

**VALLEY CLEAN ENERGY ALLIANCE
COMMUNITY ADVISORY COMMITTEE**

Staff Report – Item 9

TO: Community Advisory Committee

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

SUBJECT: VCE Strategic Plan Update

DATE: June 22, 2023

RECOMMENDATION

Recommend that the VCE Board of Directors adopt the Strategic Plan Guidelines.

OVERVIEW

The purpose of this report is to present an updated approach and timeline for extending the 2021-2023 Strategic Plan beyond the current end of the planning period (end of 2023) and a process for developing future plans as described in the attached strategic plan guidelines.

BACKGROUND

The Board ratified the VCE Three-Year Strategic Plan (Plan) for 2021-2023 at its November 12, 2020 meeting ([VCE-Strategic-Plan-Final.pdf \(valleycleanenergy.org\)](#)). The purpose of the Strategic Plan “Plan” is to focus VCE on achieving better energy outcomes for its customers and communities by guiding the organization’s actions. The Strategic Plan is aligned with VCE’s mission and vision and guides the organization’s efforts over a multi-year time horizon. The Plan is the basis for developing annual organization goals, staff work plans, annual budgets, key decisions, and priorities. The Plan also informs the development of VCE’s compliance documents, including the Integrated Resource Plan (IRP), a document that sets out a 10-year roadmap for energy procurement that is updated on a 2-year basis.

The initial Strategic Plan covered a fixed period from 2021 to 2023. Based on Board feedback on the approach for extending the Strategic Plan beyond the end of 2023, Staff presented an action plan to adopt one-year extensions each year so that the Plan would always be 1+ years from expiration to maintain a three-year outlook starting in 2023. Upon further consideration and feedback from Community Advisory Committee Strategic Plan Task Group, Staff recommends extending the 2021-23 plan through 2025 and include a minor update as part of that process. After that, as shown in the table below, Staff recommends Strategic Plan updates every four years to set the cadence for future updates to fall on years that do not require updates to VCE’s Integrated Resource Plan (IRP). In addition, Staff will review and report annually to the Board and CAC on the status of goals, objectives and metrics. Staff believes this

modified approach balances the advantages of keeping the Plan up to date and providing the value of longer-term planning while not overburdening the organization with redundant activities.

Staff and the Community Advisory Committee Strategic Plan Task Group have developed the attached strategic plan guidelines to provide a framework for sustaining VCE's strategic plan.

CONCLUSION

Staff believes the recommended guidelines represent a balanced, comprehensive approach to align the strategic plan with VCE's multi-year time horizon and provide consistent update benefits associated with the "rolling" approach. Staff is seeking a recommendation from the CAC on the Strategic Plan Guidelines for Plan updates. If the Board approves the strategic plan guidelines, Staff will put the proposed timeline outlined in the guidelines into motion.

ATTACHMENT

1. DRAFT – Strategic Plan Guidelines



Strategic Plan Update Guidelines

Version 3.0 – June 13, 2023

Overview of VCE's Strategic Plan

The purpose of the Strategic Plan “Plan” is to focus VCE on achieving better energy outcomes for its customers and communities by guiding the organization’s actions. The Strategic Plan is aligned with VCE’s mission and vision and guides the organization’s efforts over a multi-year time horizon. The Plan is the basis for developing annual organization goals, staff workplans, annual budgets, key decisions, and priorities. The Plan also informs the development of VCE’s compliance documents, including the Integrated Resource Plan (IRP), a document that sets out a 10-year roadmap for energy procurement that is updated on a 2-year basis.

The Plan maps a route to VCE’s goals and allows for course correction as new information and learning occur. 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, being mindful of the longer-term aspirations. The Plan is reviewed annually to ensure that the Plan remains on track and course corrects when necessary.

Background of the Initial Strategic Plan (2021-2023)

The Board ratified the initial VCE Three-Year Strategic Plan (Plan) for 2021-2023 at the November 12, 2020 meeting ([VCE-Strategic-Plan](#)). VCE’s initial strategic Plan was based on the experience of the Agency’s first two years (2019-2020) 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 from 2021-2023.

Strategic Plan Definitions

Categories – Plan categories are key areas of focus or priorities that VCE has chosen to act as VCE’s foundational pillars for Plan development to achieve its long-term vision.

Goals - Plan goals are aspirational ambitions outlined for each category to provide guidance through the end of the plan.

Objectives - Plan objectives are high-level and measurable outcomes outlining what VCE wants to achieve within the plan goal.

Strategies – Plan Strategies are where VCE aligns their efforts in order to achieve the desired outcomes that will bring about the achievement of the organization’s goals and objectives.



