

Date of Hearing: May 1, 2025

ASSEMBLY COMMITTEE ON NATURAL RESOURCES

Isaac G. Bryan, Chair

AB 1016 (Jeff Gonzalez) – As Amended April 24, 2025

SUBJECT: Power facility and site certifications: thermal powerplants: geothermal resources

SUMMARY: Authorizes the California Energy Commission (CEC) to exempt geothermal powerplants up to 150 megawatts (MW) from the powerplant certification chapter of the Warren-Alquist Act, and delegate land use and California Environmental Quality Act (CEQA) review to the county in which the project is located, as specified.

EXISTING LAW:

- 1) CEQA requires lead agencies with the principal responsibility for carrying out or approving a proposed project to prepare a negative declaration, mitigated negative declaration, or environmental impact report (EIR) for this action, unless the project is exempt from CEQA. (Public Resources Code (PRC) 21000 *et seq.*)
- 2) The Warren-Alquist Act grants the CEC exclusive authority to license thermal powerplants 50 MW and larger (including related facilities such as fuel supply lines, water pipelines and electric transmission lines that tie the plant to the grid). The CEC must consult with specified agencies, but the CEC may override any contrary state or local decision. The CEC process is a certified regulatory program (determined by the Resources Secretary to be the functional equivalent of CEQA), so the CEC is exempt from having to prepare an EIR. The certified program, however, does require environmental analysis of the project, including an analysis of alternatives and mitigation measures to minimize any significant adverse effect the project may have on the environment. (PRC 25500 *et seq.*)
- 3) Authorizes the CEC to exempt thermal powerplants with a generating capacity of up to 100 MW if the CEC finds that no substantial adverse impact on the environment or energy resources will result from the construction or operation of the proposed facility. (PRC 25541)
- 4) AB 205 (Budget Committee), Chapter 61, Statutes of 2022, authorizes additional facilities not subject to the CEC's thermal powerplant licensing process to "opt-in" to a CEC process for CEQA review until June 30, 2029, in lieu of review by the appropriate local lead agency. These opt-in permitting procedures apply to six categories of energy projects, including a stationary electrical generating powerplant using any source of thermal energy, with a generating capacity of 50 MW or more, excluding any powerplant that burns, uses, or relies on fossil or nuclear fuels;

AB 205 provides the CEC exclusive power to certify the site and related facilities, and provides that the CEC's approval preempts state, local, or regional authorities, except for the authority of the State Lands Commission to require leases and receive lease revenues, if applicable, or the authority of the California Coastal Commission, the San Francisco Bay Conservation and Development Commission, the State Water Resources Control Board, or the applicable regional water quality control boards. (PRC 25545 *et seq.*)

- 5) SB 149 (Caballero), Chapter 60, Statutes of 2023, establishes procedures for expedited administrative review (i.e., concurrent preparation) and judicial review (i.e., requiring the courts to resolve lawsuits within 270 days, to the extent feasible) for four categories of public and private “infrastructure” projects, including renewable energy generation (excluding resources that combust biomass fuels). (PRC 21189.80 *et seq.*)
- 6) AB 205 and SB 149 require eligible energy projects to be either “public work” or pay construction workers prevailing wages, as specified, and further require the use of a “skilled and trained” workforce, as defined, for all construction work. (PRC 25545.3.3 and 25545.3.5)
- 7) Defines “geothermal resources” as the natural heat of the earth, the energy, in whatever form, below the surface of the earth present in, resulting from, or created by, or which may be extracted from, such natural heat, and all minerals in solution or other products obtained from naturally heated fluids, brines, associated gases, and steam, in whatever form, found below the surface of the earth, but excluding oil, hydrocarbon gas or other hydrocarbon substances. (Government Code 6903)

THIS BILL:

- 1) Authorizes the CEC to exempt a geothermal powerplant, if all of the following criteria are met:
 - a) A person proposing a geothermal powerplant files an application, on or before June 30, 2029, for certification with the local governmental agency that has land use and related jurisdiction over the area in which the thermal powerplant is located.
 - b) The geothermal powerplant is located in a county that has an approved geothermal element, or a geothermal and renewable element, in the county’s general plan (e.g., Imperial and Siskiyou Counties).
 - c) The geothermal powerplant has a generating capacity of up to 150 MW, or modifications to a thermal powerplant that generates electricity using geothermal resources do not add capacity in excess of 150 MW.
 - d) The local governmental agency finds, after CEQA review, that no substantial adverse impact on the environment or energy resources will result from the construction or operation of the proposed facility or from the modifications to the thermal powerplant.
- 2) Requires, upon the CEC granting an exemption, the local governmental agency to be the lead agency to certify the site and related facility.
- 3) Declares that the bill does not modify the Public Utilities Commission’s jurisdiction for a facility that is proposed by a utility regulated by the Public Utilities Commission.
- 4) Sunsets January 1, 2030.

FISCAL EFFECT: Unknown

COMMENTS:

- 1) **Background.** Geothermal is a form of renewable energy defined as heat energy from the earth. Geothermal resources are reservoirs of hot water that are naturally occurring or are manufactured to operate at varying temperatures and depths below the earth's surface. Wells, ranging from a few feet to several miles deep, can be drilled into underground reservoirs to tap steam and hot water that can be brought to the surface for use in electricity generation, direct heating, and industrial processes. The United States is the world's largest producer of geothermal electricity and California has the highest geothermal capacity of all states. "The Geysers" geothermal steam field, located within Lake, Mendocino, and Sonoma Counties, contains 349 out of California's 563 high-temperature geothermal wells within the state. Imperial County (including the Salton Sea) houses 194 of these wells, and the remaining 20 are located in Lassen, Modoc, and Mono Counties. California has installed 2,627 MW of geothermal nameplate capacity—accounting for 72% of the total geothermal plant capacity in the United States.

