

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 15

TO: VCEA Board of Directors

FROM: Mitch Sears, Interim General Manager
George Vaughn, Director of Finance & Internal Operations
Shawn Marshall, LEAN Energy

SUBJECT: Strategic Plan progress update and receive feedback

DATE: September 10, 2020

PURPOSE

The purpose of this staff report and its attachments are to: 1) brief the Board on summarized Three-Year Strategic Plan (Plan) feedback received via questionnaires, phone interviews and the recent CAC meeting, 2) provide the latest thinking on VCEA's three-year goals by operational category and to receive Board feedback on same; and, 3) to describe next steps toward Plan adoption by the Board in October.

BACKGROUND

In February 2020, the Board directed staff to move ahead with development of a VCEA strategic plan to guide its goals and activities over the next 3-5 years. Notwithstanding a subsequent COVID delay and modified planning approach, staff has moved ahead with the help of LEAN Energy US to receive detailed Plan input and feedback via questionnaire and phone interviews and to draft a Plan which is currently under review by the CAC and Board subcommittee. Attached you will find summary feedback results in the form of a memo from LEAN Energy US and detailed spreadsheets highlighting Board and CAC comments received over the last several weeks.

DISCUSSION AND ANALYSIS

Building on the feedback received, the CAC met on August 27th and discussed in detail the proposed Plan structure and goals. The valuable suggestions received during the CAC meeting (and the days thereafter) have been considered and incorporated into the draft "abridged" Plan, so called because it does not yet include detailed strategies to support each goal. We decided to first focus on refining context/vision statements and to ensure that the goal statements are the correct combination of aspirational, practical and achievable before adding detailed strategies and action steps to implement each goal. Those will come next in upcoming drafts.

NEXT STEPS

Once the goals have been refined/finalized, staff will add and update strategies to implement each goal within a three-year time horizon. A section on performance metrics will also be

added. The intention is to have the full Strategic Plan ready for adoption by the Board at its October meeting. Proposed steps between the September and October Board meetings are as follows:

- September 8: CAC Strategic Plan Task Group to provide feedback on Plan
- September 10: Board to review and provide comment on Plan structure and goals
- September 11-21: Staff and consultants integrate final feedback received from Board and CAC members, update and add strategies, and issue DRAFT Plan for review
- September 24: CAC to review/recommend adoption of VCEA's Strategic Plan for Board consideration on October 8, 2020
- October 8: Board consideration and adoption of VCEA Three-Year Strategic Plan

CONCLUSION

Please be advised that the Plan continues to be a work in progress, but we are getting closer to a finished product that represents the aspirational and operational views of the Board, the CAC and VCEA staff. We look forward to presenting the full Strategic Plan for potential Board adoption next month.

ATTACHMENTS

1. VCE Strategic Plan Findings Memo from LEAN Energy US
2. VCE CAC Questionnaire Results
3. VCE Board Questionnaire Results
4. Updated DRAFT/Abridged Strategic Plan with Updated Goal Statements



Harnessing the Power of Communities

TO: Mitch Sears, General Manager, VCEA
George Vaughn, Director of Finance and Internal Operations

FROM: Shawn Marshall, Executive Director, LEAN Energy US

DATE: August 19, 2020

RE: VCEA Strategic Plan – Key Findings and Summary of Leadership Feedback

Pursuant to our work with the VCEA team on its 2021-2024 Strategic Planning process, this memo will provide a summary of the main themes and findings from the Board of Director (Board) and Community Advisory Committee (CAC) feedback that was received via questionnaire and phone interviews over the past few months. VCEA received feedback from five Board members representing each member agency and from nine CAC members. A copy of the questionnaire is attached for reference as are the aggregated results presented in spreadsheet format for each group. Board and CAC members are encouraged to review the responses in the spreadsheets because they contain many specific ideas and details not captured in this summary memo.

KEY THEMES AND GENERAL FINDINGS

Board and CAC Alignment. Overall, we found a significant level of content alignment between responding Board and CAC members. This is good news for VCEA, as it indicates a general consensus regarding the key goals, challenges and opportunities faced by VCEA. There is also a high level of value placed on the CAC and a general sentiment from the Board that VCEA staff should continue to make good use of the CAC for feedback and vetting which will allow for the Board to spend their time focused on Agency policy, statewide issues, and Board-level decision making.

Fiscal and Rate Focus. Perhaps not surprisingly, the priority among respondents remains squarely on the Agency's fiscal health and the ability to offer competitive rates. All are aware of and want to pursue the agency's aggressive environmental goals through smart, policy-driven procurement and local community energy programs. However, almost to a person, there was an acknowledgement that these goals must be pursued within the context of VCEA's financial capabilities and ability to offer competitive customer rates.

The 'fiscal focus' carried over to a few other areas including Agency expansion and pursuit of resource intensive goals such as becoming a public utility or pursuing a customer owned grid. No one disagreed that these are valuable efforts, but there was little consensus that these should

be given high priority in the next few years. More information on expansion is included in the Board section below.

Renewable/Carbon Free Targets. VCEA's stated procurement goal is 85% renewable and 100% GHG-free by 2025. While some members of the CAC would like to see a more aggressive target and effort placed on communities going to 100% renewable as the default option, the majority of respondents feel that the current clean power targets remain appropriate for the foreseeable future. Nearly all respondents support a prohibition on coal and nuclear power sources.

