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California State Senate

SENATOR
DAVE MIN

THIRTY-SEVENTH SENATE DISTRICT



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December 27, 2022

Tony Strickland, Mayor
City of Huntington Beach
2000 Main Street
Huntington Beach, CA 92648

Dear Mayor Strickland:

As the State Senator representing California's 37th Senate District, which covers parts of the City of Huntington Beach, 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, Huntington Beach played a critical role in the formation of OCPA, a Joint Powers Authority (JPA) established in partnership with the cities of Buena Park, Fullerton, Irvine, 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

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 year⁴, as well as pending 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,

¹ Lake Forest subsequently dropped out of the OCPA. See Orange County Grand Jury Report, *Orange County Power: Come Clean*, June 24, 2022, p. 4.

² *Ibid.*

³ *Ibid.*

⁴ *Ibid.*

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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 OCPA,⁵ and your City Council voted to direct the City Manager to research and present to the Council different options for removing Huntington Beach from OCPA.⁶ These developments, along with the estimated \$65 million in losses that the County of Orange may accrue from its withdrawal from OCPA, raise serious concerns about the financial risks that OCPA may pose to the City of Huntington Beach.

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 Huntington Beach 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: Gracey Van Der Mark, Huntington Beach Mayor Pro Tem
Rhonda Bolton, Huntington Beach City Councilmember
Pat Burns, Huntington Beach City Councilmember
Dan Kalmick, Huntington Beach City Councilmember
Casey McKeon, Huntington Beach City Councilmember
Natalie Moser, Huntington Beach City Councilmember
Al Zelinka, Huntington Beach City Manager

⁵See Matt Szabo, *O.C. Supervisors Pull Out of Orange County Power Authority; Huntington Beach Could Be Next*, DAILY PILOT, Dec. 21, 2022.

⁶ *Ibid.*