

Pacific Ethanol, Inc. First to Announce Ethanol Plans in California

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Former Secretary of State Bill Jones Chairman/CEO of New California Ethanol Company.

Pacific Ethanol, Inc., a private company based in Fresno, California announced today its plan to build multiple ethanol production facilities on the west coast beginning with two sites in California's Central Valley. The Pacific Ethanol facilities will produce ethanol, a clean burning renewable liquid fuel and wet distiller's grain, a high quality feed product. Pacific Ethanol is a new company whose Chairman and CEO is former Secretary of State Bill Jones.

"I'm very excited about the opportunity to produce ethanol here in California and on the West Coast. Ethanol will be produced today from conventional crops such as corn and tomorrow from a multitude of raw materials such as orchard prunings and other agricultural residues. Ethanol is going to be key in reducing the state's petroleum dependence and in fulfilling California's need to reduce CO2 emissions. California needs the jobs and the environmental benefits of ethanol" Jones said.

The phase-out of MTBE in California has resulted in a market for ethanol of 750 million gallons per year to meet Clean Air Act standards yet the state only produces eight million gallons per year. With the Central Valley home to the world's largest dairy shed, Pacific Ethanol is ideally positioned to provide high quality fuel and feed products for local markets.

Pacific Ethanol's President is Neil Koehler, who has over twenty years experience in California producing and marketing ethanol.

"Pacific Ethanol will be a leader in California for both starch and cellulose to ethanol technology" Koehler said. "We are designing our conventional grain based ethanol plant to incorporate the commercial development of cellulose technology so we can move quickly in converting agricultural residues that are a waste disposal and air quality problem into a renewable liquid fuel for California." Koehler added.

Pacific Ethanol's Vice President is Ryan Turner, a farmer on the west side of Fresno County.

"Ethanol production in the Central Valley will be a critical boost to the agricultural economy of the region," says Turner. "Pacific Ethanol intends to use corn produced in the Central Valley for up to 20% of its total feedstock and will expand beyond that number as the technology is developed for cellulose to ethanol."

Pacific Ethanol will build two 35 million gallon per year ethanol facilities over the next two years. The company has obtained financing for completion of Phase I of a \$90 million business plan that will bring California its first large scale ethanol production facilities.

In Phase 1, Pacific Ethanol intends to acquire the Coast Grain feed processing facility in Madera, California out of bankruptcy. Pacific Ethanol's second site is in Visalia, California. The site is currently a hub for the collection and processing of biomass, which will eventually be converted into ethanol. The Visalia site is in the middle of the largest single concentration of dairy cows in the Central Valley and is an ideal location for initial development as a grain ethanol facility.

Ethanol production is a basic process of fermentation distillation and dehydration. All process water is recycled and emissions from the process are minimal, allowing for the permitting of the facilities without the need for air quality offsets. The plants will be constructed by W.M. Lyles Co., the largest infrastructure contractor in the Central Valley.

Ethanol Facts:

Ethanol use in California has increased from 50 million gallons per year in 2002 to over 700 million gallons in 2003 due to the State's ban on MTBE. However, California currently produces only 8 million gallons per year and imports the rest from the Midwest via rail.

Ethanol, a renewable fuel, reduces carbon dioxide (greenhouse gases) by over 35% compared to gasoline. If all the gasoline in California were blended with ten percent ethanol today, the state would reduce CO2 emissions by 6.4 million tons per year compared to straight gasoline.

Ethanol has been on average 30 cents per gallon less expensive than gasoline over the last three years, helping to lower prices to end consumers. In addition, ethanol use decreases the nation's dependence on foreign oil by substituting a locally grown, renewable fuel for imported oil.

A typical ethanol facility will:

- Expand the economic base of a community by \$110 million
- Support the creation of as many as 694 new jobs
- Employ over 30 direct jobs
- Create over \$140 million dollars in a onetime boost to the economy

What others are saying about the California ethanol opportunity:

Fred Keeley, Former Speaker Pro Tem, Executive Director, Planning and Conservation League: "Renewable fuels such as ethanol have the potential to further reduce petroleum use and to help reduce the greenhouse gas reductions required by AB 1493."

Bill Pauli, Executive Director, California Farm Bureau Federation: "Ethanol will bring both large environmental and economic benefits not only to our state's agriculture sector but also to the whole state."

Bill Jones, Former Chairman (PEI): "As a farmer and politician, I've followed the ethanol issue for many years and have always thought that California – the largest agricultural state in the nation – ought to take advantage of the ethanol opportunity. It just makes good common sense. Let's grow our own fuel – create economic development, provide markets for farm goods, help alleviate our



Pacific Ethanol, Inc.



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dependence on foreign oil and help on some environmental issues such as air quality improvement and CO2 reduction.”

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