

**VALLEY CLEAN ENERGY
COMMUNITY ADVISORY COMMITTEE**

Staff Report – Item 8

TO: Community Advisory Committee

FROM: Mitch Sears, Chief Executive Officer
Edward Burnham, Chief Financial Officer

SUBJECT: VCE Strategic Plan Update

DATE: April 24, 2025

RECOMMENDATION

For your Information only.

OVERVIEW /BACKGROUND

At the January 23, 2025, CAC Meeting, Staff provided a Strategic Plan (Plan) process update which can be found [here](#). The CAC has formed the Strategic Plan Task Group which began reviewing and providing feedback on the Plan last week as part of the update process. The purpose of this agenda item is to provide the CAC with a check-in on preliminary work completed to date and an opportunity to provide high-level feedback at an early stage of Plan development. To this end, attachments to this report provide the CAC with: (1) a preliminary redline staff mark-up of the current VCE Strategic Plan (Attachment 1); (2) preliminary working draft mark-up from the Task meeting (Attachment 2, highlighted text); and (3) an updated Plan development timeline (Attachment 3). The attached preliminary draft Plan and Task Group language should both be considered working drafts subject to revision.

As a reminder, Major Updates to the Strategic Plan are intended to:

- Identify changes in the overall CCA environment (economics, policy, technology, etc.) and describe their relevance for VCE
- Review key organizational fundamentals (Mission, Vision, and Strategic Plan Goals)
- Incorporate long-term adjustments based on strategic and customer requirements

CONCLUSION

This draft Plan development progress update provides the CAC with a check-in on preliminary work completed to date and an opportunity to provide high-level feedback at an early stage of Plan development. Future meetings of the CAC will include Strategic Plan update workshops focused on

specific goal areas (e.g. portfolio). The updated Plan is anticipated to be adopted by the Board by the end of 2025.

ATTACHMENTS

1. Strategic Plan Draft Updates – Staff
2. Strategic Plan Draft Updates – Strategic Plan Task Group
3. Draft Strategic Plan Timeline



Valley Clean Energy Strategic Plan

Last Approved update by VCE Board August 16,2023
2026-2029 Major Update (Draft)

VCE MISSION

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

VCE VISION

Valley Clean Energy Alliance (VCE) is a joint-powers authority working to implement a state- authorized Community Choice Energy (CCE) program. Participating VCE governments include the City of Davis, the City of Woodland, the City of Winters, and County of Yolo. The purpose of VCE is to enable the participating jurisdictions to determine the sources, modes of production and costs of the electricity they procure for the residential, commercial, governmental, agricultural and industrial users in the VCE territory. PG&E continues to deliver the electricity procured by VCE and performs billing, metering, and other electric distribution utility functions and services. Customers within the participating jurisdictions have the choice not to participate in the VCE program.

Near-Term⁺ Vision (Launch)

The near-term vision was essential for the launch of 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 higher renewable electricity content, at a rate competitive with PG&E;
- Developing and offering additional low-carbon or local generation options at modest price differentials;
- Establishing an energy planning framework for developing local energy efficiency programs and local energy resources and infrastructure; and
- Accomplishing the goals enumerated above while accumulating reserve funds for future VCE energy programs and mitigation of future energy costs and risks.

Long -Term Vision

The ~~future-long-term~~ 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;
- Evaluating and adopting best practices of the electricity service industry for planning and operational management;
- Substantially increasing the renewable electricity content of basic electricity service, with the ultimate goal of achieving zero carbon emissions electricity;
- Developing and managing customized programs for energy efficiency, on-site electricity production and storage;
- Accelerating deployment of local energy resources to increase localized 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
- Remaining open to the participation of additional jurisdictions.

~~±~~ Launch Phase and First Year

STRATEGIC PLAN

The VCE Strategic Plan is focused on achieving better energy outcomes for its customers and communities by guiding the organization’s actions. The Plan and ~~major~~minor update map 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 actions, being mindful of the longer-term aspirations of the Agency. The Plan is designed to be reviewed periodically to ensure that VCE remains on track and course corrects if necessary.

METHODOLOGY AND ORGANIZATION

VCE’s initial strategic plan was based on the experience of the Agency’s first two years in operation as well as current energy market conditions. The original Plan incorporated 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. This 2025 Plan update continues to cover six 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 during the planning period of 2026-2026. Subsequent, Strategic Plan major updates will occur every four years.

Strategic Plan Update Schedule

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VCE’s STRATEGIC GOALS

A) FINANCIAL STRENGTH

A successful CCA program requires disciplined financial strategies and 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 financial 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: Maintain and grow a strong financial foundation and manage costs to achieve long-term organizational health.

