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OEB INNOVATION SANDBOX 2.0

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EXECUTIVE SUMMARY

In January 2019, the Ontario Energy Board (OEB) launched the OEB Innovation Sandbox, a streamlined, accessible way for OEB staff to support innovators to test new ideas, products, activities, services and business models in the electricity and natural gas sectors. The OEB Innovation Sandbox is the first of its kind in the energy sector in North America.

Although the OEB Innovation Sandbox has been successful at supporting innovation in Ontario's energy sector, the OEB recognized that it could be leveraged to do more, and that a renewed Sandbox would benefit from stakeholder input.

In June 2021, the OEB launched the Innovation Sandbox Renewal Consultation to solicit stakeholder input on the design and features of a renewed OEB Innovation Sandbox.

Stakeholder feedback was critical to informing the development of the renewed OEB Innovation Sandbox (Sandbox 2.0), and the Sandbox Renewal Consultation included multiple opportunities for stakeholders to provide their input. One-on-one and small group meetings were held during July and August 2021. In late September 2021, the OEB held a virtual stakeholder meeting to give participants the opportunity to provide input to the Staff Proposal for Sandbox 2.0 Design (Staff Proposal). Finally, stakeholders also had the opportunity to provide written comments on the Staff Proposal.

Sandbox 2.0 consists of a number of new features that reflect the priorities of stakeholders and that will be implemented in phases. In response to stakeholder interest in better understanding the types of innovative projects being undertaken in the province, Sandbox 2.0 includes strategies to enhance transparency around the projects receiving Sandbox support. Sandbox 2.0 also includes a commitment to share lessons learned with the Ministry of Energy that pertain to legislative barriers to innovation. The OEB will explore potential opportunities for dedicated funding for innovative pilot projects, and will revisit the potential to implement a thematic sandbox in the medium term. Sandbox 2.0 also includes a new goal and project-specific criteria to guide projects seeking Sandbox support.

In response to stakeholder interest in a new, open dialogue to discuss the role of innovation in the energy transition and as a means of achieving net zero, the OEB has committed to initiating an open dialogue outside of the purview of the OEB Innovation Sandbox.

The OEB is committed to continuous improvement and the OEB Innovation Sandbox will continue to evolve to meet the changing needs of consumers, as well as all interested stakeholders in the electricity and natural gas sectors.

SNAPSHOT OF SANDBOX 2.0

Sandbox Goal and Project-specific Criteria



Goal: The goal of the OEB Innovation Sandbox is to facilitate cost-effective innovation that provides value to consumers and the grid.



Project-specific Criteria: The OEB Innovation Sandbox focuses on providing support to projects that align with the following criteria:

- Support for consumer value and protection
- Include a regulatory barrier for which OEB staff can provide support
- Maintain or enhance the resilience/reliability of the grid
- Recognize carbon pricing and net zero mandates (e.g., facilitating sector decarbonization)
- Have the potential for scalability and economic viability

Awareness



Website Enhancements: The OEB will develop an enhanced, user-friendly Sandbox website that includes:

- Clarifications regarding the Sandbox process, Sandbox support available, and how to access that support
- An explanation of how the Sandbox differs from the Industry Relations Enquiry (IRE) system



Increased Outreach: OEB staff will engage in increased sector outreach, including:

- Increasing the presence of Sandbox staff at conferences, meetings, and other industry events
- Leveraging various approaches to better communicate information about Sandbox support available and Sandbox success stories
- Offering Sandbox-specific industry training sessions



Sandbox and IRE support:

The OEB will ensure that there is “No Wrong Door” for stakeholders to approach to receive support.

Transparency



Dashboard:

The OEB will develop and launch an “as it happens” dashboard on the Sandbox website that provides information about pilot projects seeking Project-specific Support.



Annual Reports: In addition, the OEB will make enhancements to Annual Sandbox Reports, including:

- Providing case studies of actual Sandbox projects
- Providing a discussion around the most common themes or barriers to arise in the Sandbox throughout the year
- Providing descriptions of the type of Sandbox support that was provided throughout the year

The release of the Annual Sandbox Report will also be complemented by the addition of a virtual meeting or webinar.



