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

Bill No: SB 1309 **Hearing Date:** 3/19/2024
Author: Padilla
Version: 2/15/2024 Introduced
Urgency: No **Fiscal:** Yes
Consultant: Sarah Smith

SUBJECT: Lithium Battery Production Council

DIGEST: This bill would require the California Energy Commission (CEC) to establish a Lithium Battery Production Council to analyze economic and infrastructure needs for lithium battery production.

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) Requires the CEC to establish a Lithium Battery Production Council to conduct economic, workforce and infrastructures analyses for lithium battery production.

- 2) Requires the council to develop a strategic plan for lithium battery production needs and submit a report to the Legislature on this strategic plan by March 1, 2025.
- 3) Sunsets the bill on January 1, 2030.

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. 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."

With great power, comes great responsibility. 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.

Is a new entity needed for economic analyses for in-state battery production? This bill is one of several recent measures aimed at establishing a body within state agencies to support analysis and outreach regarding economic development associated with the creation of a Lithium Valley in California. While the Blue Ribbon Commission on Lithium Extraction has recommended that more analysis is needed on economic resources that can be deployed to support the development of in-state battery supply chains, some existing local and state agencies are already convening stakeholders and making recommendations to balance environmental and economic development regulations.

Prior/Related Legislation

AB 1569 (Garcia, 2023) would have established a Lithium Valley Office of Development at the CEC, subject to an appropriation. The bill was held on the Senate Committee on Appropriations.

AB 2851 (Garcia, 2022) 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) would have required the Legislative Analyst's Office 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:

None received

OPPOSITION:

None received

ARGUMENTS IN SUPPORT: According to the Author:

The communities in the so-called Lithium Valley are some of California's poorest, with limited public infrastructure and the state's highest unemployment rate. Time and time again, they have been made promises of economic growth that have never come true. Now, the discovery of this resource stands to put this region at the front of a global market. We need to ensure that these communities actually enjoy the benefits of this critically important emerging industry. Given the area's lack of bridges, roads, housing and sewage treatment capacity, California must develop and deploy a comprehensive strategy to develop the lithium and lithium battery manufacturing space. The growth that this development will bring has the potential to uplift these communities with investment, infrastructure, jobs, and environmental and public health improvements rarely seen in the state.

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