



ENVIRONMENTAL POWER

Energy that is  
**BEYOND RENEWABLE™**

**ENVIRONMENTAL POWER CORPORATION  
and subsidiary MICROGY, Inc. presents**

**“Regional Digester Case Study”**

Nick Fortune – VP Business Development

Microgy

# 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 or incorporated by reference in this presentation and in the prospectus relating to this offering, 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,” “target” and variations thereof, and other statements contained or incorporated by reference in this prospectus 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; uncertainties regarding financing; the lack of binding commitments and the need to negotiate and execute definitive agreements for the construction and financing of facilities; the lack of binding commitments for the purchase of gas produced by certain facilities; the lack of binding commitments for, and other uncertainties with respect to, supplies of substrate; uncertainties regarding the costs of substrate and other project inputs; risks related to weather and the unpredictability of extreme weather events; risks related to performance on the part of suppliers of components, goods and services to our facilities; financing and cash flow requirements and uncertainties; inexperience with the design, construction, startup and operation of multi-digester facilities; difficulties involved in developing and executing a business plan; difficulties and uncertainties regarding acquisitions, including risks relating to managing and integrating acquired businesses; technological uncertainties, including those relating to competing products and technologies; unpredictable developments, including plan outages and repair requirements; commodity price volatility, particularly with respect to the price of natural gas; the difficulty of estimating construction, development, repair, maintenance and operating 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 in 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, the legal environment, 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 this offering under the heading “Risk Factors,” as well as factors set forth 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.



# Who is Microgy?

Established in 1999 and acquired in 2001 by  
Environmental Power Corporation (NASDAQ: EPG)

Developer of Renewable Energy Facilities that:

- ✓ Utilize proven anaerobic co-digestion technology
- ✓ Convert wastes to renewable energy
- ✓ Are environmentally beneficial
- ✓ Enables farmers to save operating costs and share in revenue



# Microgy Business Model

- “D-BOOM” Model
  - Design, Build, Own, Operate & Maintain Facility
  - Utilize Agriculture / Livestock & Mixed Organic Waste
- Multiple Independent Revenue Streams
  - Premium Value Gas (used to comply with renewable portfolio standards)
  - Carbon Credits (methane destruction)
  - Potential Effluent Value
    - Water (NPK)
    - Solids (Compost, mulch & other)
- Efficient & Proven Anaerobic Digestion Technology
  - Co-digestion Generates More Biogas
  - Commercial-scale & Economically Viable



# Proven Technology

## *Xergi A/S (Denmark)*

20 years experience

25+ operating facilities



***Microgy holds an exclusive and perpetual licensing agreement with Xergi A/S in North America***

Microgy

# Initial Microgy Projects



Five Star – Elk Mound, WI

- First unit operating since November 2004
- Environmental benefits realized; odor control and solids reductions
- Savings on bedding and fertilizer
- 750 – 830 kW Genset units owned by Dairyland Power
- Unmanned, remotely monitored