Public Engagement w/ Focus on Business and Ag. Customer engagement and retention was another area of shared importance. Many respondents are pleased with the marketing efforts to date, but acknowledge that there is still a long way to go to fully embed VCEA within its member communities. Many stressed the need to better engage VCEA's commercial and agriculture customers, perhaps through more consistent outreach and specialized rates, and to participate as sponsors or volunteer leaders on chamber boards, civic organizations and other influential community organizations. Social media monitoring and proactive responses to correct misinformation is noted as an area for needed improvement.

Topical Rankings. In terms of topical rankings, Board and CAC priorities overlap in a few key areas, noted in red below. These priorities correspond with two differences: 1) The Board places a higher priority on statewide issues and the CAC places higher priority on energy and procurement. Both groups rank fiscal health and customer/community in the top three. Respondents were asked to rank order the following 7 topics:

- **Finance and Fiscal Health** (Board #1, CAC #2)
- **Customers and Community** (Board #2, CAC #3)
- **Statewide Issues** (Board #3, CAC #6)
- **Energy and Procurement** (Board #4, CAC #1)
- Organization and Workplace (Both groups rank this 5th)
- Decarbonization/Grid Programs (Board #6, CAC #4)
- Information and Systems/Technology (both groups rank this 7th)

Decarbonization Program Rankings. When queried about decarbonization/grid program priorities, the results are more diffuse with some folks not responding due to a lack of adequate knowledge. It is notable that this topic area, as shown above, did not make the top 3-4 Agency priorities for either group, which is perhaps telling in itself. That said, community energy education, energy efficiency, microgrids/storage and community solar appear high on the radar as soon as financially feasible. Respondents were asked to rank order the following 7 program areas:

- **Community Energy Education/Personal Dashboards** (Board #1, CAC #2)
- **Energy Efficiency** (Board #2, CAC #3)
- **Microgrids/Energy Storage** (Board #3, CAC #5)
- **Community Solar/Local Power Devt** (Board #4, CAC #1)
- EV Incentives/Infrastructure (Board #5, CAC #6)
- Demand Response Programs (Board #6, CAC #4)
- Building Electrification (both groups rank this 7th)

SMUD, Staffing and Shared Services. Last but not least, SMUD remains a valued partner to VCEA. While there was some variance on the future ratio of VCEA/in-house vs. outsourced staffing, all acknowledge that SMUD has been an important operational partner, especially in the area of power planning and procurement. Both groups acknowledged VCEA’s hardworking staff and are in general support of a continued partnership with SMUD. At the same time, there was clear interest in the potential for shared services with other CCAs as long as it makes financial sense and VCEA autonomy is retained. There is more to consider and analyze in terms of cost/benefits of these operational scenarios going forward.

BOARD FEEDBACK

The following are some additional findings from the Board feedback:

- 1) The Agency’s financial health and fiscal future is number one priority, followed closely by competitive rates which are defined as “equal to or less than PG&E rates.”
- 2) While the Board is satisfied with the current clean power targets and power mix, it is supportive of additional local/regional power opportunities as financials allow for it.
- 3) Expansion does not appear to be a priority at this time, unless there is interest within Yolo County. Some requested more defined criteria for expansion and clearer understanding of economic and mission alignment before engaging potential new members.
- 4) Board agendas and packets are long; consider supplemental packets and further use of the CAC to vet certain issues and keep Board decisions at a higher policy level.
- 5) Consider a study that examines the efficacy and economics of a shift to more in-house VCEA staff in core roles, fewer consultants, continued or reduced use of embedded SMUD staff/services, and the prospects for shared services with other CCAs.
- 6) Concerned about loss of large commercial and ag accounts, which are lucrative customers; consider ways to reengage them, potentially through simplified or special rates. Need to approach commercial customer engagement like the private sector.
- 7) VCEA is not yet well known in the community even though recent marketing efforts have been positive. Future focus on managing/engaging social media and deeper connections in the community through sponsorships and local leadership roles.
- 8) Acknowledged need to remain engaged with Cal-CCA and statewide issues – with focus on issues that have a direct operational and/or fiscal impact.
- 9) Continued pursuit of community-owned grid and/or transition to a public utility are not seen as financially realistic at this time.
- 10) An investment grade credit rating is worth pursuing only if there are tangible financial benefits (e.g. more favorable contract pricing) beyond major capital projects which are not contemplated in the next three years.

CAC FEEDBACK

The following are some additional findings from the CAC feedback:

- 1) CAC respondents acknowledge need for the Agency’s fiscal health but lead with emphasis on higher percentage of renewables and local advanced energy projects/programs. Many detailed ideas were offered and worth discussion.

- 2) CAC is generally more favorable to a transition to VCEA/in-house staff, especially in core leadership roles, marketing and technical expertise in the areas of energy programs, decentralized power, community electrification and energy resilience.
- 3) Strong response to idea of shared/consolidated services as long as VCEA retains autonomy; may support the idea of a study to examine cost/benefits of various staffing and shared service delivery options.
- 4) Responses offer many ideas for community collaboration, local programs and funding sources. This is an area for follow up.
- 5) Mixed reaction to potential for VCEA to be “sole provider” and continuing with the pursuit of becoming a public utility.
- 6) CAC echoes the Board in calling out more customer engagement of large commercial and Ag customers.
- 7) Many CAC members are interested in continuing to encourage West Sacramento to join but do not see expansion outside Yolo County as a priority.
- 8) Climate education and outreach in underserved communities was called out by several respondents.

NEXT STEPS

As discussed on a recent planning call, the feedback and input from this exercise will be used to inform - and in many cases validate - the draft Strategic Plan that staff has been working on for several months. The CAC will discuss the aggregated results and provide any additional feedback at their next meeting on August 27th. This will be followed by review and comments on the draft Plan by the CAC’s strategic plan task group. From there, staff anticipates finalizing the draft Plan for full CAC review and “recommendation to adopt” in September. The Plan will be previewed by the Board at its September Board meeting (if ready), and formally adopted at its October or November Board meeting. As noted, VCEA’s Strategic Plan will cover the three-year period 2021-2024 with annual reviews and periodic amendments as may be needed.

