

VALLEY CLEAN ENERGY ALLIANCE**Staff Report – Item 18**

TO: Board of Directors

FROM: Mitch Sears, Interim General Manager
Edward Burnham, Director of Finance & Internal Operations

SUBJECT: VCE Three-Year Strategic Plan Annual Update Report

DATE: February 10, 2022

PURPOSE

The purpose of this annual report is to provide a progress update to the Board on implementation of the Strategic Plan and provide an outlook of planned activity for 2022.

BACKGROUND

The Board ratified the VCE Three-Year Strategic Plan at the November 12, 2020 meeting which incorporates the following schedule for status reporting:

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

Staff has provided quarterly progress updates to the Interim General Manager and Community Advisory Committee (CAC). As shown in the attached strategic plan status report, staff believes notable progress is being made in each of the goal areas and that the plan is serving an overall purpose of aligning organizational activities with policy priorities. Staff is seeking feedback and direction from the Board on continuing implementation of the Strategic Plan.

ATTACHMENT

1. VCE Strategic Plan Annual Update Report - 2021



VALLEY
CLEAN ENERGY

**VCE Three-Year Strategic Plan
Annual Update Report
2021**

VCE Three-Year Strategic Plan Update



Goal 1 - FINANCIAL STRENGTH

Maintain grow a strong financial foundation and manage costs to achieve long-term organizational health.

- Objectives:
- 1.1 - Maintain consistently healthy cash reserves to fund VCE’s mission, vision, and goals.
 - 1.2 - Achieve an investment grade credit rating by end of 2024.
 - 1.3 - Commit to fiscal efficiencies to build a program foundation from which to deliver customer and community value.
 - 1.4 - Manage customer rates to optimize VCE’s financial health while maintaining rate competitiveness with PG&E.

Obj.	2021 - Key Accomplishments & Developments	2022 Planned Activities
1.1	<ol style="list-style-type: none"> 1. Developed collections policy for review by CAC & Board 2. Renewed credit line with RCB through calendar 2021. 3. Received preliminary CAPP approval for funding ~\$800K of COVID related receivables 	<ol style="list-style-type: none"> 1. Collections policy approval Q1 2022 2. Renew and increase credit line(s)
1.2	<ol style="list-style-type: none"> 1. Budgeted for a financial advisor to support the process of establishment of first credit rating 	<ol style="list-style-type: none"> 1. Issue RFP for financial advisor Q1 2022 2. Recover cash reserves ~80+ Days
1.3		<ol style="list-style-type: none"> 1. Review financial reserve, dividend, and programs fund policy
1.4	<ol style="list-style-type: none"> 1. Adopted cost-based rate policy 2. Implemented rate change to maintain cash reserve minimums 	<ol style="list-style-type: none"> 1. Develop an additional analytics model for cost study and long-term rates.



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Goal 2 - PROCUREMENT & POWER SUPPLY

Manage power supply resources to consistently exceed California’s Renewable Portfolio Standard (RPS) while working toward a resource portfolio that is 100% carbon neutral by 2030.

- 2.1 - Continue to identify and pursue cost effective local renewable energy resources.
- 2.2 - Acquire sufficient bundled energy and renewable resources to achieve VCE’s greenhouse gas reduction targets.
- 2.3 - Deploy storage and other strategies to achieve renewable, carbon neutral, resource adequacy, and resiliency objectives.
- 2.4 - Identify and pursue cost effective, local distributed energy (e.g., behind the meter rooftop Solar + storage) resources to help meet reliability needs.
- 2.5 - Study and present options for achieving a 100% carbon neutral resource portfolio as well as 100% carbon free resource portfolio (carbon free hour by hour) by 2030.
- 2.6 - Optimize the hedging strategy to mitigate risk in accordance with the energy risk guidelines and procurement plan.

Obj.	1 - Key Accomplishments & Developments	2 - Planned Activities
2.2	2021, executed a 90MW PV +75MW BESS 20 yr. PPA with Resurgence. (COD – Q422) 2021, executed a 72MW PV + 36MW BESS 15 yr PPA with Willow Springs. (COD – Q423) e: Both PPAs bring VCE stable, low-cost power, resource adequacy, and RPS compliance.	
2.3	Participation in RFPs with CC power (1) for (2-3) long-duration energy storage systems. (2) in clean resources (e.g., geothermal, biomass, other new technologies.) e: Both support CPUC mandate for additional resources – D.21-06-035	Finalize negotiations and bring them forward for board approval. Evaluate firm proposals and contract awards for board approval.
2.5	Task force and Carbon neutrality task group – (1) Awarded RFP to Energeia to perform portfolio analysis for 100% carbon neutral and carbon-free hour-by-hour. (2) Provided input and reviewed results for final recommendations	Final report to be delivered in February 2022 to board to begin
2.6	Review of hedging strategy for 2021	Comprehensive review planned to incorporate long-term PPAs (EROC participation)



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Goal 3 - CUSTOMERS & COMMUNITY (3.1 - 3.4)

Prioritize VCE's community benefits and increase customer satisfaction and retention.

