

Manure based Renewable Natural Gas RNG®

Promoting Sustainable Agriculture,
Stimulating the Economy
AND
Creating a New Industry

Environmental Power Corporation

Environmental Power Corporation (NASDAQ: “EPG”) is a developer, owner and operator of proven commercial scale renewable energy facilities, producing a versatile, methane-rich biogas from waste products consisting of agricultural livestock manure and other organic wastes.

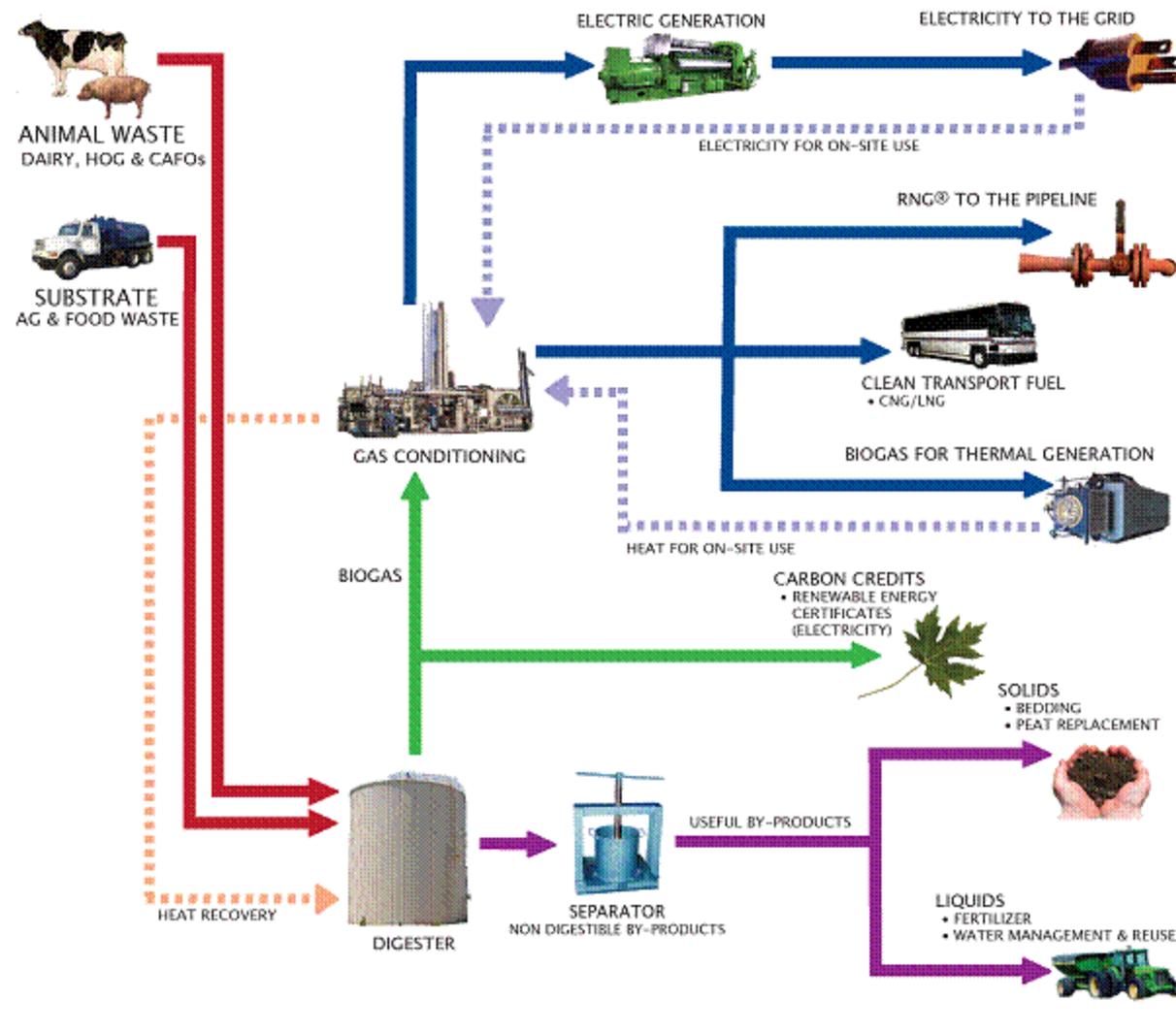
Biogas is conditioned to produce pipeline-grade methane at our operational Huckabay Ridge Plant, branded as Renewable Natural Gas or RNG®.

