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Lithium Valley Commission Meeting

March 25, 2021



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- Meeting conducted remotely via Zoom
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 - Submit through the e-commenting system at:
 - https://efiling.energy.ca.gov/Ecomment/Ecomment.aspx?docketnu mber=20-LITHIUM-01



Welcome and Roll Call



Agenda

- Welcome and Roll Call
- Administrative Items
 - Approval of Past Meeting Action Minutes
 - Consideration of Rules of Order
 - Possible election of Vice Chair
- Goal Setting Discussion
- Lithium Valley Commission Report
 - General Report Structure
 - Establish Commissioner Workgroups
- Guest Presentation on the Global Lithium Market
- Panel Discussion by Industry and Academia on Active Lithium Recovery Facilities
- Media and Legislation Updates
- Determination of Agenda Topics, Speakers, and Presentations for Future Meetings
- Public Comment
- Adjourn



Administrative Items

Approval of Past Meeting Action Items



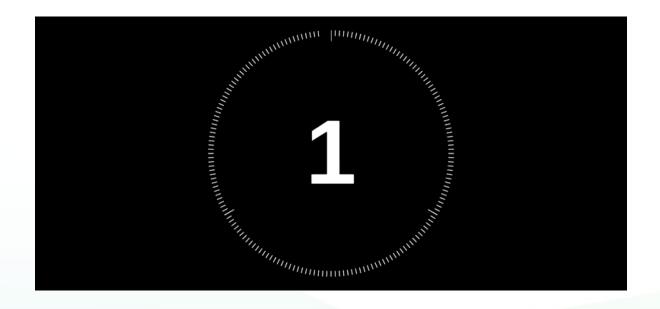
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Administrative Items

Consideration of Rules of Order



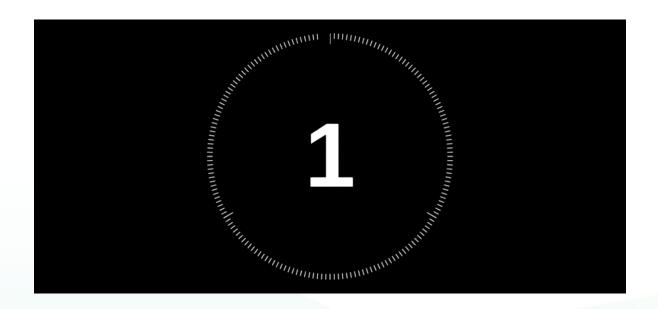
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Administrative Items

Possible election of Vice Chair



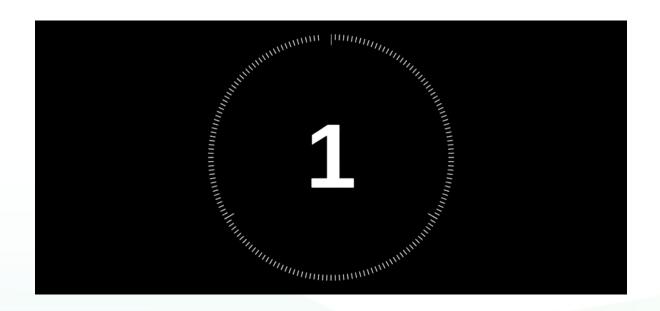
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Goal Setting Discussion



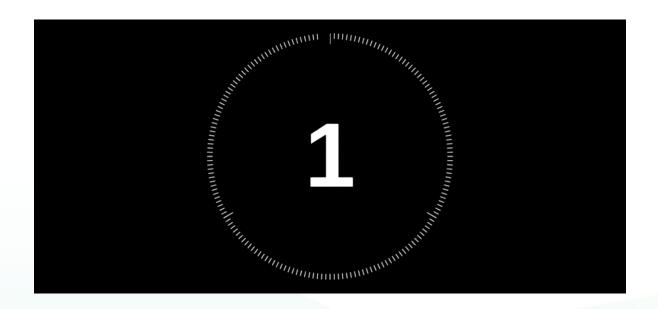
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Lithium Valley Commission Report

- General Report Structure
- Establish Commissioner Workgroups



Bagley-Keene Open Meeting Act and Sub-Bodies

Lithium Valley Commission

March 25, 2021
California Energy Commission
Chief Counsel's Office



Bagley-Keene Application to LVC:

Applies to any Lithium Valley Commission (LVC) meeting where "a majority of the members congregate to hear, discuss, or deliberate" upon matters within LVC's jurisdiction



This Includes:

"An advisory board, advisory commission, advisory committee, advisory subcommittee, or similar multimember advisory body of a state body, if created by formal action of the state body or of any member of the state body, and if the advisory body so created consists of three or more persons."

Gov. Code § 11121(c)



What is "Formal Action?"

 When a body authorizes or directs an individual to create a new body, that new body is deemed to have been created by formal action of the body

 Motion, ordinance, resolution, designation of members, or any similar action



When does Bagley-Keene Apply to Sub-Bodies?

If LVC formally creates the sub-body –
including by motion and vote or
perhaps by direction of the chair in
her official capacity – AND

 The sub-body has three or more members



When does Bagley-Keene NOT Apply to Sub-Bodies?

 When the sub-body was not formally created by LVC, and has fewer than 7 members, OR

 When the sub-body has less than three members



What's in a Name?

- It doesn't matter what the sub-body is called, could be "subcommittee," "advisory committee" or "subgroup"
- If it meets the criteria, the Bagley-Keene open meeting requirements apply



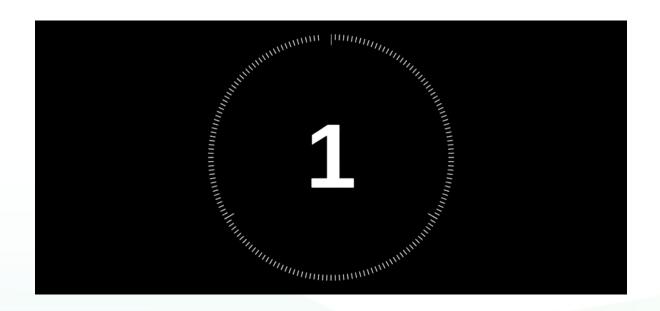
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Guest Presentation on the Global Lithium Market