Strategic Plan Categories and Goals (2021-2025)

FINANCIAL STRENGTH	<ul style="list-style-type: none"> • Goal: Maintain and grow a strong financial foundation and manage costs to achieve long-term organizational health.
PROCUREMENT AND POWER SUPPLY	<ul style="list-style-type: none"> • Goal: 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.
CUSTOMERS AND COMMUNITY	<ul style="list-style-type: none"> • Goal: Prioritize VCE’s community benefits and increase customer satisfaction and retention.
DECARBONIZATION AND GRID INNOVATION	<ul style="list-style-type: none"> • Goal: Promote and deploy local decarbonization and grid innovation programs to improve grid stability, reliability, community energy resilience, and safety.
STATEWIDE ISSUES: REGULATORY AND LEGISLATIVE AFFAIRS	<ul style="list-style-type: none"> • Goal: Strongly advocate for public policies that support VCE’s Vision/Mission.
ORGANIZATION, WORKPLACE, AND TECHNOLOGY	<ul style="list-style-type: none"> • Goal: Analyze and implement an optimal long-term organizational, management, and information technology structure at VCE.

Background of the Strategic Plan Guidelines

The initial Strategic Plan covered a fixed period from 2021 to 2023. Based on Board feedback on the approach for extending the Strategic Plan beyond the end of 2023, Staff presented an action plan to adopt one-year extensions each year so that the Plan is always 1+ years from expiration to maintain a three-year outlook starting in 2023. Upon further consideration and feedback from Community Advisory Committee Strategic Plan Task Group, Staff recommends extending the 2021-23 plan through 2025 and include a minor update as part of that process. After that, as shown in the table below, Staff recommends Strategic Plan updates every four years to set the cadence for future updates to fall on years that do not require updates to VCE’s Integrated Resource Plan (IRP). In addition, Staff will review and report annually to the Board and CAC on the status of goals, objectives and metrics.

Strategic Plan Update Schedule

Extension of 2021-2023 Plan			Strategic Plan				Strategic Plan			
2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Minor Update		Major Update		Minor Update		Major Update		Minor Update		Major Update
	IRP WORK		IRP WORK		IRP WORK		IRP WORK		IRP WORK	

Key Objectives of Strategic Plan Minor Updates

Minor Update – The purpose would be a relatively high-level review/update to existing goals and objectives performed by staff to incorporate plan adjustments associated with changing legislative, regulatory, customer, economic, etc. requirements, as well as plan milestones achieved. Key activities would include:

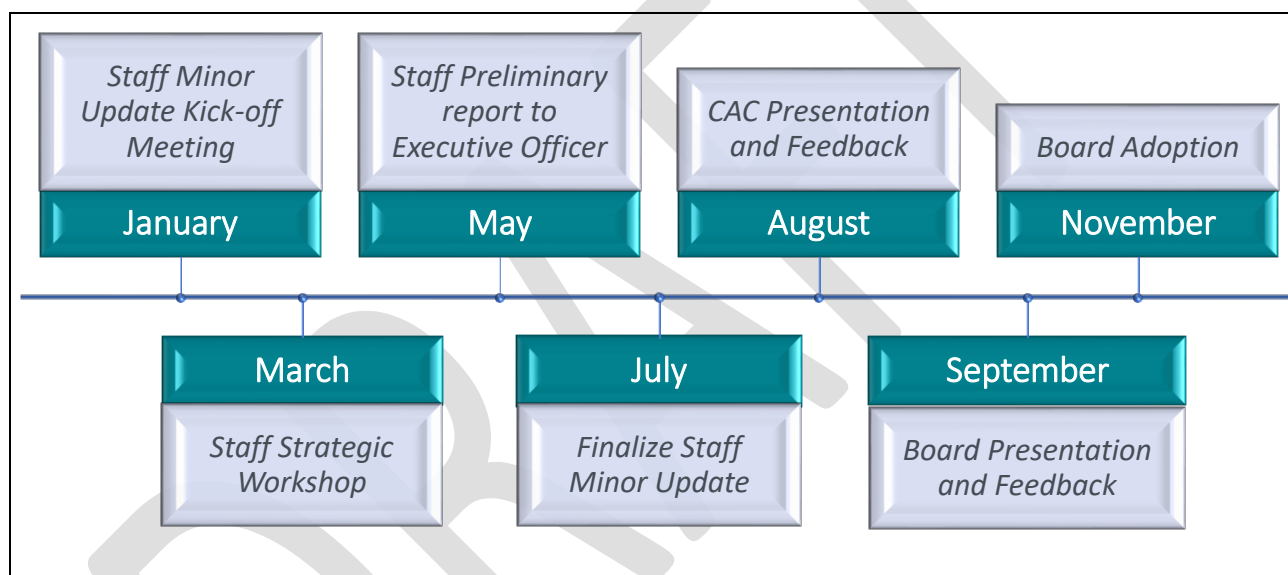
- Evaluate Strategic Plan to update and re-align strategic goals and objectives where necessary.
- Short-term adjustments based on changed external/internal requirements and recent accomplishments.

Guidelines for Strategic Plan *Minor Update*



- VCE Staff
 - Identify changes in the overall CCA environment (economics, policy, technology, etc.) and describe their relevance for VCE
 - Review existing goals and objectives to identify and recommend adjustments
 - Goal assessment using SWOT analysis as necessary
 - Staff should propose recommendations to Executive Officer for minor updates.
 - Recommendations should provide annual and long-term budget requirements
- Community Advisory Committee
 - Review and recommend revisions to strategic plan minor updates.
 - Work with Staff to develop Strategic Plan goals and strategies
- Board
 - Review and approval of minor update revisions.