Attachments: Strategic Plan Questionnaire, Board Questionnaire/Interview Results, CAC Questionnaire Results

Valley Clean Energy Alliance
2021-2024 Strategic Plan – CAC Questionnaire Results

Note: Summary of questionnaire responses from 9 CAC members.

CATEGORY	TOPICS/QUESTIONS	RESULTS/KEY THEMES																																																																																
Big Picture	1. Top 2-3 priorities in next 3-5 years?	Grow customer base, keep rates equal to or lower than PG&E, continue to market VCE brand, deliver 100% renewable as only product by 2030 or sooner, promote community electrification, increase wind and solar, stabilize admin functions, generate enough reserves to begin supporting programs, convince West Sacramento to join, collaboration with other utility/infrastructure owners, microgrids, local ownership of energy projects, ag engagement.																																																																																
	2. What needs to happen to get there?	Help from the PUC re: PG&E rates and legislative assistance to help level the playing field (2); More green power projects in Yolo region; Make green power trade-offs to retain price sensitive customers; Aggressive marketing and PR campaign to bring back opt-outs.																																																																																
Topical Ranking	3. Please rank order (see next column)	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;">Organization and Workplace</td> <td style="width: 5%;">3</td> <td style="width: 5%;">5</td> <td style="width: 5%;">6</td> <td style="width: 5%;">5</td> <td style="width: 5%;">3</td> <td style="width: 5%;">5</td> <td style="width: 5%;">6</td> <td style="width: 5%;">3</td> <td style="width: 5%;">(36)</td> </tr> <tr> <td style="color: red;">Customers and Community</td> <td style="color: red;">2</td> <td style="color: red;">7</td> <td style="color: red;">5</td> <td style="color: red;">4</td> <td style="color: red;">1</td> <td style="color: red;">4</td> <td style="color: red;">1</td> <td style="color: red;">4</td> <td style="color: red;">(28)</td> </tr> <tr> <td>Decarbonization/Grid Programs</td> <td>7</td> <td>2</td> <td>3</td> <td>2</td> <td>6</td> <td>2</td> <td>4</td> <td>7</td> <td>(33)</td> </tr> <tr> <td style="color: red;">Finance and Fiscal Health</td> <td style="color: red;">1</td> <td style="color: red;">6</td> <td style="color: red;">4</td> <td style="color: red;">3</td> <td style="color: red;">2</td> <td style="color: red;">3</td> <td style="color: red;">3</td> <td style="color: red;">1</td> <td style="color: red;">(23)</td> </tr> <tr> <td>Statewide Issues</td> <td>6</td> <td>4</td> <td>2</td> <td>5</td> <td>7</td> <td>7</td> <td>5</td> <td>5</td> <td>(41)</td> </tr> <tr> <td style="color: red;">Energy and Procurement</td> <td style="color: red;">5</td> <td style="color: red;">1</td> <td style="color: red;">1</td> <td style="color: red;">1</td> <td style="color: red;">3</td> <td style="color: red;">1</td> <td style="color: red;">2</td> <td style="color: red;">2</td> <td style="color: red;">(16)</td> </tr> <tr> <td>Information and Systems Tech</td> <td>4</td> <td>3</td> <td>7</td> <td>7</td> <td>4</td> <td>6</td> <td>7</td> <td>6</td> <td>(44)</td> </tr> <tr> <td>Other</td> <td></td> <td></td> <td></td> <td></td> <td>5</td> <td>8</td> <td></td> <td></td> <td></td> </tr> </table> <p>Educating community about climate crisis, 5-year vision, set of goals and guiding principles, infrastructure, local climate action plan and implementation</p>	Organization and Workplace	3	5	6	5	3	5	6	3	(36)	Customers and Community	2	7	5	4	1	4	1	4	(28)	Decarbonization/Grid Programs	7	2	3	2	6	2	4	7	(33)	Finance and Fiscal Health	1	6	4	3	2	3	3	1	(23)	Statewide Issues	6	4	2	5	7	7	5	5	(41)	Energy and Procurement	5	1	1	1	3	1	2	2	(16)	Information and Systems Tech	4	3	7	7	4	6	7	6	(44)	Other					5	8			
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Other					5	8																																																																												
Organization and Workplace	4. Is VCEA expansion a key goal?	Yes (4), Expansion important, but not a key goal (3), No (2) Focus first on Yolo County then consider contiguous areas.																																																																																
	5. In-house vs. consultant support? Reduce dependence on SMUD?	In-house yes (5), consultant yes (1), consultant only as needed (2). Reduce dependence on SMUD yes (3), not yet (3). Most agree that core leadership roles should be VCEA staffed.																																																																																
	6. Shared services or functional consolidation with other CCAs?	Yes (7), No (0), Needs to be evaluated (2) Significant support for shared services as long as the business/economic case can be made and VCEA doesn't lose autonomy																																																																																
	7. Do we have the right staffing mix?	Yes (3), No (5), Not sure (1) -- would like to see more energy program and marketing brought in house; key leadership roles should be in-house.																																																																																
Customers/Community	8. What should we do more of/differently for our customers?	Follow-up with opt outs; More outreach on importance of addressing climate change; Offer programs for lower income, elderly, small business; Financing building improvements; Stop thinking NEM customers as a procurement problem; Customer opinion research, focus groups, webinars; Engage in Ag customers more																																																																																

