



News for Immediate Release

Electrovaya Advances Smart Grid Storage Market with Lithium Ion Energy Storage System

- *Launches Modular Clean Energy Storage System Scalable from 1- 100MWh*
- *Allows Storage of Renewable Energy and Replaces Need for Peaker Plants*
- *Allows Local Distributed Energy in Growing Cities without need for Additional Transmission Lines*

Toronto, Ontario – January 24, 2011 – Electrovaya Inc. (TSX: EFL) today announced the launch of a Lithium Ion Battery Energy Storage System product line. This Smart Grid product is now available to utilities and solves the most critical energy storage challenge for utilities today.

For utilities with increasing renewable generation, the Electrovaya system offers a compact, efficient and reliable solution to firm these intermittent generation sources. The Electrovaya product works by storing electrical energy from renewable energy or other sources during off-peak periods and then providing power at periods of peak demand.

“The problem for utilities is that electricity must be used as it is produced and often too much is produced when demand is low – especially with respect to renewable power,” says Dr. Sankar Das Gupta, CEO of Electrovaya. “Electrovaya’s Energy Storage System is the critical link that brings together supply and demand, drastically increasing the viability of renewable energy sources.”

Furthermore, for regions with increasing urbanization that require urban Peaker plants and/or added high voltage transmission lines, the Electrovaya product line provides a highly efficient, small footprint cost competitive solution.

“As electricity demand escalates in growing regions, Electrovaya’s Clean Energy Storage System can deliver peak electricity when new transmission lines are difficult to build and can replace the need for new Peaker Plants,” continues Dr. Das Gupta. “This could be a game changer for many regions grappling with the challenges of managing peak power production while reducing emissions and the impact of new infrastructure projects on their communities.”

The Energy Storage System is based on Electrovaya’s proprietary Lithium Ion SuperPolymer(R) cell technology which is ideal for Large Scale Energy Storage Applications. Modular and scalable from 1MWh to 100 MWh or more, the Energy Storage system is controlled and monitored by Electrovaya’s iBMS(R), an intelligent battery management system. The Electrovaya system is capable of storing electricity at a round trip efficiency of about 90%. The product line is designed for minimized footprint and can be installed anywhere along the generation, transmission and distribution points of a utility system.

About Electrovaya:

Electrovaya Inc. (TSX:EFL) designs, develops and manufactures proprietary Lithium Ion SuperPolymer® batteries, battery systems, and battery-related products for the clean electric transportation, Utility Scale Energy Storage and smart grid power, consumer and healthcare markets. The Company's mission is to accelerate clean transportation as a commercial reality with its advanced power system for all classes of zero-emission electric vehicles and plug-in hybrid electric vehicles. The Company's other mission is to deliver Utility Scale Energy Storage Systems for the highest efficiency in electricity storage, whether the electricity is generated from intermittent wind and solar power or from other sources. Founded in 1996 and headquartered in Ontario, Canada, Electrovaya has production facilities in Canada as well as in the US, and customers around the globe. To learn more about how Electrovaya is powering mobility, please explore www.electrovaya.com.

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Forward-Looking Statements

This press release contains forward-looking statements that involve a number of risks and uncertainties, including statements that relate to, among other things, the Company's objectives, goals, strategies, intentions, plans, beliefs, expectations and estimates, and can generally be identified by the use of words such as "may", "will", "could", "should", "would", "likely", "expect", "intend", "estimate", "anticipate", "believe", "plan", "objective" and "continue" (or the negative thereof) and words and expressions of similar import. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking statements, and actual results may differ materially from those expressed or implied in such statements. Important factors that could cause actual results to differ materially from expectations include but are not limited to: general business and economic conditions (including but not limited to currency rates and creditworthiness of customers); Company liquidity and capital resources, including the availability of additional capital resources to fund its activities; level of competition; changes in laws and regulations; legal and regulatory proceedings; the ability to adapt products and services to the changing market; the ability to attract and retain key executives; and the ability to execute strategic plans. Additional information about material factors that could cause actual results to differ materially from expectations and about material factors or assumptions applied in making forward-looking statements may be found in the Company's most recent annual and interim Management's Discussion and Analysis under "Risk and Uncertainties", as well as in other public disclosure documents filed with Canadian securities regulatory authorities. The Company does not undertake any obligation to update publicly or to revise any of the forward-looking statements contained in this document, whether as a result of new information, future events or otherwise, except as required by law.