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NEWS RELEASE

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Juan de Fuca Cable – Project Status Review – US Loan Guarantee Application

Sea Breeze Power Corp. is pleased to report on recent progress with development of the Juan de Fuca Cable (the "Project" or "Cable").

The Juan de Fuca Cable is a proposed 550 MW submarine interconnection across the international Strait of Juan de Fuca, between Port Angeles, Washington, and Victoria, British Columbia, providing a new link between the northwest terminus of US federally- owned Bonneville Power Administration's grid, and the southwest terminus of the provincially-owned system in British Columbia, Canada.

The Project has been granted all major permits necessary to proceed to construction within both the United States and Canada, including a Presidential Permit issued by the US Department of Energy, and a Certificate of Public Convenience and Necessity ("CPCN") issued by Canada's National Energy Board.

Construction of the Juan de Fuca Cable is estimated at 26 months, with a target for commencement of operations in 2012.

On December 22, 2009, an application was submitted to the US Department of Energy's Loan Guarantee Program under the American Recovery and Reinvestment Act of 2009, for a loan guarantee of up to US\$480 million. In addition to the capital cost specific to the cable system itself, the project budget also includes provision for significant network upgrades to the existing grid systems on both sides of the international border, should they be necessary.

The Project has been designed to utilize the most advanced generation of "high voltage direct current - voltage source conversion" technology manufactured by ABB, Inc. - a highly reliable, environmentally low-impact, and Smart-Grid compatible technology called "HVDC Light®".

The economic benefits of the Juan de Fuca Cable will be significant. A 2008 study of transmission projects proposed for the region, conducted by the Idaho National Laboratory ("INL" – a US national laboratory dedicated to supporting the US Department of Energy's missions) calculated that over the lifecycle of the project, up to \$134 billion of additional economic activity in the region and an estimated regional increase of 177,000 'person years' of employment would result from the new transmission capacity that the Project would add.

The strategic and commercial value of the Project has accordingly attracted broad political support in the United States. The State of Washington's Governor Christine Gregoire, and both of Washington's federal Senators, Senator Patty Murray and Senator Maria Cantwell, have all provided strong endorsements for the Project in recent letters addressed to US Secretary of Energy Dr. Steven Chu.

Governor Gregoire referred to the Project as "*a critical missing link allowing new green energy projects to be developed*" and described the initiative as "*exactly the kind of infrastructure project that deserves federal recovery funding*".

Senators Murray and Cantwell, in a jointly signed letter to the Secretary, stressed the benefits of the Project, referencing "*the immediate and long-term employment opportunities it would create...as well as through the improvements made to the existing transmission system.*"

Congressman Norm Dicks, in whose congressional district the Cable will interconnect, noted in a letter to Secretary Chu that "*a regional approach to balancing intermittent resources could decrease the total cost of integrating renewable resources, increase regional grid stability, and further the goal of developing utility-scale renewable resources.*"

Congressman Dicks further noted that "*The necessary pre-condition to this is having sufficient transmission capacity to be able to take advantage of these opportunities*" and referred to the Project as "*a critical part of America's Smart Grid future.*"

The 550 megawatts of new, bi-directional capacity added to the region by the Juan de Fuca Cable will represent a geographically diversified increase of approximately 20% - 30%, parallel to the present transmission pathway west of the Cascades Mountains between Vancouver, British Columbia, and Seattle, Washington, which in recent years has been noted for becoming increasingly and chronically congested.

Through an order issued by the US Federal Energy Regulatory Commission ("FERC") granting "market authority" allowing the Project's management to bi-laterally negotiate terms for use of the cable, discussions are presently underway with a number of utilities and independent power producers in both the US and Canada for subscription of capacity and ancillary services of the Cable, under a formula by which the cost of the project will be borne by the users of the line, rather than by the ratepayers or taxpayers of the region.

Sea Breeze Power Corp., the originating developer of the Juan de Fuca Cable Project, holds a 49.5% direct interest in the project's corporate entity Sea Breeze Pacific Juan de Fuca Cable, LP, and a further 0.25% indirect interest through the joint-venture limited partnership's general partner. An equal project ownership interest is held by Boundless Energy NW, LLC. The remaining interest is held by United States Power Fund, LP (managed by Energy Investors Funds ("EIF")), a US-based, private equity fund manager) which has provided a significant portion of the development funding for the Project to date.

Andrew Schroeder, a Senior Partner with EIF noted that *“The Juan de Fuca Cable is an innovative project adding value to the West Coast energy infrastructure. EIF is very pleased to be involved with a project which offers such a clear example of the benefits that can be created by having the private sector collaborate with, and support the objectives of, publicly-owned utilities in the region.”*

EIF was founded in 1987 as the first private equity fund manager dedicated exclusively to the independent power and electric utility industry. Its consistent, proven investment strategy is to create geographically and technologically diversified portfolios of electric power-related assets that provide superior risk-adjusted equity returns with current cash flow and capital appreciation. As an investment manager, EIF seeks to mitigate commodity risk (fuel and electricity) by focusing primarily on acquiring power assets with long-term off-take contracts. EIF has mobilized over \$4 billion in capital raised in seven funds, and currently manages four private equity funds from its offices in Boston, New York, and San Francisco. These funds have made over 100 diversified investments which have an underlying asset value greater than US\$15 billion. EIF controls 4,000 MW of operating power assets with another 2,200 MW of power assets under development or construction. United States Power Fund, LP and its affiliates have the right to fund the equity portion of the Juan de Fuca Cable’s total project costs. For more information visit www.eif.com.

The principals of Boundless Energy are well known in the transmission world as being founders of the highly successful Neptune Cable (660 MW - HVDC), connecting Sayreville, New Jersey with Hempstead, Long Island in New York State, which went into operation in 2007.

Sea Breeze Power Corp. is developing utility scale renewable energy projects in British Columbia, and through its joint ventures with Boundless Energy, LLC, developing several high-voltage transmission projects throughout North America.

For more information about the Juan de Fuca Cable Project, please visit www.JDFCable.com.

ON BEHALF OF THE BOARD OF DIRECTORS

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