	9. Choose 1 customer-facing goal	Those eligible for bill assistance have the option; Establishing a contact system; Reduce rates (when possible); Make customer's self-generation part of energy mix; Help customers understand the value of VCE at the community (not just individual) level; More outreach and education, particularly for Ag customers																																																																																
	10. Other community/customer priorities?	Target large business or Ag groups with high opt-out rates; Broad contact with everyone; Engage folks at Cool Davis and UCD; Collaboration with member jurisdictions with local services like waste collection; Energy education in schools; PV+Storage microgrids on schools; Research and development for appropriate outreach to Ag customers; Seniors, renters, small business																																																																																
Decarbonization/Grid Programs	11. Please rank order (see next column)	<table border="1"> <tr> <td>EV Incentives/Infrastructure</td> <td>7</td> <td>3</td> <td>6</td> <td>7</td> <td>4</td> <td></td> <td>6</td> <td>4</td> <td>3</td> </tr> <tr> <td>Energy Efficiency</td> <td>1</td> <td>5</td> <td>4</td> <td>2</td> <td>6</td> <td></td> <td>4</td> <td>5</td> <td>1</td> </tr> <tr> <td>Microgrids/Energy Storage</td> <td>5</td> <td>4</td> <td>1</td> <td>3</td> <td>5</td> <td>2</td> <td>3</td> <td>2</td> <td>7</td> </tr> <tr> <td>Demand Response Programs</td> <td>6</td> <td>6</td> <td>5</td> <td>1</td> <td>2</td> <td></td> <td>7</td> <td>4</td> <td></td> </tr> <tr> <td>Community Solar/Local Power Devt</td> <td>2</td> <td>7</td> <td>2</td> <td>5</td> <td>1</td> <td>1</td> <td>1</td> <td>7</td> <td>2</td> </tr> <tr> <td>Building Electrification</td> <td>4</td> <td>2</td> <td>7</td> <td>4</td> <td>7</td> <td></td> <td>5</td> <td>6</td> <td>5</td> </tr> <tr> <td>Community Energy/Personal Dashboards</td> <td>3</td> <td>1b</td> <td>3</td> <td>6</td> <td>3</td> <td></td> <td>2</td> <td>3</td> <td>6</td> </tr> <tr> <td>Other:</td> <td></td> <td>1a</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>1</td> <td></td> </tr> </table> <p>Other=1a: Community Climate Education – maybe fold into the one above – why I labeled them 1a and 1b – they go hand in hand 1- Ag related -- electrification incentives</p>	EV Incentives/Infrastructure	7	3	6	7	4		6	4	3	Energy Efficiency	1	5	4	2	6		4	5	1	Microgrids/Energy Storage	5	4	1	3	5	2	3	2	7	Demand Response Programs	6	6	5	1	2		7	4		Community Solar/Local Power Devt	2	7	2	5	1	1	1	7	2	Building Electrification	4	2	7	4	7		5	6	5	Community Energy/Personal Dashboards	3	1b	3	6	3		2	3	6	Other:		1a						1	
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	12. Ideas to leverage limited resources for more programs	Seek partnerships with local groups (3); Grants (2); Offer value and potential; Use website to publish case studies, start a blog, hire interns to provide energy audits; Volunteers; UCD expertise; PV+ Storage with funding help by state programs/SGIP; Community Solar																																																																																
Finance/Fiscal Health	13. What do competitive rates mean to you?	Rates no higher than PG&E (4); rates that offer savings via TOU (2); Energy with a higher renewable % that IOU at the same or slightly lower price; Rates that won't be the reason we are not first choice; helping customers achieve better long-term energy costs and resilience results (2); Changing the popular conversation about competitive rates/create mindset and dialog about how to survive a more volatile and dangerous future.																																																																																
	14. Move away from PGE rate structure to cost-based rates?	Yes (3); Not in short term (1); Should be explored (5); Other options should be explored (1)																																																																																
	15. Prioritize investment grade rating?	Yes (3); Not sure how it would help achieve goals (1); Not sure what the benefits would be to build reserves at this point (4)																																																																																
Energy/Procurement	16. Current target of 85% RPS/GHG free by '25?	Yes (1); Not sure in light of current economic disruption (2); No, I want 85% renewable by 2025 and 100% renewable by 2030 or sooner (1); Yes, it's a start (1); I don't agree with VCE's emphasis on GHG free (1); Target should be to increase local renewable supply (1); Move higher as aggressively as market conditions and organizational finances allow (1)																																																																																
	17. Local vs regional vs out of state power	Prioritize local (2); Charge a small premium for local (1); Exclude out of state if possible (2); OK with balancing local and regional (3); Whatever is least cost and lowest carbon/fuel (1)																																																																																
	18. Exclude any power sources?	Nuclear (5); Fossil Fuel (3); Biomass maybe (1); Not for now (3)																																																																																
Statewide Issues	19. Ok to be sole provider status?	Yes (3); No (3)																																																																																
	20. Pursue customer owned grid option?	Yes (2); Watch for and pursue opportunities to establish micro-grids (1); Should not be a priority right now (1); Worthy of further investigation (2)																																																																																

