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AB-1657 State Energy Resources Conservation and Development Commission: Blue Ribbon Commission on Lithium Extraction in California: report. (2019-2020)

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Assembly Bill No. 1657

CHAPTER 271

An act to add Section 25232 to the Public Resources Code, relating to public resources.

[Approved by Governor September 29, 2020. Filed with Secretary of State September 29, 2020.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1657, Eduardo Garcia. State Energy Resources Conservation and Development Commission: Blue Ribbon Commission on Lithium Extraction in California: report.

Existing law establishes in the Natural Resources Agency the State Energy Resources Conservation and Development Commission, consisting of 5 members appointed by the Governor, as specified. Existing law requires the commission to undertake a continuing assessment of trends in the consumption of electrical energy and other forms of energy and to analyze the social, economic, and environmental consequences of these trends, and to carry out, or cause to be carried out, under contract or other arrangements, research and development into alternative sources of energy, improvements in energy generation, transmission, and siting, fuel substitution, and other topics related to energy supply, demand, public safety, ecology, and conservation that are of particular statewide importance.

This bill would require, on or before March 1, 2021, the commission to establish, as provided, and convene the Blue Ribbon Commission on Lithium Extraction in California, with specified members appointed as prescribed. The bill would require the Blue Ribbon Commission to review, investigate, and analyze certain issues and potential incentives, as described, regarding lithium extraction and use in California, and to consult, if feasible, with the United States Environmental Protection Agency and the United States Department of Energy in performing these tasks. The bill would require the Blue Ribbon Commission to submit, on or before October 1, 2022, a report to the Legislature documenting its findings and recommendations, as specified.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. The Legislature finds and declares all of the following:

(a) World demand for lithium is expected to grow as much as tenfold in the next decade, but virtually none is produced in the United States. Instead, almost all of the global lithium supply is currently mined in Argentina, Chile, China, and Australia.

(b) The Salton Sea geothermal resource area is well-positioned to become a competitive source of supply that could satisfy more than one-third of today's worldwide lithium demand, but no mining companies will invest in this resource until the technology to recover lithium from geothermal brine on a commercial scale is proven and can occur without certain risks and uncertainties.

(c) There is a national security rationale for developing a domestic supply of lithium. Lithium was listed in the Federal Register as a critical mineral "essential to the economic and national security of the United States" pursuant to the 2017 presidential Executive Order No. 13817 titled "A Federal Strategy to Ensure Secure and Reliable Supplies of Critical Minerals."

(d) The opportunity for lithium production in California has the potential to unleash billions of dollars of new economic infrastructure development.

SEC. 2. Section 25232 is added to the Public Resources Code, to read:

25232. (a) For purposes of this section, the following terms have the following meanings:

(1) "Blue Ribbon Commission" means the Blue Ribbon Commission on Lithium Extraction in California established pursuant to this section.

(2) "Commission" means the State Energy Resources Conservation and Development Commission.

(b) On or before March 1, 2021, using existing budgetary resources, the State Energy Resources Conservation and Development Commission shall establish, within the commission, and convene the Blue Ribbon Commission on Lithium Extraction in California. The Blue Ribbon Commission shall be composed of the following 14 members:

(1) A member appointed by the commission.

(2) A member of the Public Utilities Commission, appointed by the Public Utilities Commission.

(3) A member appointed by the Secretary of the Natural Resources Agency.

(4) A member, appointed by the commission, who represents the lithium extraction industry.

(5) A member appointed by the Speaker of the Assembly.

(6) A member appointed by the Senate Committee on Rules.

(7) A member, appointed by the commission, who represents a national vehicle manufacturer organization.

(8) A member, appointed by the commission, who represents a local environmental organization.

(9) A member, appointed by the commission, who represents a local city or county government in the Salton Sea geothermal resource area.

(10) A member, appointed by the commission, who represents a local public electric utility.

(11) A member, appointed by the commission, from a local community group that represents disadvantaged and low-income communities in the Salton Sea geothermal resource area.

(12) A member, appointed by the commission, who represents a local tribal community.

(13) A member, appointed by the commission, with knowledge of economics and the effectiveness of local, state, and federal incentives.

(14) A member appointed by the Governor.

(c) The chair of the Blue Ribbon Commission shall be selected by the members of the Blue Ribbon Commission.

(d) The Blue Ribbon Commission shall review, investigate, and analyze the following issues relating to lithium extraction and use in California:

(1) Actions that will support the further development of geothermal power that have the potential to provide the cobenefit of lithium recovery from existing and new geothermal facilities.

(2) Market opportunities for lithium.

(3) The potential benefits of, and added value to, existing and new geothermal facilities in areas that contain mineral-rich brines for the state, the western energy grid, and the United States, including, but not limited to, grid stability, reliability, and resiliency.

(4) Methods of overcoming technical and economic challenges currently limiting lithium extraction, processing, and production from geothermal brines.

(5) Safe environmental methods and standards for lithium extraction from geothermal brines and how this compares to other methods for deriving lithium.

(6) Potential economic and environmental impacts to the state resulting from extraction, processing, and production of lithium and lithium-dependent products from geothermal brines.

(7) The importance of, and opportunities for, the application of local, state, and federal incentives and investments to facilitate lithium extraction from geothermal brines, including, but not limited to, the following:

(A) Use of enhanced infrastructure financing districts, as defined in Section 53398.51 of the Government Code, or community revitalization investment authorities, as defined in Section 62001 of the Government Code.

(B) New employment tax credits in former enterprise zones.

(C) Income or franchise tax credits under agreements approved by the California Competes Tax Credit Committee.

(D) Sales tax exemptions for new manufacturing equipment.

(E) Leveraging tax incentives in federally recognized opportunity zones.

(8) Recommendations for legislative or regulatory changes that may be needed to encourage lithium extraction from geothermal brines, including whether the development of a centralized tracking system for lithium project permitting by state and local regulatory agencies would assist with development of the lithium industry.

(e) In conducting the tasks described in subdivision (d), the Blue Ribbon Commission shall consult, when feasible, with the United States Environmental Protection Agency and the United States Department of Energy.

(f) The Blue Ribbon Commission may take public input for recommendations on the issues in subdivision (d).

(g) On or before October 1, 2022, the Blue Ribbon Commission shall submit a report to the Legislature documenting its findings and any recommendations developed after conducting the review and analyses required pursuant to subdivision (d).

(1) The report to be submitted pursuant to this subdivision shall be submitted in compliance with Section 9795 of the Government Code.

(2) The requirements of this subdivision shall remain operative only until October 1, 2023.