

LIVINGSTON DONALD A  
 Form 4  
 January 03, 2006

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
 LIVINGSTON DONALD A

2. Issuer Name and Ticker or Trading Symbol  
 ENVIRONMENTAL POWER CORP [( EPG )]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)  
 12/30/2005

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
 Executive Vice President

C/O ENVIRONMENTAL POWER CORPORATION, ONE CATE, STREET 4TH FLOOR

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

PORTSMOUTH, NH 03801

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) or (D)	Price		
				Code	V	Amount	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Security (Instr. 3 and 4)
Non-Statutory Stock Option (right to buy)	\$ 5.7	12/30/2005		A	50,000 (1)	12/30/2005 07/13/2009	Common Stock 50
Bonus Units (4)	\$ 7	12/30/2005		A	7,000	(4) (4)	Common Stock 7,

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
LIVINGSTON DONALD A C/O ENVIRONMENTAL POWER CORPORATION ONE CATE, STREET 4TH FLOOR PORTSMOUTH, NH 03801	X		Executive Vice President	

## Signatures

/s/ Donald A. Livingston 01/03/2006

Signature of Reporting Person Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
  - \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) On July 13, 2005, the reporting person was granted an option to purchase 200,000 shares of common stock. The option vests in two installments of 150,000 shares and 50,000 shares, respectively, subject thereto upon satisfaction of certain performance criteria. The option vested as to 150,000 shares on September 22, 2005, as previously reported. On December 30, 2005, the performance criteria for the remaining 50,000 shares were met, resulting in the vesting of the option as to such shares.
- (2) Not applicable.
- (3) The Form 4/A filed by the reporting person on 9/26/2005 inadvertently reported the price of the derivative security representing the balance of this option then vested as \$5.70. There was, in fact, no amount paid by the reporting person for any portion of this option.
- (4) The reported bonus units were awarded under the issuer's 2005 Equity Incentive Plan and entitle the reporting person to receive, on June 30, 2006, a bonus equal in value to the amount by which the then fair market value of the issuer's common stock exceeds the base value of \$7.00, provided that, in the judgment of the Compensation Committee of the issuer's board of directors, the internal business team of which the reporting person is a member has made a significant contribution to the advancement of the business of the issuer or its subsidiary, Microgy, Inc. Any bonus in respect of the bonus units may be paid in cash or in shares of the issuer's common stock, at the discretion of the Compensation Committee.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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