Timeline of Strategic Plan Minor Update



Key Objectives of Strategic Plan Major Updates

Major Update – The purpose would be a more detailed review/update of the Plan, including a review of VCE’s Vision/Mission and existing goals and objectives. Major Plan updates would be comprehensive reviews incorporating workshops at various levels of the organization, including community stakeholder engagement. The baseline activities would incorporate those enumerated in the Minor Update above (i.e. incorporate plan adjustments associated with changing legislative, regulatory, customer, economic, etc. requirements, as well as plan milestones achieved). Key activities in a Major Update would include:

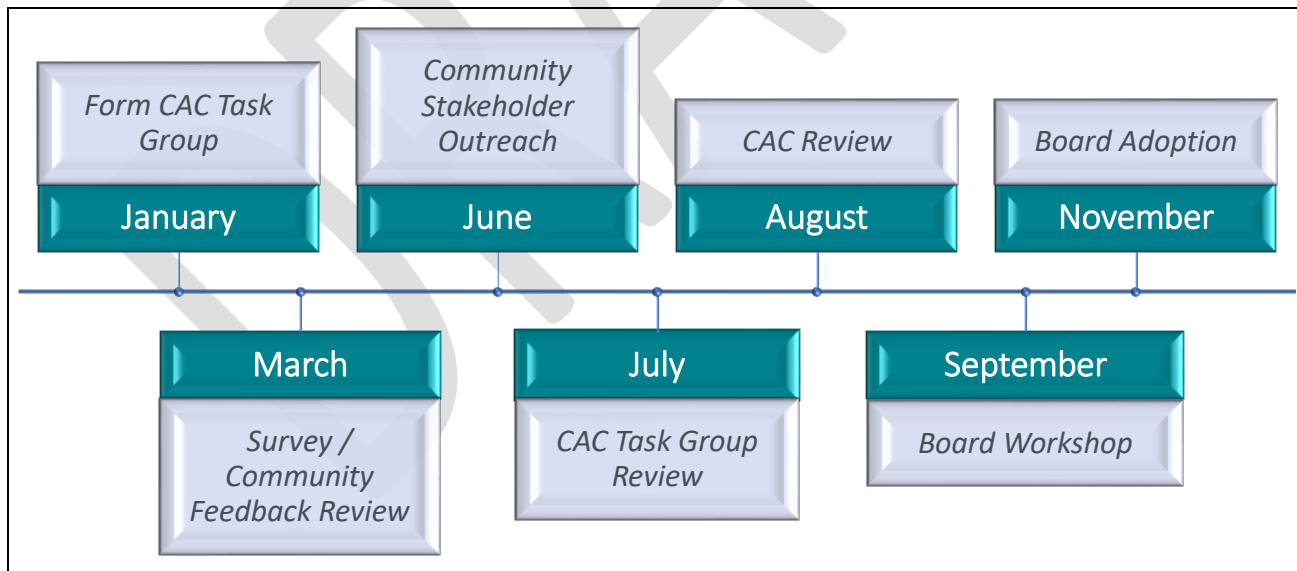
- Identify changes in the overall CCA environment (economics, policy, technology, etc.) and describe their relevance for VCE (also listed as VCE Staff activity below)
- Review key organizational fundamentals (Mission, Vision, and Strategic Plan Goals)
- Long-term adjustments based on strategic and customer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

Guidelines for Strategic Plan Major Update



- VCE Staff
 - Identify changes in the overall CCA environment (economics, policy, technology, etc.) and describe their relevance for VCE
 - Review existing goals and objectives to identify and recommend adjustments
 - Goal assessment using SWOT analysis as necessary
 - Staff should propose recommendations to Executive Officer for Major updates.
 - Recommendations should provide annual and long-term budget requirements
 - Identify, solicit, and include input from key stakeholders
 - Surveys and/or community engagement should include initial staff recommendations to narrow the focus for annual updates.
- Community Advisory Committee
 - Review and recommend strategic plan goals and objectives
 - Formation of Strategic Plan Task Group
- CAC Strategic Plan Task Group
 - Work with Staff to develop Strategic Plan goals and objectives
 - Provide input and feedback to Staff on the draft Strategic Plan to present to the CAC and Board
 - Provide summaries and updates at monthly CAC meetings on Task Group activities.
- Board
 - Provide feedback to staff on aspirational goals.
 - Review and approval of the strategic plan.

Timeline of Strategic Plan Major Update



Continuous improvement and reporting for Strategic Plan Update



VCE's Strategic Plan is a living document that will be revisited and updated regularly. Staff will perform minor updates that review and update the Plan on an bi-annual basis, including goals, objectives and metrics. VCE staff will report annually key metrics, status and mitigations where appropriate annually to the Board and CAC. 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.

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