

VALLEY CLEAN ENERGY ALLIANCE**Staff Report – Item 17**

TO: Board of Directors

FROM: Mitch Sears, Executive Officer
Edward Burnham, Director of Finance & Internal Operations

SUBJECT: VCE Three-Year Strategic Plan Update

DATE: September 8, 2022

PURPOSE

The purpose of this report is to:

1. Provide a progress update on the VCE Three-Year Strategic Plan (2021-2023); and
2. Begin the discussion with the Board on options for extending the Plan beyond the current end of the planning period (end of 2023).

BACKGROUND

The Board ratified the VCE Three-Year Strategic Plan (Plan) for 2021-2023 at the November 12, 2020, meeting. The strategic plan is the basis for developing annual organization and individual goals, annual budgets, key decisions, and priorities. The Plan incorporates the following schedule for status reporting:

- 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.

Staff has provided progress updates to the Executive Officer, Community Advisory Committee (CAC), and Board as described above. This report provides key accomplishments as VCE reaches the midway point of the 2021-2023 strategic plan. Generally, Staff observes that progress has been made in each goal area and that the plan serves the overall intended purpose of aligning organizational activities with policy priorities.

Examples of key accomplishments in the first half of 2022 include:

- VCE maintained cash reserves and liquidity with lines of credit through the initial launch, COVID-19 pandemic, and power market volatility to optimize VCE's financial health and competitiveness with PG&E. (Goal 1 – Financial Strength)
- Adopted a cost recovery-based customer rate policy for 2022, expanded customer rate options, collections policy, and debt policy to support establishing a credit rating by

2024. (Goal 1 – Financial Strength)

- 10 power purchase agreements (PPA) for reaching 85% renewable content by 2024, including 4 through California Community Power, PV plus storage, long duration storage, and geothermal technologies 238 MW Renewables, 128 MW BESS, and 7 MW Demand Response. (Goal 2 - Procurement & Power Supply)
- AgFIT pilot development and implementation designed to provide VCE agricultural customers with hourly price signals and incentives for irrigation automation and scheduling software to better manage energy costs. (Goal 3 – Customers & Community)
- Maintained customer participation rate of over 90% for service territory through VCE’s launch phase and expansion to include Winters (Goal 3 – Customers & Community)
- Completed portfolio analysis for 100% carbon neutral and carbon-free hour-by-hour by 2030 (Goal 4 – Decarbonization & Grid Innovation)
- Actively participated in the CPUC Summer Reliability proceeding (AgFit Pilot) and PG&E Regionalization Proceeding. Active in the recently concluded legislative session for 2022 (Goal 5 – Regulatory & Legislative Affairs)
- Recruited and retained key personnel for leadership and operational positions. (Goal 6 – Organizational, Workplace, and Technology)
- Joined California Community Power joint powers authority to optimize shared CCA platform to execute multiple PPAs to meet regulatory requirements. (Goal 6 – Organizational, Workplace, and Technology)

Additional key accomplishments will be included in the presentation.

Plan Update

The current Strategic Plan runs through the end of 2023. Staff is seeking early Board feedback on the approach for extending the strategic plan beyond the end of 2023. Staff has identified two basic options: (1) adopt a multi-year extension at the end of the current planning period (end of 2023); or (2) adopt one year “rolling” extensions each year so that the Plan is always 1+ years from expiration. The first option is a more formal/traditional approach that allows for a longer look ahead but lacks the more consistent update benefits associated with the “rolling” approach. Staff believes that either approach can serve VCE’s objectives but is leaning toward the rolling approach to maintain the Plan’s relevance in a fast-changing energy sector. Guidance from the Board at this early date will help Staff organize for the Plan update.