

ENVIRONMENTAL POWER CORP

Form 8-K

October 04, 2007

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# SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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## FORM 8-K

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### CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D) OF THE

SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): September 28, 2007

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# ENVIRONMENTAL POWER CORPORATION

(Exact name of Company as specified in its charter)

**Delaware**  
(State or other jurisdiction

**001-32393**  
(Commission File Number)

**75-3117389**  
(IRS Employer

of incorporation)

**One Cate Street, Fourth Floor, Portsmouth, New Hampshire 03801**

Identification Number)

(Address of principal executive offices, including zip code)

**(603) 431-1780**

(Company's telephone number, including area code)

**NONE**

(Former name or former address, if changed since last report)

## Edgar Filing: ENVIRONMENTAL POWER CORP - Form 8-K

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Company under any of the following provisions:

- ..  Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  
  - ..  Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  
  - ..  Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  
  - ..  Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**ITEM 1.01 ENTRY INTO MATERIAL DEFINITIVE AGREEMENT**

On September 28, 2007, Buzzard Power Corporation ( Buzzard ) and Scrubgrass Generating Company, L.P. ( SGC ) entered into an agreement to extend the Forbearance Termination Date under their Forbearance Agreement (as defined below) to November 30, 2007.

Buzzard, a subsidiary of Environmental Power Corporation (the Company ), is in discussions with SGC regarding the disposition of Buzzard s leasehold interest in the Scrubgrass generating facility under the Amended and Restated Lease Agreement, dated December 15, 2006 (the Lease Agreement ). Discussions between Buzzard and SGC regarding the disposition of the Lease Agreement are ongoing, as are discussions between the Company s subsidiary, EPC Corporation, and Crystal Creek Coalpower Funding, LLC, regarding the termination of obligations arising under the Note Purchase Agreement dated September 4, 2003. The Company continues to expect that a disposition of Buzzard s leasehold interest and a termination of EPC Corporation s obligations under the Note Purchase Agreement will occur substantially on the terms previously reported and the most recent extension of the Forbearance Agreement will facilitate the documentation of the contemplated transactions.

As previously reported in the Company s Current Report on Form 8-K dated December 11, 2006, as filed with the Securities and Exchange Commission on December 15, 2006, SGC and Buzzard executed a Forbearance Agreement, dated December 11, 2006 (the Forbearance Agreement ), pursuant to which SGC agreed that it will forbear from exercising its rights and remedies under the Lease Agreement with respect to certain projected missed rental payments. The forbearance period provided for in the Forbearance Agreement originally extended through July 1, 2007 (unless an event of default unrelated to the missed rental payments that are the subject of the Forbearance Agreement arises sooner). Prior to the agreement entered into on September 28, 2007, SGC and Buzzard had entered into interim agreements to amend the Forbearance Agreement between them dated as of December 11, 2006, in order to provide for an extension of the Forbearance Termination Date (as defined therein) to August 31, 2007 and September 30, 2007, respectively.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**ENVIRONMENTAL POWER CORPORATION**

By: /s/ Michael E. Thomas  
Michael E. Thomas  
Senior Vice President and Chief Financial Officer

Dated: October 4, 2007