

THIRD READING

Bill No: AB 2234
Author: Papan (D)
Amended: 8/13/26 in Senate
Vote: 21

SENATE ENVIRONMENTAL QUALITY COMMITTEE: 6-0, 6/24/26
AYES: Blakespear, Valladares, Allen, Dahle, Gonzalez, Menjivar
NO VOTE RECORDED: Hurtado

SENATE NATURAL RES. & WATER COMMITTEE: 7-0, 7/1/26
AYES: Becker, Seyarto, Allen, Cabaldon, Grove, Laird, Stern

SENATE APPROPRIATIONS COMMITTEE: 7-0, 8/13/26
AYES: Cervantes, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

ASSEMBLY FLOOR: 79-0, 5/27/26 - See last page for vote

SUBJECT: California Environmental Quality Act: geothermal exploratory
projects: geothermal technology pilot projects: Geologic Energy
Management Division

SOURCE: Sonoma Clean Energy

DIGEST: This bill creates geothermal technology pilot projects composed of up to six wells, provides for a geothermal technology pilot project well to be within one-half mile of an existing geothermal well capable of producing the geothermal resource in commercial quantities if a written consent agreement meeting certain specifications is reached, requires the Geologic Energy Management Division (CalGEM) to be the lead agency under the California Environmental Quality Act (CEQA) for a geothermal technology pilot project, and authorizes CalGEM to delegate its lead agency status to a county in certain circumstances, among other provisions, as provided.

ANALYSIS:

Existing law:

- 1) Establishes CalGEM within the Department of Conservation as the state's geothermal well regulator. The State Oil and Gas Supervisor (supervisor) leads CalGEM.
- 2) Proclaims that Californians have a direct and primary interest in the development of geothermal resources, and the state should exercise its power and jurisdiction to require that wells for the discovery and production of geothermal resources be drilled, operated, maintained and abandoned in such manner as to safeguard life, health, property, and the public welfare, and to encourage maximum economic recovery. (Public Resources Code (PRC) §3700)
- 3) Requires the supervisor to so supervise the drilling, operation, maintenance and abandonment of geothermal resources wells as to encourage the greatest economic recovery of geothermal resources, to prevent damage to life, health, property, and natural resources, and to prevent damage to, and waste from, the underground geothermal deposits, and to prevent damage to underground and surface waters suitable for irrigation or domestic purposes by reason of the drilling, operation, maintenance, and abandonment of geothermal resources wells. (PRC §3714)
- 4) Requires the supervisor to also supervise the drilling, operation, maintenance, and abandonment of wells so as to permit the owners or operators of such wells to utilize all methods and practices known to the industry for the purpose of increasing the ultimate recovery of geothermal resources, and to allow the operator to do what a prudent operator using reasonable diligence would do, as provided. (PRC §3715)
- 5) Requires an owner or operator before drilling or re-drilling, abandoning or deepening or altering the casing of a well to file with the supervisor or CalGEM district deputy a written notice of intention (NOI) to drill the well containing certain information and pay a fee. (PRC §3724)
- 6) Defines geothermal resources to mean the natural heat of the earth, the energy, in whatever form, below the surface of the earth present in, resulting, from, or created by, or which may be extracted from, such natural heat, and all minerals in solution or other products obtained from naturally heated fluids, brines, associated gases, and steam, in whatever form, below the surface of the earth,

but excluding oil, hydrocarbon gas, or other hydrocarbon substances. (PRC §6903)

- 7) Defines a geothermal exploratory project to be not more than six wells and for the purpose of evaluating the presence and characteristics of geothermal resources prior to starting a geothermal field development project. For purposes of preparing an environmental document the environmental impacts shall be limited to the proposed drill sites, the proposed wells, and any roads or other facilities that may be required before the exploratory wells can be drilled. Wells included within a geothermal exploratory project must be located at least one-half mile from geothermal development wells which are capable of producing geothermal resources in commercial quantities. Application requirements include a narrative description including the probable short-term and long-term impacts of the project, and acceptable mitigation measures. (see PRC §21065.6; Title 14, California Code of Regulations, §§1680 *et seq.*)
- 8) CEQA requires a lead agency to spearhead an environmental impact report (EIR) for a project that may have a significant effect on the environment. CEQA also requires a lead agency to prepare a negative declaration (ND) for a project that will have no significant effects on the environment, or a mitigated negative declaration (MND) for projects that have no significant effects after mitigation. (PRC §§21000 *et seq.*)
- 9) Specifies that CalGEM is the default lead agency for geothermal exploratory projects, but that CalGEM can delegate its lead agency responsibility to a county that has adopted a geothermal element in its general plan. In addition, at the request of an applicant, the county in which a geothermal exploratory project is located shall assume responsibilities of the lead agency, regardless of whether or not the county has a geothermal element. In this case, the county and CalGEM confer regarding necessary information that should be included in the environmental review for the project to facilitate CalGEM's exercise of its authority as a responsible agency. (PRC §3715.5)
- 10) Defines "geothermal field development project" as a development project composed of geothermal wells, resource transportation lines, production equipment, roads, and other facilities which are necessary to supply geothermal energy to any particular heat utilization equipment for its productive life, all within an area delineated by the applicant. (Government Code §65928.5)

