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Revised Proposed Condensed Recommendations for Discussion on November 17, 2022

Modified to Reflect Commissioner’s Feedback and Public Comment

Table A – Revised Proposed Condensed Recommendations for Consideration

Number	Topics	Initial Posted Proposed Condensed Recommendation (Posted October 28, 2022, Discussed October 31, 2022)	Modification Proposed for Consideration on November 17, 2022
Permitting			
1.	<ul style="list-style-type: none"> • Market Opportunities • Legislative or Regulatory Changes 	(State and Local Agency) Establish a Lithium Valley priority permitting process that includes additional agency support for projects identified as essential to the growth of Lithium Valley.	(State and Local Agency) Establish a Lithium Valley Lithium Valley priority permitting process that includes additional resources for agency support action on applications for geothermal, DLE, and related manufacture, production, or assembly projects identified by the state as essential to the development and growth of Lithium Valley.
Transmission Planning and Investment			
2.	<ul style="list-style-type: none"> • Geothermal Power/Lithium Recovery • Potential Benefits re: Geothermal Facilities /Grid Stability 	(State Agencies) Accelerate state planning for investment and upgrades in transmission for geothermal power plants in Imperial Valley to be online in 2024 and over the next decade.	No Change.
Economic Development and Incentivizing Investment			
3.	[See Table B for Revised Proposed Condensed Recommendations Identified for Additional Discussion]		
4.	<ul style="list-style-type: none"> • Potential Economic Impacts • Opportunities for Incentives/ Investments • Community 	(Regional Competitiveness) Identify a regional planning area and investment zone, not limited by traditional city or county boundaries, but instead reflecting the region across counties that have similar or integrated economic activity. Require that state programs recognize this region to support competitive participation in state and federal funding programs.	Removed; Consolidated into Item 3
5.	<ul style="list-style-type: none"> • Potential Economic Impacts • Opportunities for Incentives/ Investments 	(Investment)To stimulate investment, development, and innovation, consider indexing the volume-based extraction tax to market prices.	(Investment) As currently required pursuant to SB 125 (Committee on Budget and Fiscal Review, Chapter 63, Statutes of 2022), a study on the lithium excise tax is due December 31, 2023. To alleviate uncertainty for industry and the community, we recommend that the SB 125 tax mechanism study be completed by June 30, 2023. [Colwell Recommendation]
6.	<ul style="list-style-type: none"> • Market Opportunities • Opportunities for Incentives/ Investments • Overcoming Technical and Economic Challenges 	(Investment) Leverage existing support for research and development, start-up companies, and expansion of lithium battery and battery component manufacturing and recycling, especially cathode production using lithium produced through environmentally preferable methods.	(Investment) The State should increase its Leverage-existing-funding support for research and development, start-up companies, and expansion of lithium battery and battery component manufacturing and recycling, especially cathode production using lithium produced through environmentally preferable methods.

