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Comments on draft report

BACKGROUND:

The State Legislature formed the Lithium Valley Commission as the legislature presumably does not have time, nor demonstrably the expertise to investigate lithium extraction in Imperial Valley. The L.V. Commission has produced a draft report in which a number of recommendations were proposed. As has been pointed out by prior commentators on the draft report, some of the recommendations seem to be based on assumptions that do not comport to the facts of lithium extraction as currently known.

Indeed, public comments made throughout the over one year life of the commission, including some made very recently, refer to the extraction process erroneously as "mining." Other comments make reference to the shrinking level of the Salton Sea, as though geothermal energy production and future lithium production are somehow connected.

Therefore, the L.V. Commission could add much to their report by delineating a set of facts, as suggested below. Doing so would give interested parties, including the legislature, a common set of understandings to help arrive at the proper conclusions.

FACTS:

1. "Lithium Valley" is entirely within the County of Imperial, and more specifically refers to an 8 mile by 2 mile section of land near the southeastern edge of the Salton Sea. Lithium Valley is not in Riverside County, and there is no place known as Coachella/Imperial Valley, the names being run together as though there are one and the same place.
2. Very hot brine is (and has been for forty years) brought to the surface in a closed loop system where it heats clean water producing steam powering a turbine thereby producing electricity. The brine is re-injected back into the subterranean reservoir where it is reheated over time to continue the environmentally perfect cycle.
3. Geothermal energy production has nothing to do with the shrinking Salton Sea which is shrinking because the water which used to flow into it has been diverted to serve coastal residential communities.
4. Imperial Valley brine, although rich in lithium, is also rich with many other minerals that are both corrosive, and appear difficult if not impossible to separate from lithium. One company, Simbol, tried to extract lithium from brine and went broke. Currently, a company called Lilac has reportedly abandoned its efforts to extract lithium from

Imperial Valley brine.

5. Other lithium production projects are advancing in Ohio, Utah, Nevada, Arkansas, as well as Chile, Germany, and Australia.

6. In order for Imperial County to achieve the maximum economic benefit, individual local residents must be employed in the lithium production industry, both directly and in ancillary jobs. Employing workers from large metropolitan areas to commute either daily or weekly will not result in the same benefit to the local communities as shown by the over 1,000 employees of Calipatria State prison, few of whom moved to Calipatria to buy houses and live in the city. Therefore, current local Niland, Calipatria, and Westmorland residents must be actively recruited and trained for the lithium industry direct/ancillary jobs.

RECOMMENDATIONS:

It is not too late for the L. V. Commission to modify their final recommendations to the Legislature, based on the facts cited above:

Under points 1 and 2, Since the lithium extraction in question is entirely within Imperial County and decades of geothermal operations created no environmental incidents, Imperial County government should be the sole regulatory authority. The State of California should have no role, nor should CEQA regulations be considered in lithium production facility construction.

Under point 3, the State legislature should begin anew the efforts to mitigate environmental concerns involved in the evaporation of the Salton Sea using some of the nearly \$217 billion yearly budget. If additional funds are needed, they should come from higher water rates from all the new housing built (and supplied with water from the 2003 water swap agreement) in San Bernardino, Orange, Los Angeles, and San Diego counties. All parties or interested citizens must finally and completely separate the issues of Lithium Valley from issues regarding the Salton Sea.

Since there is significant financial risk involved in the attempt to find a workable method to extract lithium from Imperial Valley brine at a price point that can compete with worldwide lithium supply (points 4 and 5), investors and operators must have as much certainty as possible they can achieve profitability. With profit comes jobs, hundreds of them. Without profit, no lithium will be delivered from Imperial Valley and therefore no jobs will be created.

Therefore, the State Legislature should consider no laws or regulations that add uncertainty or artificial barriers to the production, handling, transport, or sale of lithium to willing buyers. Likewise the Legislature should insure that frivolous lawsuits or actions are not allowed, much as Operation Warp Speed backed up the pharmaceutical

companies working in the deployment of a novel vaccine.

The L.V. Commission should recommend these projects be considered "right to work" projects where non-union labor is used, so as to eliminate the inherently higher costs of union versus non-union labor.

Under point 6, to paraphrase John F. Kennedy, "Ask not what lithium can do for you, ask what you can do for lithium." Local community groups such as the "Civic Committee of the Valley" for example should be supported by the State to identify, recruit, potentially house, and train north end high school students and young adults for both direct and ancillary jobs in this industry, should a chemical process be found to extract lithium in the next few years. Fortunately, the State has set aside almost \$4 million dollars for community groups to lobby for.

The County of Imperial can pave roads leading from Highway 111 to the 11 operating power plants where lithium might be extracted.

Tribal entities should also identify and train their citizens for this new industry, and since the nearest tribes are 50 miles away (Torres-Martinez) and 80 miles away (Quechuan) respectively, daily commuting will be unlikely. The State, the township of Niland, and the Cities of Calipatria and Westmorland could find ways to assist with housing, including short term modular housing such as FEMA structures, rehabilitation of existing homes, and new construction. The Legislature could provide seed funds in this effort.

Reaching outside of their efforts so far, the L.V. Commission, (taking note of the recent lack of power in California during the past few hot summers, an annual occurrence) should recommend to the Legislature and the California Energy Commission that: 1) at least three new nuclear power plants be built, along with new water storage. The shrinking Lake Mead shows that new water storage is needed not only for the water itself, but for hydroelectric power to serve the growing need for electricity over the next decade as citizens buy the new electric cars the State has mandated. 2) That the Legislature increase the tax rebate for homeowners to install batteries along with a solar rooftop system. Millions of new electric vehicle will need to be charged, and with charging times running from hours to days, these will have to be charged at night when the cars are parked for long periods. There is no way from a current scientific standpoint to cram more electrons into a given battery any faster, much as jet airliners still travel at the same speed they did when first introduced in the late "50s due to the inescapable physics of air molecules (and drag, thrust, gravity, lift, etc.) In comparison to home charging, any addition of sufficient public car chargers would take up more space than is available in California, nor is it politically feasible due to the trillions it would cost to not only install charging stations but to provide those stations with electric power (which, again, California does not have anyway). Imagine for example going from two or three charging stations at the local Target to nearly 100% of the parking spaces being electric charging stations, which must exist if petroleum powered cars are eliminated.

CONCLUSION: I believe that everyone who owns property in Calipatria, like me, wants their property to increase in value, and just as importantly, wants people who live there to have opportunities for a good living. More economic activity should result in additional businesses opening to serve residents who have money to spend in the businesses. This increase will benefit all residents.

- That will happen only when dozens if not hundreds of local young people have well paying jobs.

- Well paying jobs will happen if, in this case, geothermal plants coproducing lithium can do so at a profit.

- In addition to generating a profit, those who invested the capital must receive a return on their investment. (ROI)

- Profits and ROI will occur if the cost to extract lithium does not exceed the value the finished product can be sold at on the worldwide market.

- The world wide market will be impacted by the several U.S.states and other countries who are racing to bring their lithium deposits to market, which could and probably will cause the value of lithium to fall back to historic levels.

Therefore, it is imperative that everyone who wants to see I.V. Lithium produced in the north end of the Imperial Valley and sold, who wants to see jobs created, and who wants to see better economic conditions for residents to do everything possible to keep costs, including taxes and regulations, as minimal as possible. The L.V.

Commissioner's legacy could be historic by persuading the State Legislature to assume a supportive, not regulatory role.