 Logan Goldie-Scot, Head of Clean Power Research, BloombergNEF

BloombergNEF

Global Lithium Update



Logan Goldie-Scot

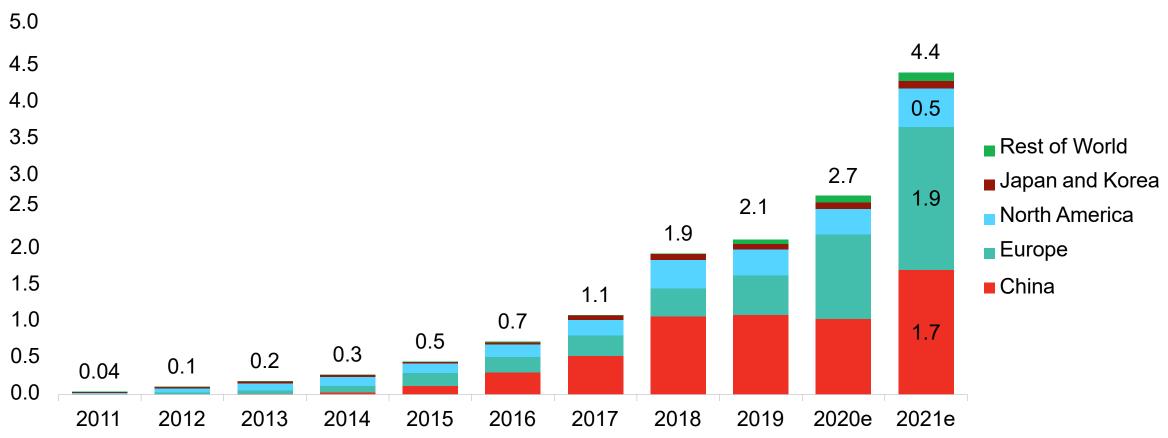
March 25, 2021

Demand

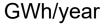


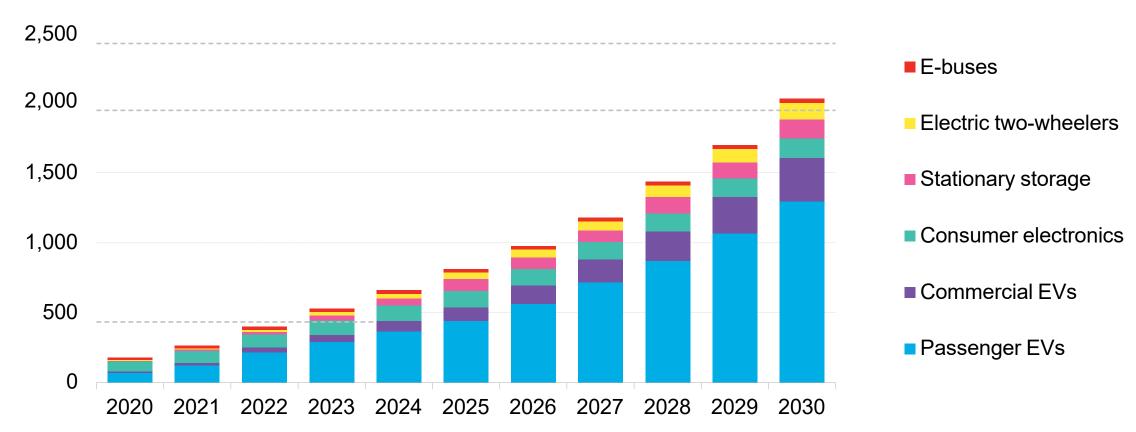
We expect 4.4 million passenger EVs to be sold globally in 2021

Global passenger electric vehicle sales



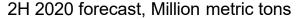
Battery demand will increase tenfold in a conservative scenario by 2030

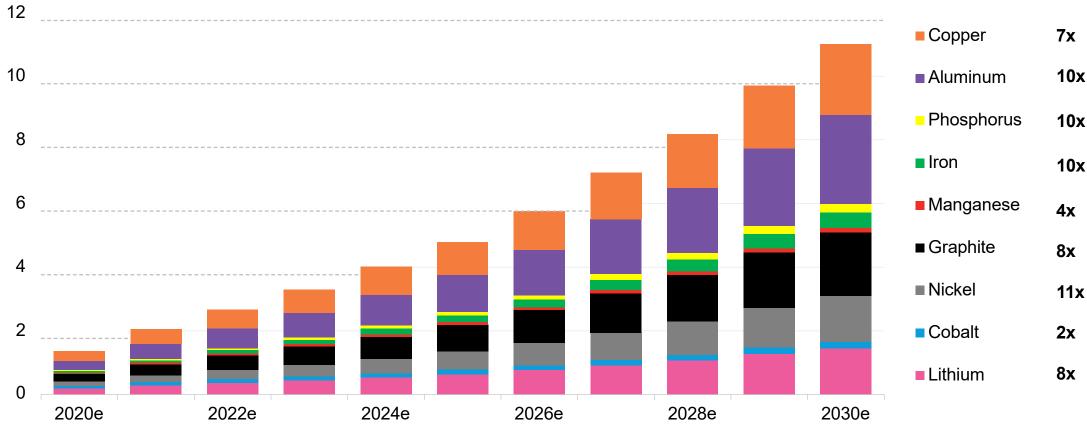




Source: BloombergNEF, Avicenne for consumer electronics data

Leading to a surge in demand for battery metals over the decade



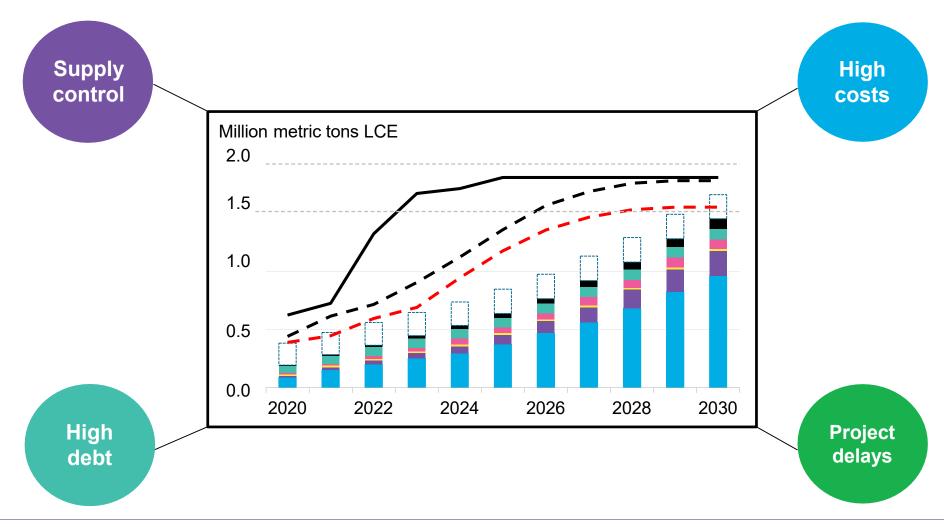


Source: BloombergNEF. Note: Metals demand occurs at mine mouth, one-year before battery demand. All metals expressed in metric tons of contained metal, except lithium is in lithium carbonate equivalent (LCE).

Lithium market dynamics

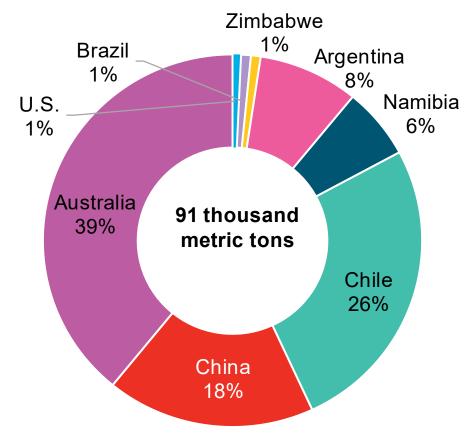


There are our risks facing the highgrowth lithium market



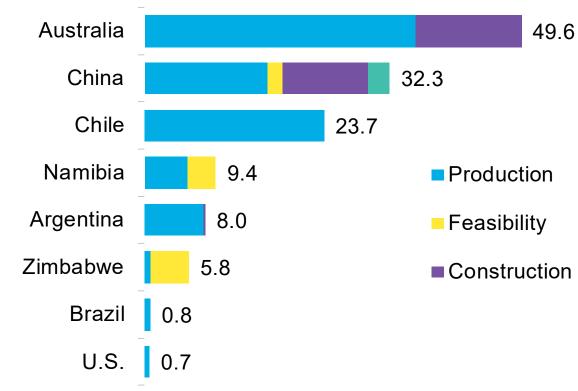
Lithium-ion mining nameplate manufacturing capacity





Source: BloombergNEF. Note: Figure reflect global totals as of October 20, 2020.

