By BRANDON LARSON

Alterra Power Corp.

Leading the Way in Green Power

Photo courtesy of Alterra Power Corp.

In May 2011, **Alterra Power Corp.** [AXY-TSX] emerged as one of Canada's leading green power companies upon the successful merger of Magma Energy Corp. and Plutonic Power Corp. The merger has created a globally diversified developer and operator of renewable energy assets, with projects and power plants drawing upon geothermal, hydro and wind resources.

For the shareholders, each share of Plutonic Power was converted to 2.38 shares of Magma Energy, and to reflect the diversified nature of the new company, Magma Energy changed its ticker symbol on the Toronto Stock Exchange to AXY and its name to Alterra Power Corp. The total value of the acquired Plutonic Power shares was approximately $190 million. There are now just over 465 million shares outstanding with an additional 15+ million stock options, for a total of approximately 480 million fully diluted shares of Alterra Power.

Each of the companies brought specific assets and specializations to the new enterprise, making the merger a win-win scenario for both companies and their shareholders. Magma Energy had three existing geothermal power plants, two in Iceland and one in Nevada. Plutonic Power also had three existing power plants, two run of river hydro plants in British Columbia and one wind farm also located in British Columbia.

Iceland is an extremely exciting part of the world for Alterra Power to have projects in, as virtually all of the country's power is derived from domestic, renewable energy sources. A breakdown from 2008 shows that approximately 24% of the produced

Left: Svartsnji power plant in Iceland.

energy was from geothermal resources and 75% was from hydropower. Iceland's clean, reliable, renewable power is so competitive, without subsidies or other government support, that a majority of the domestic power is consumed by several large aluminum smelters that have been located in Iceland by their multinational owners simply to take advantage of the cheap power.

Alterra's two geothermal plants in Iceland are operated by HS Orka, a 75% owned subsidiary, with the remaining 25% owned by Jardvarmi (a consortium of Icelandic Pension Funds). The power plants are named Svartsengi and Reykjanes, and are both located within 55 km of the Iceland capital of Reykjavik. Commissioned in 1978, Svartsengi is the older of the two facilities, while Reykjanes was commissioned in 2006.

Alterra's third, operating, geothermal power plant is located near Reno in northern Nevada. There are two facilities at the site, Soda Lake 1(started in 1987) and Soda Lake 2 (started in 1991); both are 100% owned by Alterra Power.

As mentioned earlier, Alterra Power also has interests in hydro and wind assets as well as development projects. Two run of river hydro power plants are located in British Columbia near Powell River, on the East Toba River and Montrose Creek. Alterra Power manages the plants and owns a 40% economic interest in the assets; the remaining 60% is owned by GE Energy Financial Services. These facilities both got up and running in 2010 and have power purchase agreements with BC Hydro until 2045.

The sixth power plant is a wind farm located in north eastern BC near Chetwynd called the Dokie Wind Farm, which started operations in March 2011. Alterra Power operates the plant and owns 51% of the asset; with GE Energy Financial Services again the partner in the other 49%. Dokie will continue to its power under power purchase agreements with BC Hydro until 2036.

Finally, Alterra Power also has an option on the management and a

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10% ownership interest in a solar photovoltaic power plant in Southern Ontario, again with GE Energy Financial Services as the partner for the remaining 90%. The project is scheduled to complete construction and begin operating in mid-2012.

Along with bringing all of the power plants and development projects together to create a truly geographically and technologically diversified portfolio of renewable energy assets, the biggest advantage of the merger will most likely prove to be the accumulation of talent within the management team. It all starts at the top with Executive Chairman, Ross Beaty. Beaty was the CEO of Magma Energy and the initial CEO of Alterra Power. On September 1, 2011, Beaty appointed as CEO, John Carson, a highly experienced, renewable energy business veteran, and said at the time:

"Since our foundation in 2008, we have grown rapidly and now operate six clean power plants in three countries. John's deep financial, managerial and administrative experience in the clean power business will strongly support the company as it continues to grow organically and through acquisition. As Executive Chairman, I intend to remain just as actively involved in the business as I have been since inception. Donald McInnes, Executive Vice-Chairman, and Bruce Ripley, Chief Operating Officer, will continue to provide their exceptional experience on Alterra's senior management team. This strong and deep team will lead Alterra in its next stages of growth as it continues its mission as a leading global renewable power company."

As Beaty mentioned above, retaining the Plutonic teams represents a key strength for the future growth plans of the company, which, with the current project pipeline alone, will see the company's output triple over the next five years. Plutonic's former CEO, Donald McInnes, now serves alongside Beaty as Alterra's Executive Vice-Chairman. McInnes brings a wealth of valuable experience to the team and is deeply respected in the BC business community, not in the least because as the current Chairman of the Clean Energy Association of British Columbia, McInnes is at the forefront of the drive to develop clean and renewable sources of power to propel BC's economic growth.

Alterra's Chief Operating Officer, Bruce Ripley, also came over from the Plutonic side and brings 16 years of experience with BC Hydro, including serving as BC Hydro's VP of Engineering, prior to his four years as an executive with Plutonic Power. Ripley now oversees all the technical work of Alterra Power's operations and development projects.

Alterra Power is definitely on the path to becoming another one of Canada's global success stories, with core assets that generate clean, cheap power for decades; a long term, stable cash flow profile that is already large enough to support the company's operations; assets and projects diversified by geography and generation type; a strong balance sheet with ample cash reserves; and an outstanding project pipeline that could see output tripled by 2016 - all run by exceptional operating, financial and development teams.■

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