

Date of Hearing: April 21, 2026

ASSEMBLY COMMITTEE ON ECONOMIC DEVELOPMENT, GROWTH, AND
HOUSEHOLD IMPACT

José Luis Solache, Jr., Chair

AB 2163 (Jeff Gonzalez) – As Amended March 19, 2026

SUBJECT: Electricity: Strategic Clean Energy and Critical Mineral Development Zones

SUMMARY: AB 2163 creates a statewide framework to advance clean energy and critical mineral development by directing the Energy Commission, in coordination with GO-Biz and other agencies, to designate Strategic Energy and Critical Mineral Development Zones. Counties may apply for designation, and applications must be approved or denied within 180 days based on criteria such as resource potential. The bill prioritizes state funding, infrastructure, and technical support for projects within these zones, requires regular review every five years, and strengthens coordination to attract investment, support advanced manufacturing, and expand clean energy production.

Specifically, **this bill:**

- 1) Requires those state agencies to ensure that actions taken in furtherance of that state policy also consider the development potential of regions within the state capable of supporting large-scale clean energy production, critical mineral supply chains, advanced manufacturing, and other energy-intensive industries, including regions designated as Strategic Clean Energy and Critical Mineral Development Zones.
- 2) Requires the Energy Commission, in consultation with the Governor's Office of Business and Economic Development and other relevant state agencies, to identify and designate Strategic Energy and Critical Mineral Development Zones.
- 3) Authorizes the county in which a proposed zone is located to submit a request for designation and would authorize the county board of supervisors to, by resolution, authorize the request for designation.
- 4) Requires the Energy Commission to approve or deny a complete submission within 180 days.
- 5) Would require a zone to consist only of geographic areas located within the jurisdictional boundaries of the county submitting the request for designation and would require that certain criteria be satisfied, including that the proposed zone be in an area identified by state or federal agencies as containing significant deposits or identified production potential of critical minerals used in battery, clean energy, or advanced manufacturing supply chains, as specified. The bill would require the Energy Commission to review the designated zones at least every 5 years and authorize the Energy Commission to update the designated zones as appropriate based on changes in energy resources, infrastructure, or economic development planning.
- 6) Would require state agencies administering programs related to energy infrastructure, economic development, advanced manufacturing, workforce development, or critical mineral supply chains to give priority consideration to projects, infrastructure

investments, and technical assistance located within designated zones that support large-scale clean energy production or energy-intensive industrial development.

- 7) Requires the Governor's Office of Business and Economic Development to consider designated zones when administering programs intended to support advanced manufacturing, clean technology industries, energy storage supply chains, and other energy-intensive industries.
- 8) Authorizes the Governor's Office of Business and Economic Development to coordinate with the Energy Commission and other relevant state agencies to support site readiness, infrastructure development, and attracting investment within designated zones

EXISTING LAW:

- 1) Vests the Public Utilities Commission (PUC) with regulatory authority over public utilities, including electrical corporations.
- 2) The Warren-Alquist State Energy Resources Conservation and Development Act, establishes the State Energy Resources Conservation and Development Commission (Energy Commission) and prescribes the authorities, duties, and responsibilities of the Energy Commission pertaining to energy matters.
- 3) Establishes a state policy that eligible renewable energy resources and zero-carbon resources supply 90% of all retail sales of electricity to California end-use customers by December 31, 2035, 95% of all retail sales of electricity to California end-use customers by December 31, 2040, 100% of all retail sales of electricity to California end-use customers by December 31, 2045, and 100% of electricity procured to serve all state agencies by December 31, 2035, as provided.
- 4) Requires the PUC, *Energy Commission*, State Air Resources Board, and all other state agencies to ensure that actions taken in furtherance of that state policy meet certain criteria.
- 5) A violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the PUC is a crime. Because the certain provisions of this bill would be a part of the act and therefore a violation of the bill's requirements, or of a PUC action implementing its requirements, would be a crime, the bill would impose a state-mandated local program.
- 6) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement. This bill would provide that no reimbursement is required by this act for a specified reason.

FISCAL EFFECT: Unknown

COMMENTS: California leads the nation in clean energy policy and deployment, yet it remains dependent on global and often unstable supply chains for the materials and components that make that transition possible. State law, enacted through SB 100, requires California to achieve

100 percent zero-carbon electricity by 2045. Current planning shows the scale of this challenge. The state must bring more than 60 gigawatts of new clean generation and storage online by 2035 to stay on track. It also projects a need for approximately 52,000 megawatts of battery storage by 2045, compared to roughly 16,942 megawatts installed today. At the same time, California holds significant untapped resources. The Lawrence Berkeley National Laboratory estimates that the Salton Sea geothermal region may contain up to 18 million metric tons of lithium carbonate equivalent. The state already leads the nation in geothermal production, with about 2,700 megawatts of installed capacity and substantially greater technical potential.

This bill aligns these assets into a coherent industrial strategy. It promotes the development of regional industrial clusters where critical raw materials, such as lithium from the Salton Sea, are co-located with abundant geothermal energy. This approach reduces transportation costs, limits supply chain disruptions, and enables “industrial symbiosis,” where excess heat or energy from one process directly supports another. The result is a more efficient and resilient clean energy manufacturing ecosystem.

A central barrier to scaling clean energy technologies is the “valley of death” between innovation and full commercial deployment. Projects often fail at this stage due to high upfront infrastructure costs and uncertainty. This bill addresses that gap by prioritizing state investment in essential infrastructure, including transmission capacity and site readiness. This functions as a de-risking strategy for private investment. Clear state commitment to “hard” infrastructure signals market stability and can attract large-scale capital that might otherwise flow to jurisdictions with fewer regulatory barriers.

The bill establishes a structured, criteria-based process to designate Strategic Clean Energy and Critical Mineral Development Zones. Regions with the strongest capacity for clean energy generation and mineral extraction receive targeted support, including priority access to state programs, infrastructure funding, and economic development tools. This targeted approach directs resources where they can deliver the greatest increase in energy supply, supply chain security, and job creation.

Author’s Statement: As California continues to move towards clean and renewable energy, we must ensure that we are properly taking advantage of the natural resources that California has been blessed with. Imperial County is one of the most lithium and geothermal rich regions in the entire world so it is critical that the County and areas like it are prioritized as the state plans the future of energy policy. This bill creates a standard for counties throughout the state to meet in order to be designated as a Strategic Clean Energy and Critical Mineral Development Zone. Counties that receive this designation and the energy infrastructure that they are capable of housing will be essential as California strives for its energy goals. California is naturally blessed with abundant energy resources and if we are going to reach our goals, those resources and the regions that contain them must be fully utilized and included in the planning and development processes.

REGISTERED SUPPORT / OPPOSITION:

Support

County of Imperial

Opposition

None on file.

Analysis Prepared by: Carla Castilla / E.D., G., & H.I. / (916) 319-2090