

**City of Huntington Beach city councilmember and
former OCPA board member Dan Kalmick
on OCPA's gaming its "meet or exceed" resource adequacy obligation**

<https://www.youtube.com/watch?v=Yc7aeH2WOqk>

Elapsed time 32:09 / 37:05

Everybody's doing that – right? So, EVERY power provider is providing 15% above what they have for **local** resource adequacy.¹ And the fine at the time when I was... I talked to PEA [Pacific Energy Advisors is OCPA's power supply manager] as well, and the fine was cheaper than paying the \$80 million for [resource adequacy] power at the time. And so we took power from the main, the main pool, if you will.²



¹ Kalmick identifies "local" resource adequacy (RA) as the RA type that OCPA decided to forgo and pay the CPUC's fine. There are three RA categories: (i) **local**, which is based upon CAISO extreme weather year (referred to as a "1-in-10 weather year") and also "N-1-1 contingencies", (ii) **flexible**, which looks at CAISO data and focuses on largest 3-hour ramp for each month), and (iii) **system**, which is an LSE's (OCA, SCE, etc) forecast + 15% margin. **Kalmick's reference to "15%" and to "local" conflates system RA with local RA.**

For clarity, OCPA filed a waiver request of its *year-ahead local* RA obligation on November 1, 2021 (five months before its business launch) and received a partial waiver of its **local** RA obligation on January 31, 2022 (two months before its business launch). OCPA was then fined by the CPUC \$1,962,845.20, per Citation No. E-4195-0116 on April 20, 2022 (three weeks after its business launch). OCPA was subsequently fined an additional \$415,406.40 on September 16, 2022 for inadequate *month-ahead local* RA, and \$147,408.00 on April 24, 2023 for inadequate *year-ahead* RA obligation. OCPA's total fines = \$2,525,659.60.

² The "main pool" refers to the aggregated energy provided by other (responsible) load serving entities (SCE, SDGE, etc). **Thus, OCPA disregards its RA requirement – in favor of paying a lower cost fine -- and assumes that other load serving entities will have excess energy capacity to cover OCPA's arbitrage. Bottom line: OCPA gambles with electric grid's reliability, hopes others step forward to cover OCPA's gaming (RA shortfall), and bets it does not trigger blackouts.**