

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 7

TO: Community Advisory Committee

FROM: Mitch Sears, Interim General Manager
George Vaughn, Director of Finance & Internal Operations

SUBJECT: Draft VCE Strategic Plan

DATE: September 24, 2020

RECOMMENDATION

1. Review and provide final feedback on the draft VCE Strategic Plan.
2. Recommend approval of the draft VCE Strategic Plan to the VCE Board of Directors.

PURPOSE

This Staff Report and attached draft Strategic Plan will be reviewed at the September 24th Community Advisory Committee (CAC) meeting. The purpose is to gain final feedback from the CAC and present the draft VCE Three-Year Strategic Plan (Plan) for CAC recommendation to the Board.

BACKGROUND

The draft Strategic Plan is intended to guide VCE for the next 3 years (2021-2023) and has been developed over the past several months based on Board direction. Previous staff reports and analysis have focused on identification of general areas of focus and collection of input to inform development of the draft plan. This staff report focuses on recent activities associated with development of a final draft Plan scheduled for Board consideration in October.

At the August 27, 2020 CAC meeting, the CAC reviewed the Board and CAC summarized feedback on the draft Plan collected over the summer. Committee feedback was captured at that meeting (and in subsequent CAC communications), and incorporated into the draft Plan. In addition to the Board/CAC feedback and internal analysis (e.g. 2019 Staff SWOT analysis), Staff have reviewed several existing CCA strategic plans, the recently adopted SMUD Climate Emergency Resolution, and the draft Yolo Climate Crisis Resolution scheduled to be considered by the Yolo County Board of Supervisors in late September. The following are provided for reference:

- Peninsula Clean Energy Strategic Plan (2020-2025)
https://www.peninsulacleanenergy.com/wp-content/uploads/2020/06/PCE-Strategic-Guide-Online-W.pdf?utm_source=strategy_page&utm_medium=website_innnerclick&utm_campaign=PDF_Tracker
- SMUD Climate Emergency Resolution (Carbon Neutral by 2030) – this draft was adopted by the SMUD Board on July 17, 2020

<https://www.smud.org/-/media/Documents/Corporate/About-Us/Board-Meetings-and-Agendas/2020/July/Draft-Climate-Emergency-Resolution-07-16-2020.ashx>

- Climate Crisis Declaration in Yolo County (Attached) – Local climate advocacy group drafted document scheduled to be considered by the Yolo County Board of Supervisors in late September

These recent documents and actions have helped shape final revisions to the draft Plan (attached).

At the September 10, 2020 Board Meeting, the Board reviewed the Strategic Plan Board/CAC summarized feedback, along with the Draft Strategic Plan Outline. Feedback was given and captured at that meeting and in subsequent Board communications and incorporated into the final draft Plan.

Staff has revised the draft Plan based on feedback from the Board, CAC, VCE staff and LEAN Energy. This feedback was collected through Board and CAC worksheets, individual Board interviews, individual CAC member input, and at public Board and CAC meetings. This input resulted in dozens of revisions to the draft Plan. Key revisions include:

- The overall focus of the Plan is more forward looking and aspirational.
- The topic areas and goals are more focused and lean.
- Carbon neutrality has been articulated in the decarbonization goal.
- Added emphasis on addressing underserved and disadvantaged communities and diversity.
- Support for emerging technologies/approaches to reliability, resiliency, and public safety.

The draft Plan includes six topic areas, eight goals, and a variety of supporting objectives. The final adopted Plan will include metrics to measure progress toward key objectives. Staff level workplans will support implementation of the goals and objectives.

The Board is scheduled to consider the draft Plan at its October 8, 2020 meeting.

CONCLUSION

Staff is seeking final feedback and insights from the CAC prior to presenting the Plan for Board consideration their October 8, 2020 meeting.

ATTACHMENTS

1. VCE Draft Three-Year Strategic Plan
2. Draft Yolo Climate Crisis Resolution



Valley Clean Energy Strategic Plan **DRAFT AS OF 09-18-2020** 2021-2024

VCE MISSION

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

INTEGRATED VISION FOR VCE

Valley Clean Energy (VCE) is a public not-for-profit joint-powers authority that operates a state-authorized Community Choice Aggregation (CCA) program. Participating VCE communities include the City of Woodland, the City of Davis, the City of Winters, and the County of Yolo. Valley Clean Energy is one of 21 other operating CCAs in the state of California which have their origins in customer choice and the accelerated shift to affordable clean and carbon free power. A core value of California CCAs, including VCE, is the ability to respond to the climate crisis by cost effectively decarbonizing the grid through local energy choice and decision making. CCAs across the board have exceeded aggressive State energy mandates and are enabling scalable climate solutions at the local level.

