

VALLEY CLEAN ENERGY ALLIANCE**Staff Report – Item 16**

TO: Board of Directors

FROM: Chad Curran, Director of Power Services

SUBJECT: Ratify services agreement with First Principles Advisory, LLC for Integrated Resource Planning Portfolio Modeling

DATE: February 12, 2026

Recommendation

Ratify signed Consultant Agreement with First Principles Advisory, LLC (First Principles) for Integrated Resource Planning (IRP) portfolio modeling services for an amount not to exceed \$60,000 for a term beginning January 30, 2026 and, expiring May 31, 2026.

Background

Historically, electric utilities focused long-term planning on the construction of large-scale supply-side infrastructure, following the idea that increased consumption could only be met with new generation. However, starting in the 1970s, the importance of energy efficiency improvements, localized renewable generation, environmental impacts, and the overall cost of meeting demand led to a new approach in planning. Utility planning moved from simply supplying more energy to focusing on how demand could be met at the lowest cost. In the mid-1970s, California was the first state to adopt the IRP process, aiming to balance economic impact with environmental protection.

Since 2018, VCE has been required by the California Public Utilities Commission (CPUC) to prepare an IRP on a biannual basis. VCE last filed an IRP on November 1, 2022. After significant delays in the IRP process, on January 16, 2026, the CPUC issued a ruling setting a due date for the next IRP of June 1, 2026. Our objective for the upcoming IRP is to provide guidance to VCEA's Board, executive management, and the public on the expected power supply cost and the resources needed to meet the electric demand in the 2026 -2045 period, while meeting CPUC's requirements for portfolio planning and VCE's strategic plan goals at the lowest cost.

Up until the 2022 IRP cycle, SMUD assisted VCE by performing portfolio modeling with the assistance of VCE's regulatory legal counsel Keyes & Fox. In 2022, SMUD was no longer performing wholesale energy services for VCE and VCE's new wholesale energy service provider, The Energy Authority (TEA), didn't offer IRP portfolio planning services. In May of 2022, VCE made a Request for Proposals for modeling services for the IRP. After staff consideration, First Principles was chosen as the top applicant to fulfill the services needed for the 2022 IRP. The Board ratified VCE's service agreement with First Principles on July 14, 2022 (6-0-0).

Considering the fast-approaching due date and our success in working with First Principles during the last IRP, VCE staff again recommends engaging First Principles to prepare the current IRP. Staff negotiated the attached agreement for portfolio modeling services with First Principles. After review by VCE's general legal counsel Richards, Watson, & Gershon, Executive Officer Mitch Sears signed the agreement on February 3, 2026.

Next Steps

The scope of work is to take place over the next four months. The CPUC still needs to issue final materials before modeling work can begin. Also, several parties have requested an extension of the June 1, 2026, deadline to allow parties a full 6 months from when the final materials are issued to prepare the IRP. This could result in a delay of the June 1 filing deadline. Barring an extension, VCE's final report to the Board on its IRP is anticipated to be available and presented at the May 2026 Board Meeting.

Conclusion

Staff is recommending that the Board ratify via resolution VCE's agreement with First Principles Advisory for Integrated Resource Planning (IRP) portfolio modeling services for an amount not to exceed \$60,000 for a term January 30, 2026, expiring May 31, 2026.

Attachments

1. Consultant Agreement between VCE and First Principles Advisory, LLC
2. Resolution 2026-XXX

**AGREEMENT BETWEEN THE VALLEY CLEAN ENERGY ALLIANCE AND
FIRST PRINCIPLES ADVISORY, LLC
FOR
PORTFOLIO MODELING**

THIS AGREEMENT, is entered into this February 2, 2026 by and between the VALLEY CLEAN ENERGY ALLIANCE, a Joint Powers Authority organized and operating under the laws of the State of California, with its principal place of business at 604 Second Street, Davis, California, 95616 ("VCE"), and **First Principles Advisory**, a LLC whose address is 1116 Sills Court #2, Capitola CA 95010 (hereinafter referred to as "Consultant") (collectively referred to as the "Parties" and individually as a "Party").

RECITALS:

A. VCE is an independent public agency duly organized under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 *et seq.*) ("Act") with the power to conduct its business and enter into agreements.

B. Consultant possesses the skill, experience, ability, background, certification and knowledge to provide the services described in this Agreement pursuant to the terms and conditions described herein.

C. VCE and Consultant desire to enter into an agreement for Portfolio Modeling upon the terms and conditions herein.

NOW, THEREFORE, the Parties mutually agree as follows:

1. **TERM**

The term of this Agreement shall commence on January 30, 2026 and shall terminate on May 31, 2026 unless terminated earlier as set forth herein.

2. **SERVICES TO BE PERFORMED**

Consultant shall perform each and every service set forth in Exhibit "A" pursuant to the schedule of performance set forth in Exhibit "B," both of which are attached hereto and incorporated herein by this reference.

