



PRESS RELEASE

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CANADIAN HYDRO CLOSES \$165,750,000 COMMON SHARE OFFERING

Calgary, Canada – December 19, 2005 (TSX:KHD): Canadian Hydro Developers, Inc. (“Canadian Hydro” or the “Company”) announced today that it has closed the previously announced public offering of common shares through a syndicate of Canadian underwriters co-led by Scotia Capital Inc. and FirstEnergy Capital Corp., and including BMO Nesbitt Burns Inc., Canaccord Capital Corporation, Dundee Securities Inc. and TD Securities Inc. The Company has issued 32,500,000 common shares at a price of \$5.10 per share for gross proceeds of \$165,750,000. The Company has granted to the underwriters an over-allotment option, exercisable in whole or in part, for a period of 30 days from the closing date of the offering, to purchase up to an additional 4,425,000 common shares at a price of \$5.10 per share, to cover over-allotments, if any, and for market stabilization purposes.

Net proceeds of the offering will be used to fund a portion of the construction costs related to the \$265 million, 132.0 MW Melancthon II Wind Project, the \$410 million, 197.8 MW Wolfe Island Wind Project, and the \$64 million, 20.0 MW (\$32 million, 10.0 MW net to the Company’s interest) Island Falls Hydroelectric Project, and for general corporate purposes. On November 21, 2005, Canadian Hydro was awarded three, 20 year Renewable Energy Supply II contracts from the Ontario Power Authority, a statutory body of the Ontario Government, for the sale of electricity from these projects.

This news release shall not constitute an offer to sell or the solicitation of an offer to buy the common shares in any jurisdiction. The common shares offered will not be and have not been registered under the United States Securities Act of 1933 and may not be offered or sold in the United States or to a U.S. person, absent registration, or an applicable exemption therefrom.

Canadian Hydro is a developer, owner and operator of 17 power generation facilities totaling net 162 MW in operation and has an additional 67.5 MW currently under construction and 339.8 MW nearing construction. The generation portfolio is diversified across three technologies (water, wind and biomass) in the provinces of British Columbia, Alberta and Ontario. This portfolio is unique in Canada as all facilities are certified, or slated for certification, under Environment Canada’s EcoLogo^M Program.

The Toronto Stock Exchange has neither reviewed nor approved this press release.

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Current common shares outstanding: 113,798,873
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