3.1 - Develop engagement strategies to increase awareness of, and participation in, local control of VCE's energy supply and programs with a particular focus on engaging disadvantaged and historically marginalized communities.

3.2 - Develop programs and initiatives to better support community goals, including supporting member agency achievement of energy-sector emissions reduction targets.

3.3 - Design and implement a strategy to more effectively engage local business and agricultural customers.

3.4 - Build awareness and trust of the VCE brand through direct engagement with customers, communities and organizations.

2021 - Key Accomplishments & Developments	2022 - Planned Activities
<p>ated a mini-campaign in partnership with Davis Food Co-op on UltraGreen opt-ups, including collateral for the campaign.</p> <p>ed out an online platform for customers to easily opt up online without their PG&E account number</p>	<p>hch, publicize, create awareness of programs for the low-income/at-risk and opt-up campaigns for Woodland and others (w/Spanish)</p> <p>lement a program for opt-up sponsorship of low-income customers</p>
<p>owed up on cost analysis for all member jurisdictions to opt up to UltraGreen re-initiated conversations about joining up.</p> <p>aged the Woodland Sustainability Committee on VCE efforts and building electrification.</p> <p>aged with the County of Yolo on the Climate Action Commission.</p>	<p>rade analysis of impacts for enrollment of member jurisdictions in support of targeted community goals.</p> <p>age Key decision-makers in emission reduction programs.</p>
<p>IT pilot (1) Approved by CPUC with launch in 2022 (2) outreach developed for key ag customers</p> <p>eloped and Launched campaign for UltraGreen commercial customers to advertise efforts and engage additional key accounts.</p>	<p>uccessful AgFIT Launch in May-22.</p> <p>lude additional key commercial accounts to UltraGreen campaign.</p>
<p>ectly engaged with Mutual Housing (MH) management staff and conducted three customer centered public meetings (1 in Spanish). This resulted in much more awareness of VCE's brand and activities.</p> <p>de significant improvements to the VCE website, including adding content on carbon-free vs. renewables, highlighting key UltraGreen customers on the homepage, updating FAQs, updating the financial resources page, adding the VCE Power Contract map.</p> <p>f conducted two educational presentations in elementary schools about VCE and climate change</p> <p>f co-lead energy related class at the UC Davis Graduate School of Management.</p>	<p>tinue to engage and continue conversations but partnering with MH on programs, e.g., multi-family EV</p> <p>age with GRID Alternatives for multi-family, charging, and workforce development training.</p>



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		<p>continue to seek out opportunities to make room presentations with the local educational system.</p>
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Goal 3 - CUSTOMERS & COMMUNITY (3.5 – 3.7)

Prioritize VCE’s community benefits and increase customer satisfaction and retention.

3.5 - Develop customer programs and initiatives that prioritize decarbonization, community resiliency and customer savings.

3.6 - Measure and increase customer satisfaction, using tools such as surveys and focus groups, while maintaining an overall participation rate of no less than 90%.

3.7 - Integrate and address the concerns and priorities of emerging and historically marginalized communities in the design and implementation of VCE's services and programs.

	2021 - Key Accomplishments & Developments	2022 - Planned Activities
	<p>Made significant progress on three programs in Q3-4 2021. Ag pilot approved by the CPUC; programs for both EV rebates and heat pump rebates/support are in progress. Staff was invited to present on building decarbonization to the Woodland Sustainability Committee (WSC) in January 2022</p>	<p>Improve and launch heat pump and EV rebate program; program design for rebates and incentives for low-income customers. Prioritize low-income community with programs (CARE/FERA, PIPP, and ELRP.)</p>
	<p>Maintained customer participation rate of over 90% Reviewed and modified Opt-out process for improvements such as live customer service representative engagement for better awareness and education prior to final customer decision.</p>	<p>Used engagement and outreach with communities with low participation.</p>
	<p>Participating in Arrearage Management Program (AMP) and Percentage Income Payment Plan (PiPP) with PG&E and other CCAs so that customers at high risk of disconnection can get support in paying arrearages and avoid disconnection.</p>	<p>Monitor AMP and PiPP implementation with PG&E and SMUD. Continue posting in Spanish, measure success in March 2022.</p>

Goal 4 - DECARBONIZATION & GRID INNOVATION

Promote and deploy local decarbonization and grid innovation programs to improve grid stability, reliability, community energy resilience, and safety.