This bill:

- 1) Defines “geothermal technology pilot project” to mean a project composed of not more than six wells and associated drilling and testing equipment, including equipment and activities necessary to establish interconnectivity between wells and reservoirs, to connect geothermal reservoirs whose permeability or capacity to allow the flow of geothermal fluids has been increased from its natural or original state through stimulation, horizontal drilling, or the use of closed-loop configurations, for the chief and original purpose of confirming the viability of those techniques or technologies within that resource.
- 2) Requires CalGEM to be the lead agency under CEQA for geothermal technology pilot projects, and adds geothermal technology pilot projects to the existing ability of CalGEM to delegate its lead agency responsibility for geothermal exploratory projects to a county, as provided.
- 3) Requires the owner or operator of a well that is part of a geothermal technology pilot project to file with the supervisor a written NOI to commence drilling before commencing drilling, deepening, or redrilling, as specified.
 - a) If the NOI is for a well that is part of a geothermal technology pilot project and the well is located within one-half mile of an existing geothermal well capable of producing geothermal resources in commercial quantities, the NOI shall include a written consent agreement, as provided. Requires the written consent agreement to meet all of the following requirements:
 - i) Requires the written consent agreement to be executed by a responsible officer of the owner or operator of the existing well, or by a responsible office of both the owner or operator if the owner or operator are different.
 - ii) Authorizes the owner or operator of the existing geothermal well capable of producing in commercial quantities to require provisions in the agreement requiring the owner or operator of the geothermal technology pilot project well to undertake certain measures – such as ongoing monitoring of the resource, demonstration that the geothermal technology pilot project will not impose any undue harm to the productive capability of any geothermal project operating under a powerplant license, and indemnification by the geothermal technology pilot project owner and operator for all costs associated with safeguarding existing geothermal resources, including a bond or escrow fund sufficient to cover any required remediation, compensation, or infrastructure repair, among others.

- iii) Requires the written consent agreement to provide that either party may bring an appropriate civil action in a court of competent jurisdiction to enforce the terms of the written consent agreement as a contract, and shall not limit the availability to either party of any remedy at law or in equity otherwise available.
- 4) Provides that no reimbursement is required to local agencies and school districts for certain state-mandated costs, as specified. Makes various minor, technical and conforming changes to statute.

[NOTE: For additional information regarding this bill, see the Senate Environmental Quality, and Natural Resources and Water Committees' analyses.]

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

According to Senate Appropriations Committee:

- Ongoing costs likely in the hundreds of thousands of dollars annually (Oil, Gas, and Geothermal Administrative Fund) for the Geologic Energy Management Division (CalGEM) to receive notices of intention (NOIs) for pilot-project wells, review consent agreements as part of NOI completeness, serve as CEQA lead agency for geothermal technology pilot projects, among other things.

SUPPORT: (Verified 8/14/26)

Sonoma Clean Energy (source)
California Resources Corporation
San Jose Clean Energy
The Nature Conservancy

OPPOSITION: (Verified 8/14/26)

California Department of Finance

ARGUMENTS IN SUPPORT: According to the author, “California has a massive underground network of untapped geothermal energy. Innovations like closed-loop and enhanced geothermal systems (EGS) have the potential to generate many gigawatts more energy than previous technologies, as conventional geothermal developers are limited by their need for naturally occurring groundwater.”

“However, the outdated statutory definition of geothermal exploratory projects restricts the deployment of these new technologies. AB 2234 will modernize the

definition of geothermal projects by updating the application of the half-mile restriction and recognizing that all equipment and infrastructure necessary for modern development should be considered part of a project, not separate. By revising the geothermal exploratory project definition, AB 2234 can expand access to firm, clean energy and signal that California is open for exploration.”

ARGUMENTS IN OPPOSITION: The California Department of Finance, writing in opposition to a previous version of the bill notes: “Finance is opposed to this bill because it results in General Fund impacts not included in the 2026 Budget Act.”

ASSEMBLY FLOOR: 79-0, 5/27/26

AYES: 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, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, 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

NO VOTE RECORDED: Celeste Rodriguez

Prepared by: Katharine Moore / N.R. & W. / (916) 651-4116
8/17/26 19:20:50

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