Anaerobic Digestion Process

- A commercially proven technology, ubiquitous in Europe. Industry development was driven by promoting renewable energy by means of subsidies.
- Renewable energy source utilizing manure from animal livestock and other organic wastes – does not use feedstocks that would otherwise be consumed in the food industry.
- Versatile energy product that can be used for homes, industry, hospitals and utilities.
- Integrates into farm's existing waste management process.
 - 92,000 dairy farms and 79,000 hog farms in the U.S. market today ⁽¹⁾.
 - Nearly 3 billion pounds/day of manure in the U.S. that need to be managed and discarded appropriately ⁽¹⁾.
- Technology sequesters methane, which would otherwise be released directly into the atmosphere, and converts it to a useful energy product.

(1) Source: U.S. Department of Agriculture

Process Overview



Confluence of Agriculture and Energy

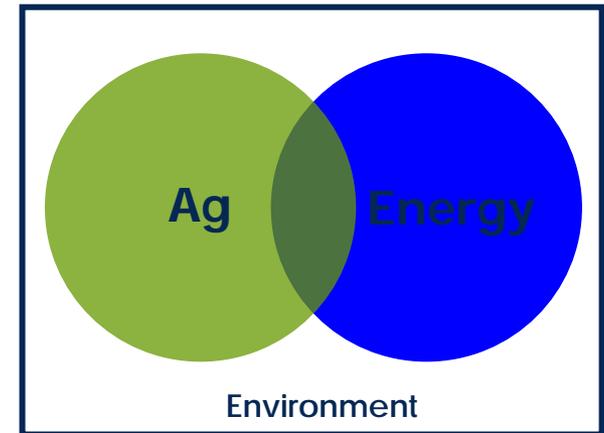
Solutions that are clean, proven, cost-effective and operate at the confluence of the agricultural and energy markets:

➤ **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

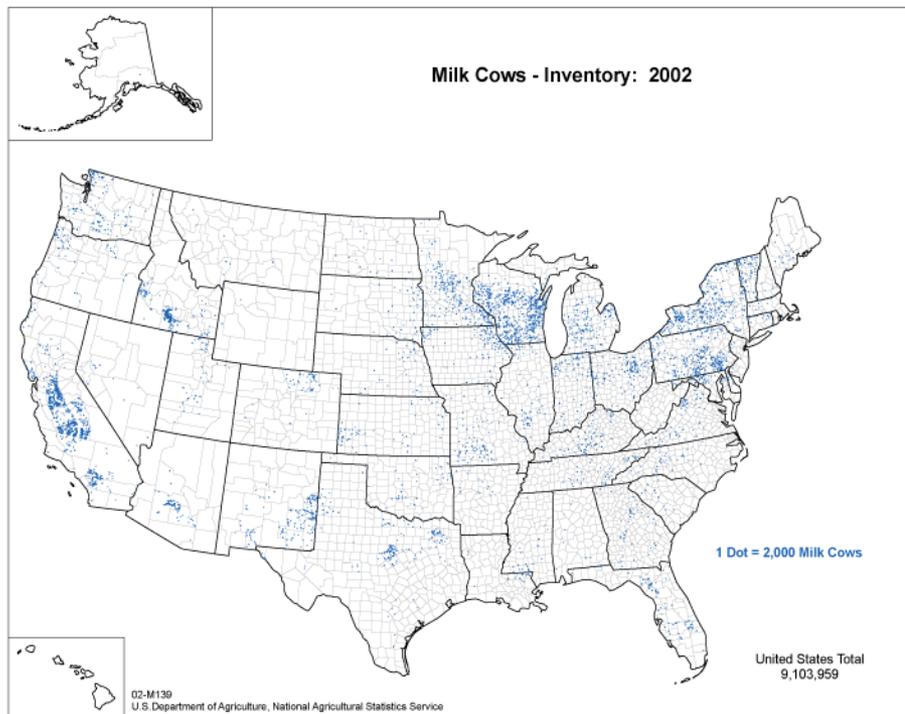
➤ **Energy**

- Useful renewable energy product (Renewable Portfolio standards, state mandates, Renewable Energy Credits, etc.)
- Least expensive form of alternative energy