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7.	<ul style="list-style-type: none"> Overcoming Technical and Economic Challenges Market Opportunities Potential Economic Impacts 	(Supply Chain) Foster collaboration across the supply chain of lithium related technologies by creating networks, meetings, and other forums that regularly bring business, research, Tribes, communities, and government agencies together to identify short- and long-term economic opportunities.	(Supply Chain)- Federal, state, and local governments should Foster collaboration across the supply chain of lithium related technologies by creating networks, meetings, and other forums that regularly bring business, research, Tribes, communities, and government agencies together to identify short- and long-term economic opportunities.
8.	<ul style="list-style-type: none"> Opportunities for Incentives/ Investments Market Opportunities Community 	(Imperial County) Establish a business service center in Imperial County to facilitate access to business development incentive programs to benefit residents of disadvantaged communities, small businesses, and entrepreneurs.	(State and Imperial County) <u>The State and County should e</u> Establish a business service center in Imperial County to facilitate access to business development incentive programs to benefit residents of disadvantaged communities, <u>Tribal members</u> , small businesses, and entrepreneurs.
Circular Economy and Environmentally Sound Sourcing			
9.	<ul style="list-style-type: none"> Market Opportunities Opportunities for Incentives/ Investments Potential Economic Impacts 	(State Agency) Support development of a circular lithium economy based in California, with environmentally responsible sourcing of raw materials, requirements for product design that support recovery, reuse and recycling of materials, and development of effective recovery infrastructure, built with the assistance of public-private coalitions and effective community engagement.	(State Agency) Support development of a circular lithium economy based in California, with environmentally responsible sourcing of raw materials, <u>life cycle analysis</u> , requirements for product design that support recovery, reuse and recycling of materials, and development of effective recovery infrastructure, built with the assistance of public-private coalitions and effective community engagement.
State Agency Initiatives and Programs			
10.	<ul style="list-style-type: none"> Community Safe Environmental Methods and Standards Environmental Impact 	(Eastern Riverside County) Fund, from sources other than Imperial County, a health impact study to be carried out by an academic institution or public agency relating to increased development in the Salton Sea KGRA of geothermal power plants and DLE facilities and related, processing, production, and related manufacturing activities.	<u>The State should</u> (Eastern Riverside County)-Fund, from sources other than Imperial County, a health impact analysis (e.g. assessment or study) for Eastern Coachella Valley to be carried out by an academic institution or public agency relating to increased development in the Salton Sea KGRA of geothermal power plants and DLE facilities and related, processing, production, and related manufacturing activities.
11.	<ul style="list-style-type: none"> Opportunities for Incentives/ Investments Market Opportunities Overcoming Technical and Economic Challenges 	(Local and State Agencies) Provide resources for local and state agencies to proactively seek and leverage existing federal funding opportunities to invest in infrastructure in the Salton Sea region, including funding made available through the Infrastructure Investment and Jobs Act of 2021 (H.R. 3684) and the Inflation Reduction Act of 2022 (H.R. 5376).	(Local and State Agencies) Provide resources for local and state agencies <u>and Tribes</u> -to proactively seek and leverage existing federal funding opportunities to invest in infrastructure in the Salton Sea region, including funding made available through the Infrastructure Investment and Jobs Act of 2021 (H.R. 3684) and the Inflation Reduction Act of 2022 (H.R. 5376).
12.	[See Table B for Revised Proposed Condensed Recommendations Identified for Additional Discussion]		
Potential Environmental Impacts			
13.	[See Table B for Revised Proposed Condensed Recommendations Identified for Additional Discussion]		
14.	[See Table B for Revised Proposed Condensed Recommendations Identified for Additional Discussion]		

Number	Topics	Initial Posted Proposed Condensed Recommendation (Posted October 28, 2022, Discussed October 31, 2022)	Modification Proposed for Consideration on November 17, 2022
Workforce Development			
15.	[See Table B for Revised Proposed Condensed Recommendations Identified for Additional Discussion]		
16.	<ul style="list-style-type: none"> Potential Economic Impacts Community 	(School Districts and Trade Schools) Invest in creation of curriculum, courses, and certification programs in science, technology, engineering, and mathematics (STEM) at local schools and colleges to advance critical knowledge and skills across all grade levels.	(School Districts and Trade Schools) <u>The State should invest in fund, and the industry should inform, the</u> creation of curriculum, courses, and certification programs in science, technology, engineering, and mathematics (STEM) at local schools and colleges to advance critical knowledge and skills across all grade levels, <u>with a focus on the infrastructure and communities closest to geothermal powerplants and DLE facilities.</u>
Community Benefits and Safety			
17.	<ul style="list-style-type: none"> Potential Economic and Environmental Impacts Community 	(Imperial and Riverside Counties) Invest in repairs, improvements to critical infrastructure and housing needed to support the success of lithium recovery, lithium processing, and lithium-dependent product manufacturing and recycling in the Salton Sea region, with a focus on the infrastructure and communities closest to geothermal powerplants and DLE facilities. Investment decisions should consider community priorities and include opportunities for participatory budgeting that includes public process and community involvement.	(Imperial and Riverside Counties) <u>Federal, state, and local government should -i</u> invest in repairs, improvements to critical infrastructure and housing needed to support the success of lithium recovery, lithium processing, and lithium-dependent product manufacturing and recycling in the Salton Sea region, with a focus on the infrastructure and communities closest to geothermal powerplants and DLE facilities. Investment decisions should consider community and <u>Tribal</u> priorities and include opportunities for participatory budgeting that includes public process and community <u>and Tribal</u> involvement.
18.	[See Table B for Revised Proposed Condensed Recommendations Identified for Additional Discussion]		
19.	<ul style="list-style-type: none"> Community Safe Environmental Methods and Standards 	(CEQA Lead Agencies) Make information available and provide education to residents and affected businesses and service providers regarding the materials and processes used in DLE and lithium processing facilities, the final and intermediate products created, and any waste streams that must be managed.	Consolidated with 21
Outreach and Engagement			
20.	<ul style="list-style-type: none"> Community Tribal Potential Economic Impacts 	(Tribes and Communities) Provide capacity building funds, such as grants, and other resources (e.g., childcare for parents to attend meetings) for Tribes and community members to engage with federal, state and local permitting agencies.	No Change
21.	<ul style="list-style-type: none"> Community Tribal Legislative or Regulatory Changes 	(Local and State Agencies) Establish standards for state and local permitting agencies to provide communities and Tribes with plain language written communications about geothermal power plant and DLE facility applications, the permitting processes to review the application, and post-approval monitoring and enforcement <u>Text of Recommendation #19</u> (CEQA Lead Agencies) Make information available and provide education to residents and affected businesses and service providers regarding the materials and processes used in DLE and lithium processing facilities, the final and intermediate products created, and any waste streams that must be managed.	(Local and State Agencies) Establish standards for state and local permitting agencies to provide communities and Tribes with plain language written communications about geothermal power plant and DLE facility applications, the permitting processes to review the application, and post-approval monitoring and enforcement. <u>Information provided should also include education about the materials and processes used in DLE and lithium processing facilities, the final and intermediate products created, and any waste streams that must be managed.</u>

