

ENVIRONMENTAL POWER CORP

Form FWP

June 01, 2009

Summary Presentation

ENVIRONMENTAL

POWER

CORPORATION

(NASDAQ:

EPG)

Underwriter

B.C.  
Ziegler  
and  
Company  
Member SIPC and FINRA  
Environmental  
Power  
Corporation  
has  
filed  
a  
registration  
statement  
(including  
a  
prospectus)  
with  
the  
SEC  
for  
the  
offering  
to  
which  
this  
communication  
relates.  
Before  
you  
invest,  
you  
should  
read  
the  
prospectus  
in  
that  
registration  
statement  
and  
other  
documents  
Environmental  
Power  
has  
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Power  
and  
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for  
free  
by  
visiting  
EDGAR  
on  
the  
SEC  
Web  
site  
at  
[www.sec.gov](http://www.sec.gov).  
Alternatively,  
Environmental  
Power  
and  
the  
underwriter  
will  
arrange  
to  
send  
you  
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prospectus  
if  
you  
request  
it  
by  
calling  
(888)  
884-8339.  
A  
copy  
of  
the  
most

recent  
prospectus  
may  
also  
be  
found  
by  
clicking  
on  
the  
following  
hyperlink:

Prospectus

Issuer Free Writing Prospectus

Filed Pursuant to Rule 433

Registration Statement on Form S-1 No. 333-158286

ENVIRONMENTAL POWER CORPORATION  
SAFE HARBOR STATEMENT

The Private Securities Litigation Reform Act of 1995, referred to as the PSLRA, provides a "safe harbor" for forward-looking statements. Certain statements contained in this presentation, such as statements concerning planned manure-to-energy systems, our sales pipeline, our backlog, our projected sales and financial performance, statements containing the words "may," "assumes," "forecasts," "positions," "predicts," "strategy," "will," "expects," "estimates," "anticipates," "believes," "projects," "intends," "plans," "budgets," "potential," "continue," "targets" "proposed," and variations thereof, and other

statements  
contained  
in  
this  
presentation  
regarding  
matters  
that  
are  
not  
historical  
facts  
are  
forward-looking  
statements  
as  
such term  
is  
defined  
in  
the  
PSLRA.

Because  
such  
statements involve risks and uncertainties, actual results may differ  
materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to  
differ  
materially  
include,  
but  
are  
not  
limited  
to:  
uncertainties  
involving  
development-stage  
companies,  
including  
our  
ability  
to  
continue as  
a  
going  
concern;  
uncertainties  
regarding  
project  
financing,

the  
lack  
of  
binding commitments and/or the need to  
negotiate  
and  
execute  
definitive  
agreements  
for  
the  
construction  
and  
financing  
of  
projects,  
the  
sale  
of  
project  
output,  
the  
supply of substrate and other requirements and for other matters; financing and cash flow requirements and uncertainties;  
inexperience with the development of multi-digester projects; risks relating to fluctuations in the price of commodity fuels  
like  
natural  
gas,  
and  
our  
inexperience  
with  
managing  
such  
risks;  
difficulties  
involved  
in  
developing  
and  
executing  
a  
business  
plan; difficulties and uncertainties regarding acquisitions; technological uncertainties; including those relating to competing  
products and technologies; risks relating to managing and integrating acquired businesses; unpredictable developments;  
including plant outages and repair requirements; the difficulty of estimating construction, development, repair and  
maintenance costs and timeframes; the uncertainties involved in estimating insurance and implied warranty recoveries, if  
any; the inability to predict the course or outcome of any negotiations with parties involved with our projects; uncertainties  
relating to general economic and industry conditions, and the amount and rate of growth in expenses; uncertainties relating  
to  
government

and  
regulatory  
policies  
and  
the  
legal  
environment;  
uncertainties  
relating  
to  
the  
availability  
of  
tax  
credits,  
deductions, rebates and similar incentives; intellectual property issues; the competitive environment in which Environmental  
Power  
Corporation  
and  
its  
subsidiaries  
operate  
and  
other  
factors,  
including  
those described in the prospectus relating to the  
offering to which this presentation relates, well as in other filings we make with the Securities and Exchange Commission.  
Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date that  
they  
are  
made.  
We  
undertake  
no  
obligation  
to  
publicly  
update  
or  
revise  
any  
forward-looking  
statements,  
whether  
as  
a result  
of new information, future events or otherwise.