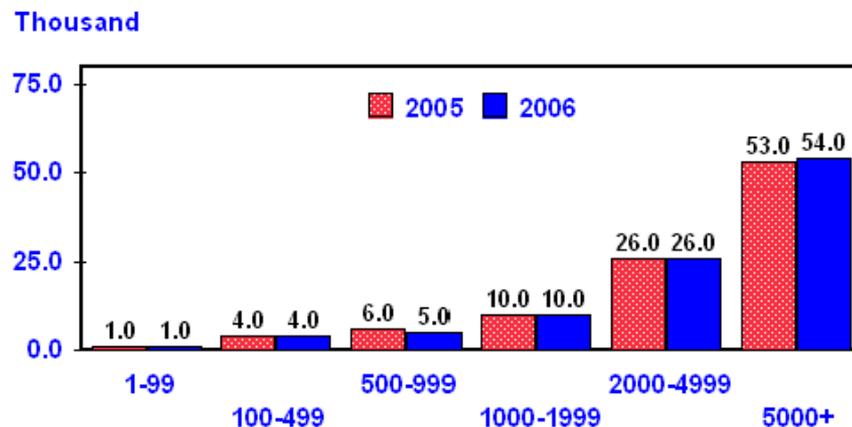


Agricultural Waste

- There are nearly 92,000 dairy farms and 79,000 hog farms in the U.S.
- Given manure production of as much as 150 pounds per day per dairy cow and over 20 pounds per day per hog, the U.S. is awash with nearly 3 billion pounds per day of manure, excluding beef cattle and poultry.



U. S. Hog Inventory Percent by Size Group, 2005-2006



USDA-NASS
2-2-2007

Huckabay Ridge – Stephenville, Texas



- Largest RNG® facility of its kind in North America
- Commercial Operation: February 2008
- 635,000 MMBtu/yr gas production targeted (equivalent power use of 11,700 homes on an annual basis)
- Created 75 jobs during construction and another 20 during operations

