



Valley Clean Energy Alliance

**Supplier Diversity 2023 Annual Report and 2024 Annual Plan**

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## **2023 Annual Report**

Launched in June 2018, Valley Clean Energy Alliance (VCE) is the official electricity provider for customers in the cities of Woodland, Winters, and Davis, and unincorporated Yolo County. VCE is a Joint Powers Authority providing a state-authorized Community Choice Aggregation (CCA) program. The vision 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, agricultural, and industrial users in their areas.

The California Public Utilities Commission's (CPUC) General Order 156 (GO 156) implements California Public Utilities Code (Pub. Util. Code) § 366.2 and §§ 8281-8286 and establishes rules for the purpose of increasing procurement from business enterprises owned and controlled by women, minorities, disabled veterans, and LGBT individuals. In addition, Pub. Util. Code § 366.2(m)(1) requires CCAs with gross annual revenues exceeding \$15 million to annually submit a plan for increasing procurement from small, local, and diverse businesses in all purchase categories, including, but not limited to, renewable energy, energy storage systems, and smart grid projects.

However, in compliance with Proposition 209, CCAs as local government entities do not explicitly give preferential treatment to bidders based on race, sex, color, ethnicity, or national origin. To comply with Proposition 209, CCAs may collect this information only after contracts are signed, and responses are kept separate from procurement decision makers, so that this information does not influence any current or future solicitation or selection process. Proposition 209 limits CCAs as public agencies from engaging in several of the activities associated with supplier diversity under GO 156, but there is still much CCAs can do to support small, local, and diverse businesses within their service areas.

This report describes VCE's work in support of the Legislature's objectives in Senate Bill 255.

### 9.1.1 Description of Supplier Diversity Program Activities in 2023

VCE continues to contract with Sacramento Municipal Utility District (SMUD) to deliver high quality services and personnel support. The services SMUD provides include, among others, customer care, data management, and wholesale energy services. The dependence upon support from SMUD employees includes the incorporation of SMUD best practices for procurement, recruitment, and diversity, including SMUD's Sustainable Communities initiative, and its supplier diversity initiative, the Supplier Education & Economic Development (SEED) program. SMUD's Director of Diversity, Equity, and Inclusion (DE&I) works to incorporate concepts of DE&I into everything they do, cultivating diversity and creating a culture based on trust.

The following sections describe VCE's additional internal strategies and outreach activities to encourage community participation and small and diverse business involvement in VCE's programs.

#### *2020-2025 Strategic Plan*

As a customer and community focused organization, VCE adopted a Strategic Plan in November 2020. The Plan was recently extended and will guide VCE till year 2025. The plan seeks to bring customer value to all segments of the communities served – including those that have been historically underserved/under resourced.<sup>1</sup> To accomplish this goal, VCE's objectives include:

- Developing 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;
- Designing and implementing a strategy to engage local business and agricultural customers;
- Integrating and addressing the concerns and priorities of emerging and historically marginalized communities in the design and implementation of VCE's services and programs; and
- Promoting diversity, equity, and inclusion, in leadership, hiring, promotion, and contracting policies.<sup>2</sup>

VCE's Strategic Plan will be updated in 2025, with the next major update happening in 2029. Minor updates to the plan will take place every two years.

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<sup>1</sup> Valley Clean Energy Strategic Plan, p. 3 (October 8, 2020). Available at: <https://valleycleanenergy.org/wp-content/uploads/Item-13-Ratify-Strategic-Plan-11-12-20.pdf>.

<sup>2</sup> *Id.*, Strategic Goals 3.1, 3.3, 3.7, and 6.5.

### *Workforce Development*

VCE is committed to ensuring its energy projects contribute to the local economy and local workforce, consistent with our strategic goals. In 2021, VCE initiated two solar + storage projects. In the larger project, the seller is obligated to contribute a total of \$300,000 over the first 10 years of the project to a VCE-administered Workforce Development Fund with the goal of increasing the creation and engagement of a skilled and trained workforce. In that period the seller is also required to contribute \$150,000 into a Local Sustainability Fund. The seller in the smaller project is obligated to contribute a total of \$200,000 in the first 10 years to a Workforce Development and Local Sustainability Fund.