1



2

Proven Company

Environmental Power Corporation (EPC) owns and operates proven, commercial-scale renewable energy facilities producing a versatile methane-rich biogas from waste products consisting of agricultural livestock

and other organic wastes.

EPC has a proven track record and is a leader in the biogas based renewable energy market and evolving carbon credit market.

Market Drivers

First-mover Status

Unique

Offering

Projects

Ready to Go

Unique opportunity to provide project dedicated funds at a market coupon rate and participate in equity upside.

High and volatile energy prices, growing renewable energy demand (RPS), increasing environmental concerns (carbon emissions) and increasing regulation of agricultural waste have led to increased interest in EPC's renewable product.

EXECUTIVE SUMMARY

PROCESS OVERVIEW

3

#### ADVANTAGES OF BIOGAS

Versatility

Biogas can be used to displace an array of conventional fuels

Infrastructure already exists compared to other renewables

Renewable

Waste to

Energy

Good for  
Environment  
High Economic  
Efficiency  
Output  
Available 24/7  
Security of  
Support  
Income  
Alternative

Provides income diversification and cost savings for farmers

Reduces dependence on fossil fuels and is a domestic supply of energy

Produces energy when needed, unlike wind and solar, which are intermittent

Does not require government subsidies

Production efficiency is significantly higher than other biofuels

Addresses farms nutrient management concerns

Biogas process sequesters methane; 21x the effect of carbon dioxide as greenhouse gas

Waste products (manure and other organic wastes) are the feedstock and not dependent on food crops

Non-depleting asset utilizing waste streams

4

CONFLUENCE OF AGRICULTURE AND ENERGY

Solutions that are clean, proven, cost-effective and operate at the confluence of the agriculture and energy markets.

5

Agriculture

Outsourcing of manure management issues

Alignment of long-term interest

Reduced farm operating/capital costs

Lease payment for the site of facilities

Project profit sharing with local farmers

By-products can be used as bedding for animals and liquid fertilizer add value to farm; potential third-party sales

Energy

Useful renewable energy product (Renewable Portfolio Standards, state mandates, Renewable Energy Credits, etc.)

Most projects expected to qualify for salable carbon credits

Environment

EPC  
AS  
A  
RENEWABLE  
E  
&P  
PLAY



EPC is essentially a renewable exploration and production natural gas company with some key differences:

-  
No exploration risk

-  
No drilling risk

-  
No dry holes

-  
Non-depleting resources

Also an active participant in the evolving carbon credit market

6  
EPC  
produces  
pipeline-quality  
natural  
gas  
with  
renewable  
attributes.

OPERATING FACILITIES

Huckabay  
Ridge

Largest  
Renewable  
Energy

Gas  
®  
(RNG  
®  
)  
facility  
of  
its  
kind  
in  
North  
America

Commercial operation: January 14, 2008

635,000  
MMBtu/year  
RNG  
®  
production  
target

Enough  
natural  
gas  
to  
heat  
approximately  
7,000  
midwestern  
homes  
for  
the  
winter  
7  
Huckabay  
Ridge  
Stephenville, TX  
Operational: Q1 2008  
635,000 MMBtu/year  
Norswiss  
Facility  
Rice Lake, WI  
Operational: Q4 2005  
850kw  
Wild Rose Facility  
La Farge, WI  
Operational: Q2 2005  
750kw  
Five Star Facility

Elk Mound, WI  
Operational: Q1 2005  
750kw

STRATEGIC RELATIONSHIPS

8

Cargill Provider of food, agricultural and other products and services

Business Development Agreement to accelerate market penetration

PG&E Distributor of natural gas and electricity focused on renewable energy

Long-term purchase and gas distribution agreements

Provides off-take and pipeline access in critical markets

Dairyland Power Provider of electricity generation and transmission services

Biogas offtake on three initial facilities in Wisconsin (proven platform for biogas production and electric generation)