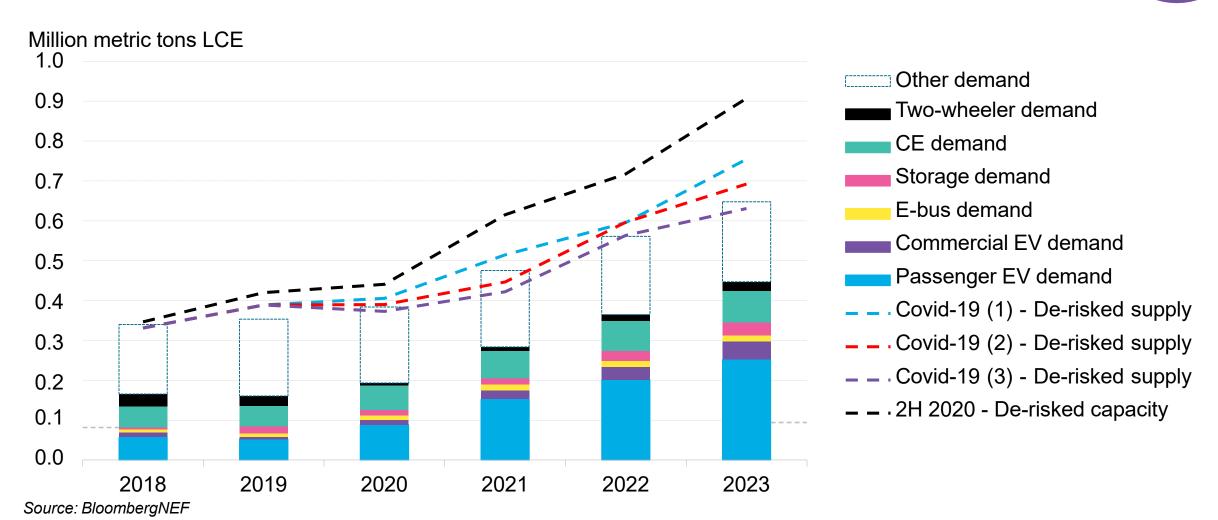
Thousand metric ton lithium metal



Source: BloombergNEF. Figures reflect global lithium mining capacity as of 3Q 2020. Note: Production is when the project is operating, feasibility is when it has published a definitive feasibility study, development follows feasibility and is when contracts are issued

Global lithium supply appears in balance in the near-term

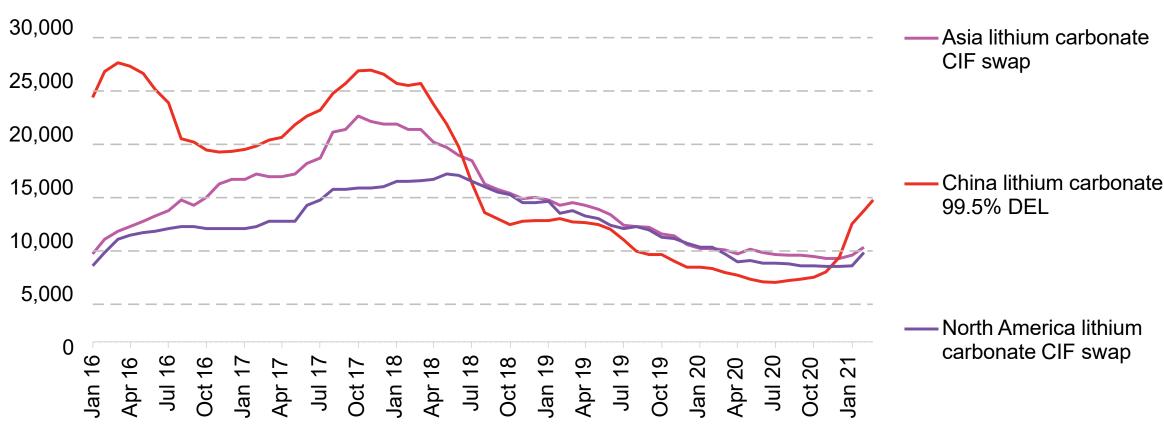




Prolonged low prices give way to signs of a lithium resurgence



Actual data point (\$/metric ton)



Source: Benchmark Mineral Intelligence, Asian Metal Inc, BloombergNEF

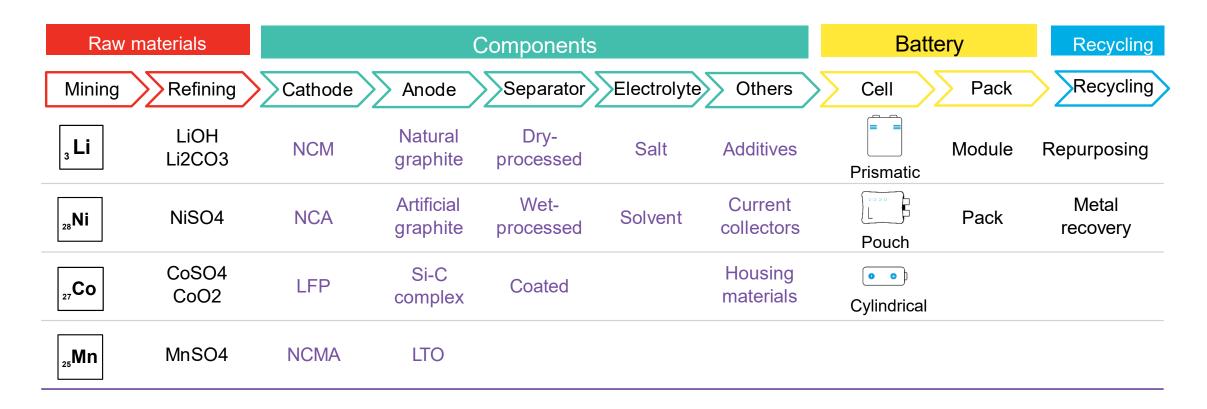
Many leading lithium producers accumulated debt, amid low prices