3. **COMPENSATION TO CONSULTANT**

Consultant shall be compensated for services performed pursuant to this Agreement in a total amount not to exceed Sixty Thousand and no/100 Dollars (\$60,000.00) based on the rates and terms set forth in Exhibit "C," which is attached hereto and incorporated herein by this reference.

4. **TIME IS OF THE ESSENCE**

Consultant and VCE agree that time is of the essence regarding the performance of this Agreement.

5. **STANDARD OF CARE**

Consultant agrees to perform all services required by this Agreement in a manner commensurate with the prevailing standards of specially trained professionals in the San Francisco Bay Area under similar circumstances and in a manner reasonably satisfactory to VCE and agrees that all services shall be performed by qualified and experienced personnel. Consultant shall be responsible to VCE for any errors or omissions in the performance of work pursuant to this Agreement. Should any errors caused by Consultant be found in such services or products, Consultant shall correct the errors at no additional charge to VCE by redoing the professional work and/or revising the work product(s) called for in the Scope of Services to eliminate the errors. Should Consultant fail to make such correction in a reasonably timely manner, such correction may be made by VCE, and the cost thereof shall be charged to Consultant. In addition to all other available remedies, VCE may deduct the cost of such correction from any retention amount held by VCE or may withhold payment otherwise owed Consultant under this Agreement up to the amount of the cost of correction.

6. **INDEPENDENT PARTIES**

VCE and Consultant intend that the relationship between them created by this Agreement is that of an independent contractor. The manner and means of conducting the work are under the control of Consultant, except to the extent they are limited by statute, rule or regulation and the express terms of this Agreement. No civil service status or other right of employment will be acquired by virtue of Consultant's services. None of the benefits provided by VCE to its employees, including but not limited to, unemployment insurance, workers' compensation plans, vacation and sick leave are available from VCE to Consultant, its employees or agents. Deductions shall not be made for any state or federal taxes, FICA payments, PERS payments, or other purposes normally associated with an employer-employee relationship from any fees due Consultant. Payments of the above items, if required, are the responsibility of Consultant. Consultant shall indemnify and hold harmless VCE and its elected officials, officers, employees, servants, designated volunteers, and agents serving as independent contractors in the role of VCE officials, from any and all liability, damages, claims, costs and expenses of any nature to the extent arising from Consultant's personnel practices. VCE shall have the right to offset against the amount of any fees due to Consultant under this Agreement any amount due to VCE from Consultant as a result of Consultant's failure to promptly pay to VCE any reimbursement or indemnification arising under this section.

7. **NO RECOURSE AGAINST CONSTITUENT MEMBERS OF VCE**

VCE is organized as a Joint Powers VCE in accordance with the Joint Powers Act of the State of California (Government Code Section 6500 et seq.) pursuant to a Joint Powers Agreement dated March 31, 2016, and is a public entity separate from its constituent members. VCE shall solely be responsible for all debts, obligations and liabilities accruing and arising out of

this Agreement. Consultant shall have no rights and shall not make any claims, take any actions or assert any remedies against any of VCE's constituent members in connection with this Agreement.

8. **NON-DISCRIMINATION**

In the performance of this Agreement, Consultant, and any subconsultant under the Consultant, shall not discriminate against any employee, subcontractor or applicant for employment because of race, color, religious creed, sex, gender, gender identity, gender expression, marital status, national origin, ancestry, age, physical disability, mental disability, medical condition, genetic information, sexual orientation, military or veteran status, or other basis prohibited by law, except as provided in Government Code section 12940. Consultant shall have responsibility for compliance with this Section.

9. **HOLD HARMLESS AND INDEMNIFICATION**

A. Intellectual Property Indemnification. Consultant hereby certifies that it owns, controls, or licenses and retains all right, title, and interest in and to any intellectual property it uses in relation to this Agreement, including the design, look, feel, features, source code, content, and other technology relating to any part of the services and including all related patents, inventions, trademarks, and copyrights, all applications therefor, and all trade names, service marks, know how, and trade secrets (collectively referred to as "IP Rights"), except as otherwise expressly provided by this Agreement. Consultant warrants that the services to be provided pursuant to this Agreement do not infringe, violate, trespass, or constitute the unauthorized use or misappropriation of any IP Rights of any third party. Consultant shall indemnify, defend, and hold Indemnitees, harmless from and against any Liabilities by a third party that the services to be provided pursuant to this Agreement infringe or violate any third-party's IP Rights, provided any such right is enforceable in the United States. Such costs and expenses shall include reasonable attorneys' fees of counsel of VCE's choice, expert fees and all other costs and fees of litigation.

B. The acceptance of the services by VCE shall not operate as a waiver of these rights of indemnification. The hold harmless and indemnification provisions of this Section shall apply regardless of whether or not any insurance policies are determined to be applicable to the Liability.