The CEC has exclusive jurisdiction to review, and ultimately approve or deny, applications to construct and operate thermal powerplants that generate 50 MW or more. For projects that will generate more than 50 MW but less than 100 MW, the CEC may grant the proposed project an exemption from the CEC's exclusive jurisdiction whereby local permitting entities would obtain jurisdiction over the approval of the site and related facility. The CEC acts as the CEQA lead agency for these projects, and must find that a proposed project would not create a substantial adverse impact on the environment or on energy resources in order to approve the project or grant it a small powerplant exemption (SPPE).

Since the establishment of the SPPE process in the 1980s, the CEC has provided a total of 32 SPPEs, initially mostly for cogeneration projects associated with oil refineries, and more recently for data centers' backup power generation.

- 2) **Author's statement:**

AB 1016 represents a critical step forward in addressing California's clean energy goals while maintaining the integrity of environmental protections. This bill recognizes the importance of local expertise in the decision-making process, empowering local agencies to take an active role in permitting processes. By allowing communities to leverage their knowledge of local conditions, AB 1016 significantly reduces project delays, ensuring that clean energy projects can move forward in a timely manner.

In alignment with the state's ambitious clean energy goals, AB 1016 ensures that the transition to a clean energy future is both efficient and effective. The bill also upholds stringent environmental protections, ensuring that if development proceeds, it does so with a continued commitment to preserving California's environment. AB 1016 is designed to support economic development by creating opportunities for local jobs and workforce development. By reducing red tape and engaging local expertise, the bill helps to accelerate the deployment of clean energy technologies in ways that benefit all Californians, particularly those in disadvantaged communities.

Overall, AB 1016 is a forward-thinking piece of legislation that balances the need for swift action on clean energy with a commitment to environmental stewardship, and economic growth.

- 3) **Recent Imperial County geothermal projects at the CEC.** There are three proposed geothermal projects in CEC review now, all proposed by Berkshire Hathaway Energy (BHE) in the Salton Sea area. All three projects recently requested the CEC to suspend consideration of their applications amid reports that the projects have been unable to secure the long-term power purchase agreements necessary to finance, construct, and operate a powerplant.

According to the CEC:

- **Black Rock Geothermal Project:** The project is on 55 acres of a 160-acre parcel in unincorporated Imperial County and would have a net output of roughly 77 MW. Their application was filed on April 18, 2023. The CEC accepted the application as complete for purposes of starting the certification process on July 26, 2023. CEC staff published their Preliminary Staff Assessment (PSA) on July 11, 2024.
- **Elmore North Geothermal Project:** The project is on 51 acres of a 140-acre parcel in unincorporated Imperial County and would have a net output of roughly 140 MW. Their application was filed on April 18, 2023. The CEC accepted the application as complete for purposes of starting the certification process on July 26, 2023. CEC staff published their Preliminary Staff Assessment (PSA) on June 13, 2024.
- **Morton Bay Geothermal Project:** The project is on 63 acres of a 160-acre parcel in unincorporated Imperial County and would have a net output of roughly 140 MW. Their application was filed on April 18, 2023. The CEC accepted the application as complete for purposes of starting the certification process on July 26, 2023. CEC staff published their Preliminary Staff Assessment (PSA) on June 27, 2024.

On January 24, 2025, CEC staff filed a motion to extend the due dates for posting the Final Staff Assessments (FSA), as there was still outstanding critical data and information staff was waiting on to prepare and update its analysis for each of the proposed projects. On January 31, 2025, BHE filed a response that they didn't object to the request to extend the dates for the FSA.

On February 7, 2025, BHE filed a motion requesting orders suspending the CEC proceeding in each of the three proposed projects. BHE cited challenges related to procurement and offtake agreements, transmission interconnection studies, and permitting timelines as the primary bases for requesting suspension. On March 20, 2025, the CEC partially granted the joint motion to suspend the projects.

- 4) **Related legislation.** AB 531 (Rogers) permits a geothermal powerplant or a geothermal field development project under 50 MW to opt in to the AB 205 process for expedited CEQA review at the CEC. AB 531 passed this committee on April 21 by a vote of 14-0 and is pending in the Appropriations Committee.
- 5) **Double referral.** This bill was heard in the Utilities and Energy Committee on April 23 and passed by a vote of 15-0.

REGISTERED SUPPORT / OPPOSITION:

Support

County of Imperial (sponsor)
Geothermal Rising
Hudson Ranch Power 1
Imperial Irrigation District
Imperial Valley Economic Development Corporation
Imperial Valley Regional Chamber of Commerce
Independent Energy Producers Association
Ormat Technologies
Rural County Representatives of California
XGS Energy

Opposition

California-Nevada Conference of Operating Engineers
California State Association of Electrical Workers
California State Council of Laborers
Coalition of California Utility Employees
District Council of Iron Workers of the State of California and Vicinity
International Brotherhood of Boilermakers
State Building and Construction Trades Council

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