

Kessner Steven
Form 4
August 28, 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 *
Kessner Steven

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)
16 PADDINGTON ROAD
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
08/24/2006

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

SCARSDALE, NY 10583
(City) (State) (Zip)

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

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 Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) | | | |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|--------|---|------------------|
| | | | Code | V | Amount | (A) or (D) | Price | | | |
| Common Stock | 08/24/2006 | | P | | 2,500 | A | \$ 5.07 | 31,785 | I | See Footnote (1) |
| Common Stock | 08/24/2006 | | P | | 3,000 | A | \$ 5.08 | 34,785 | I | See Footnote (1) |
| Common Stock | 08/24/2006 | | P | | 1,800 | A | \$ 5.09 | 36,585 | I | See Footnote (1) |
| Common Stock | 08/24/2006 | | P | | 3,800 | A | \$ 5.1 | 40,385 | I | See Footnote |

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| | | | | | | | | (1) |
|--------------|------------|---|-------|---|---------|--------|---|------------------|
| Common Stock | 08/24/2006 | P | 500 | A | \$ 5.11 | 40,885 | I | See Footnote (1) |
| Common Stock | 08/24/2006 | P | 500 | A | \$ 5.12 | 41,385 | I | See Footnote (1) |
| Common Stock | 08/24/2006 | P | 300 | A | \$ 5.14 | 41,685 | I | See Footnote (1) |
| Common Stock | 08/24/2006 | P | 200 | A | \$ 5.2 | 41,885 | I | See Footnote (1) |
| Common Stock | 08/25/2006 | P | 1,000 | A | \$ 5.09 | 42,885 | I | See Footnote (1) |
| Common Stock | 08/25/2006 | P | 3,000 | A | \$ 5.1 | 45,885 | I | See Footnote (1) |
| Common Stock | 08/25/2006 | P | 1,000 | A | \$ 5.12 | 46,885 | I | See Footnote (1) |
| Common Stock | 08/25/2006 | P | 1,000 | A | \$ 5.15 | 47,885 | I | See Footnote (1) |
| Common Stock | 08/25/2006 | P | 2,100 | A | \$ 5.18 | 49,985 | I | See Footnote (1) |
| Common Stock | 08/25/2006 | P | 900 | A | \$ 5.19 | 50,885 | I | See Footnote (1) |
| Common Stock | 08/25/2006 | P | 500 | A | \$ 5.2 | 51,385 | I | See Footnote (1) |
| Common Stock | 08/25/2006 | P | 2,000 | A | \$ 5.23 | 53,385 | I | See Footnote (1) |
| Common Stock | 08/25/2006 | P | 1,000 | A | \$ 5.24 | 54,385 | I | See Footnote (1) |
| Common Stock | 08/25/2006 | P | 4,000 | A | \$ 5.25 | 58,385 | I | See Footnote (1) |

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| | | | | | | | | | |
|--------------|------------|--|---|--------|---|---------|---------|---|------------------|
| Common Stock | 08/25/2006 | | P | 2,700 | A | \$ 5.27 | 61,085 | I | See Footnote (1) |
| Common Stock | 08/25/2006 | | P | 17,200 | A | \$ 5.28 | 78,285 | I | See Footnote (1) |
| Common Stock | 08/25/2006 | | P | 1,000 | A | \$ 5.29 | 79,285 | I | See Footnote (1) |
| Common Stock | 08/25/2006 | | P | 500 | A | \$ 5.3 | 79,785 | I | See Footnote (1) |
| Common Stock | | | | | | | 198,289 | I | See Footnote (2) |

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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(9-02)

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

| 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 Securities (Instr. 3 and 4) | 8. Price of Derivative Security (Instr. 5) | 9. Number of Derivative Securities Owned Beneficially (Instr. 3 and 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|--|
| | | | | | | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| | | | | | | Code | V | (A) | (D) |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| Kessner Steven 16 PADDINGTON ROAD SCARSDALE, NY 10583 | X | | | |

Signatures

/s/ Scott E. Pueschel,
Attorney-in-fact

08/28/2006

__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).

80% of the shares purchased and reported as beneficially owned following the transaction were purchased and are held in equal proportions by The Robert Kessner Trust, The Richard Kessner Trust, The Michael Kessner Trust and The Adam Kessner Trust. Each of these trusts is for the benefit of the reporting person's child named in the trust title. The reporting person is the sole trustee of each of

- (1) these trusts and exercises sole voting and investment control over the shares held by each of these trusts. 20% of the shares shares purchased and reported as beneficially owned following the transaction were purchased and are held by the reporting person as custodian for Jonathan Kessner, one of the reporting person's children. The reporting person exercises sole voting and investment control over these shares.
- (2) Held by RE Funding, LLC, of which the reporting person is the sole officer and director and over which he has sole voting and investment control.

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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