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For Immediate Release

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Duke Energy to Deploy New Echelon Edge Control Node Running Echelon Control System

Initial order totals more than \$14.5M; new software applications platform will enable intelligent distributed control at the edge of Duke Energy's grid

(New York City, New York – September 8, 2010) – Echelon Corporation ([NASDAQ: ELON](http://NASDAQ:ELON)) today announced that Duke Energy (NYSE: DUK), the nation's third-largest electric utility, will be the first customer for its [Edge Control Node \(ECN\) 7000 series](#) running the [Echelon Control System \(ECoS\) software platform](#). The announcement was made at special event in New York City where Echelon introduced ECoS, a new open software platform for intelligent distributed control, and the ECN 7000 series of products for the smart grid. Deployments of ECN field trial units are expected to begin by the end of 2010, with shipments of production units targeted for the second half of 2011. The initial order, excluding ECN options, is for approximately \$14.5 million.

“The challenge is to build a 21st century smart grid that is more reliable, available and efficient than today’s infrastructure to empower our customers with new opportunities to reduce wasted energy and save money.” said Gianna Manes, Duke Energy’s chief customer officer. “Deploying digital technology with intelligent, distributed management at the edge of the grid will make us even more responsive to our customers’ needs. ECoS, the ECN 7000, and the ability to create and manage apps for the smart grid is a significant step forward for the industry and for Duke Energy. We are very excited about the potential of this solution.”

“By making the low-voltage part of the grid nearest the user smarter, the ECoS powered ECN 7000 series can help utilities address the challenges brought on by increasing peak demand, the proliferation of renewable energy sources, and the emergence of electric vehicles,” said Ron Sege, President and CEO of Echelon. “Just as applications platforms have transformed the mobile phone industry, we believe our open platform is transformative and will empower our customers and partners to create intelligent control solutions that were either impossible or prohibitively expensive in the past. Duke Energy is an industry thought leader and we are honored to have them as our first customer for this groundbreaking platform.”

Deliveries of the ECN 7000 for Duke Energy’s initial order are expected to be completed by the middle of 2013. Orders for the ECN 7000 are under the [long-term supply agreement entered into between Duke Energy and Echelon](#) in August of 2009, which gives Duke Energy the right to purchase products for all of the territories it serves. Duke Energy provides electricity service to approximately four million customers in five states – North Carolina, South Carolina, Indiana, Ohio and Kentucky.

ECoS will run throughout the edge of the grid on the new ECN 7000 series of open and extensible products. Built on Echelon’s 20 years of proven, trusted and unmatched experience in control networking and software innovation, ECoS provides an open and secure application framework for monitoring and controlling devices at the edge of the grid - the critical point where the distribution network connects to customers. ECoS enables developers to easily build applications, or “ECoS apps,” to make local,

autonomous control decisions in near real-time for maximum reliability, survivability and responsiveness. With investment in one open platform, ECoS allows utilities to meet next generation demand response challenges, optimize local grid efficiency, predict power outages before they occur and rapidly restore service, and implement other smart grid services.

For more information on today's platform and product announcement see http://www.echelon.com/press/2010/ecos_platform.htm. Frequently asked questions about today's announcements can be found at http://www.echelon.com/press/2010/ecos_platform_faq.htm.

Read what other industry leaders such as Accenture, Badger, Capgemini, Convergys, Coulomb, Duke Energy, eMeter, iControl, KEMA, Kinects, Oracle, Plug Smart, S&C Electric, SEAS-NVE, Streetlight.Vision, Telvent, Tollgrade, Vattenfall, and Verizon have to say about Echelon's new applications platform for distributed control at the edge of the grid. Visit, http://www.echelon.com/smartgrid/ecos_testimonials.htm.

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, enabling networking of everyday devices, and providing customers with energy aware homes and businesses that react to conditions on the grid.

Echelon's Network Energy Services (NES) System powers the smart grid with intelligent distributed control applications and devices that deliver maximum reliability, survivability and responsiveness. Through the Echelon Control System (ECoS) software platform, the NES system enables any device, speaking any protocol, connected over any network to be integrated into local decision making and connected securely to enterprise IT systems through virtually any IP network. 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 in to smart buildings factories, homes and other systems, powering tens of millions of energy aware, everyday devices made by thousands of companies – connecting them to each other, to the electricity grid and to the Internet. 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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This press release may contain statements relating to future plans, events or performance. Such statements may involve risks and uncertainties, including risks associated with uncertainties pertaining to market acceptance of the Edge Control Node, including the ECoS Software, and the timing and level of orders from Duke Energy as well as other customers; risks that Edge Control Node, including the ECoS Software, does not perform as designed and that liability may accrue as a result; the risk that third parties will not become interested in developing ECoS apps for the Edge Control Node that would expand the market for this product; 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.