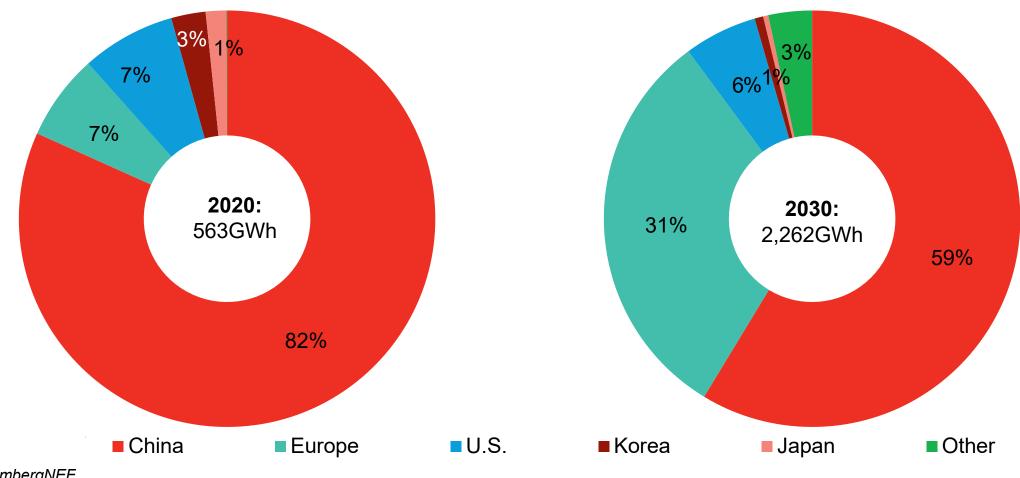
Strategic investments

The battery production value chain



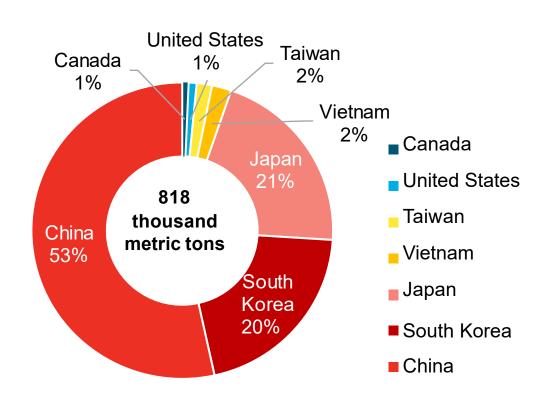
Source: BloombergNEF. Note: NMC is lithium nickel manganese cobalt oxide. NCA is lithium nickel cobalt aluminum oxide. LFP is lithium iron phosphate. NMCA is lithium nickel manganese cobalt aluminum oxide. LTO is lithium titanium oxide. Si-C complex is silicon-carbide inorganic complex compound.

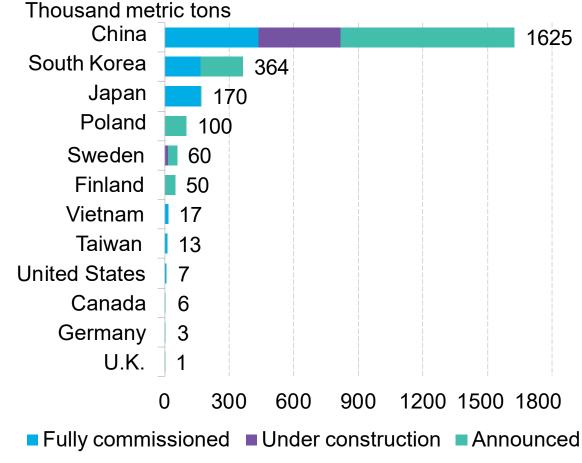
Cell manufacturing capacity is due to quadruple based on existing announcements



Asia Pacific nations control most cathode processing capacity today

Commissioned cathode processing capacity





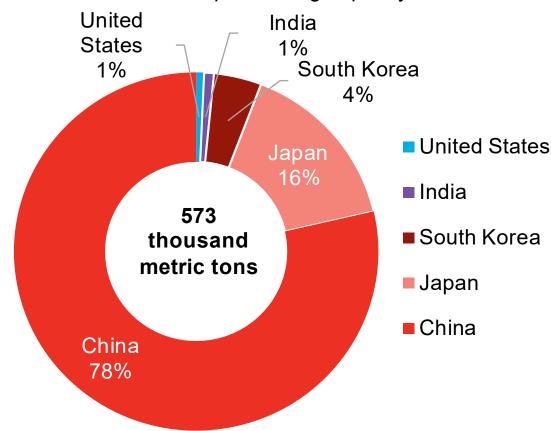
Source: BloombergNEF. Note: As of October 2020

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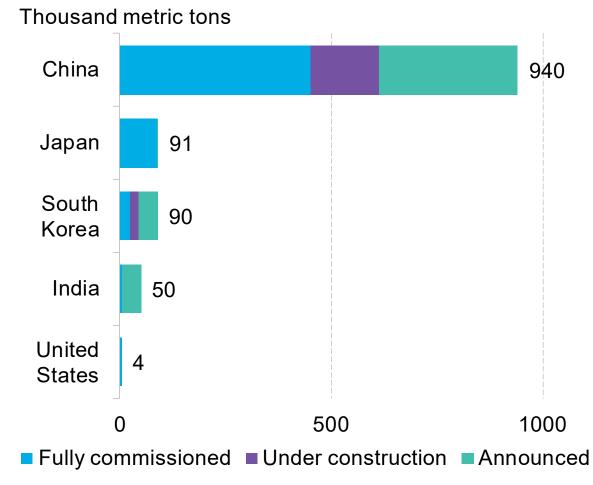
BloombergNEF

Asia Pacific nations control most anode processing capacity today

Commissioned anode processing capacity

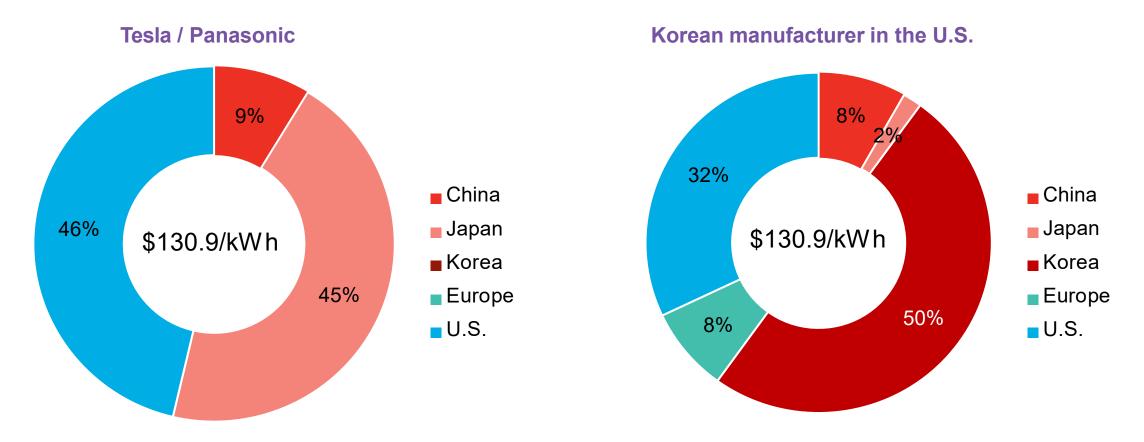


Source: BloombergNEF. Note: As of October 2020



Source: BloombergNEF. Note: As of October 2020

Estimated value break-out of a typical battery made in the U.S.



Source: BloombergNEF. Note: Both cost calculations are based on a 60Ah prismatic cell using NMC (622) chemistry. The cells are assumed to be produced at a 10GWh plant, which operates 330 days/year, 24 hours/day. Cell costs include cathode, anode, separator, electrolyte, labor, manufacturing and depreciation.