Xergi A/S - Danish contractor and O&M operator of energy and environmental plants

Provides EPC's anaerobic digestion technology

Texas Gas Service Third largest natural gas distribution company in Texas

Established agreement to purchase RNG

from Texas projects

Xcel Energy A leading electricity and natural gas energy company

Comprehensive portfolio of energy-related products and services with regulated operations in eight western and midwestern states

®

Micky  
Thomas  
Senior VP &  
Chief Financial Officer  
Dennis Haines  
VP & General Counsel  
Michael Hvisdos

Executive VP  
Growth Team  
Mike Newman  
VP Operations  
Rich Kessel  
CEO and President  
EPC and Microgy, Inc.  
LEADERSHIP  
TEAM  
9  
Finance  
Accounting  
Treasury  
Human Resources  
IT  
Project Cost Control  
Investor Relations  
Public Relations  
Corporate Secretary  
Legal  
Ethics  
Risk Management  
Insurance  
E/H/S/Q  
Government Affairs  
Growth Team  
Business Development  
Market Development  
Project Development  
Project Execution  
Strategic Alliances  
Carbon Strategy  
Operations  
Plant Operations  
Substrate  
Logistics  
Plant Betterment  
Plant E/H/S



PROJECTS READY TO GO

10

Debt financing in place

To date, \$130 million of tax-exempt debt financing has been raised from institutional lenders in support of construction of these projects.

Investors in the 2006 Texas bond issue purchased California bonds in September 2008 (Release of California and certain Texas bond proceeds remains subject to satisfaction of certain performance and further financing conditions).

Tax-exempt debt financing required analysis by independent third-party experts.

Economic  
analysis

SJH,  
a  
leading  
Ag  
Consultant

Technical/operational  
analysis

RW Beck, a leading independent engineering consulting firm  
Permits in place

All necessary permits to begin construction are in place for identified Texas, California and Nebraska projects.

Revenue streams secured

Gas offtake  
agreements are in place for stability of revenue streams reflecting premium,  
green  
attributes of our natural gas.

When these projects are operational, targeted 2010, EPC expects to have an annualized revenue stream of \$40 million.

PROJECT PIPELINE

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Facility

Location

Type

Annual Energy

Production

Notes

Mission

Texas

RNG

®

635,000

Project Debt Financing obtained; permitted

Rio Leche

Texas

RNG

®

635,000

Project Debt Financing obtained; permitted

Crossen

Texas

RNG

®

635,000

Project Debt Financing obtained; permitted

Hanford Cluster

California

RNG

®

732,000

Project Debt Financing obtained; permitted

Bar 20

California

RNG

®

601,000

Permitted; in financing

Riverdale Cluster

California

RNG

®

621,000

Project Debt Financing obtained; permitted

Cargill 1

Idaho

RNG

®

550,000

Option Agreements executed

Cargill 2

Colorado

RNG

®

365,000

Option Agreements executed

Swift-Grand Island

Nebraska

Inside-  
the-fence

235,000

Project Debt Financing obtained; permitted

Total Announced

Projects

5,009,000

Notes

1.

Additional

10,700,000

MMBtu

under

development

2.

All amounts in MMBtu/year sales

PROJECT ECONOMIC HIGHLIGHTS

12

Long/medium-term natural gas sales agreements

We

use

long/medium-term

gas  
sales  
agreements  
with  
fixed  
prices  
recognizing  
green  
value  
of our gas to provide certainty of revenue streams.  
Carbon credit revenue opportunity

In the current U.S. voluntary market, we see \$2.00 to \$7.00/metric ton depending on demand.  
Utility executives are planning on \$12.00 to \$30.00/metric ton under proposed mandatory  
markets; market will dictate price.

Typical  
lagoon-based  
635,000  
MMBtu  
project  
is  
expected  
to  
produce  
75,000  
  
250,000  
metric  
tons of carbon offsets per year, depending upon final protocols.  
Waste-based feedstocks  
used to create biogas

Manure

We  
typically  
get  
manure  
for  
free  
from  
the  
farm  
or  
industry.