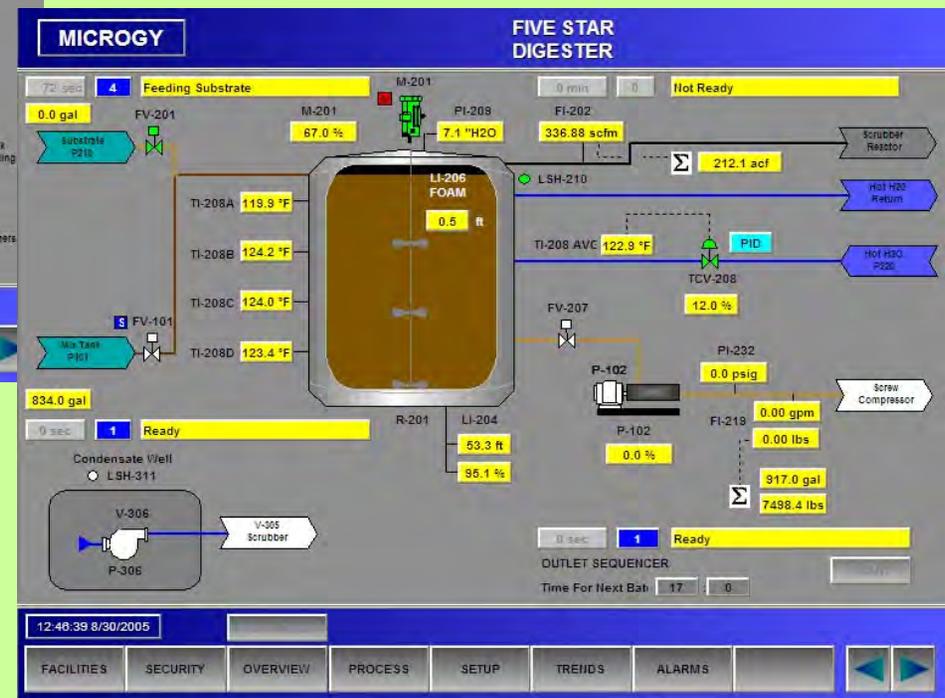
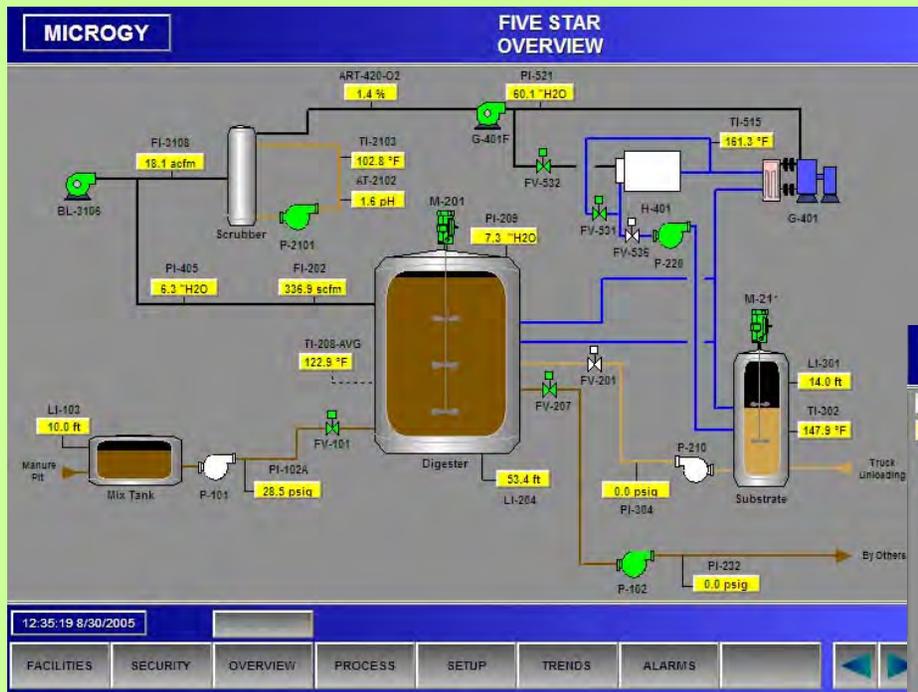
Wild Rose – La Farge, WI