	21. Pursue muni-utility status?	Yes (3); Maybe, consider economic consequences (1); No (4)
	22. How much time for Cal-CCA reg/leg? What matters most in this area?	Yes (5); Not sure (1); Legislation that impacts our goals (2); Legislation and regulation that would erode or pre-empt the responsibilities of CCAs or impose burdens that challenge CCA viability (1)
Extra Credit	23. What most proud of?	Having the starting base rate be 42% renewable – that is everyone is at least 42% RPS; Just being a part of this; That it was successfully launched and has established a reputation that has allowed it to keep opt-outs to a minimum (2). The outreach has been very impressive; I think team work. It's crucial to organizational success. Mitch and staff have consistently done a fine job facilitating team based discussion and action; VCE has aggressively pursued and achieved clean energy and GHG reduction goals and is building positive brand recognition in the communities we serve; I've really like the work the marketing team and Green Ideals has done with the website, advertising, flyers, etc.; That we are up and running, respected and do things in a transparent, open and thoughtful manner. Also, I am pretty proud of the bus and newspaper ads!!
	24. What keeps you up at night?	The thought of purchasing 100+ year old transmission infrastructure from PG&E; The Climate Crisis in General; VCEA stepping back on 42% or deciding to slow progress to more renewables; Learning all the details; Concerns about getting everything done and meeting my business and voluntary commitments, and thinking about where we're going to travel after the pandemic has subsided; Nothing, really, except maybe pondering the lessons the VCE experience is teaching; City making secret deals, highly favorable to developers, with no public engagement or involvement by resident experts, and hiding behind climate emergency or the CAAP to justify the deals. VCE should be concerned about whether a respondent to their RFO who's using city or county property in VCE's territory acquired the use of that property through a legitimate public process. If not, then the taxpayers in the jurisdiction that owns the property are subsidizing that bidder; The financial failure of VCE due to forces beyond our control, including IOU; It's frustrating that the financial uncertainties around PCIA and RA have kept VCE from being able to focus more on programs, community, developing new rates for the community, etc. (2)
	25. Wish you understood better?	Resource Adequacy; PCIA; Limitations; More about the inner workings and issues that VCE staff is dealing with, though I many not really want to know!; To what extent VCE experience mirrors or is typical of all CCAs; The long-term thinking of the CPUC; How to read and understand the nuances of the financials.
	26. Wish we could change about VCEA?	CAC be more representative of the community (3); Nothing yet; Misconceptions about VCE's intentions; More robust governance; Get rid of cumbersome website platform by CirclePoint.
	27. What else?	Member jurisdictions to opt up to 100%; If we are cautious and practical, why hold back?; Can VCE get more done along the lines of our early aspirations by understanding PG&E's programs and taking action to make them work better for its customers?; Where do we want to be in 5 years?; What do our customers need/want and how can we adjust to meet those needs?; Are there other ways to reach out and engage our customers to enhance our effectiveness?

Valley Clean Energy Alliance
2021-2024 Strategic Plan – Board Member Questionnaire Results

Note: Summary of responses from 5 VCEA Board members (4 questionnaires, 3 phone interviews). All member agencies are represented.

CATEGORY	TOPICS/QUESTIONS	RESULTS/KEY THEMES																																										
Big Picture	1. Top 2-3 priorities in next 3-5 years?	Competitive rates at or below PG&E (2); Local PPAs as much as possible/secure additional clean power (3); Financial resilience plan/financial stability; “stay in business” (3); Consistent outreach to opt-out customers; Community energy programs and econ devt. activities once financial objectives are met (2); Acquire distribution assets from PG&E; Protect the right of open markets; Integrated Yolo County CCA.																																										
	2. What needs to happen to get there?	Help from the PUC re: PG&E rates and legislative assistance to help level the playing field (2); Get past playing defense all the time; More green power projects in Yolo region; Make green power trade-offs to retain price sensitive customers; Aggressive marketing and PR campaign to bring back opt-outs.																																										
Topical Ranking	3. Please rank order (top 3 indicated in red)	<table border="1"> <tbody> <tr> <td>Organization and Workplace</td> <td>3</td> <td>6</td> <td>5</td> <td>6</td> <td>(20)</td> </tr> <tr> <td>Customers and Community</td> <td>1</td> <td>4</td> <td>3</td> <td>3</td> <td>(11)</td> </tr> <tr> <td>Decarbonization/Grid Programs</td> <td>7</td> <td>5</td> <td>6</td> <td>5</td> <td>(23)</td> </tr> <tr> <td>Finance and Fiscal Health</td> <td>2</td> <td>1</td> <td>1</td> <td>1</td> <td>(5)</td> </tr> <tr> <td>Statewide Issues</td> <td>4</td> <td>3</td> <td>4</td> <td>2</td> <td>(13)</td> </tr> <tr> <td>Energy and Procurement</td> <td>6</td> <td>2</td> <td>2</td> <td>4</td> <td>(14)</td> </tr> <tr> <td>Information and Systems Tech</td> <td>5</td> <td>7</td> <td>7</td> <td>7</td> <td>(26)</td> </tr> </tbody> </table>	Organization and Workplace	3	6	5	6	(20)	Customers and Community	1	4	3	3	(11)	Decarbonization/Grid Programs	7	5	6	5	(23)	Finance and Fiscal Health	2	1	1	1	(5)	Statewide Issues	4	3	4	2	(13)	Energy and Procurement	6	2	2	4	(14)	Information and Systems Tech	5	7	7	7	(26)
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Organization and Workplace	4. Is VCEA expansion a key goal?	Discuss with Board; prefer to keep it to Yolo County (3); expansion should be deliberate and based on certain criteria; interested in further analysis, but growth isn’t high on the list. Need to maintain focus.																																										
	5. In-house vs. consultant support? Reduce dependence on SMUD?	Further direction of in-house staff to build capacity (2); partnership with SMUD has been valuable; don’t change (3); Set economic targets to trigger move away from consultants/SMUD (1).																																										
	6. Shared services or functional consolidation with other CCAs?	Yes, for reg/leg and municipalization issues; support consolidation and shared services if makes economic sense; May not have a choice (referenced MCE). Consider a study that analyzes in-house staff expansion vs. outsourced vs. consolidation of services with other CCAs																																										
	7. Do we have the right staffing mix?	Amazing staff; Leverage private sector to improve marketing and communications; Look for ways to reduce legal consultants. Need to make better use of CAC to vet issues and keep Board at higher level decisions (2).																																										