Substrate  
(organic  
materials)

We  
pay  
transport,  
but  
may  
get  
tipping  
fee  
for  
partial  
offset.

Potential by-product value

Solids

third-party discussions as a peat replacement or as an eco-friendly building product

Liquids

fertilizer without odors, seeds or pathogens and in more suitable form to meet  
permit requirements



TARGETED PROJECT ECONOMICS

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Subsidies  
are  
not  
assumed

in  
project  
economic  
forecasts  
compared  
to  
other  
industries,  
such  
as ethanol, biodiesel, etc.

Long/medium-term  
off-take  
RNG  
®  
agreements  
recognizing  
premium  
value  
of  
RNG  
®

Finance with combination of equity and debt

Cross-collateralization and revenue pooling to create portfolio diversification

Tax-exempt financing: target 80% debt / 20% equity

Long-term alignment of interest with project participants

Targeted project economics provide:

Attractive returns

Further  
upside  
potential  
should  
subsidies  
be  
established  
similar  
to  
other  
renewable  
and  
clean  
energy sources

Fixed-rate tradeable  
security

Fixed-rate debt fully registered with the SEC and unrestricted from  
trading (though not listed and no developed trading market)

Senior to holding  
company equity

Debt has seniority in the holding company capital structure, ahead of

the existing convertible preferred stock and common stock

Dedicated project

funding

With \$130 million in project financing already raised, money raised in

this offering will go to costs and expenses related to facility

construction/operations

Contracts and permits

in place

Contractors pre-qualified, permits obtained and site arrangements

secured for the next seven projects

Convertible equity at

2008 price

Debt convertible into common equity at a minimum conversion price

achieved in summer 2008

Transition to operating

company

When construction of the seven permitted facilities is complete

(anticipated to be in 2010), EPC annual revenues expected to be

greater than \$40 million

Carbon credit revenue

Likely transition to mandatory market could significantly increase EPC

revenue opportunity

Substantial potential

market

U.S. dairy, cattle and hog farms can take advantage of this cost-

effective environmental waste management solution

DEBT CONVERTIBLE INTO COMMON EQUITY

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UPDATE TO SUMMARY PRESENTATION

Overall

Message:

We

believe

momentum

is

growing  
for  
our  
business  
model  
more  
certainty  
as to key initiatives since six months ago.  
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UPDATE TO SUMMARY PRESENTATION (CONTINUED)

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Huckabay  
operating  
performance:  
Reliable

operations  
being  
experienced.  
RNG  
®  
production  
levels  
are meeting expectations at volatile solid concentration levels.

National  
emphasis  
on  
renewables

-  
Political pressure has greatly increased at the federal level to  
promote technologies that reduce carbon emissions, including an increased emphasis on the  
production of renewable electricity.

Mandatory Cap and Trade program being pursued

National Renewable Electricity Standard (Replaces RPS program)

Renewable Fuel Standards: Increasing LNG/CNG marketplace demand

Federal support for Renewable Gas Incentive: Provides parity with other renewables

Federal stimulus funds being pursued

Xergi, our Danish technology partner, renegotiated the license agreement and acquired \$3 million of  
our 14% convertible notes of the type being offered.

We  
believe  
this  
reflects  
a  
knowledgeable  
party's  
commitment  
to  
EPC's  
business  
model  
and  
growth.

Xcel  
Energy,  
an  
electric



and  
gas  
utility  
operating  
in  
eight  
western  
and  
midwestern  
states,  
entered  
into  
an  
agreement  
to  
purchase  
916,000  
MMBtu  
per  
year  
of  
our  
RNG  
®  
from  
a  
new  
Colorado  
facility,  
for  
a  
ten-year period renewable for an additional ten years, at a premium to the market.

We  
believe  
this  
reinforces  
the  
premium  
value  
of  
our  
RNG  
®  
product;  
priced  
based  
on  
the  
cost

of  
other  
alternative  
renewables.

Funds raised by Ziegler in March 2009 under similar terms as this offering are being deployed for Texas projects.

Marathon  
capital  
is  
being  
utilized  
to  
manage  
a  
parallel  
process,  
to  
complement  
funds  
raised  
by  
Ziegler  
.

