



OFFICE OF THE GOVERNOR

OCT 06 2025

To the Members of the California State Assembly:

I am returning Assembly Bill 527 without my signature.

This bill would create a California Environmental Quality Act (CEQA) exemption through 2030 for qualifying geothermal exploratory projects when a county or the Department of Conservation's California Geologic Energy Management Division (Division) is the lead agency, if those projects meet specified requirements.

This bill also would require the Division to combine new regulations for "enhanced geothermal systems" (EGS) wells with a current geothermal rulemaking by January 1, 2029, and, until those regulations are in effect, operators would be required to provide specified technical information when filing a drilling Notice of Intention for EGS wells in CEQA-exempt projects.

In addition to delaying much-needed regulations that are already in process, the Division would need to substantially increase fees on geothermal operators to implement the new requirements imposed by the bill. While I support the expansion of the geothermal energy industry in California as a much-needed source of baseload clean power, the increased fees caused by this bill could disincentivize geothermal development in California beyond any incentive provided by a CEQA exemption for one part of a project's permitting process.

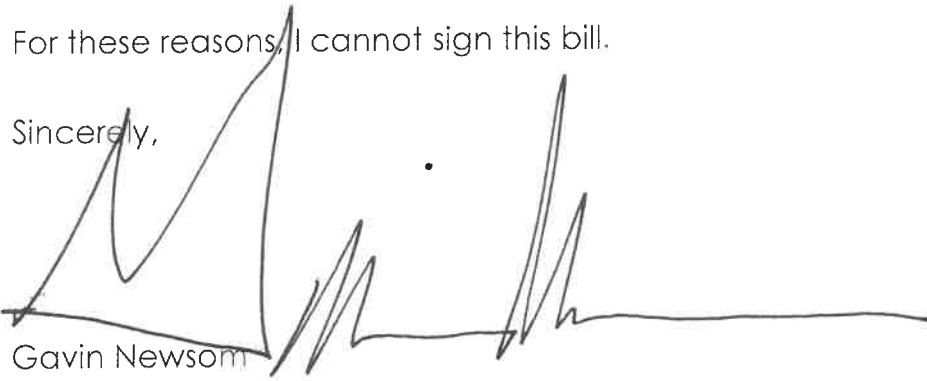
Additionally, I signed Assembly Bill 1359 (Papan) last year, which made a series of targeted reforms to the review and approval of geothermal exploration



projects. It is prudent that we understand the effects of these changes before granting wholesale CEQA exemptions with costly and complicated conditions.

For these reasons, I cannot sign this bill.

Sincerely,

A handwritten signature in dark ink, appearing to be "Gavin Newsom", written over a horizontal line. The signature is stylized with several sharp, upward-pointing strokes.

Gavin Newsom