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California State Senate

SENATOR
DAVE MIN

THIRTY-SEVENTH SENATE DISTRICT



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December 27, 2022

Farrah N. Khan, Mayor
City of Irvine
1 Civic Center Plaza
Irvine, CA 92606

Dear Mayor Khan:

As the State Senator representing California's 37th Senate District, which encompasses the City of Irvine, I write to you to try to better understand the potential financial liability faced by the City from its involvement with the Orange County Power Authority (OCPA). Specifically, I am seeking estimates of the City's potential financial losses that may result if the City withdraws from OCPA or if OCPA terminates its operations, or any other information that might be helpful in this regard.

As you know, the City of Irvine played a critical role in the formation of OCPA, a Joint Powers Authority (JPA) established in partnership with the cities of Buena Park, Fullerton, Huntington Beach, and Lake Forest,¹ and subsequently joined by Orange County on behalf of its unincorporated areas. The OCPA was created with the intent of procuring electricity for the residents of those cities under the framework created by the 2002 passage of Assembly Bill (AB) 117, which authorizes local governmental entities, including JPAs, to supplant investor-owned utilities in procuring and providing electricity.² This framework, known as Community Choice Aggregation (CCA) or Community Choice Energy (CCE), is intended to provide consumers with an electrical utility option that uses higher levels of renewable energy and reduces greenhouse gas emissions.³ Not only was Irvine the most populous city that signed onto the OCPA, it was the only city that committed financial support to the OCPA to get it started, a total of roughly \$7.5 million to cover OCPA's startup costs.⁴

Community choice energy of the type that OCPA sought to establish has had a strong track record throughout the State of California, benefiting consumers and helping to move the state towards its zero-emissions goals. Unfortunately, since its inception, OCPA has faced serious questions about its transparency, its operations, and its ultimate purpose, culminating in an Orange County Grand Jury report that was released in June of this year⁵, as well as pending

¹ Lake Forest subsequently dropped out of the OCPA. See Orange County Grand Jury Report, *Orange County Power: Come Clean*, June 24, 2022.

² *Ibid.*

³ *Ibid.*

⁴ *Ibid.*

⁵ *Ibid.*

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audits from the City of Irvine, Orange County and the California Legislature's Joint Legislative Audit Committee. The Orange County Grand Jury report made some sharp criticisms of OCPA, including related to the inexperience and capabilities of its leadership team, its lack of financial transparency, and its misleading or contradictory messaging to consumers, among other things.

Last week, partially in response to the Orange County Grand Jury report, the Orange County Board of Supervisors voted to remove the County's unincorporated areas from OCPA⁶, and Huntington Beach City Council voted to direct its City Manager to present the City Council with different options for removing Huntington Beach from OCPA. These developments raise serious concerns about the solvency and viability of OCPA, which in turn raise concerns about the financial exposure that the City of Irvine and its taxpayers face if OCPA were to fail.

It is critical that our state and local leaders work together, and I am glad that I have enjoyed a strong working relationship with your city. I kindly ask that you share with my office any information you may have prepared or received that would provide us with a better understanding of the potential financial liabilities that the City of Irvine may face if it leaves OCPA, or if OCPA terminates its operations.

Thank you for your hard work on behalf of your constituents and we look forward to working with you on this important issue. I thank you for your public service.

Sincerely,



DAVE MIN
Senator, 37th District

DM:jf

cc: Larry Agran, Irvine City Councilmember
Mike Carroll, Irvine City Councilmember
Tammy Kim, Irvine City Councilmember
Kathleen Treseder, Irvine City Councilmember
Oliver Chi, Irvine City Manager

⁶See Matt Szabo, *O.C. Supervisors Pull Out of Orange County Power Authority; Huntington Beach Could Be Next*, DAILY PILOT, Dec. 21, 2022.

⁷ *Ibid.*