One of the key factors driving the formation of VCE was to address climate change and improve local health and safety by supporting the transition to clean energy and building local resilience. In many ways, VCE serves as the link between the State's goals in these areas and what happens at the local level. Valley Clean Energy enables its 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. VCE customers continue to pay PG&E to deliver the electricity procured by VCE and perform billing, metering, and other electric distribution utility functions and services. A clean energy portfolio along with satisfied customers and a commitment to local energy innovation will always be guiding priorities for VCE.

NEAR-TERM VISION (Next 3 Years)

The near-term vision 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 highest available renewable electricity content and lower carbon content, at a rate competitive with PG&E;
- Developing and offering additional carbon free and/or local generation options at modest price premiums;
- Establishing an energy planning framework for developing local energy programs and local energy resources and infrastructure;

- Evaluating and adopting best practices in the electricity service industry for planning and operational management; and,
- Accomplishing the goals enumerated below while accumulating reserve funds for future VCE energy programs and mitigation of future risks.

LONG-TERM VISION (4+ Years)

The future 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 within VCE’s service territory and surrounding region as much as possible;
- Substantially increasing the renewable electricity content of basic electricity service, with the ultimate goal of achieving zero carbon emission electricity by 2030;
- Developing and managing customized programs for energy electrification, on-site electricity production and storage;
- Accelerating deployment of local energy resources to increase local economic development, 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
- Recruiting participation of additional jurisdictions in and near Yolo County within a set of established criteria and measurable benefits to the customers and communities served by VCE.

STRATEGIC PLAN

This Strategic Plan focuses VCE on achieving better energy outcomes for its customers and communities by guiding the organization’s actions over the next three years. The Plan maps 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 action over the next three years, being mindful of the longer-term aspirations of the Agency. It is anticipated that this Plan will be ready for implementation in 2021 and reviewed annually to ensure that the Agency remains on track and course corrects if necessary.

METHODOLOGY AND ORGANIZATION

VCE’s strategic plan is based on the experience of the Agency’s first two years in operation as well as current energy market conditions, 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. The Plan covers 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 over the next three years.

STRATEGIC GOALS

A) FINANCIAL STRENGTH

A successful CCA program requires disciplined fiscal strategies and financially sound 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 fiscal 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.

1. Goal 1: Maintain and grow a strong financial foundation and manage costs to achieve long-term organizational health.

- 1.1. Objective: Maintain consistently healthy cash reserves to fund VCE's mission, vision, and goals.
- 1.2. Objective: Achieve an investment grade credit rating by end of 2024.
- 1.3. Objective: Commit to fiscal efficiencies to build a program foundation from which to deliver customer and community value.
- 1.4. Objective: Manage rates and energy costs to support the cash reserves policy.

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 to Direct Access 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 which considers cost, risk, long-term value and best-fit in meeting community goals while exceeding California's RPS mandates.

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

- 2.1. Objective: Continue to identify and pursue cost effective local renewable energy resources.
- 2.2. Objective: Acquire sufficient bundled energy and renewable resources to achieve VCE's greenhouse gas reduction targets.
- 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.
- 2.5. Objective: Study the feasibility of achieving a portfolio that is 100% carbon neutral by 2030.
- 2.6. Objective: Optimize the hedging strategy to mitigate risk in accordance with the energy risk guidelines and procurement plan.

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.

3. Goal 3: Maintain and prioritize high levels of customer satisfaction and retention.

- 3.1. Objective: Develop programs and initiatives that deliver affordable rates, lower emissions, and value to our customers.
- 3.2. Objective: Measure and increase customer satisfaction.
- 3.3. Objective: Maintain a participation rate of no less than 90%.
- 3.4. Objective: Maintain a customer-focused culture.

4. Goal 4: Enhance VCE’s benefits to the communities it serves, with a particular focus on disadvantaged and historically marginalized communities, and non-residential customers

- 4.1. Objective: Develop a strategy and approach to more effectively engage disadvantaged and historically marginalized communities.
- 4.2. Objective: Develop a strategy and approach to more effectively engage local business and agricultural customers.
- 4.3. Objective: Build awareness and trust through engagement with the communities VCE serves.

D) DECARBONIZATION & 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.

5. Goal 5. Help drive energy sector related local greenhouse gas emissions reductions by working with local partners.

- 5.1. Objective: Support member agency achievement of energy sector related emission reduction targets.
- 5.2. Objective: Develop a VCE decarbonization and resiliency roadmap.
- 5.3. Objective: Increase participation in VCE’s UltraGreen 100% renewable product.

6. Goal 6. Promote grid innovation programs to improve grid stability, reliability and safety.

- 6.1 Objective: Develop a grid innovation roadmap for VCE’s service territory.