The U.S. lags APAC in attractiveness as a battery supply chain destination

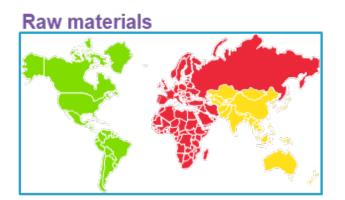
Global lithium-ion battery supply chain ranking, 2020

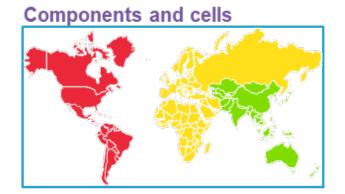
Rank	Country	Rank	Country	Rank	Country	Rank	Country	Rank	Country
1	China	6	U.S.	11	Australia	16	India	21	Indonesia
2	Japan	7	U.K.	12	Brazil	17	Chile	22	Mexico
3	South Korea	8	France	12	Hungary	18	Vietnam	23	Thailand
4	Canada	8	Finland	12	Poland	19	South Africa	24	D.R.C.
4	Germany	10	Sweden	15	Czech Rep.	20	Argentina	25	Philippines

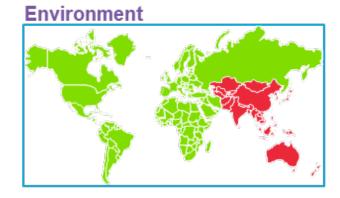
Key: AMER, APAC, EMEA

Source: BloombergNEF

Five criteria underpin BloombergNEF's global battery supply chain ranking







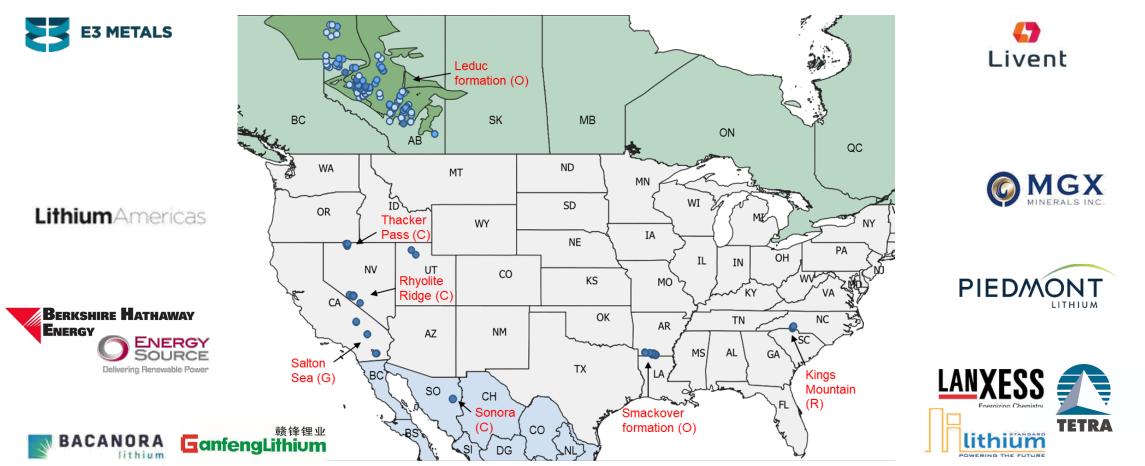






Source: BloombergNEF. Note: Green is first, yellow is second place and red third.

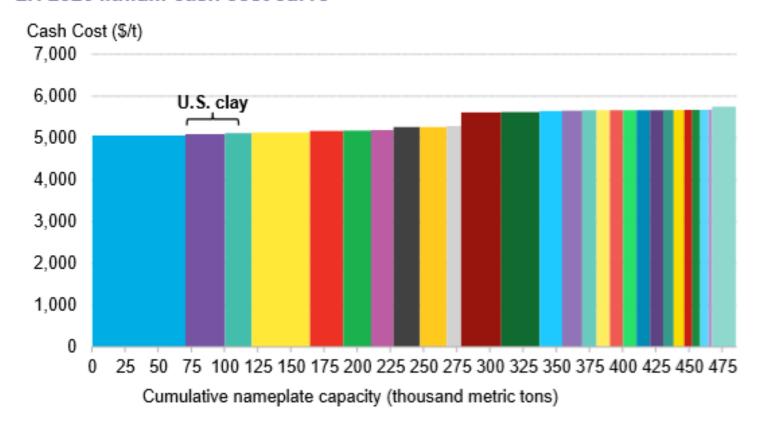
Rapidly growing demand creates opportunities for lithium in the U.S.



Source: BloombergNEF, USGS, company reports. Note: (C) = clay, (G) = geothermal, (O) = oilfield, (R) = hard rock. In Canada, darker dots mean higher lithium.

U.S. clay can be competitive on a cash cost basis

2H 2020 lithium cash cost curve



Factors to consider:

- Local royalties and taxes
- Environmental permitting
- Best practice on indigenous & community rights
- Job opportunities and labor reconfiguration (as other industries are impacted)

Other routes to consider:

- In-house mining vs. allies and investing abroad
- In-house mining vs. specializing in refining or manufacturing

Source: BloombergNEF Note: LCE = lithium carbonate equivalent; costs estimated with BNEF's Lithium Cost Calculator

The U.S. appears on track to improve its supply chain ranking

Global lithium-ion battery supply chain ranking, 2025

Country	Rank	Country	Rank	Country	Rank
China	6	Germany (▼2)	11	Australia	16
Japan	7	Finland (▲1)	12	Brazil	16
U.S. (▲3)	8	U.K. (▼1)	13	Poland (▼1)	16
Sweden (▲6)	8	S. Korea (▼5)	14	Chile (▲3)	16
Canada (▼1)	10	France (▼2)	15	Hungary (▼3)	20
	China Japan U.S. (▲3) Sweden (▲6)	China 6 Japan 7 U.S. (▲3) 8 Sweden (▲6) 8	China 6 Germany (▼2) Japan 7 Finland (▲1) U.S. (▲3) 8 U.K. (▼1) Sweden (▲6) 8 S. Korea (▼5)	China 6 Germany (▼2) 11 Japan 7 Finland (▲1) 12 U.S. (▲3) 8 U.K. (▼1) 13 Sweden (▲6) 8 S. Korea (▼5) 14	China 6 Germany (▼2) 11 Australia Japan 7 Finland (▲1) 12 Brazil U.S. (▲3) 8 U.K. (▼1) 13 Poland (▼1) Sweden (▲6) 8 S. Korea (▼5) 14 Chile (▲3)

Country	Rank	Country
Czechia (▼1)	20	S. Africa (▼1)
Argentina (▲4)	22	Thailand (▲1)
India	23	Vietnam (▼5)
Mexico (▲6)	24	Philippines (▲1)
Indonesia (▲1)	25	D.R.C (▼1)

Key: AMER, APAC, EMEA

Source: BloombergNEF

Thank you

Email: lgoldiescot@bloomberg.net



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Guest Presentation on the Global Lithium Market

 Logan Goldie-Scot, Head of Clean Power Research, BloombergNEF



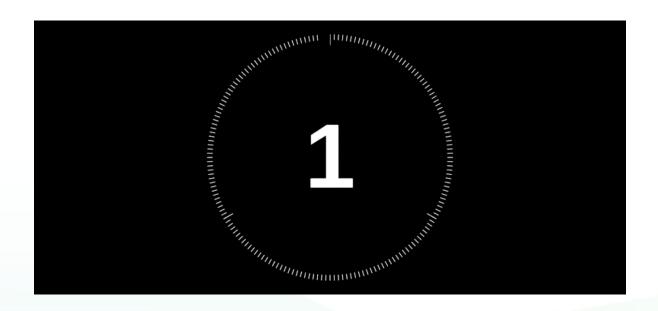
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Panel Discussion

- Michael McKibben, UC Riverside
- Jonathan M. Weisgall, Berkshire Hathaway Energy (BHE)
- Rod Colwell, Controlled Thermal Resources (CTR)

Salton Sea geothermal lithium: reserves and comparison with other lithium resources

Michael A. McKibben, Ph.D.