- 1.1. Objective: ~~Maintain consistently healthy~~Develop a cash model to maintain reserves policies to fund VCE's mission, vision, and goals.
- 1.2. Objective: ~~Achieve an~~Maintain investment-grade credit rating ~~by end of 2028~~.
- 1.3. Objective: Commit to fiscal efficiencies to build a program foundation from which to deliver customer and community value.
- 1.4. Objective: Manage customer rates to optimize VCE's financial goals while maintaining rate affordability and competitiveness with PG&E ~~and lowering customer costs~~.
- 1.5 Objective: Develop a long range financial model for financial health and rate stability.
- 1.6 Objective: Develop a long term cash reserve and community investment strategy for reserve management.

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, either to Direct Access or the investor-owned utility (IOU) 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 that considers cost, risk, long-term value and best fit in meeting community goals while exceeding California's RPS mandates.

Goal 2: Manage power supply resources to consistently exceed California's Renewable Portfolio Standard (RPS) while working toward a resource portfolio that is 100% renewable by 2030.

- 2.1 Objective: Continue to identify and pursue cost effective local renewable energy and storage resources.
- 2.2 Objective: Through strategic procurement ~~Acquire~~ sufficient carbon neutral and bundled energy and renewable resources including storage and other resource adequacy products to achieve VCE's greenhouse gas reduction targets and regulatory requirements.
- ~~2.3 Objective: Deploy storage and other strategies to achieve renewable, carbon neutral, resource adequacy, and resiliency objectives.~~
- ~~2.4 Objective: Identify and pursue cost effective, local distributed energy (e.g., behind the meter rooftop solar+storage) resources to help meet reliability needs.~~
- ~~2.2 Objective: 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~~
- 2.3⁶ Objective: Optimize the hedging strategy to mitigate risk in accordance with the energy risk guidelines and procurement plan.

²Carbon neutral electricity is net zero carbon electricity that may include the use of carbon credits and/or higher production of carbon free electricity that averages out to provide a carbon free portfolio over a period of time whereas carbon free hour by hour means all electricity consumed by VCE customers will be from carbon free and/or renewable 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 while ensuring rate affordability.

Goal 3: Prioritize enhancing and marketing VCE’s community benefits, and increase customer satisfaction and retention.

- 3.1 Objective: Develop and implement 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 Objective: Develop and implement programs and initiatives to better support community goals, including supporting member agency achievement of energy-sector emissions reduction targets.
- 3.3 Objective: Design and implement a strategy to more effectively engage local business and agricultural customers.
- 3.4 Objective: Build awareness and trust of the VCE brand through direct engagement with customers, communities and organizations in VCE’s service territory.
- 3.5 Objective: Develop and implement customer programs and initiatives that prioritize decarbonization, community resiliency, rate affordability, and customer savings.
- 3.6 Objective: Measure and increase customer satisfaction, using tools such as surveys and focus groups, while maintaining an overall participation rate of no less than 90%.
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- ~~3.9 Objective: Integrate and address the concerns and priorities of emerging and historically marginalized communities in the design and implementation of VCE’s services and programs.~~

D) DECARBONIZATION AND GRID INNOVATION

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 while maintaining rate affordability.

Goal 4. Promote and deploy local decarbonization and grid innovation programs to improve grid stability, reliability, community energy resilience, and safety.

- 4.1 Objective: Working with a variety of local, regional and state partners, develop a grid innovation roadmap for VCE's service territory that supports community energy resilience and reliability.
- 4.2 Objective: Develop a VCE decarbonization roadmap to guide near and long-term program decisions and offerings.
- 4.3 Objective: Increase participation in VCE's UltraGreen 100% renewable product.
- 4.4. Objective: Identify external funding sources to support decarbonization and grid-related programs and initiatives.
- 4.5 Objective: Identify and pursue cost effective, local distributed energy (e.g., behind the meter opportunities) resources to help meet reliability needs.

E) STATEWIDE ISSUES: REGULATORY AND 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 to advance a positive narrative on the value of CCA, 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 5. Strongly advocate for public policies that support VCE's Vision/Mission.

- 5.1 Objective: Work with CalCCA and other partners to proactively engage State regulators, legislators, and other State authorities in developing policy that furthers VCE's mission and facilitates our contributions to decarbonization, grid reliability, energy resiliency, affordability, local programs and social equity.
- 5.2 Objective: Develop relationships with community stakeholder organizations that foster support for VCE's mission and vision.
- 5.3 Objective: Optimize regulatory compliance activities.