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	2021 - Key Accomplishments & Developments	2022 - Planned Activities
	<p>Worked w/ the CAC on a building electrification statement. The Board adopted a statement supporting and encouraging the electrification of new buildings.</p>	<p>Engage with the County of Yolo planning commission on decarbonization efforts.</p>
	<p>Completed draft Carbon Neutral by 2030 Report (CNx2030).</p>	<p>Present final CNx2030 Report to Board Q1; Q3 return to Board with recommendations based on 2030 Report. Engage Energy Resilience Task Group to contribute to defining local energy resilience for essential community needs.</p>
	<p>Worked up with member jurisdiction staff for UltraGreen Analysis & adoption Launched a mini-campaign in partnership with Davis Food Co-op on UltraGreen opt-ups, including collateral for the campaign. Launched an online platform for customers to easily opt up online without their PG&E account number</p>	<p>Continue to identify opt-up solutions for member jurisdictions Analyze VCE opt-up numbers in Q2 2022</p>
	<p>Applied for County of Yolo American Rescue Plan funding for downtown Winters reliability upgrade. Applied for funding to CPUC under the Reliability OIR to develop and deploy an agricultural autoDR pilot. Received \$3.25M in funds for the 3-year pilot.</p>	<p>Continue to identify ARP and other funding sources with member districts, state, and federal agencies. 22 advice letter to be filed Jan 5th, 2022.</p>

Goal 5 - REGULATORY & LEGISLATIVE AFFAIRS

Strongly advocate for public policies that support VCE’s Vision/Mission.

5.1 - Work with CalCCA and other partners to proactively engage State regulators, legislators, and other State authorities in

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Obj.	2021 - Key Accomplishments & Developments	2022 - Planned Activities
5.1	Actively engaged in CalCCA sponsored legislation on PCIA – SB 612 (Portantino) Provide support of AB 843 (Aguiar-Curry) – access for CCA’s to BioMat resources Leg/Reg Task Group – bi-weekly meeting	Ongoing engagement in support legislation related to CCAs
5.2	Identify key stakeholder groups within VCE service territory – in process, Attended Winters Chamber of Commerce on 4.12.21 Meeting with Cool Davis to explore formalizing a relationship to work on shared decarbonization and electrification goals.	Discussion around a structure to formalize relationships with community orgs (e.g., MOU template)
5.3	Engaged with CalCCA PCIA forecasting team to make more informed forecasts of PCIA and PG&E rates.	Recruitment of Regulatory Staffing

Goal 6 - ORGANIZATION, WORKPLACE & TECHNOLOGY (6.1 – 6.4)

Analyze and implement optimal long-term organizational, management, and information technology structure at VCE.

6.1 - Develop a roadmap to evaluate and guide future steps toward formation of a local Publicly Owned Utility (POU).

6.2 - Evaluate and pursue opportunities for shared services with other CCAs for certain functions.

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Obj.	1 - Key Accomplishments & Developments	Planned Activities
.1	Continuing to monitor POU formation activities in PG&E service territory.	Reach to CMUA Evaluate funding options for transitioning to a J.
.2	Continued Board and staff level engagement with CC Power for joint CCA procurement	Continued Board and staff level engagement with CC Power for joint CCA procurement.
.3	Ongoing investigation of other CCA expansion evaluation methods used in the process. Participation with the City of Stockton regarding the City's CCA feasibility study	Continued Board and staff level support for expansion opportunities.
.4	Hired (1) half time regulatory Analyst and (1) Intern for Marketing and Support	Recruitment for Analyst & Intern for 2022.

Goal 6 - ORGANIZATION, WORKPLACE & TECHNOLOGY (6.1 – 6.4)

Analyze and implement optimal long-term organizational, management, and information technology structure at VCE.

6.5 - Promote diversity, equity and inclusion in leadership, hiring, promotion, and contracting policies.

6.6 - Support health, wellness and a productive workplace.

6.7 - Create an innovation-focused culture that rewards proactive participation, problem solving, new ideas, and creative use of

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Obj.	2021 - Key Accomplishments & Developments	Planned Activities
6.5	<ol style="list-style-type: none"> 1. Completed annual diversity report (GO 156) for CPUC 2. Actively recruited for new hire Analyst position on multiple platforms, including women science and engineering associations. 	<ol style="list-style-type: none"> 1. Will complete annual diversity report (GO 156) CPUC
6.6	<ol style="list-style-type: none"> 1. Continued remote work option to address on-going pandemic issues. 	<ol style="list-style-type: none"> 1. Will continue remote work option as necessary to address on-going pandemic issues.
6.8	<ol style="list-style-type: none"> 1. Working with County of Yolo GIS team on VCE platform for Dashboard and GIS mapping 2. Adopted Datto as an organizational network drive 	<ol style="list-style-type: none"> 2. Implement Dashboard and GIS Mapping Q222