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22.	<ul style="list-style-type: none"> • Legislative or Regulatory Changes • Community • Tribal 	(CEQA Lead Agencies) Develop best practice guidance for lead agencies when initiating communications and consultation with Tribes (e.g., making multiple attempts through different methods, such as mail, email, telephone); providing reasonable time for Tribal governments to evaluate written materials; and, recognizing the specific cultural, historical, public health, and ecological context of the Salton Sea region.	No Change
23.	<ul style="list-style-type: none"> • Potential Economic Impacts 	(Local Agencies) Engage a local coalition of public agencies and residents to identify whether additional actions are needed to protect public health and safety as well as improvements needed to attract new, sustainable business development and economic activity.	Consolidated into 18; [See Table B for Revised Proposed Condensed Recommendations Identified for Additional Discussion]

For Consideration by the Blue Ribbon Commission on Lithium Extraction in California
List of Revised Proposed Condensed Recommendations for Discussion

Table B – Revised Proposed Condensed Recommendations for Discussion

Number	Topics	Initial Posted Proposed Condensed Recommendation (Posted October 28, 2022, Discussed October 31, 2022)	Proposed for Consideration on November 17, 2022
Economic Development and Incentivizing Investment			
3	<ul style="list-style-type: none"> Opportunities for Incentives/ Investments 	<p>(Economic Development Zone) Establish a regional economic zone centered on public-private partnerships.</p> <p><u>Text of Recommendation 4</u> (Regional Competitiveness) Identify a regional planning area and investment zone, not limited by traditional city or county boundaries, but instead reflecting the region across counties that have similar or integrated economic activity. Require that state programs recognize this region to support competitive participation in state and federal funding programs.</p>	<p><u>New Text</u> <u>(Economic Development Zone) Establish the Southeast California Economic Zone, which includes Imperial County and Eastern Coachella and Palo Verde Valleys. This regional economic zone should be recognized as eligible to compete with other regions for state and federal funding.</u></p> <p><u>The goals of the regional economic zone should include key concepts from the Community Economic Resilience Fund program, such as balanced representation from labor, business, community, government, Tribes and other stakeholders; with a priority of investment in the communities closest to geothermal powerplants and DLE facilities. Incentives should be provided for direct DLE development, and indirect development, and include incentives for benefits for childcare, research and development, and construction and non-construction apprenticeships.</u></p> <p><u>Option 1:</u> <u>Elements of the zone might include tariff relief and tax credits for corporate investments, credits for education investment in local workforce and childcare, with benefits tied to community benefit agreements, project labor and maintenance agreements, and state-certified apprenticeship opportunities, and Tribal consultation.</u></p> <p><u>Option 2</u> <u>Elements of the zone might include the following:</u></p> <ul style="list-style-type: none"> <u>Special Economic Zone. Tariff relief for Foreign Direct Investment in the zone (component and technology imports for finished goods manufacturing in the zone). Reducing tariff costs for importing component parts for at least 5 years will allow time to domestically source or create component source in the United States)</u> <u>Corporate Tax Relief. Reduce the Federal and State Corporate Tax rate for development within the zone to at least 10 years.</u> <u>Education Incentives – In-State Tuition for Employees. Provide employees and household members of Development Zone Companies, in-state tuition without residency time requirement for a term of 10 years. Employees must live and work in the zone.</u> <u>Enterprise Project. Provide Employment sales tax credit of \$5,000 per Full-Time Equivalency per year for capital projects greater than \$150,000,000 for with a maximum number of 500 FTE, per corporate applicant for a term of 10 years.</u>