OPERATING  
PERFORMANCE  
AT  
HUCKABAY  
RIDGE  
17  
Huckabay

is operating reliably with production levels at expectation based on volatile solid concentrations.

Comprehensive upgrades complete

Consistent  
operations  
in  
meeting  
specifications  
for  
pipeline  
grade  
RNG  
®  
-  
CO2

Less  
than  
10%  
of  
the  
limit,  
H2S

5%  
to  
15%  
of  
the  
limit,  
and  
H2O

40%  
to  
50%  
of  
the  
limit

Ability to manage fluctuations in biogas production, as well as varying ambient conditions  
Reliability

Huckabay  
Ridge has produced salable gas with a high degree of reliability since the beginning of April  
Production

Production  
levels

improving  
with  
reliable  
operations;  
RNG  
®  
production  
equal  
to  
or  
higher  
than  
expectations based on volatile solid concentrations being realized  
Focus

Feedstock  
being  
optimized  
to  
achieve  
maximum  
RNG  
®  
production,  
replacing  
volatile  
solid  
feedstock  
supply, temporarily affected by the recession:

- 
- New suppliers identified and being qualified
- 
- Environmental permit being expanded to allow for non-food based substrate feedstock
- 

3  
generation  
design  
criteria  
for  
all  
new  
projects  
utilizes  
lower  
volatile  
solid  
concentration  
as  
baseline  
(should

previous levels  
be  
experienced,  
more  
RNG  
®  
will  
be  
produced  
for  
same  
design  
volume)  
rd

NATIONAL EMPHASIS ON RENEWABLE ENERGY

18

Mandatory  
Cap  
&  
Trade

-  
Waxman-Markey  
Bill  
(HR  
2454)  
approved  
by  
House  
Energy  
&  
Commerce  
Committee

Economy-wide program beginning in 2012, with a cap on emissions at 17% below 2005 levels by 2020 (83% by 2020). Senate version of bill in earlier committee stages.

Full vote on House bill expected this summer

Floor price on allowances of \$10.00, with a 1st year ceiling of \$28.00

Adds more certainty and definition to carbon offset market

National  
Renewable  
Electricity  
Standard

HR2454 requires utilities to produce 15% of electricity from renewable sources by 2020. Renewables broadly defined to include



biogas.  
Senate version  
in  
earlier committee  
stages.

Supplements  
state  
mandates  
and  
broadens  
market  
demand  
for  
our  
RNG  
®  
product

Renewable  
Fuels  
Standard

2009  
RFS  
increased  
to  
10.21%  
(at  
least  
11.1  
billion  
gallons  
of renewable fuels to be blended into transportation gasoline). 2008 RFS was 7.76%.  
By  
2022, 36  
billion gallons required (more than 3 times 2009 levels).

Potential  
increases  
in  
demand  
for  
RNG  
®  
as  
an  
LNG/CNG  
product

SIGNIFICANT LEGISLATIVE FUNDING POTENTIAL; TAX  
CREDIT OR INVESTMENT GRANT

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Senate Bill S306 (Nelson, D-NE) and House Bill HR1158 (Higgins, D-NY) have been introduced into Congress, which if enacted will provide a \$4.27 per MMBtu production

tax  
credit  
for renewable gas produced by manure-based projects such  
as ours, for a period of ten years. Alternatively, a 30% investment grant may also  
be available.

S306  
Supporters

10:  
Co-sponsors  
including  
Hatch  
(R-UT),  
Stabenow  
(D-MI),  
Wyden  
(D-OR)

HR  
1158  
Supporters

22:  
Co-sponsors  
including  
Lewis  
(D-GA),  
Radanovich  
(R-CA),  
Roskam  
(R-IL)

Bi-partisan support of our production tax credit

A broad coalition has been formed, including such firms as Gas Technology  
Institute, American Gas Association, Waste Management and utilities such as  
PG&E and  
Sempra,  
to  
support  
this initiative.

We are also actively pursuing stimulus funds under a variety of federal programs  
announced earlier this year in support of the development of the  
renewable energy  
sector.