As these funds become available over the next several years, VCE will be developing expenditure guidelines to ensure funds are put toward efforts that align with the goals/objectives of VCE's Strategic Plan.

As a result of a project signed late in 2020, \$10,000 has been contributed to a clean energy and battery storage workforce training program, that shall be located within twenty (20) miles of the project.

VCE is finalizing this workforce training program in partnership with Redwood Coast Energy Authority (RCEA) and Ormat. Ormat, a leading geothermal energy company, is working with VCE and RCEA on a final draft of a clean energy workforce training curriculum, as well as finishing materials necessary to enable learning and facilitate trainings. This curriculum will provide information on wind, geothermal, solar, and energy storage industries. The curriculum is suitable for a variety of audiences from high schoolers looking to gain early exposure to adults seeking new careers. VCE and RCEA are looking for instructors who are interested in being trained to provide the curriculum to their students.

VCE attended two in-person events with a focus on workforce development within the energy and environmental sector. VCE joined the 14<sup>th</sup> Annual California Climate and Energy Collaboration Forum from June 13-14<sup>th</sup>. The forum's theme was on investment, innovation, and inclusion for a climate stable future for all. VCE staff listened to discussions around creating high quality jobs in home decarbonization, educating youth on green economy opportunities, and building climate equity through regenerative economics.

On October 17, VCE attended the Environmental and Social Justice High Road En Banc. The En Banc explored workforce development efforts across industries, including energy efficiency, renewable energy, building decarbonization, and transportation. Speakers included the California Public Utilities Commission, California Workforce Development Board, Office of Energy Infrastructure Safety, local communities, academia, Tribal representatives, and regulated investor-owned utilities.

### *Community Development and Clean Energy Equity*

For VCE, our community members are at the heart of everything we do. Our mission is to provide our community with clean energy, product choice, and greenhouse gas emissions reductions, all

while keeping affordability in mind. To continue to support our mission VCE received Board approval to reduce rates by 1% for all customers, including our small and diverse businesses. The 1% discount is estimated to save our customers a total of \$1.3 million over 1 year with the commercial and industrial class seeing a savings of \$550,000 a year. On average, each commercial and industrial customer can expect to see an annual savings of nearly \$70.

Our most vulnerable residents the California Alternate Rates for Energy (CARE), Family Electric Rates Program (FERA), and Medical Baseline customers receive an even greater rates discount of 3.5%, which is an total estimated energy savings of \$600,000 per year. On average residential CARE, FERA, and Medical Baseline customers can expect to see about a \$5 reduction on their energy bill each month.

In the pursuit of clean energy equity, VCE is rolling out a program in partnership with the County of Yolo to provide weatherization, energy efficiency, electrification, and rebate application assistance to Yolo County residents, focusing on low-income customers and customers struggling to pay their bills. Customers will be able to call a VCE service line to receive one-on-one help from home energy professionals, ready to help assess high bills, make a home energy plans, choose a contractor, apply for home energy rebates, and much more.

Additionally, striving towards efficient and clean transportation for all, VCE provided electric vehicle (EV) rebates to customers, in phase one of its EV Rebate Pilot Program. Customers who purchased or leased a new battery EV or plug-in hybrid qualified for a \$2,000-\$4,000 rebate. Income-qualified customers received the maximum rebate amount of \$4,000. VCE's rebates stacked with the Clean Vehicle Rebate Project to provide customers with a total incentive amount between \$3,000-\$11,500. VCE provided nearly \$110,000 in rebates to customers in our community. With \$32,000 going to income-qualified applicants.

Phase 2 of VCE's EV Rebate Pilot Program is in development and seeks to provide another round of EV rebates, along with rebates for charging equipment, home panel upgrades, and multifamily charging. Income qualified applicants will be eligible for increased rebate amounts.

#### *Environmental Justice Policy Statement and Legislative Platform*

Recognizing that environmental justice issues are deeply ingrained in society, the VCE Board of Directors adopted an Environmental Justice Statement on November 12, 2020. The statement includes actions that VCE can take to address inequities and environmental justice issues within the energy sector. Actions include addressing the priorities and concerns of disadvantaged communities in the design and implementation of VCE's services and programs, targeting outreach campaigns to involve disadvantaged communities in VCE workshops and meetings of the Board of Directors and the CAC, and further integrating diversity, equity, and inclusion in our internal hiring, promotion, leadership and contracting policies.

