

Telkonet, Inc.'s SmartEnergy Technology Adopted in Ten Southern California Hotel Properties

Telkonet Continues Partnership with Pacific Energy Services to Provide Energy Management Solutions

MILWAUKEE, Jan. 17, 2012 /PRNewswire/ -- <u>Telkonet, Inc.</u> (OTC BB: TKOI), developer of the revolutionary new EcoSmart energy management platform, announced today that it has been awarded a contract to provide energy management solutions in ten Southern California-based hospitality properties through <u>Pacific Energy Services & Facilities</u>, Inc.

(Logo: https://photos.prnewswire.com/prnh/20111011/NY83909LOGO)

Each guest room received an HVAC system upgrade when integrating Telkonet's SmartEnergy energy management platform. All of the hotels elected to participate in Southern California's utility ratepayer program, and have received the maximum incentive for implementing Telkonet's technology. The Telkonet solution minimizes energy consumption by reducing equipment runtime in unoccupied rooms, delivering savings of 20% to 40%. Because Telkonet's energy management solutions feature patented Recovery Time™ technology, a room will never be uncomfortably warm or cool upon guest re-entry.

Troy Hartmann, President of Pacific Energy, said, "The energy efficiency technology Telkonet offers has the capability to provide excellent energy savings without compromising guest comfort, making it the perfect solution for hospitality upgrades and energy conservation projects."

Pacific Energy has implemented numerous projects with Telkonet SmartEnergy products. Together, the companies have installed at the Pacific Terrace Hotel and the Island Palms Hotel & Marina, both in San Diego, and the Hyatt Place in Waikiki, the largest Hyatt Place in the world at present. Pacific Energy also works with The Chartres Lodging Group, a property management firm, to integrate Telkonet energy management technology. Chartres Lodging has recently slated an additional property to receive an energy management upgrade. By working closely with Telkonet engineers, Pacific Energy has been able to achieve maximum savings for customers as well as ensure guest comfort.

ABOUT PACIFIC ENERGY SERVICES

Pacific Energy specializes in hotel renovation and energy conservation projects acrossthe United States and the Caribbean. In addition to installing energy-conserving thermostats, the company also installs solar heating solutions and computerized boiler controls. In business since 2004, Pacific Energy works mainly in the hospitality, military, and education market segments. For more information, visit www.pesfinc.com.

ABOUT TELKONET

Telkonet, a leading United States-based energy management technology provider, offers hardware, software and services to commercial customers worldwide. The EcoSmart suite of products, along with the EcoCentral management platform, can reduce energy consumption, HVAC runtime and utility costs in most building environments. Telkonet's energy management products have the power to reduce energy consumption, minimize carbon footprints and help eliminate the need for the construction of new power plants. For more information, visit www.telkonet.com.

For news updates as they happen, follow <u>@Telkonet</u> on Twitter.

Statements included in this release may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements involve a number of risks and uncertainties such as competitive factors, technological development, market demand and the Company's ability to obtain new contracts and accurately estimate net revenue due to variability in size, scope and duration of projects, and internal issues in the sponsoring client. Further information on potential factors that could affect the Company's financial results, can be found in the Company's Registration Statement and in its Reports on Forms 8-K filed with the Securities and Exchange Commission (SEC).

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