation in the province, including impacts on the forestry industry. The extension has not yet been executed. Although it is too early to predict how this evaluation could affect Calstock's longer-term re-contracting prospects, we commend the provincial government for committing to further study of the unique benefit streams provided by biomass generation and ensuring that we do not take steps to shut down Calstock at this time.

The coronavirus pandemic has reduced the demand for local mill products due to a downturn in construction, which has affected the availability and cost of fuel supply at Calstock. We will continue to monitor this situation closely and take appropriate actions if necessary. At this time we do not anticipate a disruption in operations at Calstock or any of our other biomass plants, most of which have multiple sources of fuel supply.

Non-GAAP Disclosures

Project Adjusted EBITDA is not a measure recognized under GAAP and does not have a standardized meaning prescribed by GAAP, and is therefore unlikely to be comparable to similar measures presented by other companies. Investors are cautioned that the Company may calculate this non-GAAP measure in a manner that is different from other companies. The most directly comparable GAAP measure is Project income (loss). Project Adjusted EBITDA is defined as project income (loss) plus interest, taxes, depreciation and amortization, impairment charges, insurance loss (gain), other (income) expenses and changes in the fair value of derivative instruments. Management uses Project Adjusted EBITDA at the project level to provide comparative information about project performance and believes such information is helpful to investors. A reconciliation of Project Adjusted EBITDA to Project income and to Net income on a consolidated basis is provided in Table 1 below.

Atlantic Power Corporation
Table 1 - Reconciliation of Net Income to Project Adjusted EBITDA
(in millions of U.S. dollars)
Unaudited

	Three months ended March 31,	
	2020	**2019**
Net income attributable to Atlantic Power Corporation	**$29.5**	**$8.9**
Net loss attributable to preferred share dividends of a subsidiary company	(5.8)	(6.5)
Net income	**$23.7**	**$2.4**
Income tax expense	1.5	0.6
Income from operations before income taxes	25.2	3.0
Administration	6.7	6.8
Interest expense, net	10.8	11.1
Foreign exchange (gain) loss	(20.6)	5.0
Other expense, net	2.6	4.7
Project income	**$24.7**	**$30.6**
Reconciliation to Project Adjusted EBITDA		
Depreciation and amortization	$19.8	$20.2
Interest expense, net	0.7	0.7
Change in the fair value of derivative instruments	5.6	2.4
Other income, net	-	(0.2)
Project Adjusted EBITDA	**$50.8**	**$53.7**