Huckabay Ridge Aerial Shots

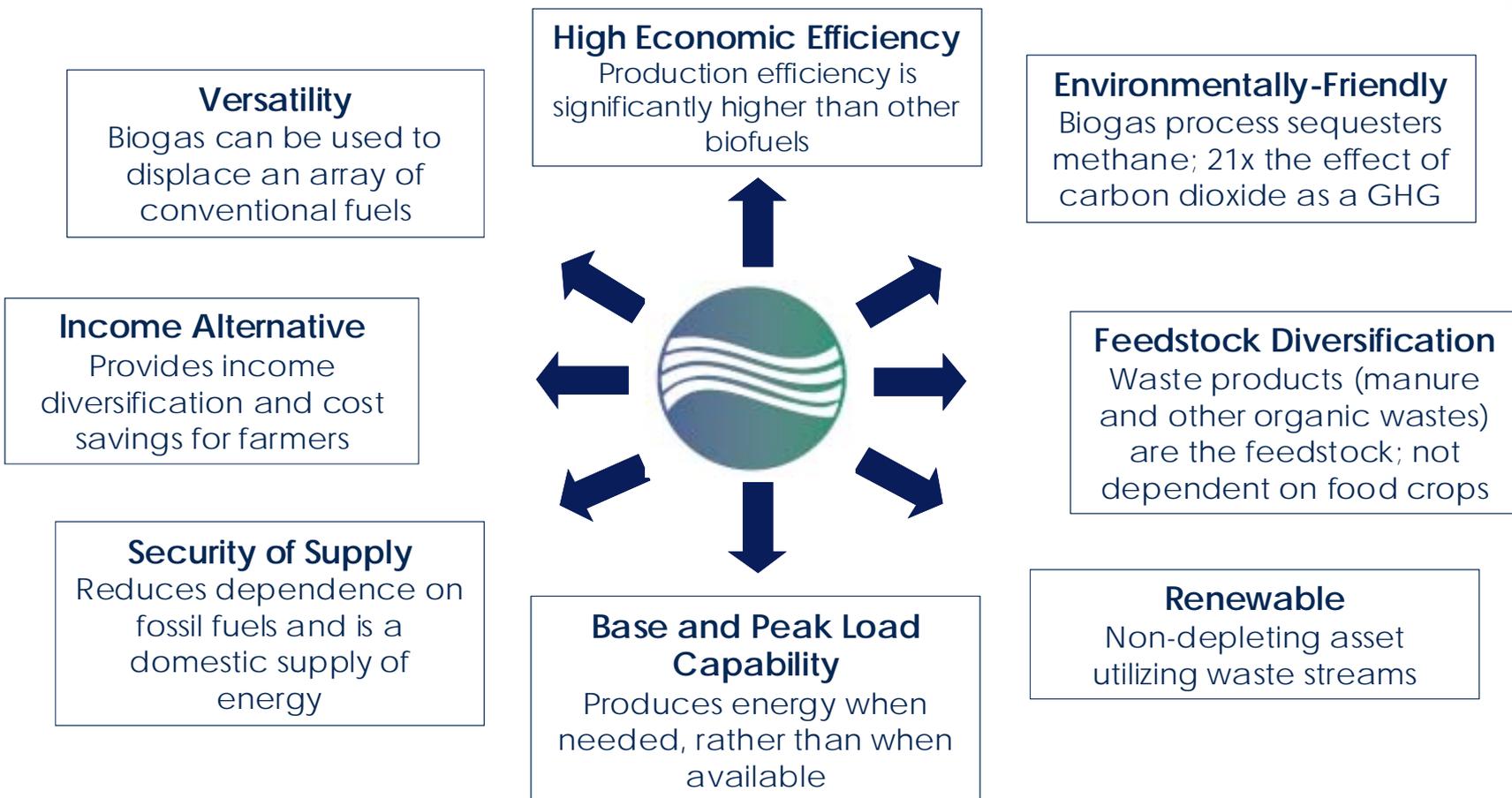


Benefits of RNG® Production

Anaerobic Digestion Operates at the Confluence of the Energy and Agricultural Sectors – It Truly is a New Dynamic

- ***Agriculture Sustainability*** - Process helps address farms' environmental impacts and provides income diversification.
- ***Job Creation / Rural Development*** - New industry will create jobs as well as stimulate local rural economies:
 - Direct Jobs: 20 during operations per facility / 75 during construction.
 - Every dairy cow has a \$13,700 effect on the local economy.
- ***New Environmentally Friendly Byproduct Development***
 - Peat moss replacement.
 - Eco-friendly building materials.

Advantages of Biogas



Rationale for Supporting Production Tax Credit (“PTC”)

