

## produced up to \$101 million added to OCPA's revenue<sup>1</sup>

OCPA's pre-launch pledge to the Orange County community was based upon its *default enrollment* product's -- Basic Choice -- "at parity" pricing with Southern California Edison's (SCE) default product. "At parity" pricing was promoted to justify supporting OCPA's business launch given OCPA's automatic enrollment of consumers (known as "opt out"). Otherwise, many people might incur economic hardship when automatically enrolled into a higher-cost program than what incumbent energy provider SCE provided.

January 11, 2022, three months *before* OCPA's business launch, OCPA's consultants determined Basic Choice was financially unsustainable (after years of planning).

Days later, while OCPA shelved Basic Choice, all OCPA member-cities switched all consumer enrollments within their municipal boundaries from "at parity" to the highest-priced profitable 100% Renewable Energy product. The exception was Fullerton, which moved its city accounts into the lowest-priced Basic Choice product while leaving its residents and businesses default enrolled in second-costliest Smart Choice. All of this imposed economic hardship, particularly on fixed-income and elderly residents, many of whom were (are) unaware what was transpiring.

- OCPA could have postponed its business launch when it became aware its financial models and proformas were erroneous. However, postponement would have jeopardized its launch, as well as fees earned by OCPA's consultants and lawyers who drove the launch.

**Through 2024, OCPA's Bait & Switch produced up to \$101 million added revenue extracted from Orange County homes and businesses.** <sup>1</sup>

Today, as OCPA draws down its cash Reserve Fund from its projected \$110 million<sup>2</sup> to \$45 million,<sup>3</sup> two questions must be asked:

- How would OCPA have remained in business had it not been for (i) its bait & switch, and (ii) illicit profits from its price "indexing," where money stealthily accrues by increasing its prices when SCE raises its prices?
- Where is all the money going?

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<sup>1</sup> Calculated \$101 million may be different depending upon ratepayers' willful selection of OCPA products.

<sup>2</sup> OCPA Mid-Year Operating Budget, FY 2023-24: Reserve Fund's projected growth to \$110 million by June 30, 2024.

<sup>3</sup> February 10, 2025 Board Packet, "Objective 5," p. 63.

# OCPA's Bait & Switch produced up to \$101 million <sup>6</sup>

Promotes Basic Choice default enrollment at parity pricing w/ SCE; then switches everyone to premium-priced default enrollment products

April 1, 2022 - business launch - thru Dec. 31, 2024

City	Product	Premium over Basic Choice	Annual Energy Use		
			2022 KWh <sup>1</sup>	2023 KWh <sup>2</sup>	2024 KWh <sup>3</sup>
Buena Park	100% RE	1.5¢ per KWh	297,000,000	296,533,209	339,949,086
Fullerton	Smart Choice	Footnote <sup>4</sup>	513,000,000	497,922,072	561,024,718
Huntington Beach	100% RE	1.5¢ per KWh	793,000,000	25,972,813 <sup>5</sup>	Footnote <sup>5</sup>
Irvine	100% RE	1.5¢ per KWh	1,470,000,000	1,290,791,614	1,515,394,931

	OCPA Revenue Gains (\$)			Grand Total
Buena Park	\$4,455,000	\$4,447,998	\$5,099,236	\$14,002,234
Fullerton	\$3,591,000	\$3,485,455	\$3,927,173	\$11,003,628
Huntington Beach	\$11,895,000	\$389,592	n/a	\$12,284,592
Irvine	\$22,050,000	\$19,361,874	\$22,730,924	\$64,142,798
<b>Total Bait &amp; Switch Revenue Gains</b>	<b>\$41,991,000</b>	<b>\$27,684,919</b>	<b>\$31,757,333</b>	<b>\$101,433,252</b> <sup>6</sup>

Footnotes:

<sup>1</sup> Staff Report - Item X.X, Exhibit B, Annual Energy use by jurisdiction for 2022, dated February 10, 2023.

<sup>2</sup> Staff Report - Item 10.1, Exhibit B, Annual Energy use by jurisdiction for 2023, dated February 20, 2024.

<sup>3</sup> Staff Report - Item 7.5, Exhibit B, Annual Energy use by jurisdiction for 2024, dated February 10, 2025.

<sup>4</sup> After voting to switch from Basic Choice to Smart Choice on 2-01-2022, City of Fullerton then concurrently voted to switch its city accounts to lowest-price Basic Choice, leaving residents and businesses to be default enrolled into OCPA's second-priciest Smart Choice, which has a premium of 1.0¢ per KWh over Basic Choice. Because Fullerton's municipal load is not known, a weighted premium of 7/10 of 1 cent is estimated for Fullerton as [City meters @ zero-premium for Basic Choice + Residences' & Business' meters @ 1¢ premium for Smart Choice] = \$0.007 premium per kilowatt-hour as Fullerton paid for OCPA's bait & switch.

<sup>5</sup> Huntington Beach switched down from 100% RE to Basic Choice in January 17, 2023, effectively exiting from further financial penalties attributable to OCPA's bait & switch. Through January 17, 2023, its 100% RE load was 557,651,578 KWh x (17/365) = 25,972,813 KWh.

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