

## VALLEY CLEAN ENERGY ALLIANCE

### Staff Report – Item 13

**TO:** Board of Directors

**FROM:** Mitch Sears, CEO  
Edward Burnham, CFO

**SUBJECT:** VCE Strategic Plan Annual Report

**DATE:** February 12, 2026

#### RECOMMENDATION

Receive 2025 annual progress update on implementation of the Strategic Plan.

#### OVERVIEW

The purpose of this report is to provide the annual progress update to the Board on the implementation of the Strategic Plan.

#### BACKGROUND

The Board ratified the VCE Three-Year Strategic Plan (Plan) for 2021-2023 at its November 12, 2020 meeting ([VCE-Strategic-Plan-Final.pdf \(valleycleanenergy.org\)](#)). At the July 13, 2023 Board meeting, the Board approved [Item 12](#) including a resolution for adopting Strategic Plan Guidelines. The Guidelines included a proposed timeline for extending the 2021-23 plan through 2025 with a minor update as part of that process. The Board approved [Item 13](#) at the October 14, 2025 meeting including a Major update for 2026-2029.

The Strategic Plan update schedule is:

Extension of 2021-2023 Plan			Strategic Plan				Strategic Plan			
2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Minor Update		Major Update		Minor Update		Major Update		Minor Update		Major Update
	IRP WORK		IRP WORK		IRP WORK		IRP WORK		IRP WORK	

The strategic plan is aligned with VCE’s mission and vision and guides the organization’s actions over a multi-year time horizon. The Plan is the basis for developing annual organization and individual goals, annual budgets, key decisions, and priorities. The Plan also informs the development of VCE’s compliance documents, including the Integrated Resource Plan (IRP), a document that sets out a 10-year roadmap for energy procurement that is updated on a 2-year rolling basis.

//

The Plan categories and key goals include:

FINANCIAL STRENGTH	• Goal: Maintain and grow a strong financial foundation and manage costs to achieve long-term organizational health.
PROCUREMENT AND POWER SUPPLY	• Goal: Manage power supply resources to consistently exceed California's Renewable Portfolio Standard (RPS) while working toward a resource portfolio that is 100% carbon neutral by 2030.
CUSTOMERS AND COMMUNITY	• Goal: Prioritize VCE's community benefits and increase customer satisfaction and retention.
DECARBONIZATION AND GRID INNOVATION	• Goal: Promote and deploy local decarbonization and grid innovation programs to improve grid stability, reliability, community energy resilience, and safety.
STATEWIDE ISSUES: REGULATORY AND LEGISLATIVE AFFAIRS	• Goal: Strongly advocate for public policies that support VCE's Vision/Mission.
ORGANIZATION, WORKPLACE, AND TECHNOLOGY	• Goal: Analyze and implement an optimal long-term organizational, management, and information technology structure at VCE.

The Strategic Plan incorporates the following schedule for status reporting:

- Quarterly Report to VCE Management  
Staff will report quarterly to the Executive Officer on the status of goals, objectives and metrics for which they are responsible.
- Annual Report to Board and CAC  
Staff will report annually to the Board and CAC on the status of goals, objectives and metrics, and will recommend any mitigations or amendments as may be necessary for Board approval.

Staff has provided progress updates to the Executive Officer, Community Advisory Committee (CAC), and Board as described above. Generally, Staff observes that progress has been made in each goal area and that the plan serves to align organizational activities with policy priorities.

This report provides key strategic plan accomplishments during 2025, as in the companion Item 2 year in review. Examples of key accomplishments in 2025 include:

#### Goal 1 – Financial Strength

- 5% discount for all and 10% CARE/FERA discount
- Established Rate Stabilization Fund with +60 Days Operating Cash
- Increased Operating Reserve Policy +120 Days Operating Cash
- Established “A-” Initial Investment Grade Credit Rating with S&P
- Issued Pre-pay Bonds for 14.4% (\$3M Annually for 10 years) savings on PPA Power Costs
- Clean Financial Audit
- Compliance with all debt and power purchase agreement covenants

#### Goal 2 & 4 – Procurement, Power Supply, Decarbonization, Grid Innovation

- Established a new VCE target of 90% renewable and 100% carbon free energy by 2030. With current power portfolio, VCE is forecast to achieve its carbon free target by 2026 and its renewable target by 2028.

- Initiated Community Advisory Committee local energy task force to explore options to promote and procure energy from local sources.
- Worked with CC Power and other member CCAs to leverage group purchasing power to promote innovative technologies to meet members' procurement compliance requirements, such as the Willow Rock long-duration storage project.
- Applied for PG&E microgrid grant funding for portions of Esparto and nearby communities, to be served by the Gibson solar and BESS project.
- Willy 9 Chap 2 (72MW PV + 36MW BESS). After the PV portion came online in 2024, the BESS portion achieved commercial operation in March 2025.

### Goal 3 – Customers and Community

- VCE savings to customers (including rate discounts, programs, community investment): \$8M by 1/1/26; estimated \$12M by the end of 2026.
- Community Engagement – Participated in 10 in-person community events; 50,000+ people reached (including media, in-person) Media: 4 press releases, 4 press placements, 200 media contacts.
- Successful engagement on Strategic Plan Update, with 2 in-person workshops and survey to all customers with 200+ responses
- New social media platform (BlueSky) and increased engagement on LinkedIn following new, differentiated strategy
- Average time spent on VCE website: 1:23 (industry avg: 0:53)
- Electric Advisor: 80+ closed cases, high customer satisfaction rating
- Retained customers (called in and would have opted out, but changed their minds): 1,300+
- VCE invited to join Yolo Energy Partnership and invited to join Northern Rural Energy Network (to be confirmed in 2027)
- VCE/UC Davis/Panasonic residential dynamic rates pilot launched

### Goal 5 – Legislative and Regulatory

- Revised and adopted 2026 Legislative and Regulatory Platform.
- Participated in CalCCA lobby efforts related to affordability including Resource Adequacy Transactability (ultimately not included in adopted affordability package but CalCCA priority for 2026 legislative session).
- Analyzed regionalization legislation (Pathways Initiative) which was ultimately adopted.
- Engaged in legislative discussions related to dynamic/flexible pricing, no action by legislature.
- Engaged in and supported CalCCA regulatory activities, including addressing PCIA rates/calculation through reconsideration of PCIA methodology/Court of Appeals filing, resource adequacy transactability, access to IOU information related to large load/data center planning (Rule 30), and transparency for energization delays (Rule 21).
- Reduction in Power Charge Indifference Adjustment (PCIA) through joint CCA participation and testimony in Energy Resource Recovery Account (ERRA) Proceeding.

///

Goal 6 – Organization, Workplace, and Technology

- 86% Employee Retention – COO position turnover
- Enterprise Financial Model Development
- Strategic Plan Major Update – 2026-2029

**CONCLUSION**

Generally, Staff observes that progress has been made in each goal area and that the plan serves the overall intended purpose of aligning organizational activities with policy priorities.