XERGI \$3 MILLION INVESTMENT  
AND NEW COOPERATION AGREEMENT

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EPC has renegotiated its licensing arrangement with Danish Biogas Technology, A.S. and its parent, Xergi. The new Cooperation Agreement better reflects the Company's build / own / operate business model and will provide substantial long-term savings in

reduced license fees to EPC and Microgy, Inc.

Pursuant  
to  
the  
new  
Cooperation  
Agreement,  
Xergi  
acquired  
\$3  
million  
of  
EPC's  
14%

convertible notes, having the same terms as the \$5 million of our convertible notes issued in March 2009, in payment of certain license fees.

We  
believe  
this  
reflects  
a  
knowledgeable  
party's  
commitment  
to  
EPC's  
business  
model  
and growth.

LONG-TERM PREMIUM PRICE AGREEMENTS WITH  
MAJOR UTILITY SUPPORTS FUTURE PROJECTS

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Our sales agreement with Xcel, like the comparable one with Pacific Gas & Electric,  
highlights that our RNG

®

product is sold and priced as RENEWABLE ENERGY,

not  
a  
natural  
gas substitute.

In  
March  
2009,  
we  
announced  
a  
long-term  
RNG  
®  
supply  
agreement  
to  
Xcel  
Energy  
(NYSE: XEL). The ten-year contract, which is renewable for an additional ten years,  
is  
for  
a  
fixed  
price  
reflecting  
the  
value  
of  
our  
green  
RNG  
®  
versus  
other  
renewable  
alternatives.

Xcel will use our RNG  
®  
product to generate carbon-neutral electricity.

The  
agreement  
will  
help  
Xcel  
continue  
to  
meet

its  
mandates  
under  
the  
Colorado's  
Renewable Energy Standard and support the company's efforts to reduce carbon dioxide  
emissions.

The Colorado PUC has approved the agreement.



RENEWABLE ENERGY MARKET-BASED PRICING  
FOR RNG

®

PROJECT

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Note: Biogas shown as least cost by California PUC

CAPITAL FUNDING SOURCES AND USES

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Sources

Ziegler March Bond Offering

\$5,000,000

Xergi

Bond Acquisition

\$3,000,000

(non-cash -->  
for license fees)

This Offering

\$5,000,000

Marathon Process

Presently

evaluating

financing

proposals

and options

Federal Stimulus Funds

Q3/Q4

potential;

dependant

on

application

process and approval

Uses

We intend to prioritize the use of proceeds from this offering for projects that are furthest along in development and construction.

PROJECTS ARE PROFITABLE AND SCALABLE

24

Project portfolio build-out plan

Our  
business  
model

is  
to  
develop,  
build  
and  
own  
RNG  
®  
and  
biogas  
facilities  
designed to be individually profitable and scalable in number, with the profitability of  
any one facility not dependent upon the number of facilities.

We are encouraged by the drop in prices for metals and other commodities, which is  
expected to lower construction costs on pending and planned projects.

Our rate of growth is dependent upon how quickly we can raise capital to construct  
our existing shovel-ready projects and further develop our pipeline of projects which  
we are ready to pursue.

Our  
debt  
service  
requirements,  
as  
well  
as  
our  
resources  
for  
debt  
service  
are  
expected to scale in proportion to the number of projects we pursue.

Therefore, Ziegler bond funds are focused on the next two Texas projects and Swift;  
projects  
for  
which  
bond  
financing  
is  
in  
place  
and  
accessible  
and  
construction  
is

underway.

Marathon's process will determine what funds are initially available to complement Ziegler's efforts.

CALIFORNIA BOND TEST

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What will be evaluated by bondholders on June 30, 2009:

Results of 60-day financial and operating performance test at Huckabay; and

Ability to raise new equity in the amount of \$39 million (\$45 million if Bar 20 had

been financed).

Discussion

The June 30

date is a point in time for bondholders to evaluate our performance against the criteria established in September 2008. The bondholders can then determine their course of action.

We

intend

to

discuss

our

performance

against

these

criteria

with

the

bondholders

and

what,

if any, accommodations we may require.