In addition, the 2022 VCE legislative platform included the following guidance for legislative activities on various topics, including environmental justice and local economic development & environmental objectives.

## Environmental Justice:

- a. Engage in legislation that directly or indirectly impacts the ability of underserved communities in the VCE service territory to have affordable, reliable, and clean energy.
- b. Support legislation that strengthens the resilience of vulnerable communities to adapt to the impacts of climate change.
- c. Support legislation that enables all communities in California, including emerging and historically marginalized communities, and individuals regardless of race, color, national origin, religion, sexual orientation, sex, gender identity, age, disability or socioeconomic status, to participate in the transition to a zero-carbon electrical grid in a cost-effective manner.
- d. Support efforts to enable all communities in California, including emerging and historically marginalized communities, and individuals regardless of race, color, national origin, religion, sexual orientation, sex, gender identity, age, disability or socioeconomic status to participate in the decarbonization of the state's building stock and the transportation sector.

## Local Economic Development & Environmental Objectives

- a. Support legislation that enhances opportunities for CCAs to promote local economic development through locally designed programs that meet the unique needs of its member agencies and customers.
- b. Support efforts to enhance development of local and regional sources of renewable energy.
- c. Support legislation that enables CCAs to collaborate with their member jurisdictions on local energy resources and projects to advance environmental objectives.

### *Hiring Practices*

VCE is an equal opportunity employer that strives for diversity in its hiring practices, consistent with the requirements of Proposition 209. Specific to each field, VCE works to promote job vacancies within professional minority organizations. For example, while recruiting for programs and marketing, VCE contacted California State University – Sacramento to coordinate the distribution of the job advertisements with a series of cultural clubs and organizations focused on the advancement of minority populations.

### *Supplier Diversity Website*

VCE maintains its supplier diversity information on its website at the following URL: <https://valleycleanenergy.org/supplier-diversity/>. This webpage contains an introduction to the Supplier Diversity Program, VCE's past Supplier Diversity Reports, and a multitude of resources.

Visitors to the page will find links to the Supplier Clearinghouse and the Department of General Services. Resources include a checklist of documents required for Supplier Clearinghouse certification, a certification process overview, and a list of available certifications in California. To assist small business in applying for our opportunities, a link to California Capital Procurement Technical Assistance Center (California Capital PTAC) has also been provided. California Capital PTAC's mission is to help small businesses build their government contracting capacity. They provide free one-on-one counseling, custom bid matching, as well as host workshops and webinars.

#### *Supplier Diversity Language*

During 2022, VCE developed the following language for inclusion in future requests for proposals and solicitations:

Pursuant to California Senate Bill 255, Community Choice Aggregators (CCAs) are required to report to the California Public Utilities Commission (CPUC) on their diverse suppliers, as defined by CPUC General Order 156. Qualified businesses can become GO 156 Certified through the CPUC and are then added to the GO 156 Clearinghouse database. VCE encourages all eligible parties to get certified with the CPUC as a woman, minority, disabled veteran and/or LGBT owned business enterprise.

Respondents that execute an Agreement with VCE will be required to complete a Supplier Diversity questionnaire and Labor Practices questionnaire. VCE will not consider race, sex, color, ethnicity, or national origin in procurement decisions; providing such information in an Offer will not impact the selection process or good standing of executed agreements.

For overview information on the CPUC Supplier Diversity Program, please visit the program homepage (<https://www.cpuc.ca.gov/supplierdiversity/>).

For information on the certification process and requirements, please visit the Certifications page (<https://www.cpuc.ca.gov/about-cpuc/divisions/news-and-public-information-office/business-and-community-outreach/supplier-diversity-program/certification>).

### **9.1.2 Supplier Diversity Results of Goods and Services (Non-Power Purchases)**

This section summarizes VCE's procurement of goods and services, excluding power purchases, from eligible suppliers. Direct spending and subcontractor spending are broken down based on procurement from women-owned businesses, LGBT-owned businesses, disabled veteran-owned businesses, businesses owned by disabled individuals, and minority-owned businesses, with further subcategorization by minority ethnicity. A table detailing VCE's procurement expenditures by eligible supplier type is provided in Attachment A.