Customers/Community	<p>8. What should we do more of/differently for our customers?</p> <p>9. Choose 1 customer-facing goal</p> <p>10. Other community/customer priorities?</p>	<p>Some folks still don't know about us; need to focus on customer retention and bringing back profitable customers – need to act like a private sector company with our large business and ag customers (3); how to deal with vicious social media conspiracy theorists?</p> <p>Customer retention especially with commercial accounts (4); maintain rates at or below PG&E; PG&E bills are an awful portal through which to view VCEA – need to improve that.</p> <p>Let the data show us where its important to focus -- who are our most profitable customers and focus there; Social justice implications of green solutions -- focus on communities of color, underserved and those most impacted by climate change; get to as many public events as possible so public knows who we are; Incentives for solar and smaller facilities.</p>																																								
Decarbonization/Grid Programs	<p>11. Please rank order (top 4 in red; pls. note incomplete rankings)</p> <p>12. Ideas to leverage limited resources for more programs</p>	<table border="1" data-bbox="1037 548 1774 833"> <tr> <td>EV Incentives/Infrastructure</td> <td>5</td> <td>1</td> <td>5</td> <td>1 (11)</td> </tr> <tr> <td>Energy Efficiency</td> <td>2</td> <td></td> <td>3</td> <td>3 (8)</td> </tr> <tr> <td>Microgrids/Energy Storage</td> <td>4</td> <td></td> <td>6</td> <td>2 (8)</td> </tr> <tr> <td>Demand Response Programs</td> <td>7</td> <td></td> <td>4</td> <td>(11)</td> </tr> <tr> <td>Community Solar/Local Power Devt</td> <td>3</td> <td></td> <td>2</td> <td>4 (9)</td> </tr> <tr> <td>Building Electrification</td> <td>8</td> <td></td> <td>7</td> <td>(15)</td> </tr> <tr> <td>Community Energy/Personal Dashboards</td> <td>6</td> <td></td> <td>1</td> <td>(7)</td> </tr> <tr> <td>Other: Econ Devt for Clean Tech</td> <td>1</td> <td></td> <td></td> <td></td> </tr> </table> <p>Reduce # of lawyers; Campaign to inform about EV incentives and how green solutions promote social equity; for any option, want to know how it fits into GHG reduction goals and financial biz strategy; go after/prepare for SACOG grants and State grants.</p>	EV Incentives/Infrastructure	5	1	5	1 (11)	Energy Efficiency	2		3	3 (8)	Microgrids/Energy Storage	4		6	2 (8)	Demand Response Programs	7		4	(11)	Community Solar/Local Power Devt	3		2	4 (9)	Building Electrification	8		7	(15)	Community Energy/Personal Dashboards	6		1	(7)	Other: Econ Devt for Clean Tech	1			
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Finance/Fiscal Health	<p>13. What do competitive rates mean to you?</p> <p>14. Move away from PGE rate structure to cost-based rates?</p> <p>15. Prioritize investment grade rating?</p>	<p>At or below any other provider in the area (3); exceeding PGE rates puts us at risk (2); equal to, less than or up to 3% above PG&E rates.</p> <p>Favor unique rates that include non-monetary benefits; Someday hope to stand on our own with rate-setting; move to our own if saves money and keeps costs down – especially important with Ag customers. Need to simplify.</p> <p>Yes, but not at the expense of competitive rates(3); need to consider recession; Need to know more – does it benefit procurement pricing? Absent that, having it for major capital projects is not on the near-term horizon.</p>																																								
Energy/Procurement	<p>16. Current target of 85% RPS/GHG free by '25?</p>	<p>Yes its fine as is (4); yes, if we can get there within financial constraints.</p>																																								

	<p>17. Local vs regional vs out of state power</p> <p>18. Exclude any power sources?</p>	<p>Goal to be as local as possible but mindful of financial constraints and competition with other CCAs (3); go as local as possible without overpaying; interested in local power for econ devt reasons, but no problem with “outside” power if meets price and environmental goals.</p> <p>Coal/Nuclear should be last resort and/or excluded(3); interested in new clean technologies; gold standard is local renewables.</p>
Statewide Issues	<p>19. Ok to be sole provider status?</p> <p>20. Pursue customer owned grid option?</p> <p>21. Pursue muni-utility status?</p> <p>22. How much time for Cal-CCA reg/leg? What matters most in this area?</p>	<p>Yes (3) -- worried about Direct Access; Yes, as long as rates kept down (2).</p> <p>Yes; but the option likely closing for now. Yes, but at what level of resource?</p> <p>Yes, if makes economic sense to control costs (3); Through lobbying or reg changes that make it possible without extraordinary cost/effort; direct takeover/condemnation doesn’t make sense at this time.</p> <p>Any effort that helps us gain more control of costs and rates; PCIA relief. Focus on issues that provide more financial certainty and stability.</p>
Extra Credit	<p>23. What most proud of?</p> <p>24. What keeps you up at night?</p> <p>25. Wish you understood better?</p> <p>26. Wish we could change about VCEA?</p> <p>27. What else?</p>	<p>Efforts to create a fantastic organization focused on customers; Collaboration among jurisdictions; we’ve stayed in business for 2 years.</p> <p>Financial issues and rapid up/down shifts in financial fortunes; ruthlessness of PG&E and problems that are “higher” than VCEA.</p> <p>Acronyms; Partnerships we could create to improve all aspects of our biz; economics of procurement.</p> <p>Would like to have more control over our destiny; shorter Board agendas, less reading and legal speak; more engagement with customers/public.</p> <p>Looking for alignment of all priorities – the purpose of strategic planning.</p>



Valley Clean Energy
Strategic Plan
ABRIDGED DRAFT v2 as of 9/4/20
2021-2024

VCEA MISSION

Deliver cost-competitive clean electricity, product choice, price stability, energy efficiency, and greenhouse gas emission reductions.

