
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anthony Portantino, Chair
2023 - 2024 Regular Session

AB 1569 (Garcia) - Salton Sea geothermal resource area: Lithium Valley Office of Development

Version: May 18, 2023

Urgency: No

Hearing Date: August 14, 2023

Policy Vote: E., U. & C. 16 - 0

Mandate: No

Consultant: Ashley Ames

Bill Summary: This bill would establish a Lithium Valley Office of Development at the California Energy Commission (CEC), subject to an appropriation.

Fiscal Impact:

- The CEC estimates ongoing costs of about \$500,000 annually (Energy Resources Program Account [ERPA] or General Fund) for program and legal staff resources, CBO engagement, public outreach, travel, and technical assistance.

Background: While zero-emission vehicles (ZEVs) have become one of California's largest exports, the manufacture of electric vehicles (EVs) and other electronics that use lithium-ion batteries still relies on raw materials and components sourced from foreign countries. According to the United States Geological Survey 2023 Mineral Commodities, 80 percent of the global market for lithium is associated with battery components, and Australia, Argentina, Chile, and China are the largest global producers of lithium. To address rising battery consumption and demand for lithium, many countries are developing lithium resources. Developing domestic lithium supplies has become a national priority. California's Salton Sea is the location of multiple geothermal brines, which can be a rich source of lithium. Similar brines are currently the largest sources of lithium in the world. The Salton Sea's potential for lithium extraction has led some to refer to it as "Lithium Valley."

Like all races for mineral extraction, the development of lithium resources is fraught with concerns about exploitative labor and environmental practices. California has sought options to expand in-state lithium extraction without repeating these practices. In recent years, the Legislature has passed several bills aimed at balancing the development of Lithium Valley with the development of high-road jobs and environmental investments that address air and water quality concerns in the Salton Sea community.

To examine the economic opportunities for developing the Lithium Valley, the Legislature passed AB 1657 (Garcia, Chapter 271, Statutes of 2020) to establish a Blue Ribbon Commission to analyze issues related to in-state lithium extractions and make recommendations to the Legislature. In 2022, the Blue Ribbon Commission issued its report, which made a series of recommendations to address economic development and environmental impact mitigation opportunities associated with lithium extraction. These recommendations included identifying alternative funding sources to support manufacturing supply chains associated with lithium extraction and developing better coordination across local, state, and federal governments to support economic development opportunities.

Proposed Law: This bill would establish a Lithium Valley Office of Development at the CEC. Specifically, this bill would:

1. Establish a Lithium Valley Office of Development at the CEC upon the appropriation of funds from the Legislature.
2. Require the Lithium Valley Office of Development to do both of the following:
 - a. Consult with relevant state and local agencies.
 - b. Coordinate economic development activities, including actions related to funding, manufacturing, construction, technical development, and reclamation of lithium in the Salton Sea geothermal resource area.

Related Legislation:

AB 2851 (Garcia, 2022) was substantially similar to this bill and would have established a Lithium Valley Office of Development at the California Natural Resources Agency. This bill was held in the Assembly Committee on Appropriations.

AB 2929 (Garcia, 2022) would have required the Legislative Analyst's Office (LAO) to annually report on the health, environmental, and economic impacts and benefits of producing lithium from geothermal brines located in Lithium Valley in Imperial County in the area commonly referred to as Lithium Valley. This bill was held on the Assembly Committee on Appropriations.

AB 589 (Hueso, Chapter 732, Statutes of 2021) expanded the types of projects eligible for funding from the CEC's Clean Transportation Program (CTP) to include projects, including workforce development program, to develop in-state production of raw materials and the manufacturing supply chain for ZEV components. The bill also required the CEC to consult with certain workforce development and training institutions during the creation of the CTP investment plan.

AB 1657 (Garcia, Chapter 271, Statutes of 2020) established a Blue Ribbon Commission on Lithium Extraction at the CEC to review, investigate and analyze specified issues relating to lithium extraction and use in California and report to the Legislature on its findings and recommendations.

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