Additional Reporting and Other Communication Tools

In response to the other types of reporting requested by stakeholders, the OEB will assess the need for additional reporting.

The OEB will continue to make use of staff bulletins and other communication tools as needed.

⁵ OEB staff may provide guidance related to relevant legislation and OEB requirements, such as electricity codes, natural gas rules and OEB licences. The OEB may grant temporary exemptions from its own regulatory requirements, but typically cannot grant exemptions to requirements in legislation or regulations.

Confidentiality

Confidentiality will be treated differently for innovators using the Information Service versus those seeking Project-specific Support:

- Information Service: Information service support will remain confidential
- Project-specific Support: Certain information will be publicly shared in the following ways:



Staff Bulletins:

For guidance provided through the Sandbox that relates to a matter of broader interest.



Annual Reports and other reporting:

Annual reports will include references to specific pilot projects.



Dashboard:

All projects for which Project-specific Support is requested will be recorded on the Sandbox website dashboard.

The following information will be shared on the dashboard for all projects receiving Project-specific Support:

- Description of proponent (e.g., “clean-tech company” or “electricity distributor”)
- Summary of innovative project
- Key theme or topic at issue (e.g., net metering)
- Sandbox support requested
- Sandbox support provided

This information may also be shared in the Annual Sandbox Report.

Proponent names will not be shared without the proponent’s consent.

Facilitating Innovation Through Legislative Change



The OEB will share relevant information and lessons learned with the Ministry of Energy to identify opportunities to facilitate innovation through legislative change.

Funding



The OEB will continue its work on the Joint Targeted Call in collaboration with the IESO’s Grid Innovation Fund. The Joint Targeted Call is providing both funding from the IESO Grid Innovation Fund as well as support from the Sandbox.

The OEB will also explore partnership opportunities with the provincial and federal governments to investigate the potential for dedicated funding for Sandbox pilot projects.

Concierge Service



Sandbox 2.0 will include an enhanced Sandbox website, a dashboard with project-specific information, and enhanced annual reporting coupled with a virtual meeting. Given these enhancements to transparency and information-sharing, the OEB will reassess the need for a concierge service as experience is gained with these new Sandbox 2.0 features.

Open Dialogue



The OEB will initiate an open dialogue to discuss innovation in the context of the energy transition, decarbonization and pathways to net zero. This dialogue will occur outside of the context of the OEB Innovation Sandbox.

As part of that new open dialogue, the OEB will consider how best to engage a wide and diverse variety of stakeholders.

Thematic Sandbox



The OEB expects that valuable information about the potential for a thematic sandbox approach will be gained by its participation in the IESO/OEB Joint Targeted Call and will revisit the idea of an OEB thematic sandbox.

INTRODUCTION

The OEB Innovation Sandbox (Sandbox) was launched as a means to support innovation in the natural gas and electricity sectors. The Sandbox was intended to be an accessible and efficient tool to support innovators by allowing for an open, candid dialogue between them and OEB staff, and by helping to identify and potentially address regulatory barriers to innovation. In its first three years of operation, the OEB Innovation Sandbox supported numerous innovative pilot projects through the provision of information and customized guidance from OEB staff.

The impetus behind the Sandbox Renewal Consultation was fivefold. In October 2020, the OEB was given a new statutory objective to “facilitate innovation in the electricity sector.” The OEB Strategic Plan identifies Facilitating Innovation as a Strategic Goal, and innovation as one of six strategic themes that will guide its work in the coming years. Similarly, the Top Quartile Regulator Report describes innovation as one of the key attributes of a top regulator. The OEB Financial Review Report released in January 2021 also identifies innovation – and the Sandbox in particular – as a key area of focus for the OEB. Finally, OEB staff have received informal feedback from Sandbox proponents and others regarding potential changes to enhance the support provided by the Sandbox.

