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**SENATE COMMITTEE ON ENERGY, UTILITIES AND  
COMMUNICATIONS**  
**Senator Steven Bradford, Chair**  
**2023 - 2024 Regular**

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**Bill No:** AB 1569 **Hearing Date:** 7/10/2023  
**Author:** Garcia  
**Version:** 5/18/2023 Amended  
**Urgency:** No **Fiscal:** Yes  
**Consultant:** Sarah Smith

**SUBJECT:** Salton Sea geothermal resource area: Lithium Valley Office of Development

**DIGEST:** This bill establishes a Lithium Valley Office of Development at the California Energy Commission (CEC), subject to legislative appropriation.

**ANALYSIS:**

Existing law:

- 1) Establishes the Geothermal Resources Development Account (GRDA), which is administered by the CEC to make grants and loans for the purposes of developing geothermal resources, including, but not limited to, the recovery of lithium and other beneficial minerals from geothermal brines in a disadvantaged community that provides local employment opportunities. (Public Resources Code §3820 et. seq.)
- 2) Requires the CEC to establish the Blue Ribbon Commission on Lithium Extraction. Existing law requires the Blue Ribbon Commission to review, investigate, and analyze certain actions related to lithium extraction and use, including the economic and environmental benefits of lithium extraction and use and opportunities for certain financial incentives to support lithium extraction from geothermal brines. Existing law requires the Blue Ribbon Commission to submit a report on its findings and recommendations to the Legislature by October 1, 2022. (Public Resources Code §25232)

This bill:

- 1) Establishes a Lithium Valley Office of Development at the CEC upon the appropriation of funds from the Legislature.

- 2) Requires 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.

## Background

*Lithium Valley and the new gold rush for battery components.* 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.

*Bill is consistent with recommendations from the Blue Ribbon Commission on Lithium Extraction.* 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. This bill would establish a Lithium Valley Office of Development to coordinate economic development activities, including supply chain development activities. This bill would also require the Office to coordinate between state and local governments. These duties are consistent with recommendations in the Blue Ribbon Commission report.

### **Prior/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. The bill was held in the Assembly Committee on Appropriations.

AB 2929 (Garcia, 2022) requires 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. The 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.

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

**SUPPORT:**

Supervisor V. Manuel Perez, Riverside County 4<sup>th</sup> District  
California State Association of Electrical Workers  
California State Pipe Trades Council  
California Workforce Association  
City of Brawley  
City of Calipatria  
City of El Centro  
Clean Power Campaign  
Coalition of California Utility Employees  
County of Imperial  
State Building and Construction Trades Council  
Western States Council Sheet Metal, Air, Rail and Transportation

**OPPOSITION:**

None received

**ARGUMENTS IN SUPPORT:** 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, in consultation with relevant state agencies, 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.

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