



Pacific Ethanol, Inc.

FOR IMMEDIATE RELEASE

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**Pacific Ethanol Announces Groundbreaking for
50 Million Gallon Ethanol Plant in Burley, Idaho;
Construction on Third Facility Expected to Begin in Thirty Days**

Fresno, California, January 16, 2007 -- Pacific Ethanol, Inc. (Nasdaq GM: PEIX) today announced that it will soon begin construction on a 50 million gallon per year ethanol facility in Burley, Idaho, mid-way between the fuel markets of Boise and Salt Lake City, Utah. The Company further stated that it expects to begin construction, which should take approximately 12 months, within the next thirty days.

The Burley Idaho plant site is located on a parcel of 177 acres, with direct access to both the Union Pacific Railroad and Interstate 84. Burley, Idaho is in the Magic Valley region of the state, where a resident population of over 300,000 dairy cattle and 100,000 feedlot cattle will be sufficient to consume all wet distiller's grain from the new ethanol facility. A fuel blending rack is within eight miles of the plant site.

CEO Neil Koehler observed that "The Burley Idaho plant expands our production footprint to new markets in the Western US, from existing markets in California, Oregon and Colorado. Moreover, the Burley plant fits well with our destination model and will serve

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local markets for both fuel and feed with significant production cost advantages over products imported from the Midwest. We would like to thank the city of Burley for being so helpful to us in the development of this project. We look forward to bringing new jobs and economic growth to the local community.”

About Pacific Ethanol, Inc.

Pacific Ethanol owns and operates an ethanol plant in Madera County, California, is constructing a second plant in Boardman, Oregon and owns a 42% interest in Front Range Energy, LLC, which owns and operates an ethanol plant in Windsor, Colorado. Pacific Ethanol's goal is to become the leading marketer and producer of renewable fuels in the Western United States. In May 2006, Pacific Ethanol completed an equity funding of \$138 million which provided the Company with sufficient cash to accelerate its stated goal of completing five ethanol production facilities totaling 220 million gallons of capacity per year by the middle of 2008 and its plans to complete additional ethanol production facilities, increasing total capacity to 420 million gallons per year by the end of 2010. In January 2007, Pacific Ethanol obtained a commitment for up to \$325 million of senior secured credit, which will be used to recapitalize the Company's Madera California ethanol plant, to provide take-out financing on the completion of the Company's Boardman Oregon ethanol plant, and to provide both construction and term financing for the Burley Idaho ethanol plant and two additional ethanol plants that the Company has under development. Pacific Ethanol, through its wholly-owned subsidiary, Kinergy Marketing, LLC, is the largest West Coast-based marketer of ethanol. In addition, Pacific Ethanol is working to identify and develop other renewable fuel technologies such as cellulose-based ethanol production and bio-diesel.



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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 successfully complete its debt financing with WestLB AG and Mizuho Corporate Bank, Ltd., the ability of Pacific Ethanol to successfully and timely complete construction of its ethanol plants in Boardman, Oregon and Burley, Idaho; the ability of Pacific Ethanol to accelerate, maintain and timely complete its plant build-out program for additional ethanol plants and to successfully capitalize on its internal growth initiatives; the ability of Pacific Ethanol to obtain all necessary financing to complete the construction of its planned ethanol production facilities; the ability of Pacific Ethanol to operate its plants at their planned production capacity; the price of ethanol relative to the price of gasoline; and those factors contained in the “Risk Factors” section of Pacific Ethanol’s Form 10-Q filed with the Securities and Exchange Commission on November 20, 2006.

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