E) STATEWIDE ISSUES: REGULATORY & 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 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.

7. Goal 7: Strongly advocate for public policies that support VCE’s Vision/Mission.

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

F) ORGANIZATION, WORKPLACE & 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 Saramento 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 culture that supports creativity, open communication, and the free flow of ideas to spur 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.

8. Goal 8: Analyze and implement optimal long-term organizational structure and management at VCE.

- 8.1. Objective: Evaluate and pursue opportunities for shared services with other CCAs for certain functions.
- 8.2. Objective: Develop an evaluation framework to guide future expansion opportunities beyond the existing service territory.
- 8.3. 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.
- 8.4. Objective: Promote diversity, equity and inclusion in leadership, hiring, promotion, and contracting policies.
- 8.5. Objective: Support health, wellness and a productive workplace.
- 8.6. Objective: Create an innovation-focused culture.

METRICS:

- To be completed

**RESOLUTION DECLARING A CLIMATE CRISIS REQUIRING AN URGENT AND
INCLUSIVE MOBILIZATION IN YOLO COUNTY**

WHEREAS, Yolo County, like other communities across California, is at risk of experiencing the devastating effects of extreme heat and weather events caused by climate change, including increased frequency and magnitude of wildfires and associated air pollution, health impacts, utility and transportation services interruptions, economic disruption, property loss, dislocation, housing shortages, food insecurity, gaps in education due to school closures, impacts on agricultural production; and increased demand on public sector resources and emergency response capacity;

WHEREAS, the COVID19 pandemic has spurred a health and economic crisis that has exposed and amplified pervasive social and economic disparities that will be further amplified by the climate change crisis;

WHEREAS, historically Yolo County actions have put it in the forefront of the green movement including adoption in 2009 of the Yolo County 2030 General Plan with more than 350 climate change related policies; among them: the 2011 adoption of a Climate Action Plan(CAP) to: reduce GHG emissions to 1990 levels by 2020, 27% below 1990 levels by 2030, 53% below 1990 levels by 2040, and 80% below 1990 levels by 2050; address economic and social adaptation to the effects of climate change; and implement detailed strategies and measures to achieve these goals and contribute to State and international climate protection efforts;

WHEREAS, Yolo County can continue its leadership by initiating with urgent speed, a Climate Mobilization of countywide resources to effect a just transition to an inclusive, equitable, sustainable, and resilient local economy while also supporting and advocating for regional, national, and international efforts necessary to reverse the climate, social justice, and economic crises.

NOW THEREFORE BE IT RESOLVED, Yolo County declares climate change a crisis requiring urgent and immediate mobilization of public and private resources to develop and implement a climate and sustainability plan that identifies and integrates current and future actions needed to achieve a just economic recovery and transition to a countywide carbon-negative (climate-positive) footprint by 2030.

BE IT FURTHER RESOLVED, Yolo County commits to an inclusive plan development and implementation process that engages and empowers all stakeholders, including historically under-represented and disproportionately impacted communities.

BE IT FURTHER RESOLVED, Yolo County shall consider recruiting and creating a working advisory body to develop and implement the plan. The advisory body shall include, in addition to appropriate county staff, representatives from cities or other appropriate

jurisdictions, community organizations, and public experts, representation from vulnerable, marginalized, and underserved communities. The advisory body shall be charged with engagement with the broader Yolo County community, including public meetings, to ensure all voices are heard.

BE IT FURTHER RESOLVED, Development and implementation of the plan shall be guided by science, data, best practices, equity, and justice.

BE IT FURTHER RESOLVED, Yolo County will consider and adopt sustainability, greenhouse gas (GHG) and co-pollutant carbon-footprint and ecological impact statements for relevant Yolo County Commissions and Board of Supervisor agenda action items in the same manner as fiscal impact statements are currently considered and adopted.

BE IT FURTHER RESOLVED, Yolo County calls on the State of California, the United States Congress, the President of the United States, and all governments and people worldwide to declare a climate emergency, initiate a Climate Action Mobilization to reverse both global warming and the ecological crisis, and provide maximum protection for all people and species of the world; and

BE IT FURTHER RESOLVED, in furtherance of this resolution, Yolo County shall submit a certified copy of this resolution to federal, state, regional, county, city, tribal organizations, and other relevant agencies and request that all relevant support, funding, and assistance in effectuating this resolution be provided.

PASSED AND ADOPTED by the Board of Supervisors of the County of Yolo, State of California, this [INSERT DATE], by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

By:
Gary Sandy, Chair of the Board

Attest:
Clerk, Board of Supervisors

Approved as to Form:
Philip J. Pogledich, County Counsel

By:
Julie Dachtler, Deputy Clerk (seal)

By:
Assistant County Counsel