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Pacific Ethanol Stockton Plant to Install Innovative Cogeneration Technology

Cogeneration System Utilizes Waste Gas from Ethanol Production as Energy Source, Reducing Electricity Costs and Plant Emissions

SACRAMENTO, Calif., Jan. 12, 2015 (GLOBE NEWSWIRE) --**Pacific Ethanol, Inc.** (Nasdaq:PEIX), the leading producer and marketer of low-carbon renewable fuels in the Western United States, announced its agreement with Dresser-Rand (NYSE:DRC) to install a 3.5 megawatt cogeneration system with gradual oxidizer at its Stockton, CA plant for approximately \$12 million. The cogeneration system will displace purchased electricity by using Ener-Core, Inc.'s (OTCBB:ENCR) innovative gradual oxidizer technology to convert waste gas from ethanol production and natural gas into electricity and steam. With this technology, the plant will have among the lowest air emissions in the ethanol industry.

Neil Koehler, the company's president and CEO, said: "The Stockton cogeneration system will replace most of the electricity we currently purchase from the grid and will reduce our energy costs by an estimated three to four million dollars per year. This system is one of the most advanced cogeneration systems on the market and will more efficiently deliver steam and electricity to the plant while lowering emissions. Rather than destroying waste gases, we will reuse them as a source of process energy, reducing costs and improving profitability."

Under the terms of the agreement, Dresser-Rand will supply two 1.75 megawatt gas turbine generators with heat recovery steam generators and two gradual oxidizers that are manufactured by Ener-Core. The combined system will replace the current use of thermal oxidizers. Pacific Ethanol expects the cogeneration system to be operational by the second-quarter of 2016.

About Pacific Ethanol, Inc.

Pacific Ethanol, Inc. (PEIX) is the leading producer and marketer of low-carbon renewable fuels in the Western United States. Pacific Ethanol also sells co-products, including wet distillers grain ("WDG"), a nutritional animal feed. Serving integrated oil companies and gasoline marketers who blend ethanol into gasoline, Pacific Ethanol provides transportation, storage and delivery of ethanol through third-party service providers in the Western United States, primarily in California, Arizona, Nevada, Utah, Oregon, Colorado, Idaho and Washington. Pacific Ethanol has a 96% ownership interest in PE Op Co., the owner of four ethanol production facilities. Pacific Ethanol operates and manages the four ethanol production facilities, which have a combined annual production capacity of 200 million gallons. These operating facilities are located in Boardman, Oregon, Burley, Idaho, Stockton, California and Madera, California. The facilities are near their respective fuel and feed customers, offering significant timing, transportation cost and logistical advantages. Pacific Ethanol's subsidiary, Kinergy Marketing LLC, markets ethanol from Pacific Ethanol's

managed plants and from other third-party production facilities, and another subsidiary, Pacific Ag. Products, LLC, markets WDG. For more information please visit www.pacificethanol.com.

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 including, without limitation, the ability of Pacific Ethanol to continue as leading producer and marketer of low-carbon renewable fuels in the Western United States; and the cost, timing, anticipated benefits and other effects of the cogeneration system are forward-looking statements and considerations 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, adverse economic and market conditions; changes in governmental regulations and policies; cost overruns and delays in implementing, and failure to attain the anticipated benefits of, the cogeneration system; and other events, factors and risks previously and from time to time disclosed in Pacific Ethanol's filings with the Securities and Exchange Commission including, specifically, those factors set forth in the "Risk Factors" section contained in Pacific Ethanol's Form 10-Q filed with the Securities and Exchange Commission on November 12, 2014.

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