Norswiss – Rice Lake, WI

# Sophisticated Monitoring & Control

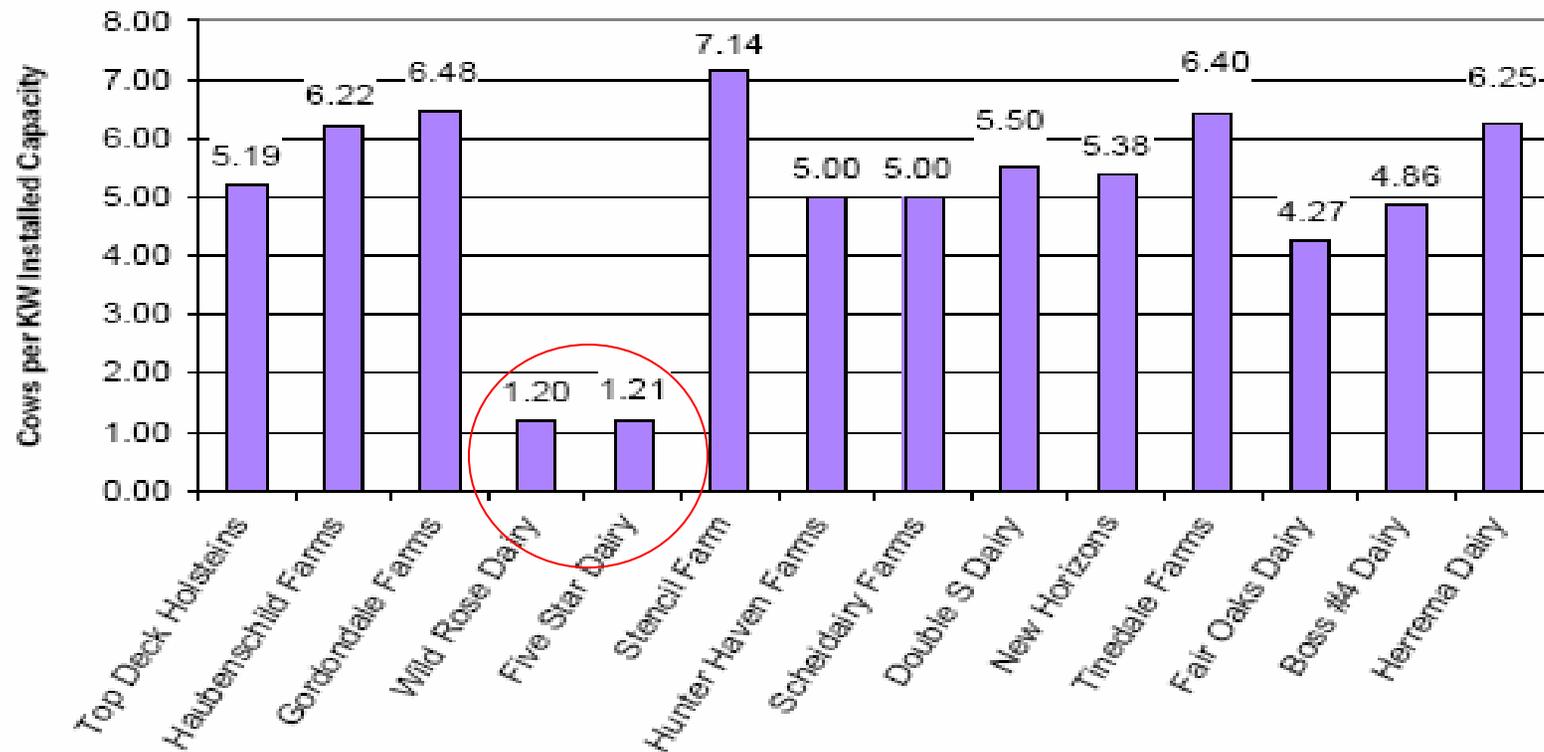
Real-time local and remote operation



# Manure only comparison

Microgy systems produce 3 – 5 times as much biogas as conventional manure AD technology

