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*Comment Received From: EnergySource Minerals, LLC*  
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## **Comments on Lithium Valley Commission Report**

*Additional submitted attachment is included below.*



October 27, 2022

Lithium Valley Commission  
California Energy Commission  
715 P Street  
Sacramento, CA 95814

RE: Public Comment on the Draft Report to the Blue Ribbon Commission on  
Lithium Extract in California pursuant to Assembly Bill 1657

To the Lithium Valley Commission Commissioners:

We greatly appreciate the opportunity to comment on the draft Blue Ribbon Commission report on lithium extraction in California and we do so in a transparent and honest manner with the desire for Lithium Valley to become a reality.

As you know, EnergySource Minerals (ESM) has a long-standing and fruitful partnership with Imperial County, spanning more than a decade starting with our sister company, Energy Source's John Featherstone Geothermal Power Plant that was commissioned in 2012.

As we advance into this next phase, Project ATLiS, we look forward to producing a reliable, domestic supply of lithium hydroxide that will supply batteries for electric vehicles (EVs), driven in California, as well as across the country and the world.

We are pleased to have earned a partner in Imperial County and look forward to strengthening that relationship as we grow the substantial, tangible benefits we can contribute to the community.

To be successful in this partnership, we request that the Commission be cautious of any additional mandates and requirements on the burgeoning lithium industry beyond the recent state tax that will significantly benefit county residents.

The expressed purpose of the Commission is to support the development of the lithium industry in Imperial County by identifying potential market opportunities, solutions to economic and technical challenges, additional areas of investment or incentives to utilize and, importantly, legislative or regulatory changes that encourage the advancement of the industry. Here is the charge to the Lithium Valley Commission at the commencement:

Lithium Valley Commission Charge

1. *Actions that will support the further development of geothermal power that have the potential to provide the co-benefit 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 from 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.*
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.*

However, instead of fulfilling the charge, it appears that a vast majority of the recommendations include additional regulatory hurdles and requirements on the lithium industry, which give the industry less regulatory clarity, and are more likely to hinder its development. We feel that the recommendations overall, do more to inhibit the industry, therefore running counter to the directive of the Commission.

As the company that is shovel ready, we explicitly urge caution on any recommendations that go beyond the existing stringent requirements of the California Environmental Quality Act (CEQA).

The CEQA process includes some of the most stringent and comprehensive environmental requirements in the world. After years of dedicated work and collaboration with regulators, ESM has met or exceeded all CEQA requirements and has been fully permitted.

The CEQA process is thorough and all-encompassing and should not be perceived as a shortcut. Additionally, the Commission should be cautious of any proposals to streamline or expedite the CEQA process. We strongly believe that the environmental impacts of proposed projects should be considered and that CEQA provides the appropriate process for that analysis.

We hope to continue to work collaboratively with Imperial County to ensure all residents in the area will benefit from this project; however, we also need support from the community as this nascent industry reaches commercialization.

Lithium extraction is a mature, global market with significant operations in South America, Australia and China that today supplies a growing worldwide demand for lithium. These large operations represent a real hurdle to breaking into the market as they can sustain the significant and sometimes prolonged market fluctuations of the price of lithium.

During dips in the price of lithium, California lithium producers will be challenged to compete for business with other producers around the world, greatly impacting a new industry working to scale and prove its economic viability.

That is not the only challenge. The capital expenditures needed to extract lithium from the Salton Sea brine are significant, given the large number of impurities in the Salton Sea brine.

Although we are supportive of the lithium production tax levied by the State of California, given that it will go towards supporting the local community and solving the Salton Sea issues, it is a very significant financial commitment as we move towards commercialization.

On the other hand, we appreciate the Commission's recommendations regarding the improvement of market opportunities for lithium, additional investment in local infrastructure projects and expanding the eligibility of incentive programs. While we appreciate the attention to these items, we respectfully request that the Commission add more specificity in these recommendations.

First, we request more specificity on what existing state programs in particular can be leveraged for market expansion for the industry, and how.