C. Consultant's indemnifications and obligations under this section shall survive the expiration or termination of this Agreement.

10. **INSURANCE**

A. General Requirements. On or before the commencement of the term of this Agreement, Consultant shall furnish VCE with certificates showing the type, amount, class of operations covered, effective dates and dates of expiration of insurance coverage in compliance with the requirements listed in Exhibit "D," which is attached hereto and incorporated herein by this reference. Such insurance and certificates, which do not limit Consultant's indemnification

obligations under this Agreement, shall also contain substantially the following statement: "Should any of the above insurance covered by this certificate be canceled or coverage reduced before the expiration date thereof, the insurer affording coverage shall provide thirty (30) days' advance written notice to VCE by certified mail, Attention: Chief Executive Officer." Consultant shall maintain in force at all times during the performance of this Agreement all appropriate coverage of insurance required by this Agreement with an insurance company that is acceptable to VCE and licensed to do insurance business in the State of California. Endorsements naming VCE as additional insured shall be submitted with the insurance certificates.

B. Subrogation Waiver. Consultant agrees that in the event of loss due to any of the perils for which he/she has agreed to provide comprehensive general and automotive liability insurance, Consultant shall look solely to his/her/its insurance for recovery. Consultant hereby grants to VCE, on behalf of any insurer providing comprehensive general and automotive liability insurance to either Consultant or VCE with respect to the services of Consultant herein, a waiver of any right to subrogation which any such insurer of Consultant may acquire against VCE by virtue of the payment of any loss under such insurance.

C. Failure to secure or maintain insurance. If Consultant at any time during the term hereof should fail to secure or maintain the foregoing insurance, VCE shall be permitted to obtain such insurance in the Consultant's name or as an agent of the Consultant and shall be compensated by the Consultant for the costs of the insurance premiums at the maximum rate permitted by law and computed from the date written notice is received that the premiums have not been paid.

D. Additional Insured. VCE, its members, officers, employees and volunteers shall be named as additional insureds under all insurance coverages, except any professional liability insurance, required by this Agreement. The naming of an additional insured shall not affect any recovery to which such additional insured would be entitled under this policy if not named as such additional insured. An additional insured named herein shall not be held liable for any premium, deductible portion of any loss, or expense of any nature on this policy or any extension thereof. Any other insurance held by an additional insured shall not be required to contribute anything toward any loss or expense covered by the insurance provided by this policy.

E. Sufficiency of Insurance. The insurance limits required by VCE are not represented as being sufficient to protect Consultant. Consultant is advised to confer with Consultant's insurance broker to determine adequate coverage for Consultant.

F. Maximum Coverage and Limits. It shall be a requirement under this Agreement that any available insurance proceeds broader than or in excess of the specified minimum Insurance coverage requirements and/or limits shall be available to the additional insureds. Furthermore, the requirements for coverage and limits shall be the minimum coverage and limits specified in this Agreement, or the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the named insured, whichever is greater.

11. **CONFLICT OF INTEREST**

Consultant warrants that it, its officers, employees, associates and subcontractors, presently have no interest, and will not acquire any interest, direct or indirect, financial or otherwise, that would conflict in any way with the performance of this Agreement, and that it, its officers, employees, associates and subcontractors, will not employ any person having such an interest. Consultant and its officers, employees, associates and subcontractors, if any, shall comply with all conflict of interest statutes of the State of California applicable to Consultant's services under this Agreement, including the Political Reform Act (Gov. Code § 81000, et seq.) and Government Code Section 1090. During the term of this Agreement, Consultant may perform similar services for other clients, but Consultant and its officers, employees, associates and subcontractors shall not, without the VCE Representative's prior written approval, perform work for another person or entity for whom Consultant is not currently performing work that would require Consultant or one of its officers, employees, associates or subcontractors to abstain from a decision under this Agreement pursuant to a conflict of interest statute. Consultant shall incorporate a clause substantially similar to this section into any subcontract that Consultant executes in connection with the performance of this Agreement. Consultant understands that it may be required to fill out a conflict of interest form if the services provided under this Agreement require Consultant to make certain governmental decisions or serve in a staff VCE, as defined in Title 2, Division 6, Section 18700 of the California Code of Regulations.

12. **PROHIBITION AGAINST TRANSFERS**

Consultant shall not assign, sublease, hypothecate, or transfer this Agreement, or any interest therein, directly or indirectly, by operation of law or otherwise, without prior written consent of VCE. Any attempt to do so without such consent shall be null and void, and any assignee, sublessee, pledgee, or transferee shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer. However, claims for money by Consultant from VCE under this Agreement may be assigned to a bank, trust company or other financial institution without prior written consent. Written notice of such assignment shall be promptly furnished to VCE by Consultant.