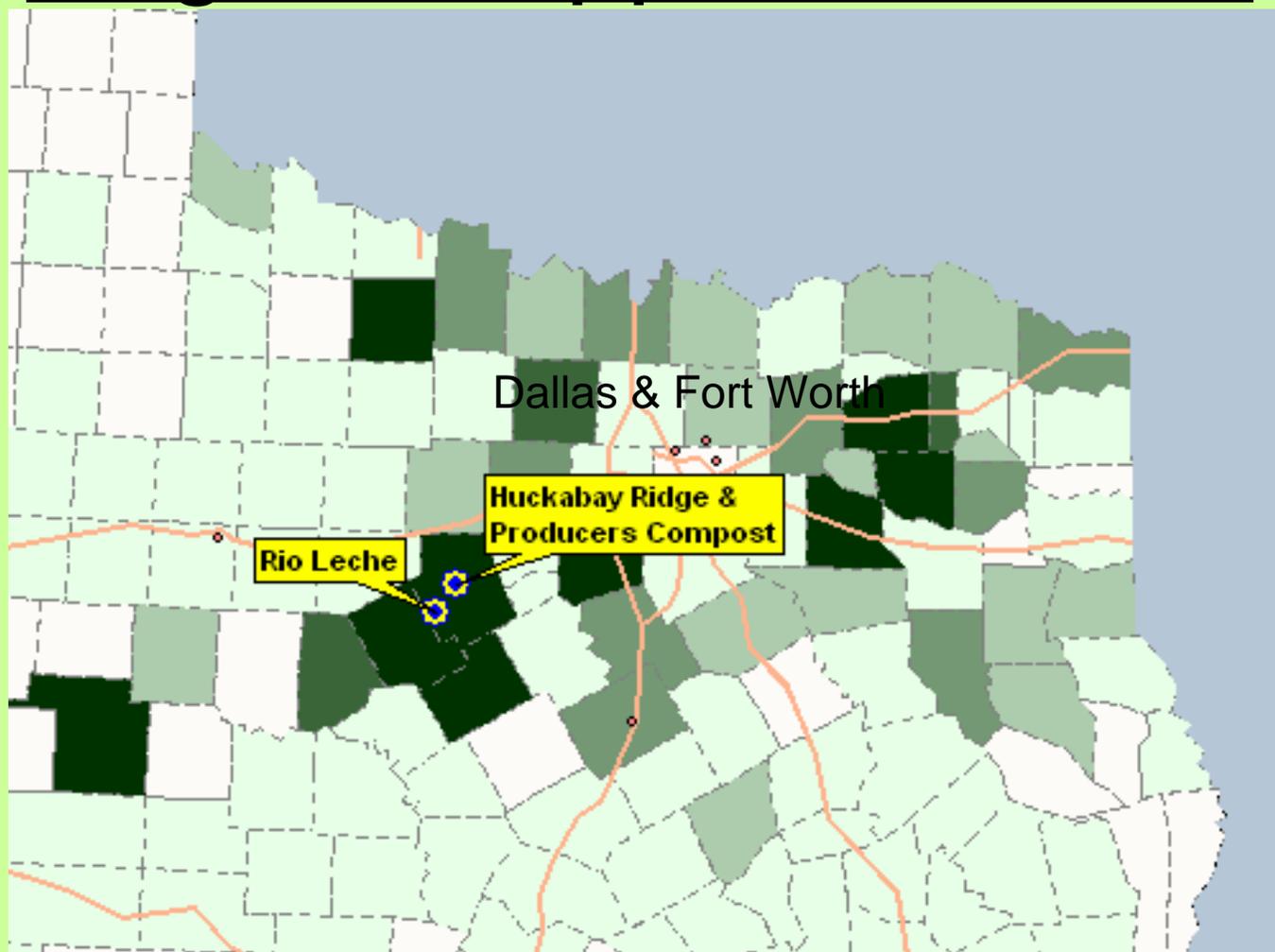
Figure 2: Cows per Kilowatt of Installed Capacity<sup>a</sup>



Source: Agricultural Biogas Casebook – 2004 Update (Resource Strategies, Inc.)