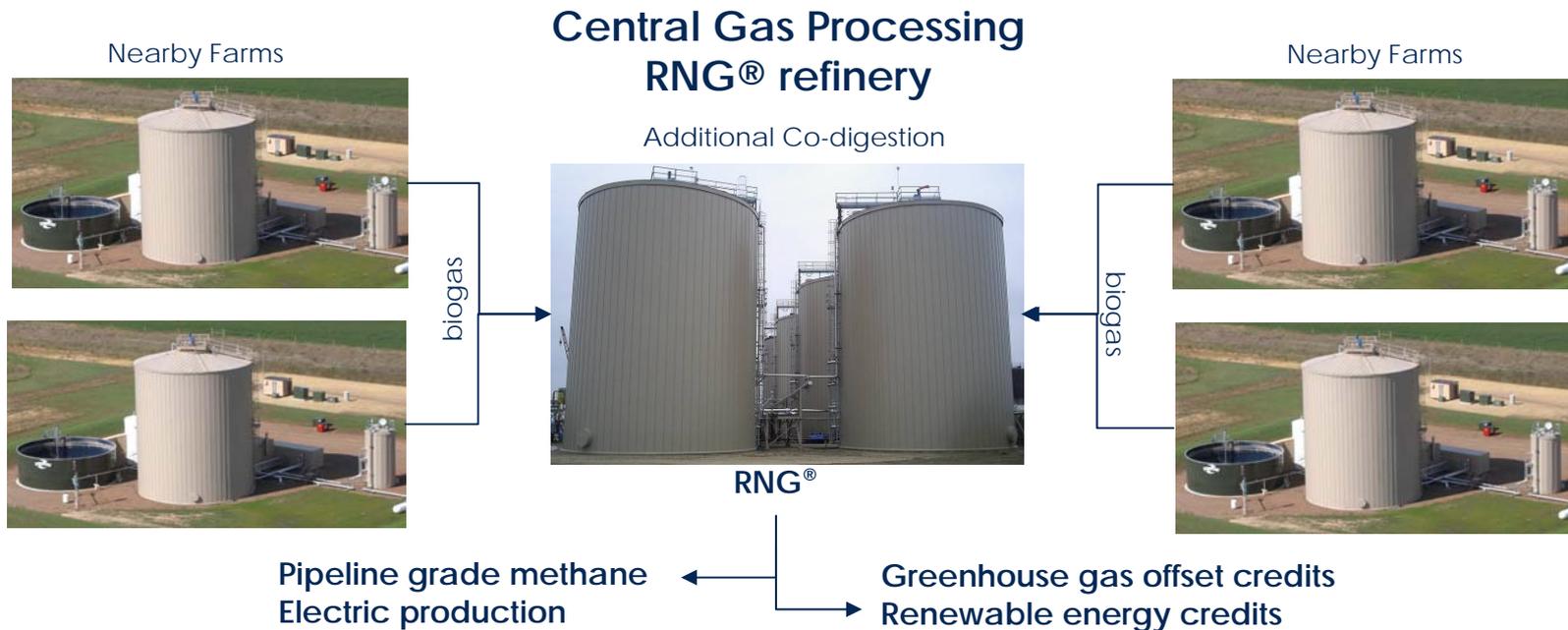
- ***Strong market demand for cost-effective, domestic renewable energy sources***
 - Least expensive form of alternative energy
 - Reduces greenhouse gasses, and provides another renewable energy source to meet RPS
 - Least expensive form of alternative energy
 - Existing infrastructure for the transportation of natural gas
 - Proven and scalable technology

- ***Helps address agriculture waste management issues***
 - Reduces farm operating and capital costs
 - Provides income diversification to farmers through revenue sharing
 - Without incentives, the large agricultural market needs cannot be addressed

- ***Produces by-products that can stimulate new industries:***
 - Peat replacement.
 - Green building materials.