The sale, assignment, transfer or other disposition of any of the issued and outstanding capital stock of Consultant, or of the interest of any general partner or joint venturer or syndicate member or cotenant, if Consultant is a partnership or joint venture or syndicate or cotenancy, which shall result in changing the control of Consultant, shall be construed as an assignment of this Agreement. Control means fifty percent (50%) or more of the voting power of the corporation.

13. **SUBCONTRACTOR APPROVAL**

Unless prior written consent from VCE is obtained, only those persons and subcontractors whose names are attached to this Agreement shall be used in the performance of this Agreement.

In the event that Consultant employs subcontractors, such subcontractors shall be

required to furnish proof of workers' compensation insurance and shall also be required to carry general, automobile and professional liability insurance in substantial conformity to the insurance carried by Consultant. In addition, any work or services subcontracted hereunder shall be subject to each provision of this Agreement.

Consultant agrees to include within their subcontract(s) with any and all subcontractors the same requirements and provisions of this Agreement, including the indemnity and insurance requirements, to the extent they apply to the scope of the subcontractor's work. Subcontractors hired by Consultant shall agree to be bound to Consultant and VCE in the same manner and to the same extent as Consultant is bound to VCE under this Agreement. Subcontractors shall agree to include these same provisions within any sub-subcontract. Consultant shall provide a copy of the Indemnity and Insurance provisions of this Agreement to any subcontractor. Consultant shall require all subcontractors to provide valid certificates of insurance and the required endorsements prior to commencement of any work and will provide proof of compliance to VCE.

14. **REPORTS**

A. Each and every report, draft, work product, map, record and other document, hereinafter collectively referred to as "Report", reproduced, prepared or caused to be prepared by Consultant pursuant to or in connection with this Agreement, shall be the exclusive property of VCE. Consultant shall not copyright any Report required by this Agreement and shall execute appropriate documents to assign to VCE the copyright to Reports created pursuant to this Agreement. Any Report, information and data acquired or required by this Agreement shall become the property of VCE, and all publication rights are reserved to VCE. Consultant may retain a copy of any Report furnished to VCE pursuant to this Agreement.

B. All Reports prepared by Consultant may be used by VCE in execution or implementation of: (1) The original project for which Consultant was hired; (2) Completion of the original project by others; (3) Subsequent additions to the original project; and/or (4) Other VCE projects as VCE deems appropriate in its sole discretion.

C. Consultant shall, at such time and in such form as VCE may require, furnish reports concerning the status of services required under this Agreement.

D. All Reports shall also be provided in electronic format, both in the original file format (e.g., Microsoft Word) and in PDF format.

E. No Report, information or other data given to or prepared or assembled by Consultant pursuant to this Agreement that has not been publicly released shall be made available to any individual or organization by Consultant without prior approval by VCE.

F. VCE shall be the owner of and shall be entitled upon request to immediate possession of accurate reproducible copies of Reports or other pertinent data and information gathered or computed by Consultant prior to termination of this Agreement or upon completion of the work pursuant to this Agreement.

15. **RECORDS**

Consultant shall maintain complete and accurate records with respect to costs, expenses, receipts and other such information required by VCE that relate to the performance of services under this Agreement, in sufficient detail to permit an evaluation of the services and costs. All such records shall be clearly identified and readily accessible. Consultant shall provide free access to such books and records to the representatives of VCE or its designees at all proper times, and gives VCE the right to examine and audit same, and to make transcripts therefrom as necessary, and to allow inspection of all work, data, documents, proceedings and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a minimum period of five (5) years after Consultant receives final payment from VCE for all services required under this agreement

16. **PARTY REPRESENTATIVES**

The Director of Power Services (“VCE Representative”) shall represent VCE in all matters pertaining to the services to be performed under this Agreement. James Himelic (Consultant Representative”) shall represent Consultant in all matters pertaining to the services to be performed under this Agreement.

17. **INFORMATION AND DOCUMENTS**

A. Consultant covenants that all data, reports, documents, discussion, or other information (collectively “Data”) developed or received by Consultant or provided for performance of this Agreement are deemed confidential and shall not be disclosed or released by Consultant without prior written authorization by VCE. VCE shall grant such authorization if applicable law requires disclosure. Consultant, its officers, employees, agents, or subcontractors shall not without written authorization from the VCE Representative or unless requested in writing by VCE’s counsel, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the work performed under this Agreement or relating to any project or property located within VCE. Response to a subpoena or court order shall not be considered “voluntary,” provided Consultant gives VCE notice of such court order or subpoena.

B. Consultant shall promptly notify VCE should Consultant, its officers, employees, agents or subcontractors be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this Agreement and the work performed thereunder or with respect to any project or property located within VCE. VCE may, but has no obligation to, represent Consultant or be present at any deposition, hearing or similar proceeding. Consultant agrees to cooperate fully with VCE and to provide VCE with the opportunity to review any response to discovery requests provided by Consultant. However, VCE’s right to review any such response does not imply or mean the right by VCE to control, direct or rewrite the response.