F) ORGANIZATION, WORKPLACE, AND TECHNOLOGY

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 Sacramento 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 an start-up-adaptive culture that supports creativity, open communication, and the free flow of ideas to spur mission-focused 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.

VCE will develop a decision support system that will enable it to nimbly assess and react to expansion opportunities as they arise. In addition, VCE will assess opportunities for shared services with other CCAs to optimize function and efficiency of service.

We also 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 6: Analyze and implement optimal long-term organizational, management, and information technology structure at VCE.

- 6.1 Objective: Develop a roadmap to evaluate and guide future steps toward formation of a local Publicly Owned Utility (POU).
- 6.2 Objective: Evaluate and pursue opportunities for shared services with other CCAs for certain functions.
- 6.3 Objective: Develop an evaluation framework to guide future expansion opportunities beyond the existing service territory.
- 6.4 Objective: Identify optimal management, staffing and contracting structure of VCE in the near and long term; factors include balance of internal staff vs. consultant support services, ~~transition of leadership positions to permanent internal employees.~~
- 6.5 Objective: Promote diversity, equity and inclusion in leadership, hiring, promotion, and contracting policies.
- 6.6 Objective: ~~Support~~ Develop a performance reward system that promotes health, wellness, and a productive workplace.
- 6.7 Objective: Create an innovation-focused culture that rewards based on active ~~proactive~~ participation, proactive problem solving, new ~~ideas~~ customer-focused initiatives, and creative use of partnerships and member agencies.
- 6.8 Objective: Deploy a modernized IT infrastructure Enterprise Resource Planning (ERP) approach that enables knowledge management, dashboard analytics, and collaboration through robust use of live data and information resources.
- ~~6.86.9~~ Objective: Develop a quality management system (QMS) to improve effectiveness and efficiency continuously to meet customer and regulatory requirements.

TIMING, MEASUREMENT AND UPDATES

VCE's Strategic Plan is a living document that will be revisited and updated regularly. At a minimum, staff will review and update the Plan on an annual basis, including goals, objectives and metrics. In addition, staff will establish an implementation timeline and appropriate reporting format to use in reporting performance against the Plan's goals and objectives to VCE leadership and Board. The reports, commencing in 2021, will show metrics, status and mitigations where appropriate. Consolidated summary reporting on the status of all high-priority enterprise goals and objectives will be reported out as follows:

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



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As VCE drafts this major strategic plan update, climate scientists are pointing to likely 3-degree C global warming, with severe impacts occurring more rapidly than was anticipated just a few years ago. At the same time, electricity customers in IOU service areas are experiencing an energy affordability crisis, driven mainly by IOU escalating delivery charges. This plan therefore increases VCE's emphasis on climate resilience (ensuring continuous electric service during heat extremes and utility grid outages) and affordability (engaging with our CCA allies to focus state policy makers on measures to reduce major cost drivers, rather than cutting needed services like low-income bill relief and energy efficiency).

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- ~~2.3 Objective: Deploy storage and other strategies to achieve renewable, carbon neutral, resource adequacy, and resiliency objectives.~~
- 2.3 Objective: Identify and pursue cost-effective, local distributed energy (e.g., behind the meter rooftop solar+storage) resources to help meet reliability needs. ~~Identify and pursue cost-effective, local distributed energy resources, including both front-of-meter solar+storage resources for VCE’s renewable energy supply portfolio, as well as behind-the-meter solar+storage aggregations (VPPs) to help reduce RA requirements.~~
- 2.4 Evaluate and pursue opportunities for shared investment and procurement strategies with other CCAs.
- ~~2.2 Objective: 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~~
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Goal 4. Promote and deploy local decarbonization and grid innovation programs to improve grid stability, reliability, community energy resilience, and safety.

- 4.1 Objective: Working with a variety of local, regional and state partners, to develop strategies and initiatives to pressure state policy makers to remove barriers to technical feasibility and economic viability of local solar+storage resources, both FOM and BTM, a grid innovation roadmap for VCE’s service territory that supports community energy resilience and reliability.
- 4.2 Objective: Work with member jurisdictions (e.g., city and school district planning staff) to help plan and implement local energy resilience, decarbonization and electrification initiatives powered by local supply resources. Develop a VCE decarbonization roadmap to guide near and long-term program decisions and offerings.
- 4.3 Objective: Increase participation in VCE’s UltraGreen 100% renewable product.
- 4.4 Objective: Identify external funding sources to support decarbonization, community energy resilience and grid-related programs and initiatives.
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E) STATEWIDE ISSUES: REGULATORY AND LEGISLATIVE AFFAIRS

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Goal 5. Strongly advocate for public policies that support VCE’s Vision/Mission.

