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For Immediate Release

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Echelon Technology Powers Anchorage Street Lighting Conference

Solution Demonstrates Reduced Energy Consumption, Improved Light Quality and Lower Maintenance Costs

(San Jose, CA – December 3, 2008) - Echelon Corporation (NASDAQ: ELON), a leading provider of technology and solutions that enable smart grid applications, today announced that its technology is enabling networked communications, control, and energy management of streetlights at the Anchorage Street Lighting Conference being held in Anchorage, Alaska. The conference and demonstration will illustrate how light quality can be improved with modern luminaire (lamp) fixtures that are networked and remotely managed using Echelon's control technology and will demonstrate how the system can significantly reduce energy consumption and maintenance costs.

Echelon is supplying the power line signaling technology and segment controllers that enable luminaires – ranging from traditional electronic and magnetic ballasts to energy-efficient LEDs to leading-edge induction current driven – to be remotely managed for optimal light output for health and safety while simultaneously lowering overall energy consumption and decreasing unnecessary light and CO2 emissions.

“Anchorage leads this country in understanding and managing our greatest asset – energy,” said Anchorage Mayor and Alaska Senator-Elect Mark Begich. “The Anchorage Street Lighting Conference demonstrates that through the application of cost-effective technologies available today cities can reduce their energy usage and infrastructure maintenance costs. This not only saves the tax payers money, it also reduces pollution while providing our citizens with a safer, more attractive and productive environment.”

The demonstration includes three of the world’s most promising energy efficient streetlight luminaire technologies – high pressure sodium, induction light, and LED – being controlled, monitored, and managed on a single city network. The luminaires communicate over the existing power lines using Echelon’s power line signaling technology (an international communications standard).

The segment controllers, also from Echelon, communicate with the city’s existing wide area network via street lighting management software, which easily integrates with the city’s existing management system. Radio frequency (RF) based communications were considered and rejected due to poor field performance and the high costs typical of RF based street lighting solutions.

According to Anders Axelsson, Echelon’s senior vice-president of sales and marketing, “Street lights can represent up to 40% of a city’s electrical usage. The Anchorage demonstration proves that cities should network their streetlights if they are to get the maximum value from their budgets.” Axelsson continued, “Networked street lighting systems have been shown to reduce energy use by up to 40% percent, while improving citizen safety, dramatically lowering maintenance costs, and providing to-the-minute confirmation of lighting performance and availability. Every city in the country can learn from the work that the City of Anchorage has done.”

About The Anchorage Streetlighting Conference

The conference is organized by professional lighting firm Clanton and Associates and the City of Anchorage. Virginia Tech University is working with Clanton and Associates to conduct extensive test and measurement of driver reactions to dimming and light output.

The purpose of the conference is to discuss street lighting retrofit programs that provide better light quality while greatly reducing energy and maintenance costs. The conference brings together the various stakeholders in a street lighting installation, including utility companies, researchers, design engineers and manufacturers, so that they can share information and experiences. The demonstration portion of the conference is a two-mile stretch of commercial street lights that is equipped with advanced monitoring and control sensors. A group of Anchorage residents will join the tour to provide input about the quality of the light and level of perceived safety.

About Echelon Corporation

Echelon Corporation (NASDAQ: ELON) is leading the worldwide transformation of the electricity grid into a smart, communicating energy network, connecting utilities to their customers, and providing customers with energy aware homes and businesses that react to conditions on the grid.

Echelon's NES System – the backbone for the smart grid – is used by utilities to replace existing stand-alone electricity meters with a network infrastructure that is open, inexpensive, reliable, and proven. The NES System helps utilities compete more effectively, reduce operating costs, provide expanded services and help energy users manage and reduce overall energy use. Echelon's LonWorks® Infrastructure products extend the smart grid, powering tens of millions of energy aware, everyday devices made by thousands of companies – connecting them to each other and the grid. LonWorks based products work together to monitor and save energy; lower costs; improve productivity; and enhance service, quality, safety, and convenience in utility, municipal, building, industrial, transportation, and home area networks.

More information about Echelon can be found at <http://www.echelon.com>.

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demand for Echelon products and services in outdoor lighting and other applications in the city of Anchorage and elsewhere; risks that these products do not perform as designed, and that liability may accrue as a result of the use of Echelon products and services in outdoor or other lighting applications; risks associated with acceptance by government agencies of LonWorks based solutions; the growth of the LonWorks industry; and other risks identified in Echelon's SEC filings. Actual results, events and performance may differ materially. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Echelon undertakes no obligation to release publicly the result of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.