C. In the event VCE gives Consultant written notice of a “litigation hold”, then as to all data identified in such notice, Consultant shall, at no additional cost to VCE, isolate and preserve all such data pending receipt of further direction from VCE.

D. Consultant’s covenants under this section shall survive the expiration or termination of this Agreement.

18. **NOTICES**

Any notice, consent, request, demand, bill, invoice, report or other communication required or permitted under this Agreement shall be in writing and conclusively deemed effective: (a) on personal delivery, (b) on confirmed delivery by courier service during Consultant’s and VCE’s regular business hours, or (c) three Business Days after deposit in the United States mail, by first class mail, postage prepaid, and addressed to the Party to be notified as set forth below:

TO VCE:

Valley Clean Energy Alliance
604 Second Street
Davis, CA 95616
Attention: Chief Executive Officer

TO CONSULTANT:

James Himelic
First Principles Advisory, LLC
1116 Sills Court #2
Capitola, CA 95010

19. **TERMINATION**

In the event Consultant fails or refuses to perform any of the provisions hereof at the time and in the manner required hereunder, Consultant shall be deemed in default in the performance of this Agreement. If Consultant fails to cure the default within the time specified (which shall be determined by VCE but shall be not less than 10 days) and according to the requirements set forth in VCE’s written notice of default, and in addition to any other remedy available to VCE by law, the VCE Representative may terminate the Agreement by giving Consultant written notice thereof, which shall be effective immediately. The VCE Representative shall also have the option, at its sole discretion and without cause, of terminating this Agreement by giving seven (7) calendar days’ prior written notice to Consultant as provided herein. Upon receipt of any notice of termination, Consultant shall immediately discontinue performance. If VCE shall fail to fulfill in a timely and proper manner its obligations under this Agreement, Consultant shall thereupon have the right to terminate this Agreement if such violation is not corrected within ten (10) days after submitting written notice to VCE. In the event of such termination, Consultant shall be entitled to receive just and equitable

compensation, not to exceed the agreed amount for services provided before termination, for any satisfactory work completed on such documents and other materials prior to receipt of notice of default.

In the event of VCE's termination of this Agreement due to no fault or failure of performance by Consultant, VCE shall pay Consultant for services satisfactorily performed up to the effective date of termination. Upon termination, Consultant shall immediately deliver to VCE any and all copies of studies, sketches, drawings, computations, and other material or products, whether or not completed, prepared by Consultant or given to Consultant, in connection with this Agreement. Such materials shall become the property of VCE. Consultant shall have no other claim against VCE by reason of such termination, including any claim for compensation.

20. **COMPLIANCE WITH LAWS**

Consultant shall keep itself informed of all applicable federal, state and local laws, ordinances, codes, regulations and requirements which may, in any manner, affect those employed by it or in any way affect the performance of its services pursuant to this Agreement. Consultant shall, at all times, observe and comply with all such laws and regulations. VCE, and its officers and employees, shall not be liable at law or in equity by reason of the failure of the Consultant to comply with this paragraph.

Consultant represents and agrees that all personnel engaged by Consultant in performing services are and shall be fully qualified and are authorized or permitted under state and local law to perform such services. Consultant represents and warrants to VCE that it has all licenses, permits, certificates, qualifications, and approvals required by law to provide the services and work required to perform services under this Agreement, including a business license. Consultant further represents and warrants that it shall keep in effect all such licenses, permits, and other approvals during the term of this Agreement.

21. **CONFLICT OF LAW**

This Agreement shall be interpreted under, and enforced by the laws of the State of California. The Agreement and obligations of the Parties are subject to all valid laws, orders, rules, and regulations of the authorities having jurisdiction over this Agreement (or the successors of those authorities). Any suits brought pursuant to this Agreement shall be filed with the Superior Court of the County of Yolo, State of California.

22. **ADVERTISEMENT**

Consultant shall not post, exhibit, display or allow to be posted, exhibited, displayed any signs, advertising, show bills, lithographs, posters or cards of any kind pertaining to the services performed under this Agreement unless prior written approval has been secured from VCE to do otherwise.

23. **WAIVER**

A waiver by VCE of any breach of any term, covenant, or condition contained herein shall

not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition contained herein, whether of the same or a different character.

24. **INTEGRATED CONTRACT**

This Agreement represents the full and complete understanding of every kind or nature whatsoever between the Parties, and all preliminary negotiations and agreements of whatsoever kind or nature are merged herein. No verbal agreement or implied covenant shall be held to vary the provisions hereof. Any modification of this Agreement will be effective only by a written document signed by both VCE and Consultant.

25. **AUTHORITY**

The individual(s) executing this Agreement represent and warrant that they have the legal authority and authority to do so on behalf of their respective legal entities.