INTEGRATED VISION FOR VCEA:

Valley Clean Energy (VCE) is a public not-for-profit joint-powers authority that operates a state-authorized Community Choice Aggregation (CCA) program. Participating VCE communities include the City of Woodland, the City of Davis, the City of Winters, and the County of Yolo. Valley Clean Energy is one of 21 other operating CCAs in the state of California which have their origins in customer choice and the accelerated shift to affordable clean and carbon free power. A core value of California CCAs, including VCE, is the ability to respond to the climate crisis by cost effectively decarbonizing the grid through local energy choice and decision making. CCAs across the board have exceeded aggressive State energy mandates and are enabling scalable climate solutions at the local level.

One of the key factors driving the formation of VCE was to address climate change and improve local health and safety by supporting the transition to clean energy and building local resilience. In many ways, VCE serves as the link between the State's goals in these areas and what happens at the local level. Valley Clean Energy enables its participating jurisdictions to determine the sources, modes of production, and costs of the electricity they procure for the residential, commercial, agricultural and industrial users in their areas. VCE customers continue to pay PG&E to deliver the electricity procured by VCE and perform billing, metering, and other electric distribution utility functions and services. A clean energy portfolio along with satisfied customers and a commitment to local energy innovation will always be guiding priorities for VCE.

NEAR-TERM VISION (Next 3 Years)

The near-term vision for VCE is to provide electricity users with greater choice over the sources and prices of the electricity they use, by:

- Offering basic electricity service with highest available renewable electricity content and lower carbon content, at a rate competitive with PG&E;
- Developing and offering additional carbon free and/or local generation options at modest price premiums;
- Establishing an energy planning framework for developing local energy programs and local energy resources and infrastructure;

- Evaluating and adopting best practices in the electricity service industry for planning and operational management; and,
- Accomplishing the goals enumerated below while accumulating reserve funds for future VCE energy programs and mitigation of future risks.

LONG-TERM VISION (4+ Years)

The future vision for VCE is to continuously improve the electricity choices available to VCE customers, while expanding local energy-related economic opportunities, by:

- Causing the deployment of new renewable and low carbon energy sources within VCE’s service territory and surrounding region as much as possible;
- Substantially increasing the renewable electricity content of basic electricity service, with the ultimate goal of achieving zero carbon emission electricity by 2030;
- Developing and managing customized programs for energy electrification, on-site electricity production and storage;
- Accelerating deployment of local energy resources to increase local economic development, investment, employment, innovation and resilience;
- Working to achieve the climate action goals of participating jurisdictions to shape a sustainable energy future;
- Saving money for ratepayers on their energy bills; and
- Recruiting participation of additional jurisdictions in and near Yolo County within a set of established criteria and measurable benefits to the customers and communities served by VCE.

STRATEGIC PLAN:

This Strategic Plan focuses VCE on achieving better energy outcomes for its customers and communities by guiding the organization’s actions over the next three years. The Plan maps a route to VCE’s goals and allows for course correction as new information and learning occurs. The energy sector in California is in a transformational period and VCE allows local energy priorities and needs to be heard and ultimately acted upon. This plan helps VCE build a strong foundation from which to identify and guide strategic action over the next three years, being mindful of the longer-term aspirations of the Agency. It is anticipated that this Plan will be ready for implementation in 2021 and reviewed annually to ensure that the Agency remains on track and course corrects if necessary.

METHODOLOGY AND ORGANIZATION:

VCE’s strategic plan is based on the experience of the Agency’s first two years in operation as well as current energy market conditions, a strengths/weaknesses/opportunities/threats (SWOT) analysis which was completed in 2019, and detailed feedback from the Board of Directors, Community Advisory Committee (CAC) members and VCE staff. The Plan covers seven topical categories which are most relevant to VCE’s operations. Within each category, the Plan specifies a set of aspirational goals and follows with strategies to achieve or make progress toward those goals over the next three years.



KEY GOALS:

A) FINANCIAL STRENGTH

A successful CCA program requires disciplined fiscal strategies and financially sound policies. VCE is committed to managing its financial resources responsibly and setting a standard of transparency and accountability, ensuring efficiency and strong stewardship of the agency's financial resources. At VCE, our commitment to fiscal and operational excellence will ensure that all processes and operations are clearly defined and efficiently designed to align people, systems, and policies to maximize productivity and improve efficiency. Adhering to these policies and actively examining and assessing risk will help earn a high credit rating and a healthy position from which to deliver customer and community value.

Goal 1: Manage resources and maintain low overhead costs over next three fiscal years to achieve the Board's stated financial objectives.