# Regional Approach in TX



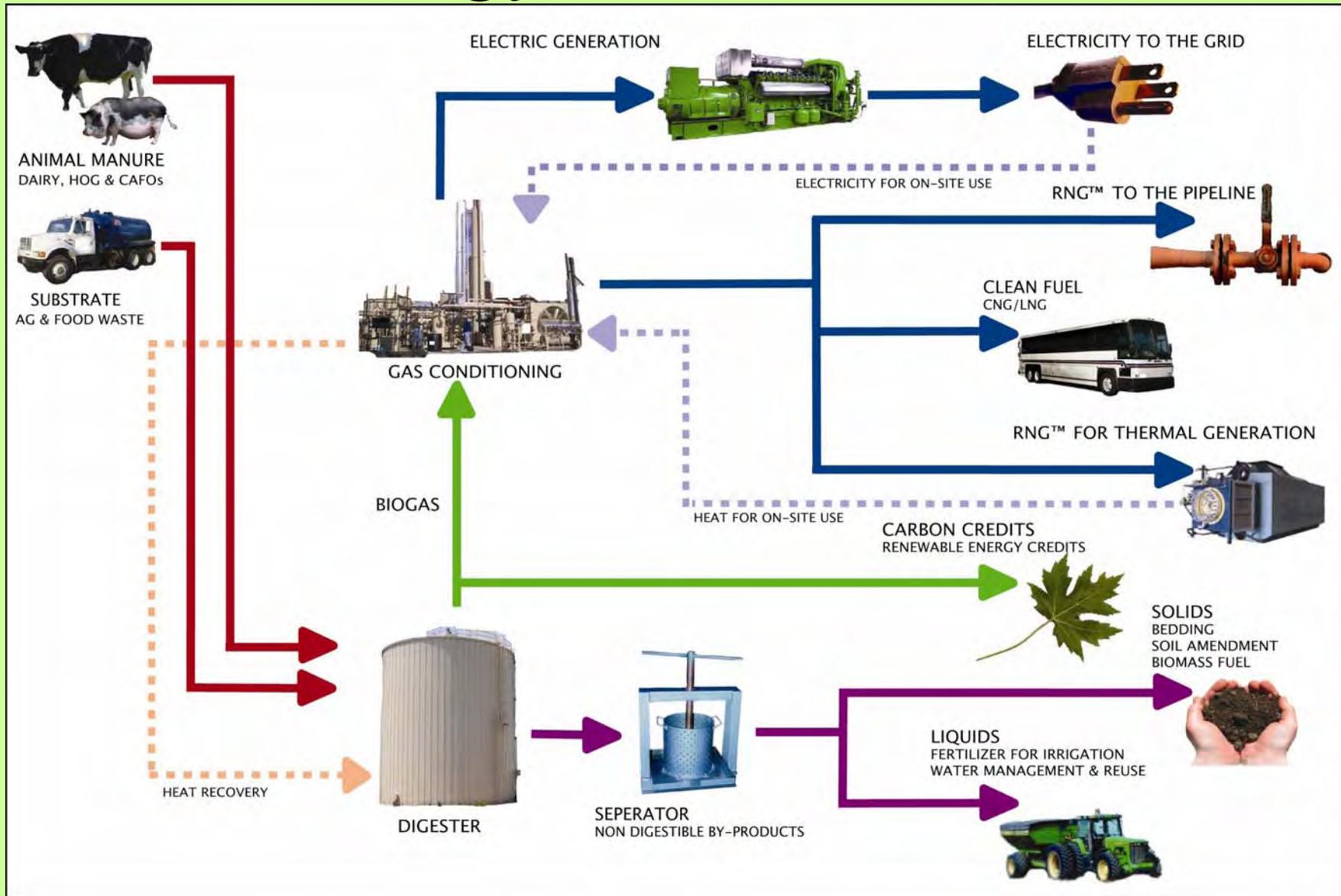
Dark green = largest dairy cow concentrations

# Huckabay Ridge Facility (TX)



- America's Largest Renewable Natural Gas (RNG™) Facility
- Dry manure from 6 area dairies totaling ~10,000 dairy cows
- Situated on a composting facility
- 635,000 mmBTU of RNG™ per year (4.6 million gallons of oil)
- Direct injection to natural gas pipeline
- 10 – year purchase agreement with PG&E

