

CONCURRENCE IN SENATE AMENDMENTS

AB 2163 (Jeff Gonzalez)

As Amended August 17, 2026

Majority vote

SUMMARY

Establishes a framework for counties to submit requests to the California Energy Commission (CEC) to obtain designation for an area in the county as a Strategic Clean Energy and Critical Mineral Development Zone.

Senate Amendments

- 1) Allows counties to jointly submit a request to designate a proposed zone that crosses multiple county jurisdictional boundaries if state or federal agencies have identified each county as containing significant critical mineral deposits or production potential, and requires the request to include a statement that all counties agree to submit the request jointly.
- 2) Requires the specified state agencies and the Governor's Office of Business and Economic Development (Go-Biz) to give priority to projects that provide for the payment of prevailing wages, employment of apprentices from state-approved programs, and use of a skilled and trained workforce.

COMMENTS

Lithium Valley Development. Global demand for lithium is expected to grow significantly over the next decade due to its use in batteries for energy storage and transportation. While most lithium used in the United States is currently imported from countries such as Argentina, Chile, China, and Australia, California has significant lithium resources dissolved in geothermal brine beneath the Salton Sea region in Imperial County, commonly referred to as "Lithium Valley". In 2023, the U.S. Department of Energy, through an analysis led by Lawrence Berkeley National Laboratory, estimated that the region could contain more than 3,400 kilotons of lithium, enough to support production of more than 375 million electric vehicle batteries.

To support development of a domestic lithium supply chain, the state established the Lithium Valley Commission through AB 1657 (E. Garcia), Chapter 271, Statutes of 2020. From 2021 to 2022, the Commission examined opportunities and barriers related to lithium extraction from geothermal brine, including technical, economic, environmental, and community considerations. Its final report recommended creation of a Lithium Valley-specific economic development zone to help streamline permitting and support infrastructure, workforce development, and industry investment in Imperial County.

Proposed Development Zones. The bill would build on these efforts by authorizing the CEC to designate Strategic Clean Energy and Critical Mineral Development Zones in areas that meet specified criteria related to critical mineral resources, geothermal generation, transmission infrastructure, and regional planning activities. A county could request designation of a qualifying area, with the county board of supervisors authorized to approve the request by resolution. Counties could also jointly request designation of a zone that crosses county boundaries if each county meets specified critical mineral criteria. The CEC would also be authorized to independently designate qualifying zones.

In reviewing requests, the CEC would consider whether the proposed zone meets the bill's criteria and would coordinate with GO-Biz and other relevant state agencies. Designated zones would be periodically reviewed to determine whether updates are needed. The bill would also require state agencies administering programs related to economic development, advanced manufacturing, workforce development, or critical mineral supply chains to give priority consideration, to the extent consistent with law, to projects, infrastructure investments, and technical assistance within designated zones that support large-scale clean energy production or energy-intensive industrial development.

According to the Author

According to the author, "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."

Arguments in Support

AB 2163 is supported by the Imperial County Board of Supervisors, which states that the bill would establish a coordinated statewide approach to advancing clean energy production, critical mineral development, and related industrial growth. The County emphasizes that achieving California's clean energy and decarbonization goals will require not only renewable generation, but also reliable baseload energy, domestic sources of critical minerals, advanced manufacturing, and supporting infrastructure.

Arguments in Opposition

None on file.

FISCAL COMMENTS

According to the Senate Committee on Appropriations, the CEC estimates ongoing costs of \$582,000 annually from the Energy Resources Program Account to develop and administer the process for designating Strategic Energy and Critical Mineral Development Zones, including reviewing and potentially independently designating zones, updating existing zones, and coordinating with GO-Biz and other state agencies. GO-Biz and other relevant state agencies anticipate minor and absorbable costs to consult with the CEC.

VOTES:

ASM ECONOMIC DEVELOPMENT, GROWTH, AND HOUSEHOLD IMPACT: 8-0-0

YES: Solache, Castillo, Muratsuchi, Patel, Petrie-Norris, Michelle Rodriguez, Soria, Wallis

ASM UTILITIES AND ENERGY: 18-0-0

YES: Petrie-Norris, Patterson, Boerner, Calderon, Chen, Davies, Mark González, Harabedian, Hart, Irwin, Kalra, Papan, Rogers, Schiavo, Schultz, Ta, Wallis, Zbur

ASM APPROPRIATIONS: 15-0-0

YES: Wicks, Hoover, Aguiar-Curry, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

ASSEMBLY FLOOR: 76-0-4

YES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Johnson, Kalra, Krell, Lackey, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

ABS, ABST OR NV: Jackson, Lee, Ortega, Celeste Rodriguez

UPDATED

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