Goal 2: Achieve an investment grade credit rating by end of 2024

B) PROCUREMENT AND POWER SUPPLY

Navigating the world of wholesale power markets and state-mandated power mix and reliability requirements while fulfilling our commitment to sourcing low/no carbon electricity requires a constant search for the right resources to meet sustainability and value proposition goals. The threat of losing load to Direct Access presents new challenges and opportunities to enhance product offerings to meet VCE's decarbonization goals and our customers' own environmental goals while considering financial and risk impacts. VCE is committed to providing carbon free electricity through a balanced approach which considers cost, risk, long-term value and best-fit in meeting community goals while exceeding California's RPS mandates.

Goal 3: Manage power supply resources and risks to meet near-term financial and rate objectives while working toward a power portfolio that is 100% carbon neutral by 2030.

Goal 4: Supply as high a percentage renewable, and carbon-free energy as is financially feasible while exceeding California's RPS mandates.

Goal 5: Continue to identify and pursue cost effective, local energy resources.

C) CUSTOMERS AND COMMUNITY

VCE is a customer and community focused organization. We will use all available channels and platforms to cultivate relationships with and bring customer value to all segments of the communities we serve – including those that have been historically underserved/under resourced. These channels include leveraging existing outlets established by our member agencies, partnering with commercial customers to enhance their community presence, and re-engaging with those who have opted out. Partnerships with commercial and agricultural customers are particularly important to building VCE's brand in a region rooted in food production and innovation. Communicating our competitive rates and product and service benefits in clear and accessible ways will strengthen customer loyalty and enhance our financial standing, enabling us to better serve our communities.

Goal 6: To better serve our customers, investigate new rate structures through which to achieve higher customer participation and engage new communities while maintaining competitive rates.

Goal 7: Effectively engage all segments of VCE's customer base, including disadvantaged and historically marginalized customers and communities.

Goal 8: Cultivate greater customer awareness particularly among VCE’s business and agricultural customers.

Goal 9: Measure and increase customer satisfaction.

Goal 10: Increase participation in VCE’s premium UltraGreen 100% renewable product.

Goal 11: Explore and evaluate options for new customer programs and launch at least three within the three-year Plan period.

D) DECARBONIZATION & GRID INNOVATION PROGRAMS

One of the key factors driving the formation of VCE was to address climate change and improve local resiliency. We will play a vital role in this decades-long endeavor, with the ongoing support of our community and our Board. In addition to providing carbon-free electricity, we are reinvesting in our region and expanding our toolset for furthering emissions reductions and energy resiliency by launching decarbonization and grid innovation programs. These programs represent the next stage in VCE’s maturity and are the mechanism by which VCE will further engage our communities to achieve our mission. We will leverage partnerships, prioritize innovation and use data science to manage and influence carbon-free energy use. We will embody the entrepreneurial and innovative spirit of the community in which we live and work, the spirit of Yolo County, to bend the carbon curve downwards and improve the lives of our community members.

Goal 12: Develop and adopt a decarbonization and resiliency roadmap for VCE.

Goal 13: Investigate launching VCE programs to support member agencies’ energy and transportation GHG emission reduction targets.

E) STATEWIDE ISSUES: REGULATORY & LEGISLATIVE AFFAIRS

The regulatory and legislative processes wield critical influence over VCE’s ability to serve our customers and fulfill our core goals and mission. Working with CalCCA and other operating CCAs, VCE will actively engage with the regulatory and legislative communities in order manage operational risk, protect the interests of our customers, enhance our ability to mitigate greenhouse gas emissions, and help build a regulatory framework that supports innovation and customer choice in an equitable and cost-effective manner while preserving reliability and universal access.

Goal 14: Work with CalCCA and other partners to proactively engage State regulators and legislators in developing policy that furthers VCE’s mission and facilitates our contributions to decarbonization, grid reliability, energy resilience, affordability, local programs and social equity.

Goal 15: Continue to work with partners to ensure VCE’s procurement and rate-setting autonomy.

F) ORGANIZATION AND WORKPLACE

Human capital is a successful organization’s greatest asset, and at VCE we’ve built a highly talented and dedicated team that will ensure the success and prosperity of our organization. Contracting with Saramento Municipal Utility District (SMUD) to deliver high quality services and personnel support during launch and early operations has allowed VCE to realize these objectives from the outset. Over the period of this strategic plan, VCE will explore transition from a contract dependent organization to one that balances the values and efficiencies of development and retention of high-quality in-house staff supported by high-quality outside services. Building, valuing, and nurturing this team’s talent will require a start-up culture that supports creativity, open

communication, and the free flow of ideas to spur innovation. We will provide an infrastructure within VCE that supports and cultivates our employees through professional and personal development, recognizes and rewards their contributions to achieving our mission, and offers opportunities that position our people, as well as VCE, for success. In attracting and maintaining skilled employees, VCE will continue to provide a rewarding workplace experience.

Goal 16: Analyze and implement optimal long-term management & organizational structure at VCE.

Goal 17: Evaluate and pursue opportunities for shared services with other CCAs for certain functions.

Goal 18: Develop an evaluation framework to guide future expansion opportunities within Yolo County and surrounding areas.

G) INFORMATION SYSTEMS AND TECHNOLOGY

At VCE, we take customer information, privacy, and security seriously. Our systems and processes follow best practices and industry standards. Performance metrics are in place to ensure resiliency and high system availability on standard and mobile platforms. Periodic upgrades to IT resources will ensure continued adherence to these high standards. This strategic plan provides the approach that VCE is taking to address the challenges of delivering IT services in a dynamic environment with new regulations and continuous advancements in science and technology.

Goal 19: Ensure VCE's Information Technology infrastructure is secure, reliable, and disaster resilient to provide 24/7/365 online access.

Goal 20: Foster innovation and empower decision making through greater use of data.

PERFORMANCE METRICS

[To draft]