

ENVIRONMENT

# Lithium Valley: Imperial County big winner in California budget revision



**Janet Wilson** Palm Springs Desert Sun

Published 10:16 a.m. PT May 13, 2022 | Updated 1:11 p.m. PT May 13, 2022

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**Drilling for lithium and geothermal has begun at the Salton Sea in an area known for geothermal energy production near Niland, Calif., on Nov. 3, 2021. Jay Calderon/The Desert Sun**

California Gov. Gavin Newsom wants to add up to \$400 million to the 2022-23 budget to accelerate development of a potential huge global supply of lithium and clean energy at the south end of the Salton Sea, and developers there could have access to \$1 billion more in "green energy" tax credits in coming years.

The multi-pronged package would fund a new Brawley college campus, aid county and private planning with grants and tax incentives, construct large new transmission lines from the Salton Sea area across the Imperial and Coachella valleys, and could create a permanent lithium production fee, with most going to local coffers. It also includes proposals to streamline geothermal permitting in "Lithium Valley," a major development zone in Imperial County.

“Lithium Valley represents an extraordinary economic opportunity for the Imperial Valley and all of California, with the potential to power the transition to clean energy and zero-emission vehicles nationwide — and beyond,” Newsom said. “We’re doubling down on our progress with new investments to develop Lithium Valley while keeping our values of inclusive, green growth and sustainability front and center to ensure communities in the region share in the benefits.”

The proposals are part of major revisions to Newsom's proposed 2022-23 budget announced Friday morning, and will need to survive jockeying by legislators and interest groups across the state seeking more funds for their areas, too. The final budget must be approved by the legislature by June, where Senate leaders in late April identified an additional potential \$68 billion in revenue, largely from wealthy taxpayers. Newsom said Friday the operating surplus was closer to \$100 billion.

Still, elected area representatives said the governor's proposals are a welcome, huge step for a historically ignored portion of the state, which has among the highest unemployment rates and lowest average incomes in California, and where many suffer high asthma rates and other pollutant-related illnesses. Imperial County had 12.3% unemployment in March 2022, three times the statewide rate of 4.2%.

## "Really good news"

"There's good news, really good news," said Assemblyman Eduardo Garcia, D-Coachella. "Because we have the support of the governor to address the inequities of decades-long impacts in a region like eastern Riverside County, and in this case, Imperial County. And now we have an amazing opportunity in front of us."

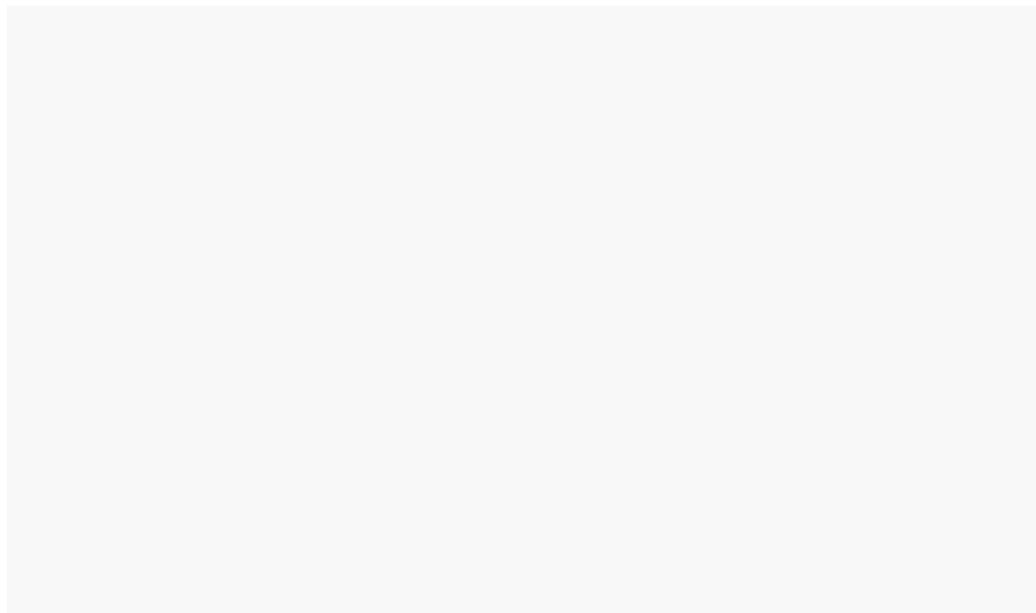
But he added, "we're going have to work really hard to garner the support of our colleagues in the legislature. You know, we have 80 assemblymembers and 40 senators who all want to see this type of investment in their corners of the state. So we're going to have to make our case, and demonstrate how this ties into the overall well-being of California's economy, California's environment, our nation's security, and more importantly, doing right by the people of eastern Riverside County and Imperial County."

An estimated \$80 million is earmarked for a new Brawley expansion of San Diego State University specializing in STEM majors like mining, geology, engineering, construction and related workforce education. The package also calls for a new fee per ton of lithium produced, with 80% of the revenues going to Imperial County and 20% to state coffers to help restore the badly drying Salton Sea.

Garcia, who was briefed on the details and pushed for the requested funds, said another \$150 million to \$200 million could be allocated to build large transmission lines to carry geothermal steam power and renewable energy across Imperial County and the Coachella Valley, as part of a larger statewide energy plan. The budget revision requests up to \$250 million for clean energy projects, with

priority given to transmission lines from Salton Sea projects that also have private and U.S. Dept. of Energy backing.

