



Pacific Ethanol, Inc.

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PEI Sets the Record Straight on Ethanol Energy Balance

PEI's Production Guarantees Refute Pimentel Study

Fresno, CA (July 20, 2005) –

Comments by Bill Jones, Chairman of Pacific Ethanol (PEI) regarding recent media reports on the positive energy balance of ethanol:

“Ethanol is a renewable fuel produced in a large part by the sun and has a positive energy balance, contrary to other recent media reports.. PEI’s actual guaranteed energy inputs – the inputs guaranteed by our process technology company – show the Pimentel analysis to be off by 7% for yield, 40% off for process heat energy and 33% off for electrical energy. These industry standard guarantees agree with the majority of academics and researchers and on the ground entrepreneurs who are all seeing very positive energy balances for ethanol. A recent USDA study shows ethanol to have a positive 167% energy balance.”

“Study after study shows a positive energy balance for ethanol. It only makes sense. Ethanol is a renewable fuel produced from plant matter that gets most of its energy from the sun.”

“Let’s be clear, ethanol helps reduce gasoline prices by adding critical supply. The wholesale price of ethanol is currently 60 cents less than wholesale gasoline. Ethanol helps alleviate the need for imported oil and decreases our energy dependence. Ethanol production also stimulates valuable job growth and economic development in communities throughout America. And lastly, ethanol is an effective way to reduce CO₂ from our transportation sector. For these reasons we believe ethanol will and should play an increasingly key role in our country’s transportation future.”

Links to studies showing positive energy balance for ethanol.

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www.pacificethanol.net

<http://devafdc.nrel.gov/pdfs/5700.pdf>

http://www.ethanolrfa.org/net_energy_balance_2004.pdf

<http://www.pewclimate.org/docUploads/ustransp%2Epdf>

(http://www.agriculture.com/ag/story.jhtml?storyid=/templatedata/ag/story/data/agNews_050328crETHANOL.xml&catref=ag1001, March 2005.)

(http://www.ncga.com/public_policy/issues/2001/ethanol/08_22_01b.htm)

About Pacific Ethanol, Inc.

Pacific Ethanol's mission is to produce and distribute renewable fuels to people around the world.

Established in 2003, Pacific Ethanol, Inc. is planning to construct a large-scale ethanol production facility in Madera, California. Kinergy Marketing, a wholly-owned subsidiary of the Company, is the largest West Coast-based marketer of renewable fuels. Once the Company has successfully constructed its ethanol production facility, it plans to identify and develop new renewable fuels and technologies such as cellulose-based ethanol production.



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Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995

With the exception of historical information, the matters discussed in this press release are forward-looking statements that involve a number of risks and uncertainties. The actual future results of Pacific Ethanol could differ from those statements. Factors that could cause or contribute to such differences include, but are not limited to, the ability of Pacific Ethanol to obtain all necessary funding to complete construction of the planned ethanol production facility at its Madera County, California site and, assuming all such funding is obtained, the ability of Pacific Ethanol to successfully complete construction of the plant, the ability of Pacific Ethanol to successfully capitalize on its internal growth initiatives, the U.S. Senate's failure to adopt a versions of the proposed national energy bill that results in an increase in demand for ethanol in the United States and those factors contained in the "Risk Factors" section of Pacific Ethanol's Form 10-QSB for the quarterly period ended March 31, 2005.

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