# Microgy Process Flow

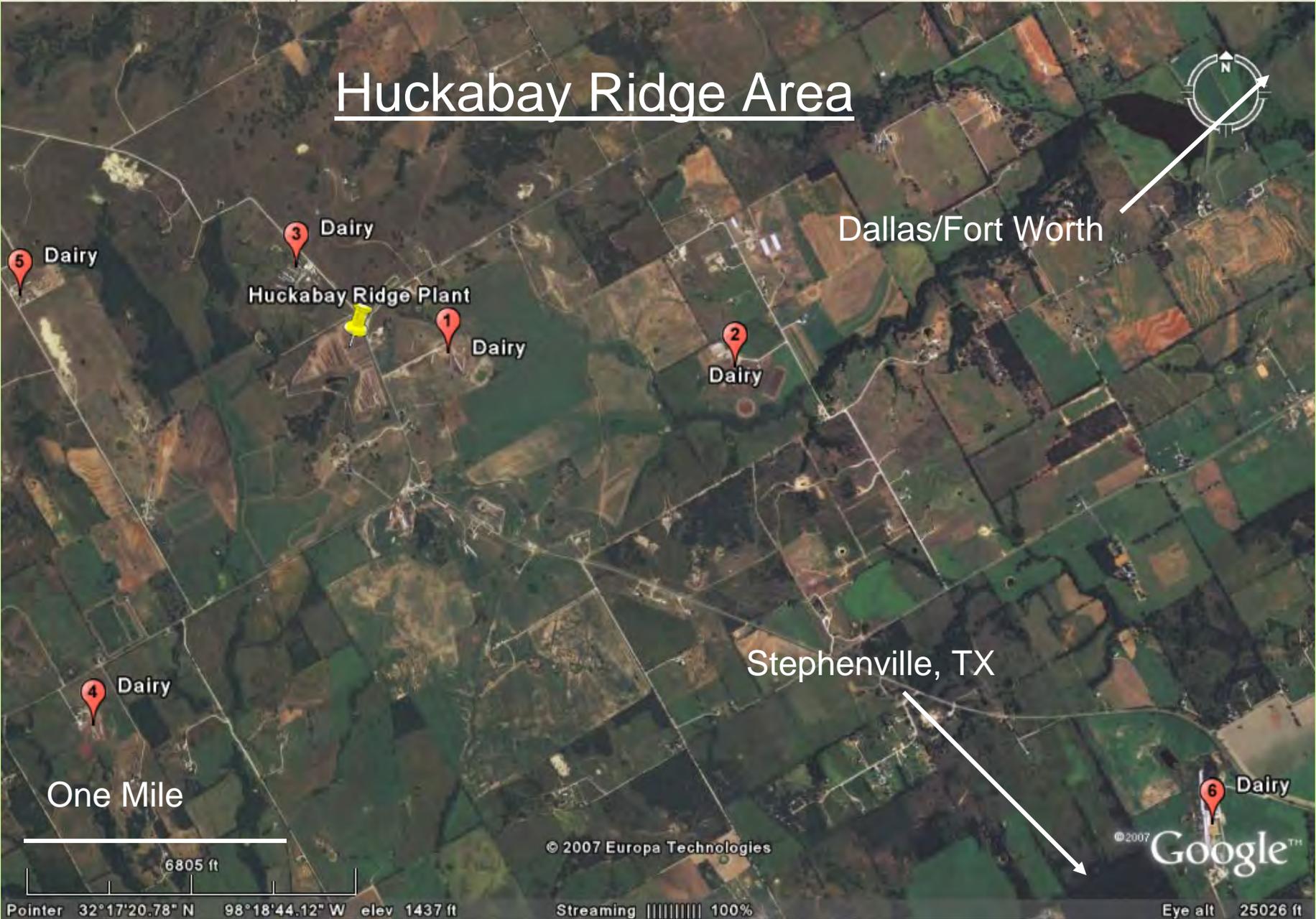


# Regional Approach in TX

## Issues:

- Watershed nutrient issues
- No new permits
- Manure hauling further away
- Community concerns and odors