Other measures include \$45 million in possibly forgivable loans or sales and use tax exclusions for lithium research and development. Another \$5 million would go toward a request from Imperial County for help in completing a specific plan and sweeping environmental impact report for the lithium and geothermal development area.



County officials also have pushed for the legal authority to do a single, programmatic EIR for the entire zone, to speed up area development. Project categories included in the EIR would then only need simple building permits. But state Lithium Valley Commission Chair Silvia Paz and environmental justice advocates have pushed back, and Garcia said the county will not receive that authority in the budget along with the funds. Still, the commission on Thursday voted to approve a letter to Newsom and legislators endorsing the county's overall plan.

## **"Damn abused"**

And the county may have a powerful ally in Newsom, who on Friday said "green tape" blocking clean energy projects must be cleared. He sharply criticized abuse of the California Environmental Quality Act, or CEQA, which requires substantive and often time consuming project reviews.

"CEQA now is so damn abused," said Newsom at a news conference unveiling his budget additions. "We're as dumb as we want to be with these large scale projects, and the rules and requirements that we created are now working against us to address the issue of why they were created in the first place."

California-based lithium developers could also tap into a \$1 billion, four

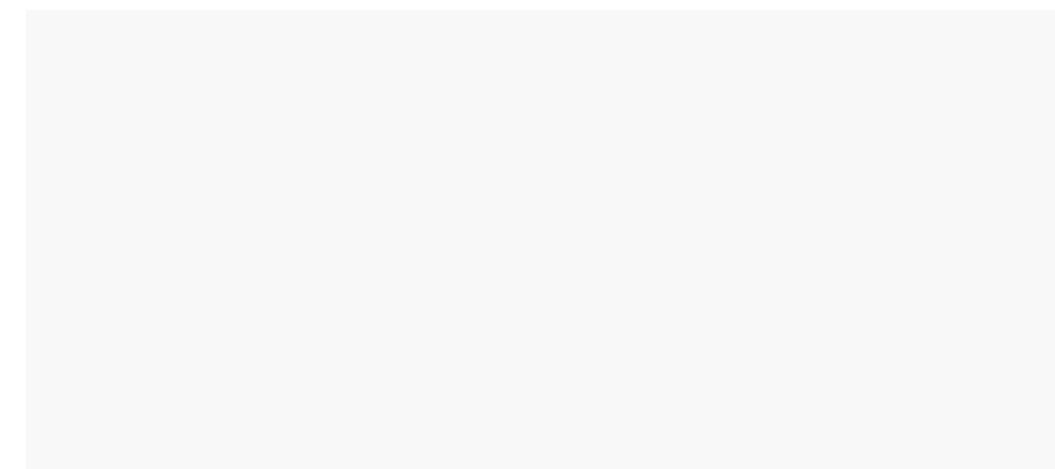
year "green tax credit" and Climate Innovation Grant program. Three companies are currently pushing to build lithium extraction and processing facilities to meet soaring demand for the lightweight mineral, which is used in electric vehicles, smart phones and power grid batteries.

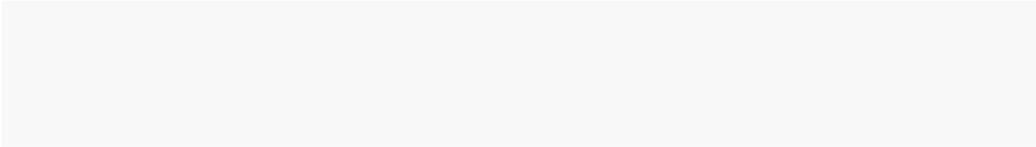
President Joe Biden and U.S. Energy Secretary Jennifer Granholm, along with Newsom, have in recent months promoted the little known portion of the state as a major potential provider of global and domestic lithium and clean energy supply. County leaders outlined a smorgasbord of needed funds and policies in a February lithium zone economic development plan, and on Friday, they got much of what they asked for.

**Controlled Thermal Resources aims to build a 7,000 acre lithium and geothermal power campus at the south end of the Salton Sea to meet soaring global clean energy demand *Courtesy Image***

Imperial County Board of Supervisors Vice Chairman Ryan Kelley, who has led the charge to rapidly ramp up lithium development, said when he spoke with Newsom a few months ago, and followed up with other senior officials, he sensed that after decades of being largely ignored by state officials, their time might have come.

"The state of California has been receptive to our call, and we're very pleased," he said. "We put out our plan in mid-February, and this May budget revise shows they are listening to us."





He agreed that winning legislative support was critical. "We cannot count our chickens before they're hatched. To the legislature and the lawmakers, I would just say the Imperial Valley plays a key role in the (clean energy and climate) policies that have been adopted by California over the past few decades ...,And these measures being included in the Governor's proposed May revise move Imperial County to the forefront of helping California meet those goals."

As for his reaction to Friday's announcement, he said, "Remember Christmas as a kid, and you kind of knew your parents might've gotten you the bike you wanted, and it was hidden out in the yard somewhere? And then you open the present on Christmas morning and you see that bike and you get to ride it? ... I would tell you this bike's got a lot of chrome on it."

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