

Date of Hearing: April 26, 2023

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Chris Holden, Chair

AB 1569 (Garcia) – As Amended March 30, 2023

Policy Committee: Utilities and Energy

Vote: 15 - 0

Urgency: No

State Mandated Local Program: No

Reimbursable: No

SUMMARY:

This bill establishes, within the California Energy Commission, the Lithium Valley Office of Development to coordinate activities related to funding, economic development, construction, manufacturing, technical development and reclamation of lithium located in the Salton Sea geothermal resource area.

FISCAL EFFECT:

Significant annual costs, likely in the low to mid hundreds of thousands of dollars, to the Energy Commission to establish and staff the office (Energy Resources Programs Account).

COMMENTS:

- 1) **Background.** There are considerable lithium resources under and around the Salton Sea. Demand for lithium is likely to increase dramatically as more electric batteries are deployed in the electricity generation, transportation and other sectors. The Lithium Valley Commission (LVC) was convened in 2021 as a result of AB 1657 (E. Garcia, Chapter 271, Statutes of 2020). Since its inception, the LVC has worked to identify ways to resolve barriers to development and support opportunities for lithium recovery from geothermal brine within California.

Last year, the author attempted to establish the Lithium Valley Office of Development in the Natural Resources Agency. The bill that would have established the office—AB 2851 (Garcia, E.), of the 2021-22 Legislative Session—was held in this committee.

This bill similarly establishes the Lithium Valley Office of Development, though, differing from AB 2851, establishes the office in the Energy Commission rather than the Natural Resources Agency. The author intends this bill to foster development of lithium extraction in Imperial County, in a way that benefits residents of what is known as “the Lithium Valley.” According to the author:

California’s “Lithium Valley,” located in the Imperial Valley, contains one of the largest and most environmentally sustainable lithium reserves in the world. “Lithium Valley” development is a great opportunity to boost the economy in Imperial County and fence line communities. AB 1569 would establish a Lithium Valley Office of Development and would require the office...to coordinate initiatives

related to funding, economic development, construction, manufacturing, technical development, and reclamation of lithium in the Salton Sea Geothermal Resource Area for the benefit of all Lithium Valley residents.

2) Related Legislation.

- a) AB 1562 (Garcia) requires Governor's Office of Business and Economic Development (GO-Biz) to collaborate with local and regional entities to designate economic development zones, and requires the director of GO-Biz to designate an economic development liaison to assist entities in the Eastern Coachella Valley and the Imperial Valley to establish a Southeast California Desert Valleys Economic Zone. AB 1562 is pending in Assembly Committee on Jobs, Economic Development, and the Economy.
- b) AB 1579 (Garcia) requires the state, beginning in 2035, when establishing bid specifications for the acquisition of motor vehicles and determining the lowest responsible bidder, to consider whether the vehicles are equipped with lithium-ion batteries that contain lithium produced with the least environmental impact. AB 1579 is pending in the Assembly Committee Accountability and Administrative Review.
- c) AB 1593 (Garcia) establishes the Equitable Access Program to be administered by the California Workforce Development Board to prioritize employment opportunities in construction, manufacturing, technical, maintenance, operations or reclamation activities for local residents in the Salton Sea geothermal resources area. AB 1593 passed the Assembly Labor and Employment Committee and is pending in this committee.
- d) SB 797 (Padilla) creates the Lithium Extraction Tax Citizens Oversight Committee to ensure revenues from the lithium extraction excise tax are appropriately allocated and provide recommendations on how to improve community engagement and maximize community benefits from the revenues. SB 797 is pending on the suspense file of the Senate Committee on Appropriations.

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