# Huckabay Ridge Area



# Typical TX 'Dry lot' Dairy





**Huckabay Ridge Facility - Stephenville, TX**

# Rio Leche Area (under development)



2 Dairy

1 Dairy

3 Dairy

4 Dairy

5 Dairy

6 Dairy

Stephenville, TX

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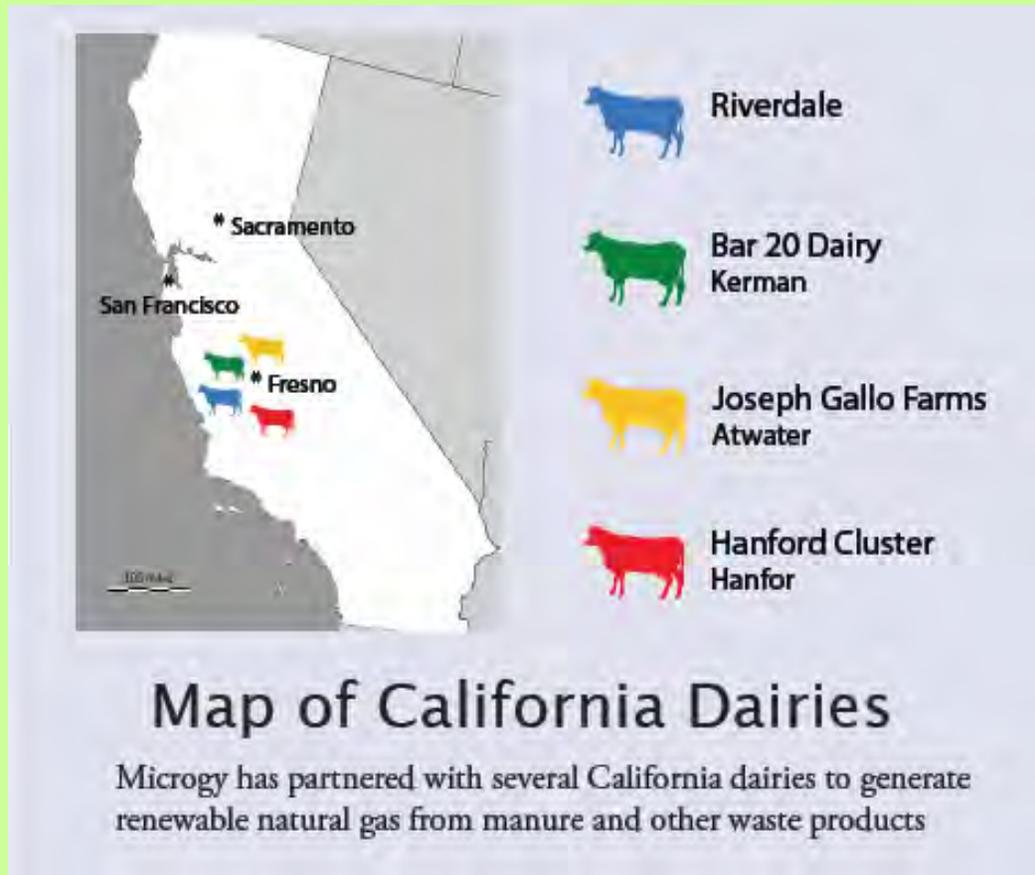
6796 ft