26. **INSERTED PROVISIONS**

Each provision and clause required by law to be inserted into the Agreement shall be deemed to be enacted herein, and the Agreement shall be read and enforced as though each were included herein. If through mistake or otherwise, any such provision is not inserted or is not correctly inserted, the Agreement shall be amended to make such insertion on application by either Party.

27. **CAPTIONS AND TERMS**

The captions in this Agreement are for convenience only, are not a part of the Agreement and in no way affect, limit or amplify the terms or provisions of this Agreement.

28. **VCE'S RIGHTS TO EMPLOY OTHER CONSULTANTS**

VCE reserves the right to employ other consultants in connection with the subject matter of the Scope of Services.

29. **EXHIBITS**

The Exhibits referenced in this Agreement are attached hereto and incorporated herein by this reference as though set forth in full in the Agreement. If any inconsistency exists or arises between a provision of this Agreement and a provision of any exhibit, or between a provision of this Agreement and a provision of Consultant's proposal, the provisions of this Agreement shall control.

30. **FORCE MAJEURE**

Consultant shall not be liable for any failure to perform its obligations under this

Agreement if Consultant presents acceptable evidence, in VCE's reasonable judgment, that such failure was due to acts of God, pandemics, embargoes, inability to obtain labor or materials or reasonable substitutes for labor or materials, governmental restrictions, governmental regulations, governmental controls, judicial orders, enemy or hostile governmental action, civil commotion, fire or other casualty, or other causes beyond Consultant's reasonable control and not due to any act by Consultant.

31. **RESERVED**

32. **ATTORNEY FEES**

In any litigation or other proceeding by which a Party seeks to enforce its rights under this Agreement (whether in contract, tort or both) or seeks a declaration of any rights or obligations under this Agreement, the prevailing Party shall be entitled to recover all attorneys' fees, experts' fees, and other costs actually incurred in connection with such litigation or other proceeding, in addition to all other relief to which that Party may be entitled.

33. **SEVERABILITY**

If any provision in this Agreement is held by a court of competent jurisdiction to be illegal, invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

34. **SUCCESSORS AND ASSIGNS**

The terms and conditions of this Agreement shall be binding on the successors and assigns of the Parties to this Agreement.

35. **NO THIRD PARTY BENEFICIARIES INTENDED**

This Agreement is made solely for the benefit of the Parties to this Agreement and their respective successors and assigns, and no other person or entity may have or acquire a right by virtue of this Agreement.

36. **COUNTERPARTS; FACSIMILE/PDF/ELECTRONIC SIGNATURE**

This Agreement may be executed in multiple counterparts, all of which shall be deemed an original, and all of which will constitute one and the same instrument. The Parties agree that a facsimile, PDF or electronic signature may substitute for and have the same legal effect as the original signature.

37. **DRAFTING PARTY**

This Agreement shall be construed without regard to the Party that drafted it. Any ambiguity shall not be interpreted against either Party and shall, instead, be resolved in accordance with other applicable rules concerning the interpretation of contracts.

IN WITNESS WHEREOF, the Parties have caused the Agreement to be executed as of the date set forth above.

FIRST PRINCIPLES ADVISORY LLC

By: James Himelic
Name: James Himelic
Title: Founder
Date: 2/3/2026

VALLEY CLEAN ENERGY ALLIANCE

A Joint Powers Authority

By: 
Name: Mitch Sears
Title: Chief Executive Officer
Date: February 3, 2026

APPROVED AS TO FORM:

Indu Khalsa
Counsel for VCE

EXHIBIT A

STATEMENT OF WORK

Project Overview

First Principles Advisory (FPA) will provide portfolio optimization modeling services to Valley Clean Energy (VCE) in support of VCE's 2026 Integrated Resource Plan filing with the California Public Utilities Commission. FPA will use the GenX capacity expansion model to develop optimized resource portfolios and prepare required CPUC compliance deliverables.

For any portfolio optimization process to be successful, two requirements must be met: 1) a complete and accurate identification of the short- and long-term portfolio objectives and 2) the effective translation of these objectives into the appropriate model constraints. One of the key objectives of the ongoing meetings between VCE and First Principles will be to ensure that VCE's portfolio targets and goals are accurately represented in the models prior to optimizing the local portfolio(s).

Term

January 2026 through May 2026

Scope of Work

Task 1: Portfolio Optimization Modeling

First Principles is able to present VCE with a robust set of portfolio options for a variety of scenarios. The firm will include supporting commentary that outlines the key trade-offs identified for each scenario evaluated. FPA will configure and execute portfolio optimization runs using the GenX portfolio optimization model to identify least-cost resource portfolios that satisfy CPUC planning requirements and VCE's policy objectives.