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State Agency Initiatives and Programs			
12	<ul style="list-style-type: none"> • Overcoming Technical and Economic Challenges • Legislative or Regulatory Changes • Market Opportunities • Safe Environmental Methods and Standards • Community 	<p>(State Agency) Establish a centralized permit and regulatory reporting tracking system for California projects that extract lithium from geothermal brine and lithium-related projects, such as lithium battery component manufacturing and recycling. Identify and authorize the most appropriate state agency(ies) to establish and oversee a program requiring that entities recovering and producing lithium in California report the operations of their facilities across a set of metrics, such as water use, emissions, waste produced and managed, and make the information accessible to and understandable by members of the public.</p>	<p>For Reference and Discussion. AB 1657 requires the Blue Ribbon Commission to review, investigate, and analyze certain issues, including Public Resources Code 25232(d)(8): Recommendations for legislative or regulatory changes that may be needed to encourage lithium extraction from geothermal brines, including <i>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.</i></p> <p><u>Questions the Commission may wish to consider</u></p> <ol style="list-style-type: none"> 1. Would a centralized tracking system for permitting assist with the development of the lithium industry? 2. Would it be helpful for the centralized tracking system to take the form of an online platform to gather and share information about lithium-related projects for stakeholders beyond the lithium industry? 3. Is an interagency task force needed to coordinate the development of a regulatory reporting centralized tracking system?
Potential Environmental Impacts			
13	<ul style="list-style-type: none"> • Potential Environmental Impacts • Safe Environmental Methods and Standards • Community • Tribal 	<p>(State Agency or Academia) Require and fund a study on whether increased geothermal development and DLE – and anticipated related development – would result in cumulative environmental impacts beyond those addressed in project level environmental review and, if so, include recommendations to avoid, reduce, or minimize those impacts.</p>	<p>(State Agency or Academia) Require and fund a study on whether increased geothermal development and DLE – and anticipated related development – would result in cumulative seismic and environmental impacts beyond those addressed in project level environmental review and the anticipated programmatic EIR established by Imperial County. The study should and, if so, include recommendations to avoid, reduce, or minimize potential those impacts, and consider advance mitigation efforts.</p>
14	<ul style="list-style-type: none"> • Potential Environmental Impacts • Safe Environmental Methods and Standards 	<p>(State Agency, Academia, or IID) Require and fund a water study of projected cumulative infrastructure development of geothermal power plants and DLE facilities and related water use, sources, and availability.</p>	No Change

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Workforce Development			
15	<ul style="list-style-type: none"> Potential Economic Impacts Community 	(State Agency) Require or establish incentives for developers to enter into, and continue entering into, project labor agreements, implement High Road principles, and prioritize local hiring.	(State Agency) Require or Establish incentives for developers to enter into, and continue entering into, project labor agreements, establish workforce training and development strategies , implement High Road principles, and prioritize local hiring.
Community Benefits and Safety			
18	<ul style="list-style-type: none"> Community Safe Environmental Methods and Standards 	<p>(Local Agencies) Require and provide funds for the formation of a community advisory council to provide input and guidance on community priorities such as community benefits agreements, actions to protect public health and safety, and infrastructure improvements.</p> <p><u>TEXT FROM 23</u></p> <p>(Local Agencies) Engage a local coalition of public agencies and residents to identify whether additional actions are needed to protect public health and safety as well as improvements needed to attract new, sustainable business development and economic activity.</p>	<p><u>Track Changes</u></p> <p>(Local Agencies) The State should Require and provide funds, from sources other than the Lithium Extraction Excise tax and funds allocated to Imperial County in the state's FY 22-23 Budget, -for the formation of an community advisory council to provide input and guidance to the State, Imperial County and Lead Agencies and guidance on community and Tribal priorities. Such guidance could include discussion of community benefit and labor agreements, actions to protect public health, and safety, Tribal cultural concerns, and infrastructure improvements. (Local Agencies) Engage a local coalition of public agencies and residents to The advisory council could also work to identify whether additional actions are needed to protect public health and safety as well as improvements needed to attract new, sustainable business development and economic activity.</p> <p><u>Clean</u></p> <p>The State should provide funds, from sources other than the Lithium Extraction Excise tax and funds allocated to Imperial County in the state's FY 22-23 Budget, for the formation of an advisory council to provide input and guidance to the State, Imperial County and Lead Agencies on community and Tribal priorities. Such guidance could include discussion of community benefit and labor agreements, actions to protect public health, safety, Tribal cultural concerns, and infrastructure improvements. The advisory council could also work to identify whether additional actions are needed to attract new, sustainable business development and economic activity.</p>