Economic Geologist and Geochemist

Chair, Dept. of Earth and Planetary Sciences

U. C. Riverside

michael.mckibben@ucr.edu

Disclosure: I have been and am a consultant to some commercial parties on metallic resources in SSGF brines

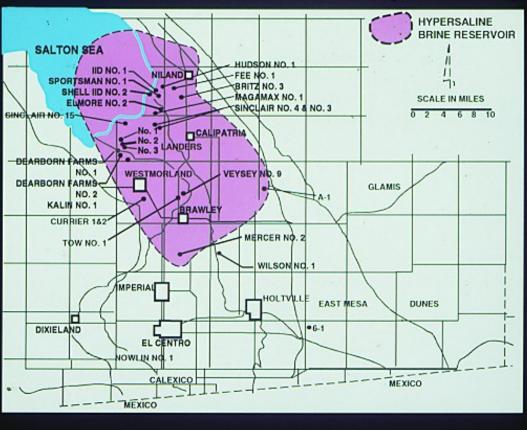
"Bathtub ring" of tufa (limestone) from high stand of ancient Lake Cahuilla.



M. McKibben

- Hundreds to thousands of such episodes of lake formation and evaporation have occurred over millions of years in the northern part of the Imperial Valley.
- Have led to accumulation of a deep basinal NaCl brine pool beneath the Valley.

HYPERSALINE GEOTHERMAL BRINE IN THE NORTHERN SALTON TROUGH (Rex, 1985)



Hot brines in the Salton Sea geothermal field (SSGF) are relatively shallow and easy to exploit because they have been heated and brought near the surface by igneous processes (magma at depth).

As it ascends, chemical reaction of the hot NaCl brine diapir with the delta and lake sediments results in a Na-Ca-K-Cl metamorphic brine that is spectacularly enriched in valuable metals such as Fe, Mn, Zn, Pb and Li. Other brine diapirs may exist under the Imperial/Brawley areas.

Table 7.1. Representative flash-corrected chemical compositions of geothermal reservoir fluids in the Imperial and Mexicali Valleys (McKibben and Hardie, 1997).

Field:	Salton Sea	<i>Imperial</i>	Cerro Prieto	East Mesa	Heber
Well:	S2-14	L2-28	M-5	6-1P	5 195
$Temperature(^{\circ}C)$:	330	275	300	~ 190	
Depth (m):	2500-3220	3290-4270	~ 1200	~ 2164	~ 1800
Na	54,800	50,466	5,004	6,362	4,019
Ca	28,500	18,140	284	7 59	750
K	17,700	9,555	1,203	1,124	333
Fe	1,710	3,219	<1	NA	NA
Mn	1,500	985	1	NA	NA
SiO ₂	>588	465	569	257	237
Zn	507	1,155	NA	NA	NA
Sr	421	1,500	NA	NA	41
В	271	217	11	NA	4
Ba	~ 210	2,031	NA	NA	4
Li	209	252	13	NA	7
Mg	49	299	<1	9	2
Pb	102	>262	NA	NA	NA
Cu	7	>1	NA	NA	NA
Cd	2	4	NA	NA	NA
NH ₄	330	NA	NA	NA	6
Cl	157,500	131,000	9,370	11,668	7,758
Br	111	NA	31	NA	NA
CO ₂	1,580	30,000	2,400	NA	186
HCO₃	NA	NA	NA	221	NA
H ₂ S	10	>47	180	NA	1
SO ₄	53	NA	4	51	66
TDS	26.5%	25.0%	1.6%	2.2%	1.3%



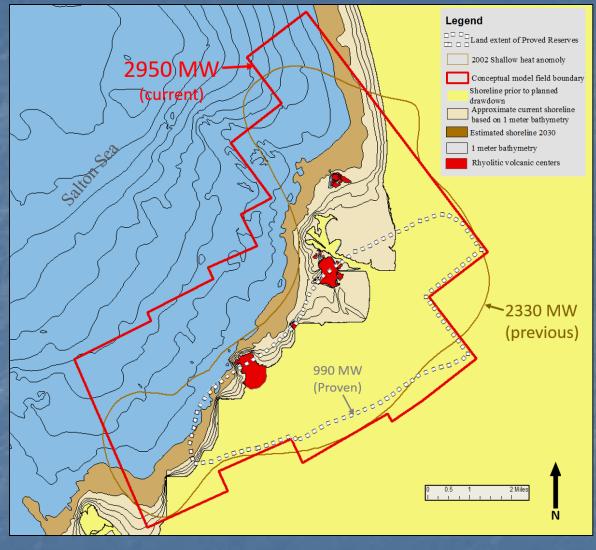
What is the volume of the hot SSGF brine reservoir?

Installed capacity: 414 MW

Ultimate capacity: 2330-2950 MW (6 times installed)

Porosity: 10 to 20%

5.5 to 33 km³ of brine



Kaspereit et al., 2016

SSGF Li "reserves" calculations (McKibben et al., 2021):

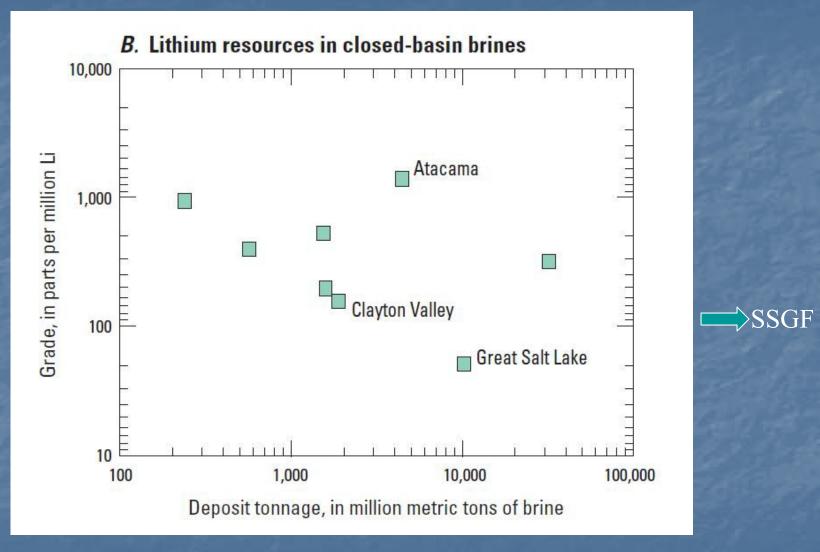
1 million to 6 million metric tons of lithium equivalent reserves. Far more than total U.S. reserves of Li from traditional sources. Comparable to the reserves of the four major global producers:

<u>World Mine Production and Reserves</u>: Reserves for Argentina, Australia, Canada, Chile, China, the United States, Zimbabwe, and other countries were revised based on new information from Government and industry sources.