- Configure GenX model with VCE-specific inputs including load forecasts, existing resource portfolio, and procurement constraints
- Develop one (1) conforming portfolio meeting CPUC reference system plan requirements (included in base \$50,000 fee)
- Option to develop two (2) alternative non-conforming portfolios reflecting VCE's preferred resource strategies (\$5,000 per scenario, subject to mutual agreement by both parties)
- Document modeling assumptions, methodology, and results for each scenario

Task 2: CPUC Data Templates

FPA will populate required CPUC data templates based on portfolio optimization results.

- Resource Data Template (RDT): Complete resource-level data for selected portfolio(s)
- Clean System Power (CSP) Calculator: Populate hourly generation and emissions data

Task 3: Technical Narrative

FPA will prepare technical narrative sections related to portfolio optimization methodology and results for inclusion in VCE's IRP filing.

- Modeling approach and tool description
- Key assumptions and input data sources
- Portfolio results and resource selection rationale
- Draft narrative for the reliability section of the filing

Task 4: Project Management

FPA will participate in project coordination activities with VCE and its designated project partners, including EQ Research and The Energy Authority (TEA). First Principles has been an active attendee in previous CPUC-led IRP workshops and plans to continue its participation in this meeting series for the 2026 cycle to stay informed on any changes enacted by the CPUC prior to final submission.

- Attend regular project team meetings and coordination calls
- Respond to questions and provide status updates
- Coordinate deliverable handoffs and review cycles

Client Responsibilities

VCE and/or its designated project partners shall provide FPA with the following inputs in accordance with mutually agreed timelines:

- Load forecasts and customer growth projections
- Existing resource portfolio data (contracts, owned assets, procurement commitments)
- Policy constraints and procurement preferences
- Review and approval of draft deliverables within agreed timeframes

FPA shall not be held responsible for delays, incomplete deliverables, or non-compliance with CPUC filing requirements resulting from VCE's or its designated partners' failure to provide required inputs by specified deadlines. In the event of delayed or incomplete inputs, FPA will notify VCE promptly and work collaboratively to adjust project timelines or scope as necessary.

Compensation

Services will be provided on a time-and-materials basis at a rate of \$300 per hour, with a not-to-exceed budget as specified below.

Task	Hours	Budget
Task 1: Portfolio Optimization Modeling	85	\$25,500
Task 2: RDT	10	\$3,000

Task	Hours	Budget
Task 2: CSP Workbook	10	\$3,000
Task 4: Technical Narrative	40	\$12,000
Task 5: Project Management	21.67	\$6,500
Total Not-to-Exceed (excluding optional portfolios)	167	\$50,000
Optional: Alternative Modeling Exercise I	16.67	\$5,000
Optional: Alternative Modeling Exercise II	16.67	\$5,000
Total Not-to-Exceed (including optional portfolios)	200	\$60,000

Hours may be reallocated between tasks with mutual agreement, provided the total not-to-exceed amount is not exceeded. FPA will invoice monthly for work performed in the prior month.

Deliverables

Deliverable	Description
Resource Data Template (RDT)	Completed CPUC RDT workbook with resource-level portfolio data
Clean System Power Calculator	Completed CPUC CSP workbook with hourly generation and emissions profiles
Technical Narrative	Draft narrative sections covering modeling methodology and portfolio results
Modeling Documentation	Summary of GenX model configuration, assumptions, and key results

EXHIBIT B

SCHEDULE OF PERFORMANCE

This schedule may be modified with the written approval of VCE.

Task	Begin	Complete	Estimated Hours
1. Initial Portfolio Optimization Modeling	Early Feb	End of Feb	Initial: 50 *Note this time estimate assumes VCE can provide the necessary input data to First Principles Advisory such that minimal preprocessing is required to ensure the appropriate degree of data quality.
2. Initial CPUC Data Templates (RDT & CSP).	Mid-March	End of March	Initial: 10 *Note this time estimate assumes VCE can provide the necessary input data to First Principles Advisory such that minimal preprocessing is required to ensure the appropriate degree of data quality.
3. Final Portfolio Optimization Modeling	Mid March	Mid April	Initial: 35
4. Final CPUC Templates (RDT & CSP)	Mid April	End of April	Initial: 10
5. Technical Narrative	Early May	Mid-May	Initial: 40
6. Optional Portfolio Modeling	Beginning of May	Mid-May	Initial: 33
7. Project Management	February to	End of May	Initial: 21.67

EXHIBIT C

COMPENSATION

VCE shall compensate Consultant for professional services in accordance with the terms and conditions of this Agreement based on the rates and compensation schedule set forth below. Compensation will be based on a time and materials ("T&M") basis and shall be calculated based on the hourly rates set forth below up to the not to exceed budget amount set forth below. Prior to performing work for any task described in Exhibit A, the Consultant will provide VCE with an updated estimate of the required hours for the task. Should the Consultant require additional hours to complete the task, the Consultant will notify VCE and the Parties will determine how they wish to proceed.