Pointer 32°14'15.95" N 98°20'12.87" W elev 1394 ft

Streaming 100%

Eye alt 25026 ft

# Regional Approach in CA\*



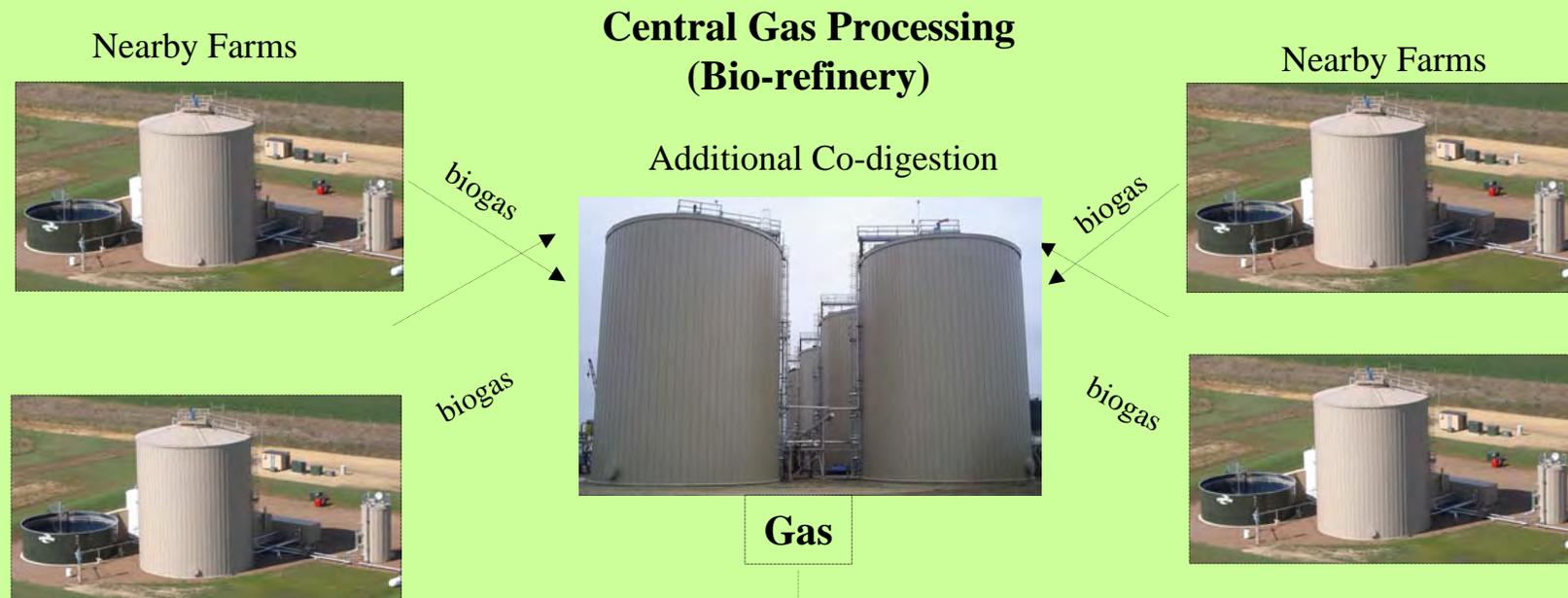
\* Under development

# Regional Approach in CA

- 4 digester locations involving 8 Central Valley dairies
- Using 'Hub and Spoke' model
- Helping to meet CA's RPS
- Reducing nutrient run-off
- Recycling solids for bedding

# Hub and Spoke

**Centralized gas cleanup facilities that receive biogas from nearby but distributed digesters**



- Pipeline grade methane
- Electric production
- Combinations pipeline grade and peaking
- Carbon credits or renewable energy credits

# Regional Approach Conclusions

- Solves similar problems at multiple area farms
- Creates single location for by-product management
- State subsidies may help for hauling associated with waste management and/or composting
- May only require permit revisions

# Farm Value

- Hands-off approach
- 50% solids reduction
- Reduce/eliminate pathogens
- Digested manure is used as bedding material, saving bedding expense
- Nutrient-rich odorless slurry reduces the need for purchasing fertilizer
- Enables carbon credit trading

# Regional Approach for MI?

Key Elements for development:

- Community issues to solve
- Manure source
- Organic waste
- Energy off-take
- Understand permitting

# Thank You!

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Questions?