The tax-exempt bondholders are aware of the various initiatives to meet the criteria and ultimately may be satisfied with progress toward meeting the milestones. However, should they decide to call the bonds, we would focus the funds raised through Ziegler on the next two projects in the Texas portfolio and Swift, which are unencumbered by the test, and build out those projects.

We would then seek alternative financing for the California projects as the various contracts remain in place and only spend a limited amount of funds until greater certainty develops as to their financing.

th



#### GOING-CONCERN QUALIFICATION

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As is typical for start-up growth companies, going-concern qualifications are an accounting disclosure requirement that results from the need to raise additional funding.

The  
amount

of  
our  
funding  
requirements  
is  
based  
on  
our  
projected  
build-out  
plans,  
as

well as our ongoing General and Administration (G&A) requirements. Sources of capital are expected to come from various initiatives discussed previously. Funds raised are to be focused on Texas, California, or Swift projects that have initiated construction or are shovel ready.

We have implemented significant steps to reduce our G&A expenses, but will need to raise funds during the first half of 2009 in order to cover ongoing G&A, as well as interest and dividend requirements.

We are actively seeking additional sources of capital to meet these financing needs and requirements of our projects in development

Via this offering

Hired Marathon Capital in Q1 to assist us in identifying and managing discussions with entities interested in investing in our projects

Federal stimulus funds / State energy programs (potential support from CA & TX for our projects)

COMPELLING VALUE PROPOSITION

Unique offering

Projects

ready

to

go

that:

Have debt financing and permits in place

Have  
secure  
and  
stable  
revenue  
streams  
as  
gas  
offtake  
agreements  
are  
in  
place  
which  
reflect  
premium  
green  
attributes  
of  
our  
natural  
gas

Have  
multiple  
revenue  
streams

renewable  
natural  
gas,  
carbon  
credits,  
other  
by-products

Do not rely on subsidies, although we will seek parity with other renewables  
Unique company

EPC holds market leadership position with first-mover status in the renewable biogas  
energy sector

Strong growing market for cost-effective renewable and domestic energy sources

Large, untapped market with announced projects and robust development pipeline

-  
5 million MMBtu/year with an additional 10.7 million MMBtu/year in development

Target project long-term stable cash flow steams resulting in attractive returns

EPC  
can  
be  
viewed  
as  
an  
E&P  
company  
without  
exploration  
risks  
or  
depletion  
curve

Innovative, proven and scalable technology

Valuable strategic relationships

Leadership team with deep industry experience to execute the plan

Unique opportunity to participate in the renewable energy sector

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## FINAL THOUGHTS

Dominant player

We believe our unique product will be a key component in addressing the future  
energy  
and  
environmental

needs  
of  
the  
U.S.,  
because  
it  
addresses  
the  
environmental needs of the agricultural and food processing sectors while creating a  
versatile and renewable energy product with greenhouse gas offset credits.  
Momentum swing

We believe momentum is swinging our way for our business model and growth.

Emphasis on renewable forms of energy, carbon awareness, transportation fuel  
options and pricing with other renewables

Huckabay  
proving itself as a reliable facility; lessons learned will be employed in  
future projects

Xergi  
investment confirms belief in our business model

Xcel  
agreement  
reinforces  
the  
value  
of  
our  
RNG  
®

Experienced leadership team  
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29  
[www.environmentalpower.com](http://www.environmentalpower.com)  
Environmental Power Corporation has filed a registration statement (including a prospectus) with the SEC  
for  
the  
offering  
to



which  
this  
communication  
relates.  
Before  
you  
invest,  
you  
should  
read  
the  
prospectus  
in  
that registration statement and other documents Environmental Power has filed with the SEC for more  
complete information about Environmental Power and this offering. You may get these documents for free  
by  
visiting  
EDGAR  
on  
the  
SEC  
Web  
site  
at  
[www.sec.gov](http://www.sec.gov).  
Alternatively,  
Environmental  
Power  
and  
the  
underwriter will arrange to send you the prospectus if you request it by calling 888 884 8339.  
A copy  
of  
the  
most  
recent  
prospectus  
may  
be  
found  
by  
clicking  
on  
the  
following  
hyperlink:  
Prospectus  
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