We would also be interested in what incentive or investment programs at the local, state and federal level may be available in the operating phase of the project, and for the growth of the industry in the long run, that the Commission recommends the industry pursue. If these programs are not yet established, we would suggest the Commission detail what type of investment mechanisms you are recommending be created.

Finally, we request the Commission add specificity to the recommendations dealing with local infrastructure. We would recommend first prioritizing infrastructure investment opportunities that improve broadband coverage and expand transportation infrastructure like roads, bridges and rail, as they are the most immediate needs of the industry and would also benefit the community at large significantly.

We know that, when working together, we can be successful and ensure Imperial County gets the economic and environmental benefits this project promises, while ensuring a robust dialogue with residents throughout the life of the project.

We support the Commission's focus on ensuring robust community engagement, local economic benefits and environmental stewardship as the burgeoning lithium industry moves to commercialization.

We share these values, and we have prioritized each of these efforts at every step of our process. And we will continue to do so, from construction in the near future and during operation for decades to come.

To date, we have reached out to thousands of community leaders and county residents with educational materials and informational resources to learn more about our project and process. We also continue to meet with local organizations and leaders to present the project details and answer questions.

Moving forward, we have planned an extensive outreach approach throughout the operation of the plant, which will include regular community meetings with question-and-answer sessions, charitable giving, educational STEM activities for local schools as well as group and community partnerships.

ESM is also proud of the economic benefits it will bring to Calipatria and Imperial County as a whole.

In addition to the hundreds of shorter-term construction jobs, the operating project will provide more than 200 long-term jobs, with 71 direct, good-paying jobs and roughly 150 indirect jobs.

As our hiring practices at the existing geothermal plant have proven over the past decade, we will continue to hire local residents as we move forward with our ATLiS lithium project.

To that end, we are also working with the Imperial Valley College to create a curriculum to equip interested students with the skills necessary to work at ESM and elsewhere in the industry. This means that for those who do not yet have the skills, they will soon have the opportunity to learn and cultivate their skillset.

Additionally, the project will provide \$23 million annually in taxes and fees that will be used for public schools, social services, road repair and police and fire. We will also provide \$18 million in payroll and local services each year as well as \$2.5 million in local infrastructure improvements.

Moreover, environmentalism is at the core of everything we are working to accomplish with Project ATLiS.

At the macro level, we are looking to provide a secure, reliable and environmentally superior source of lithium to enable the transition to a cleaner energy future with EVs.

However, the environmental impact at the project site is just as important, which is why we are so excited to utilize our ILiAD technology – the cleanest, most environmentally responsible lithium extraction process in the world.

The project connects to the existing geothermal plant and process, and extracts lithium from geothermal brine before it is reinjected underground. This efficient process only needs a small fraction of the water and land used by other extraction methods. Additionally, the carbon emissions are significantly lower than any other lithium operation in the world.

Not only are we mitigating environmental impacts, but as you know, a dedicated revenue stream from the state lithium production tax will go towards proactively improving the environment by helping restore the Salton Sea.

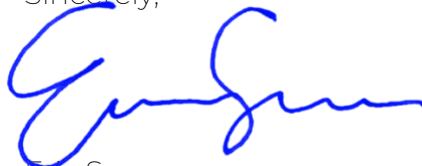
As you review potential recommendations, please consider the significant work already done without mandate to engage the community, mitigate impacts, offer community-based organization support, facilitate workforce development and utilize environmentally responsible practices.

In summary, we urge caution on mandates that far exceed California's world class environmental impact requirements, and consider the work done to date to support Imperial County residents, workers and organizations.

As we face economic challenges in the competitive lithium extraction industry, we appreciate all efforts to support the industry and provide clear, appropriate regulations that allow the industry to launch, grow, thrive and bring wide-ranging and long-term economic and environmental benefits to the county.

We thank you for your consideration and your work in support of the lithium industry in Imperial County.

Sincerely,



Eric Spomer  
Chief Executive Officer  
EnergySource Minerals