

September 13, 2005

Power Efficiency Corporation and Keltech-EPS Ltd. Provide Energy-Saving Solutions for Industrial Applications

LAS VEGAS, Nevada, September 13, 2005 - Power Efficiency Corporation (OTC-BB: PEFF), a leading U.S. manufacturer of energy-saving devices using a patented technology for alternating current induction motors, announced today they have partnered with Keltech-Efficient Power Solutions Limited, a Mississauga, Ontario-based supplier of electrical motors and liquid-handling pump motors, to provide energy-saving solutions for several industrial applications. These applications broaden the market potential of the Company's products for electric motors that run at constant speeds under variable loads. The industrial installations, which were all in Canada, were on an industrial agitator and mixer, a conveyor belt system, and an air compressor.

Power Efficiency's Controller is sold by Keltech under its brand name Smart Controller.

The Company believes that Canada is an excellent market for its products. Canada is very aggressive in its policy to curb emissions and promote energy efficiency and is a signatory to the Kyoto Treaty.

Keltech has successfully installed Smart Controllers at some of its marquis Canadian customers. Controllers were successfully installed on agitators and mixers at one of the world's largest food companies. Another installation was done at a world leading courier and freight forwarding company for its conveyor belt system.

In addition to these installations, Smart Controllers were also installed on a large air compressor at Husky Injection Molding Systems Ltd., one of the most respected names in North America. "We would like to confirm our satisfaction with the Keltech-EPS Smart Controller recently installed on a 150 HP Bellis and Morecambe Air Compressor motor at our Robotics building in Bolton, Ontario," said Al Fiacco, P.Eng. C.E.M., Facilities and Maintenance Manager at Husky.

Fiacco said that upon installation and set-up of the Smart Controller and before the compressor had been "run in" idle current was reduced from 61.6 to 53.8 Amps (12.6%). The Smart Controller has been in use constantly since installation in March 2005 with measured energy savings of 13-15%.

"We highly recommend installation of the Smart Controller in applications where energy savings are achievable and the services of Keltech-EPS, who acted with the highest degree of courtesy and professionalism at all times," Fiacco concluded.

"Keltech has sold and installed applications using Smart Controllers for these industrial customers, and in certain applications saved our customers up to 45% of the cost of electricity needed to operate their equipment," said Gerry Kelly, president of Keltech-EPS Limited. "We are very pleased to partner with Power Efficiency Corporation to sell and distribute these products in Canada," he added.

"The successful installation of these industrial applications is a strong complement to our escalator and elevator business," commented Steven Strasser, president and CEO of Power Efficiency. "Power

Efficiency offers a variety of energy-saving solutions for many industrial applications. We are currently expanding our sales efforts throughout North America in these industrial applications through our own sales efforts and with companies like Keltech-EPS. We look forward to building our Canadian market with partners like Keltech leading the way," continued Strasser.

About Keltech-EPS Limited

Keltech has specialized in the Canadian and U.S. electric motor and drives market since 1990. In the time since their inception they have grown to be one of the most respected suppliers of Electric Motors and drives in Canada.

The Keltech-Efficient Power Solutions range of Smart Controllers provide a solution to the high cost of running and maintaining AC motors.

Please visit www.keltecheps.com for more information.

About Power Efficiency Corporation

Power Efficiency Corporation designs and manufactures controllers that reduce the amount of energy used by electric motors. The Company's core technology, which is based on patented improvements to NASA technology, is effective on motors that run at constant speeds and under variable loads. These motors are found in escalators, elevators, grinders, granulators, mixers, saw mills and many other applications. The savings from these controllers are typically 15-35%, but can be as high as 45%. The controllers also reduce the operating heat of the motor, which provides significant motor life extension and downtime reduction benefits. The controllers are UL compliant and CE and CSA certified. The Company also has a prototype unit applicable to single phase electronic motors that are found in applications such as clothes dryers, refrigerators, vending machines, mixers and coffee grinders.

For more information visit www.powerefficiencycorp.com or contact B.J. Lackland at 702-697-0377.

As a cautionary note to investors, certain matters discussed in this press release may be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such matters involve risks and uncertainties that may cause actual results to differ materially, including the following: changes in economic conditions; general competitive factors; acceptance of the Company's product in the market; the Company's success in technology and product development; the Company's ability to execute its business model and strategic plans; and all the risks described from time to time in the Company's SEC filings. Power Efficiency assumes no obligation to update the information in this release.

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