As previously noted, as a local government entity, VCE is legally prohibited under the California Constitution (Prop 209) from granting preferential treatment to diverse businesses in the contracting process. The CPUC's Supplier Clearinghouse which serves the private sector entities does not support public agency local small business or micro business initiatives. The California Department of General Services (DGS) Small Business, Micro Business and Disabled Veterans databases are designed for use by public agencies consistent with Proposition 209.

SMUD operates the Supplier Education and Economic Development (SEED) program to encourage supplier diversity in non-energy procurement. The subcontractor providing billing and data management to VCE is a SEED vendor. To be designated a SEED vendor, the supplier must be certified with the DGS Office of Small Business and DVBE Services as a "Small Business" or "Micro Business." In addition, the vendor must qualify as a SMUD ratepayer for the preceding 6 months prior to the bid or proposal due date. SEED vendors are given a 5% bid price advantage, an evaluation point advantage, and access to sheltered market solicitations only released to SEED vendors. The program includes outreach to local small businesses through multiple events and workshops each year.

#### **Number of Eligible Suppliers with Majority of Workforce Working in California**

VCE does not have sufficient information to report on whether the majority of the workforce of its suppliers are working in California.

#### **9.1.3 Supplier Diversity Program Expense**

VCE incurred the expenses listed in the table below in connection with its supplier diversity program in 2023.

<b>Expense Category</b>	<b>Year (Actual)</b>
Wages	
Other Employee Expenses	
Program Expenses	
Reporting Expenses	\$5,449.50
Training Expenses	
Consultant Expenses	
Other Expenses	
<b>Total</b>	<b>\$5,449.50</b>

#### **9.1.4 Description of Progress in Meeting or Exceeding Set Goals**

This section is not applicable to CCAs.

### **9.1.5 Description of Prime Contractors Utilization of Diverse Subcontractors**

It is possible that VCE's prime contractors subcontracted with WMDVLGBTBE suppliers. VCE's 2023 supplier contracts include language on GO 156 and the Supplier Clearinghouse, as described above in Section 9.1.1.

As noted, VCE's primary contract (other than for power purchases) is with SMUD for administrative and personnel services, and SMUD follows its own supplier diversity initiatives, described above. VCE intends to work with SMUD to further VCE's goals regarding supplier diversity, and to encourage suppliers used to seek Clearinghouse certification.

### **9.1.6 List of Supplier Diversity Complaints Received and Current Status**

VCE did not receive any written or verbal complaints from a diverse supplier or third-party in 2023.

### **9.1.7 Description of Efforts to Recruit Eligible Suppliers in Low Utilization Areas**

This section is not applicable to CCAs.

### **9.1.8 Retention of All Documents/Data**

VCE acknowledges the GO 156 requirement to retain all documents and data relied upon in the preparation of this report.

### **9.1.9 Description of Supplier Diversity Activities and Progress in Power Procurement**

VCE is committed to purchasing from local and small businesses where possible in its geographical area. However, the majority of VCE's procurement is wholesale energy contracts, and local and small business power procurement opportunities are necessarily limited. As explained by the utilities in previous reports, the wholesale electric marketplace is comprised of large, long-term assets primarily owned and operated by large corporations and financial institutions. The generating resources that provide electricity to California customers are capital intensive to construct and operate, thus there are limited opportunities for small to medium-sized businesses to enter the market as primary developers, owners, or operators. Thus, the vast majority of counterparties in this sector do not meet the GO 156 criteria. For example, in its 2022 Supplier Diversity Report, PG&E reported spending of 0.1% of its total power procurement with power providers meeting the GO 156 criteria.<sup>3</sup>

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<sup>3</sup> Pacific Gas & Electric Company, *2022 Supplier Diversity Annual Report and 2023 Annual Plan*, Appendix D (PDF 41), March 1, 2023. Accessible at: <https://www.cpuc.ca.gov/about-cpuc/divisions/news-and-public-information-office/business-and-community-outreach/supplier-diversity-program/go-156-procurement-reports-and-plans>.

