

HARRIS RUSSELL

Form 4

November 02, 2006

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

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

OMB APPROVAL

OMB
Number: 3235-0287
Expires: January 31,
2005
Estimated average
burden hours per
response... 0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
HARRIS RUSSELL

(Last) (First) (Middle)

550 MERIDIAN AVE

(Street)

SAN JOSE, CA 95126

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading
Symbol
ECHELON CORP [ELON]

3. Date of Earliest Transaction
(Month/Day/Year)
10/31/2006

4. If Amendment, Date Original
Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

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

Senior VP of Operations

6. Individual or Joint/Group Filing(Check
Applicable Line)
__X__ 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 Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(D)	Price

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

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SEC 1474
(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	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount Underlying Securities (Instr. 3 and 4)
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(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)	Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Performance Shares	<u>(1)</u>	10/31/2006	A	8,750			<u>(2)</u>		10/31/2011		Common Stock	8,750
Stock Appreciation Right	\$ 8.43	10/31/2006	A	26,250			<u>(3)</u>		10/31/2011		Common Stock	26,250

Reporting Owners

Reporting Owner Name / Address	Relationships
	Director 10% Owner Officer Other
HARRIS RUSSELL 550 MERIDIAN AVE SAN JOSE, CA 95126	Senior VP of Operations

Signatures

/s/ C. Michael Marszewski, attorney-in-fact for Russell
Harris 11/02/2006

__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).

(1) Each performance share represents the right to receive one share of the Issuer's Common Stock.

(2) Pursuant to the Issuer's 1997 Stock Plan (the "Plan") the Reporting Person was granted 8,750 performance shares. 1/4th of such shares will vest on October 31, 2007 and on each one year anniversary thereafter.

(3) Pursuant to the Plan the Reporting Person was granted stock appreciation rights with respect to 26,250 shares. 1/4th of such shares will vest on October 31, 2007 and on each one year anniversary thereafter.

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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