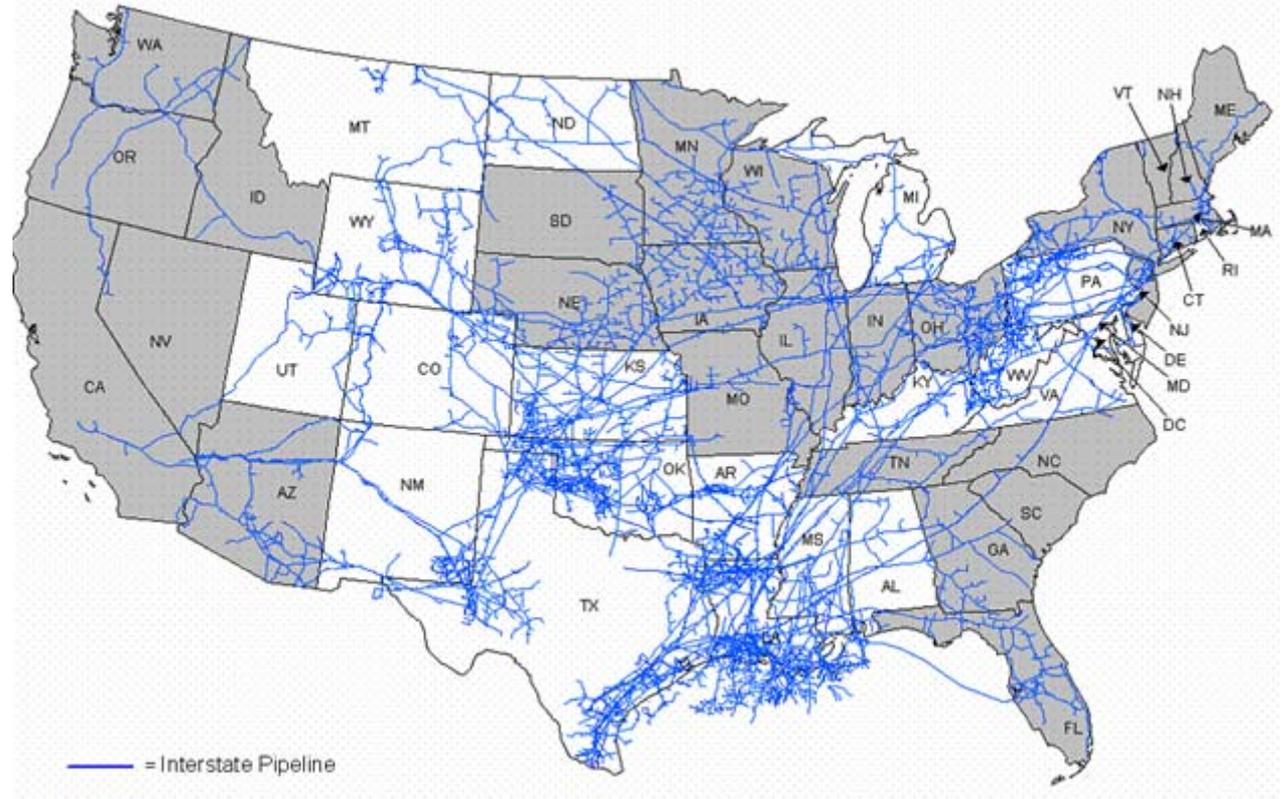
Wide Variety of Project Opportunities

- Stand-alone RNG[®] projects
- Gas Aggregation (Hub-and-Spoke): gas from decentralized digesters is purified at centralized RNG[®] refinery



Natural Gas Interstate Pipeline System

The US has an existing transportation infrastructure for natural gas. Other renewable energy sources that produce electricity will require new or substantially upgraded transmission lines to get the energy where it's needed.



Economic Impact – General Guidelines for Anaerobic Digestion

Economic impact generated by a facility producing 1,000,000 MMBtu's in RNG per year

- Up to 100 new jobs during construction
- Up to 30 permanent jobs
- Up to 450,000 tons of greenhouse gasses sequestered per year
- Annual waste from 15,000 dairy cows disposed of in an economically advantageous method for farmers
- Plant will produce enough RNG to produce 136,000 megawatt-hours of electricity, or the equivalent power use of 18,500 homes on an annual basis

Economic Impact – Environmental Power Corporation

- EPC's flagship project in Texas produces roughly 650,000 MM Btu/year of RNG®.
 - A project of that size creates about 75 direct construction jobs and as many as 20 permanent jobs.
- EPC has another 6 projects pending in Texas and California representing 5,000,000 MMBtu/year of RNG®.
 - Plants will create approximately 450 construction jobs and 120 permanent positions
 - Awaiting capital infusion to begin construction. The proposed \$4.27 transferable incentive would offer us relief from monetary constraints by giving EPC the ability to access currently unavailable capital markets.
- An additional 30+ projects are being considered, representing 12,000,000 MMBtu/year in Idaho, Colorado, Nebraska, Nevada, New Mexico, Ohio, Arizona, Pennsylvania, New York, Michigan, North Carolina, Florida, Kansas & Utah, whose viability would be secured through a transferable \$4.27 incentive.
 - Estimate job creation of 2,000+ for construction and 500+ permanent.
- Near-term, 100 smaller scale projects have been identified with the potential to be economically viable with a transferable \$4.27 incentive.
 - Estimate 5,000 new construction jobs and 1,200 permanent.

In Summary—Why Renewable Natural Gas

- **Strong market for cost-effective, domestic renewable energy sources.**
- **Proven and scalable technology.**
- **Large untapped market**
- **Process reduces greenhouse gases and helps address agriculture waste management issues**

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www.environmentalpower.com