In addition, the GO 156 reporting template tracks CCAs' physical power procurement in the form of (1) renewable and non-renewable physical power, and (2) fuels procured for generation (diesel, nuclear, or natural gas). VCE's physical power needs that are not met through its long-term contracts for renewable generation are filled through short-term hedges to minimize exposure to price volatility. VCE does not contract with fossil-fired generators for electricity, nor does VCE contract for any fuels for non-generation (i.e., natural gas). Because VCE does not procure diesel, nuclear, or natural gas to generate electricity, VCE has no ability to engage in transactions with eligible suppliers for fuels. A table detailing VCE's expenditures with diverse power procurement suppliers is provided in Attachment B.

As a local government entity, VCE is legally prohibited under the California Constitution (Proposition 209) from granting preferential treatment to diverse businesses in the contracting process. The CPUC's Supplier Clearinghouse which serves the private sector entities does not support public agency local small business or micro business initiatives. The California Department of General Services (DGS) Small Business, Micro Business and Disabled Veterans databases are designed for use by public agencies consistent with Proposition 209.

#### **9.1.11 Fuel Procurement from Eligible Suppliers**

VCE did not procure electricity from a CPUC Supplier Diversity Program-certified entity during 2023, nor did VCE own any power plants or have any power purchase agreements that required the purchase of fuel.

## **2024 Annual Plan**

### **10.1.1 Annual Short-, Mid-, and Long-Term Procurement Goals**

This section is not applicable to CCAs.

### **10.1.2 Description of Supplier Diversity Program Activities for 2024**

Annual plans of CCAs must include a detailed and verifiable plan for increasing procurement from small, local, and diverse business enterprises in all categories, including, but not limited to, renewable energy, energy storage systems, and smart grid projects.

VCE does not have specific goals or numeric targets for contracting with diverse suppliers due to limitations associated with public entity procurement regulations. VCE will, however, continue to focus our goals on engagement of our existing prime contractors. VCE will continue to identify and encourage eligible vendors to complete the certification process as well as ensure our prime contractors are aware of the Supplier Clearinghouse when they source subcontractors.

### **2024 Activities**

- Diversity, Equity, and Inclusion (DEI).
  - VCE will continue to implement the Strategic Plan objectives to engage a diverse set of suppliers to respond to VCE's solicitations for services and contracts, as permitted under State law.
- CCA Collaboration.
  - VCE will participate in DEI information sharing activities among the CCAs to identify and assess best practices. For example, VCE will continue to attend the monthly CalCCA Equity Committee Meeting.
  - VCE will take part in ongoing meetings with CPUC Supplier Diversity staff and CCAs to coordinate efforts to improve diverse spend.
  - VCE will also explore the potential to collaborate with other CCAs on DEI initiatives consistent with VCE's Environmental Justice policy and related Strategic Plan goals/objectives.
- Solicitations.
  - VCE will continue to include supplier diversity questionnaires, as well as information and language on the CPUC Supplier Diversity program in our solicitations.
  - VCE will send Requests for Proposals directly to the Supplier Diversity Clearinghouse to share these opportunities with existing certified vendors.
  - Upon awarding a contract, VCE will assess vendor for Clearinghouse certification or, when not certified, eligibility for certification. For vendors who are qualified,

VCE will provide guidance materials and a description of the benefits of certification.

- Work with VCE contractors/vendors.
  - VCE will continue to encourage eligible vendors to complete the certification process as well as ensure our prime contractors are aware of the Supplier Clearinghouse as they go out to source subcontractors, where relevant.
  - VCE staff will continue to identify and attend events where VCE can engage with diverse supplier groups.
- Outreach and Education.
  - VCE will expand outreach to educate the public and vendors about the Supplier Diversity program through VCE's website, social media, and community events.
  - VCE will provide Supplier Diversity information at future VCE contractor and vendor workshops.
  - VCE will continue to add relevant updates and resources to our Supplier Diversity webpage and promote it to businesses and their networks.

#### **10.1.3 Plans for Recruiting Eligible Suppliers in Low Utilization Areas**

This section is not applicable to CCAs.

#### **10.1.4 Plans for Recruiting Eligible Suppliers Where Unavailable**

This section is not applicable to CCAs.

#### **10.1.5 Plans for Encouraging Prime Contractors to Subcontract Eligible Suppliers**

This section is not applicable to CCAs.

#### **10.1.6 Plans for Complying with Eligible Program Guidelines**

This section is not applicable to CCAs.