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Vattenfall AB Selects Echelon's NES Smart Electricity Metering System for up to 700,000 Customers

Swedish Utility to Award Tender to NES Partner Telvent

(SAN JOSE, CA – December 19, 2005) - Echelon Corporation (NASDAQ: ELON), announced today that the Swedish utility, Vattenfall AB, has selected Echelon's NES System for deployment of what is believed to be the largest installation of a modern, intelligent metering infrastructure since its groundbreaking project with Enel in Italy. Vattenfall has selected NES Value-Added Reseller partner Telvent (NASDAQ: TLVT) as the prime contractor to supply the NES (Networked Energy Services) metering system to up to 700,000 customers beginning in the first quarter of 2006. The completed project would represent approximately 13% of the entire Swedish residential market which is in the early stages of transitioning to fully automated metering in response to legislation designed to promote a more open and efficient energy market. Vattenfall, already a leading customer driven utility and one of Sweden's largest, will be installing a system that combines the advantages of AMM (Automated Meter Management), AMI (Advanced Metering Infrastructure), and automated meter reading systems in a single, multi-function, smart metering infrastructure.

The framework contract award is for the installation of a smart metering infrastructure to service approximately 300,000 residential customers in Sweden to be supplied in six phases of

50,000 customers each beginning in the first quarter of 2006 with options for four more phases, each for an additional 100,000 customers. The initial six phases are expected to complete by early 2008 with expected revenue to Echelon of between \$20 million and \$30 million. With options, the project could extend into 2008 or 2009 and lead to over \$50 million in revenue, depending upon how many options Vattenfall exercises, if any.

“We are delighted that Vattenfall has chosen the NES system for their project and our partner Telvent as the prime contractor to meet their aggressive deployment schedule,” said Ken Oshman, Echelon's CEO and chairman. “Sweden is one of the most active utility markets today and we believe the selection of the NES system for a project of such large scale clearly signals the market acceptance of next generation metering systems in favor over the limited functions of the AMR systems of the past. The Vattenfall decision marks the emergence of our NES business and the validation of our strategy as we begin to realize the results of our investments for the last several years in products, technologies, and partners.”

Echelon's NES system provides an open, bidirectional, and extensible infrastructure that enables a comprehensive range of utility applications that can bring benefits to every aspect of a utility's operation, from metering, to customer services, to distribution operations, to value-added services. By choosing the NES system, Vattenfall can expect to have better control over energy usage and save substantial cost in monthly meter reading and other areas of their operations while providing improved customer service.

According to Mr. Manuel Sánchez Ortega, Telvent's chairman and chief executive officer, “This project is a world-class opportunity in the area of system integration of electrical measurement applications, as it involves the management of real-time information and its integration with other existing systems. We are pleased to have been chosen by Vattenfall to undertake this project that will become the showcase reference for automated meter management systems at an international level.”

Telvent was the first company to join Echelon's NES Value-Added Reseller (VAR) program – joining in December 2003. The NES VAR program is designed to establish Echelon's NES system as a global standard for intelligent metering systems by enabling companies that provide products and services to the utility industry to adopt and adapt the NES infrastructure as the basis for their end-to-end metering solutions sold under the *NES Powered by Echelon™*

branding program. More information about Echelon's NES System and the NES VAR program may be found at <http://www.echelon.com/nas>.

Swedish energy markets were deregulated in 1996. In June 2003 the Swedish parliament passed regulations requiring all electricity meters in Sweden to be read on a monthly basis by July 1, 2009. Sweden is among the most intense electricity users in the world, with an average consumption of over 16,000 kWh per capita. Counting both households and companies, there are over 5 million electricity users in Sweden. Electricity is distributed by approximately 170 power utilities, of which Vattenfall, Fortum, and Sydkraft are the largest – with approximately 1 million customers each.

About Vattenfall

Vattenfall AB is wholly owned by the Swedish state and is the fifth largest energy company in Europe. Vattenfall generates electricity and heat and delivers energy to about 6 million customers in Northern Europe, including approximately 1.3 million in the Nordic region. Operations are concentrated primarily in Finland, Germany, Poland and Sweden. The Vattenfall group had a turnover of more than SEK 113.4 billion in 2004 and employs some 32,000 people. Vattenfall's vision is to be a leading European energy company. Through its “Number One for the Customer” program, Vattenfall is investing in networked metering systems and improved billing to increase customer satisfaction with regard to service, quality, efficiency, and customer care.

About Telvent

Telvent (NASDAQ: TLVT), the Global RealTime IT Company, specializes in high value-added solutions in four specific industry sectors (Energy, Traffic, Transport and Environment) in Europe, North America, Latin America, the Asia-Pacific region, and the Middle East and Africa. (www.telvent.com).

About Echelon Corporation

Echelon Corporation (NASDAQ: ELON) is a pioneer and world leader in control networking—networks that connect machines and other electronic devices—for the purpose of sensing, monitoring and controlling the world around us. Echelon's LONWORKS platform for control networking was released in 1990 and has become a worldwide standard in the building,

industrial, transportation, and home automation markets. Launched in 2003, Echelon's Networked Energy Services system is an open, extensible, advanced metering infrastructure that can bring benefits to every aspect of a utility's operation, from metering and customer services to distribution operations and value-added business. In 2005 Echelon released the world's first embedded control network infrastructure, the Pyxos™ platform, extending the benefits of networking inside machines to the sensors and actuators that make them function.

Echelon is based in San Jose, California, with international offices in China, France, Germany, Italy, Hong Kong, Japan, Korea, The Netherlands, and the United Kingdom. Further information regarding 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, including statements regarding the number of Vattenfall customers that will be served by the NES metering system, the relative size of the project when compared with other installations, and the emergence of Echelon's NES business and VAR channel. Such statements may involve risks and uncertainties, including risks associated with market acceptance of the NES system and the NES system's ability to perform as designed; the risk that the Vattenfall project is subsequently cancelled or reduced in size; risks associated with potential production or shipment delays of NES components to Telvent by Echelon or its production partners; risks that the Vattenfall deployment and system integration activities with Echelon, Telvent and other partners in the project are not successful, do not meet their target dates, do not expand or gain momentum, cause Echelon to be liable for penalties or cause Vattenfall to terminate the project; risks that payments in respect of the Vattenfall project are not received when due; the risk that the contemplated transactions are challenged by third parties; 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.