	Mine pro	duction	Reserves ⁵		
	2019	2020 ^e			
United States	W	W	750,000		
Argentina	6,300	6,200	1,900,000		
Australia	45,000	40,000	64,700,000		
Brazil	2,400	1,900	95,000		
Canada	200		530,000		
Chile	19,300	18,000	9,200,000		
China	10,800	14,000	1,500,000		
Portugal	900	900	60,000		
Zimbabwe	1,200	1,200	220,000		
Other countries ⁷	1 1 2 2		2,100,000		
World total (rounded)	886,000	882,000	21,000,000		

World Resources: Owing to continuing exploration, identified lithium resources have increased substantially worldwide and total about 86 million tons. Lithium resources in the United States—from continental brines, geothermal brines, hectorite, oilfield brines, and pegmatites—are 7.9 million tons. Lithium resources in other countries have been revised to 78 million tons. Lithium resources are Bolivia, 21 million tons; Argentina, 19.3 million tons; Chile, 9.6 million tons; Australia, 6.4 million tons; China, 5.1 million tons; Congo (Kinshasa), 3 million tons; Canada, 2.9 million tons; Germany, 2.7 million tons; Mexico, 1.7 million tons; Czechia, 1.3 million tons; Serbia, 1.2 million tons; Peru, 880,000 tons; Mali, 700,000 tons; Zimbabwe, 500,000 tons; Brazil, 470,000 tons; Spain, 300,000 tons; Portugal, 270,000 tons; Ghana, 90,000 tons; and Austria, Finland, Kazakhstan, and Namibia, 50,000 tons each.

SSGF has the largest "tonnage" of any known Li brine deposit



Bradley et al. (2017)

SSGF production and depletion scenarios:

Besseling (2018) – Production from CalEnergy/BHE plants: Current capacity (350 MW)

17,000 metric tons per year lithium equivalent Future capacity (700 MW)

40,000 metric tons per year lithium equivalent

Reserves	Annual d	epletion rate	Years of production		
	350 MW	700 MW	350 MW	<u>700 MW</u>	
1 M tons	1.7%	4.0%	59	25	
6 M tons	0.28%	0.67%	353	150	

So Li production appears sustainable, but we need a far more dynamic Li reservoir model that takes into consideration more factors such as reinjection and Li replenishment.





Improved quantification of Li resources for Lithium Valley – A research proposal

Pat Dobson, Eric Sonnenthal, Will Stringfellow (LBNL), Mike McKibben (UC Riverside), Sabodh Garg (Geologica)

Key questions:

- 1. How much Li is present in the Salton Sea geothermal reservoir?
 - Li resource estimates from brine production rates and Li contents
 - Li resource estimates from reservoir volume and Li contents
- 2. How much Li is **recoverable** (depends in part on extraction technology)?
- 3. How rapidly will the **Li concentration of the brine decrease** as Li is recovered and spent brine is reinjected (resource sustainability)?
- 4. Would Li in reservoir rocks "recharge" geothermal brines?

Salton Sea Li can clearly help fill the looming supply gap:

Background: There's no geological shortage of lithium – and no shortage of customers, but there is a shortage of financing, and increasingly, a shortage of time...



But there will be cost competition, especially from *similar* Direct Lithium Extraction (DLE) brine projects that are coming online.

BMI (2021)



- Lithium is seeing a huge increase in producing assets
- Not just brine and hard rock, but clays, jadarite and geothermal brines in the pipeline
- Direct lithium extraction via ion exchange and solvent extraction poised to re-shape the industry

e.g. Clayton Valley, NV - Schlumberger New Energy - DLE pilot plant to *replace* traditional evaporation/precipitation process by end of 2021.

DLE as a "bolt-on technology" to existing brine flow operations:

Smackover Formation, Arkansas Alberta oilfield brines

(Standard Lithium/LAXNESS)

Add-on to existing extraction of bromine from warm oil field brines Fiberglass tanks, PVC pipes 590,000 tons Li under 150,000 acres

Target production is 13,000 tpa Li

Clearwater Project (E3 Metals Corp) 1,300,000 tons Li Target 25,000 tpa Li E3MC (2021)

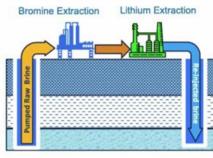


Smackover and Alberta projects are already surrounded by existing oil field and chemical processing infrastructure as well as a skilled workforce population.

A Sustainable Solution LiSTR

Direct Lithium Extraction

- · Selectively extracts lithium ions from raw brine (no pre-concentration)
- · Flexible Bolt-on process to existing brine operations waste stream
- More efficient Li >90% recovery vs <50% with evaporation ponds
- · Not weather dependent
- Faster Li recovery in hours not months
- · Minimal environmental footprint dozens of acres compared to thousands
- · Higher purity final product









Lithium Valley Commission March 25, 2021 Meeting BHE Renewables Update

Jonathan Weisgall
Vice President, Government Relations
Berkshire Hathaway Energy

CalEnergy Geothermal Plants Imperial Valley





CalEnergy 50 MW Elmore Facility





Status and Timelines



California Energy Commission grant May 2020

- \$6 million: demonstration project to recover lithium from geothermal brine
- Match with at least \$4 million of corporate funds
- Groundbreaking April 2021
- Goal to be in service January 2022

Department of Energy grant January 2021

- \$14.9 million: (1) demonstration project to convert lithium chloride into battery-grade lithium hydroxide; (2) fund engineering for full-scale commercial operations
- Match with \$14.9 million of corporate funds
- Sign contract spring 2021
- Goal to be in service fall 2022

Hard Rock Mining (Western Australia)





Photo credit: FollowCN

Hard Rock Mining (Western Australia)





Photo credit: John Banagan

Lithium Brine Pools in Atacama Desert, Chile





Photo credit: Matjaż Krivic

Lithium Brine Pools in Atacama Desert, Chile





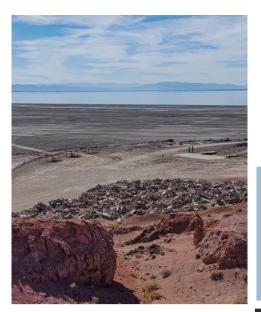
Photo credit: Reuters





The POWER of California's





Lithium Valley

4,000+ Jobs





Reliable
Clean Energy













New Lithium Economy



Hell's Kitchen Lithium and Power

- Located in the largest known geothermal resource in the world.
- The Salton Sea Geothermal Field in Imperial Valley, California represents a proven and defined geothermal power and mineralized brine resource.



Project Snapshot

Hell's Kitchen Power – Stage 1: 2023
49.9 megawatts

Hell's Kitchen Lithium – Stage 1: 2023/2024
20,000tpa LCE

Future stages developed to meet market demands

Total Hell's Kitchen Lithium capacity: ~300,000 tonnes LCE per annum

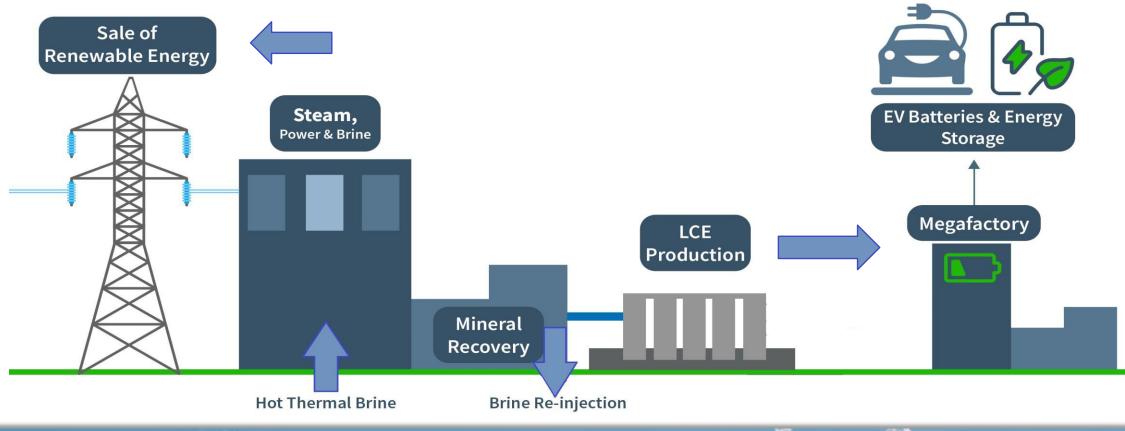
Total Hell's Kitchen Power capacity: ~1,100 megawatts

Geothermal operations have operated in this field for over 35 years

Additional mineral resources include potassium, zinc, manganese, iron and rubidium



The power to re-imagine and evolve



A sustainable process, eliminating high impact mining.