The compensation to be paid to Consultant under this Agreement for all services described in Exhibit "A" and reimbursable expenses shall not exceed a total of Sixty Thousand and no/100 Dollars (\$60,000.00), as set forth below. Any work performed or expenses incurred for which payment would result in a total exceeding the maximum amount of compensation set forth herein shall be at no cost to VCE unless previously approved in writing by VCE.

Rates

Personnel	Title	Hourly
James Himelic	Founder	\$300/hr

Other Applicable Reimbursement Rates:

Particulars	Rate
Air Travel Time	\$XX.00 / hour
Auto Travel Time (one hour or more)	\$XX.00 / hour
Auto Mileage Rate (or current IRS reimbursement rate)	\$0.625 / mile
Actual Direct Expenses (Receipts required above \$25.00)	Actual Expense
Phone/postage/printing/office materials	No Charge

Total Not to Exceed Amount: \$60,000.00 unless amended by written agreement of both parties.

Invoices

Monthly Invoicing: In order to request payment, Consultant shall submit monthly invoices to VCE describing the services performed and the applicable charges (including a summary of the work performed during that period, personnel who performed the services, hours worked, task(s) for

which work was performed). VCE shall pay all undisputed invoice amounts within thirty (30) calendar days after receipt up to the maximum compensation set forth herein. VCE does not pay interest on past due amounts.

Reimbursable Expenses

Administrative, overhead, secretarial time or overtime, word processing, photocopying, in house printing, insurance and other ordinary business expenses are included within the scope of payment for services and are not reimbursable expenses. Travel expenses must be authorized in advance in writing by VCE.

Additional Services

Consultant shall provide additional services outside of the services identified in Exhibit A only by advance written authorization from VCE Representative prior to commencement of any additional services. Consultant shall submit, at the VCE Representative's request, a detailed written proposal including a description of the scope of additional services, schedule, and proposed maximum compensation. Any changes mutually agreed upon by the Parties, and any increase or decrease in compensation, shall be incorporated by written amendments to this Agreement.

EXHIBIT D

INSURANCE REQUIREMENTS AND PROOF OF INSURANCE

Consultant shall maintain the following minimum insurance coverage:

A. **COVERAGE:**

- (1) **Workers' Compensation:**
Statutory coverage as required by the State of California.

- (2) **Liability:**
Commercial general liability coverage with minimum limits of \$1,000,000 per occurrence and \$2,000,000 aggregate for bodily injury and property damage. ISO occurrence Form CG 0001 or equivalent is required.

- (3) **Automotive:**
Comprehensive automotive liability coverage with minimum limits of \$1,000,000 per
accident for bodily injury and property damage. ISO Form CA 0001 or equivalent is required.

- (4) **Professional Liability**
Professional liability insurance which includes coverage for the professional acts, errors and omissions of Consultant in the amount of at least \$1,000,000.

VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2026-XXX

**A RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY CLEAN ENERGY ALLIANCE
RATIFYING AN AGREEMENT WITH FIRST PRINCIPLES ADVISORY, LLC FOR INTEGRATED
RESOURCE PLANNING PORTFOLIO MODELING SERVICES**

WHEREAS, the Valley Clean Energy Alliance (“VCE”) was formed as a community choice aggregation agency (“CCA”) on November 16, 2016, under the Joint Exercise of Power Act, California Government Code sections 6500 et seq., among the County of Yolo, and the Cities of Davis and Woodland, to reduce greenhouse gas emissions, provide electricity, carry out programs to reduce energy consumption, develop local jobs in renewable energy, and promote energy security and rate stability in all of the member jurisdictions. The City of Winters, located in Yolo County, was added as a member of VCE and a party to the JPA in December of 2019; and,

WHEREAS, staff recommended to VCE’s Chief Executive Officer that VCE enter into an agreement with First Principles Advisory, LLC (First Principles) to prepare portfolio modeling services to assist Staff prepare its two-year update of the Integrated Resource Plan; and,

WHEREAS, the Chief Executive Officer signed the agreement with First Principles effective February 3, 2026.

NOW, THEREFORE, the Board of Directors of the Valley Clean Energy Alliance resolves as follows:

1. Ratifies VCE entering into the Consultant Agreement executed on February 3, 2026, with First Principles Advisory, LLC to prepare portfolio modeling services for VCE’s two-year update of the Integrated Resource Plan, for an amount not to exceed \$60,000 effective January 30, 2026, terminating May 31, 2026.

PASSED, APPROVED, AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the _____ day of _____ 2026 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____, VCE Chair

Alisa M. Lembke, VCE Board Secretary

Attachment A: First Principles Advisory, LLC agreement

ATTACHMENT A

**INTEGRATED RESOURCE PLAN PORTFOLIO MODELING SERVICES AGREEMENT
WITH FIRST PRINCIPLES ADVISORY, LLC**