- 5.1 [Work with a variety of local, regional and state partners, to develop strategies and initiatives to pressure state policy makers to remove barriers to technical feasibility and economic viability of local solar+storage resources, both FOM and BTM.](#)
- 5.2 [As state's search for affordability solutions proceeds, work with statewide allies to oppose false solutions \(e.g., cutting energy efficiency or low-income assistance\) and promote the benefits of local energy resources, including climate resilience \(reducing cost impacts of outages\) and reducing transmission needs.](#)
- 5.3 Objective: Work with CalCCA and other partners to proactively engage State regulators, legislators, and other State authorities in developing policy that furthers VCE's mission and facilitates our contributions to decarbonization, grid reliability, energy resiliency, affordability, local programs and social equity.
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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 Sacramento 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-adaptive culture that supports creativity, open communication, and the free flow of ideas to spur mission-focused 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.

VCE will develop a decision support system that will enable it to nimbly assess and react to expansion opportunities as they arise. In addition, VCE will assess opportunities for shared services with other CCAs to optimize function and efficiency of service.

We also 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 6: Analyze and implement optimal long-term organizational, management, and information technology structure at VCE.

- 6.1 Objective: Develop a roadmap to evaluate and guide future steps toward formation of a local Publicly Owned Utility (POU).
- 6.2 Objective: Evaluate and pursue opportunities for shared services with other CCAs for certain functions.
- 6.3 Objective: Develop an evaluation framework to guide future expansion opportunities beyond the existing service territory.
- 6.4 Objective: Identify optimal management, staffing and contracting structure of VCE in the near and long term; factors include balance of internal staff vs. consultant support services, ~~transition of leadership positions to permanent internal employees.~~
- 6.5 Objective: Promote diversity, equity and inclusion in leadership, hiring, promotion, and contracting policies.

- 6.6 Objective: Support-Develop a performance reward system that promotes health, wellness, and a productive workplace.
- 6.7 Objective: Create an innovation-focused culture that rewards based on active ~~proactive~~-participation, proactive problem solving, new ~~ideas~~customer-focused initiatives, and creative use of partnerships and member agencies.
- 6.8 Objective: Deploy a modernized ~~IT infrastructure~~ Enterprise Resource Planning (ERP) approach that enables knowledge management, dashboard analytics, and collaboration through robust use of live data and information resources.
- ~~6.86.9~~ Objective: Develop a quality management system (QMS) to improve effectiveness and efficiency continuously to meet customer and regulatory requirements.

TIMING, MEASUREMENT AND UPDATES

VCE's Strategic Plan is a living document that will be revisited and updated regularly. At a minimum, staff will review and update the Plan on an annual basis, including goals, objectives and metrics. In addition, staff will establish an implementation timeline and appropriate reporting format to use in reporting performance against the Plan's goals and objectives to VCE leadership and Board. The reports, commencing in 2021, will show metrics, status and mitigations where appropriate. Consolidated summary reporting on the status of all high-priority enterprise goals and objectives will be reported out as follows:

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

Strategic Plan 2026-2029

MAJOR UPDATE TIMELINE

Brief Survey Issued May 1st – Points allocation for customer priorities

**MAY 22ND
ESPARTO
COMMUNITY
CENTER - RISE**

CAC

- Goals Outreach
- 1) Financial Strength / Rates
 - 2) Procurement & Power Supply



**JULY 24TH
CITY OF
WOODLAND
CHAMBERS**

CAC

Review of Preliminary Draft Strategic Plan recommendation & Survey Plan (Possibly more in depth)



**SEPTEMBER 11TH
CITY OF
WOODLAND
CHAMBERS**

Board

Workshop Review of CAC Strategic Plan Recommendation & Survey Results



April 24

May 22

June 26

July 24

August 28

September 11

October 9

CAC

Introduction of Strategic Plan Rough Draft & Timeline



CAC

- Goals Outreach
- 1) Customers and Community
 - 2) Decarbonization and Grid innovation

**JUNE 26TH
CITY OF DAVIS
CHAMBERS**



CAC

Review of Preliminary Survey Results & Strategic Plan Recommendation

**AUGUST 28TH
CITY OF
WOODLAND
CHAMBERS**



Board

Recommended Strategic Plan Adoption

**OCTOBER 9TH
CITY OF DAVIS
CHAMBERS**