GEOTHERMAL BRINE LITHIUM



SALARS (EVAPORATION PONDS)



- + Small physical footprint
- + No open-pit mining
- + No evaporation ponds
- + Powered by renewable energy
- + Ideal for OEM sustainability

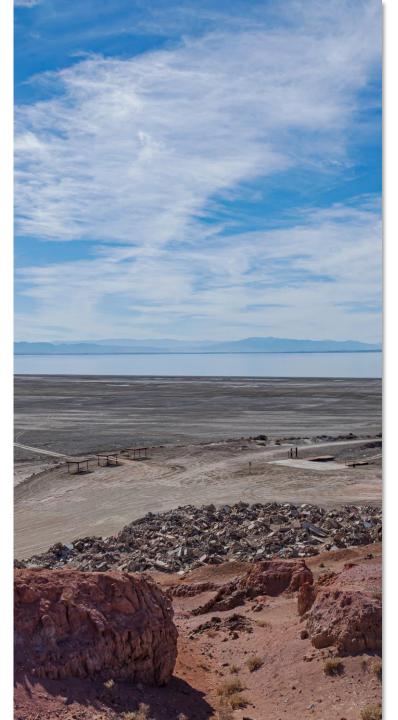
- Large physical footprint
- Requires evaporation ponds
- Residual salt waste can be toxic
- Large amounts of water lost
- Longer production lead times

OPEN PIT MINING (SPODUMENE / CLAYS)



- Large physical footprint
- Permanent environmental effects
- Large amounts of tailings
- Generally processed overseas
- Longer production lead times





Key benefits

- Creates new union project and construction jobs and ancillary jobs for the California economic recovery from the COVID-19 State of Emergency
- Develops Critical U.S. Energy Infrastructure
- Provides Critical U.S. Minerals
- Dust abatement in an area designated as an Imperial County State of Emergency

1,980 Project Jobs + 2,500 Ancillary Jobs*

















^{*}Source: Imperial Valley Economic Development Corporation – Hell's Kitchen Lithium and Power Project: Economic Impact Analysis (Total Capacity)

Hell's Kitchen Development Timeline

2016 2017 2017 2017 2020 2021 2022 2023 2024 2025+

Site Control and Development – COMPLETED:

- Large geothermal leasehold secured including all minerals rights
- Seismic Survey and Geophysical Model
- 43-101 Preliminary Economic Assessment with Hatch
- Interconnection Studies and Queue Position
- Delineation Drilling Permits
- Secured grants from California Energy Commission for mineral extraction

Power Purchase Agreement signed with IID

Power 1 and Lithium 1A Construction

Power 1 and Lithium 1
Operations

Future Expansion



CHALLENGES



Hell's Kitchen Lithium and Power Site

- Investment in large scale mining projects is challenging due to the length of time for permitting and approvals.
- California's complex requirements can create challenges to project timelines, cost efficiencies and future development.
- Incentives to attract manufacturing (which creates thousands of jobs) is highly competitive in other states.
- There is no standardized mechanism for companies to contribute to the Salton Sea mitigation efforts.

SOLUTIONS



- Activate federal support to streamline permitting at the administrative level, including potentially declaring Lithium Valley as "high priority" or "major infrastructure projects."
- Expand Environmental Leadership Projects to include geothermal power, enabling CEQA streamlining.
- Establish a Lithium Valley "Opportunity" or "Enterprise" zone and actively support Bills – AB 1397 and AB 1161
- Encourage State and Federal support to incentivize the development of cathode and battery manufacturing to create the world's first Clean Energy & Auto Hub.





CTR is committed to creating a thriving, safe and sustainable future for generations to come.

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Forward looking statements:

Some statements in this presentation contain forward-looking information. These statements address future events and conditions and, as such, involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the statements. Such factors include without limitation the completion of planned expenditures, the ability to complete development programs on schedule and the success of development programs.





Panel Discussion

- Michael McKibben, UC Riverside
- Jonathan M. Weisgall, Berkshire Hathaway Energy (BHE)
- Rod Colwell, Controlled Thermal Resources (CTR)



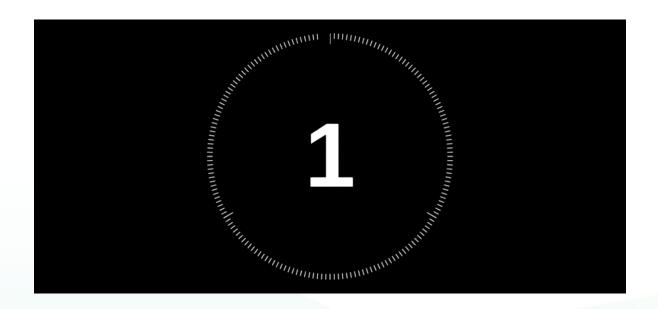
Public Comment

Comment Instructions:

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By computer: use the "raise hand" feature in Zoom

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Media and Legislation Updates



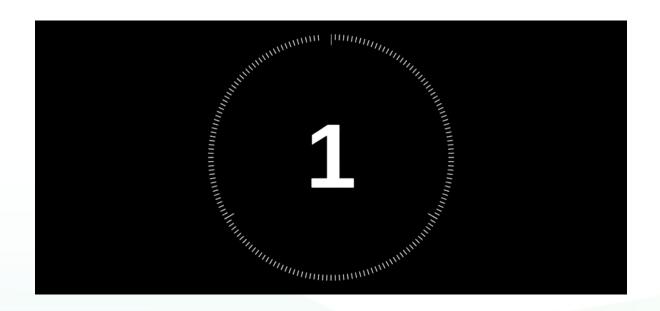
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Future Meetings Discussion

- Determination of:
 - Agenda Topics
 - Speakers
 - Presentations



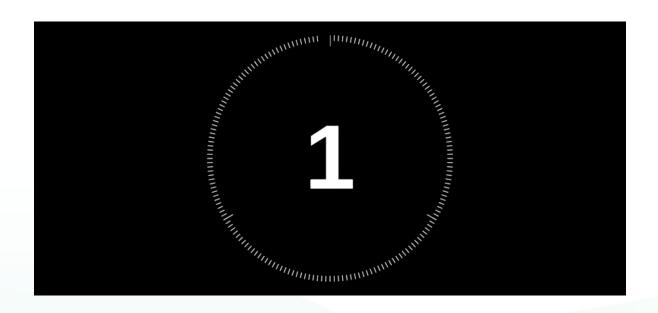
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Webpage: https://www.energy.ca.gov/data-reports/california-power-generation-and-power-gen

List Serv: Lithium Valley Commission

Thank you!

<u>LithiumValleyCommission@energy.ca.gov</u>



Break

LithiumValleyCommission@energy.ca.gov