Background: The OEB Innovation Sandbox

The Sandbox currently provides two types of support to innovators: an “Information Service” and “Project-specific Support.” The Information Service provides the ability for innovators to reach out to OEB staff with questions about the regulatory framework as it relates to innovative ideas, products, services or business models, or ideas about a specific pilot project. The Information Service is intended to be an easy and accessible way for innovators to exchange information and ask questions of OEB staff without the need for a defined innovative project and without any requirement to provide written material.¹

Project-specific Support is available for innovators wishing to move forward with a specific innovative project. This type of Sandbox support allows innovators to request specific forms of support from OEB staff, including customized guidance related to a regulatory requirement and/or assistance in requesting temporary relief from a regulatory requirement.

These two forms of Sandbox support are not mutually exclusive, and innovators are welcome to take advantage of both.

¹As an example, the Information Service may be used to ask questions of clarification about certain regulatory requirements, discuss the development of a specific pilot project, or discuss potential barriers to innovative ideas.

SANDBOX RENEWAL CONSULTATION

The Sandbox Renewal Consultation was launched in June 2021. In line with the new Stakeholder Engagement Framework, the OEB recognized that seeking input from stakeholders on enhancements to the Sandbox is essential to supporting innovation that delivers value to consumers. As such, stakeholders were given multiple opportunities to provide their input into the development of Sandbox 2.0.

The first step of the Sandbox Renewal Consultation included one-on-one and small group meetings with interested stakeholders (electricity distributors, consumer representatives, associations and other stakeholders representing or interested in the electricity and natural gas sectors) in July and August 2021. These meetings allowed stakeholders to discuss limitations associated with the Sandbox and to suggest opportunities to enhance and expand the support provided by the Sandbox.

Following those meetings, the OEB issued a Staff Proposal based on input received from stakeholders. On September 27, 2021, the OEB shared the Staff Proposal with stakeholders, and then held a virtual stakeholder meeting on September 30, 2021 to discuss and solicit feedback. Stakeholders were also provided with an opportunity to submit written comments on the Staff Proposal.



Feedback from July-August Meetings²

Prior to the development of a proposal for a renewed Sandbox, stakeholders were given the opportunity to provide input on the Sandbox in small group or one-on-one meetings held in July and August 2021. The intent of these initial meetings was to provide stakeholders an opportunity to discuss issues of greatest interest to them, including their thoughts on limitations to the Sandbox support available and priorities for enhanced support.

² Details related to this stakeholder feedback are included in the Staff Proposal.

Although most stakeholders generally agreed with the intended purpose of the Sandbox, a number of issues were raised. All stakeholders involved in the consultation expressed interest in better understanding the types of innovative projects being proposed, and said that greater transparency, communication and information-sharing would be welcome. Many stakeholders said that they lacked awareness of the Sandbox in general and did not have a good understanding of the types of Sandbox support available. Other issues cited by stakeholders included the existence of legislative barriers to innovation and the Sandbox's inability to provide exemptions from legislation. At least two stakeholders stated that they were unclear about the distinction between the Sandbox and the OEB's IRE service, which allows energy market participants or other interested stakeholders to seek guidance regarding policy or regulatory obligations. Finally, another concern identified by many stakeholders was a lack of dedicated funding for innovative pilot projects.

A number of stakeholders provided recommendations for enhancements to the Sandbox, including some suggestions pertaining to the prioritization of transparency and communication as well as opportunities to share information and engage in additional outreach. Numerous stakeholders also suggested that the OEB provide clarification around how lessons learned from the Sandbox would feed into the OEB's long-term policy development. Many also provided recommendations related to concerns around legislative barriers and the lack of dedicated innovation funding.

Finally, several stakeholders suggested additional Sandbox activities and features for the OEB to consider, including a "concierge service" (which could include activities such as matchmaking and information exchanges), a "thematic sandbox" (a regulator-led sandbox model employed in several other jurisdictions with energy innovation sandboxes), and a new, open dialogue to discuss innovation in the context of net zero and the energy sector transition.

Staff Proposal

The Staff Proposal was developed in response to the stakeholder input described above, and suggested enhancements and new features for the Sandbox. The Staff Proposal focused on the following areas:

- Sandbox Goal and Project-specific Eligibility Criteria
- Awareness of Sandbox, including support available
- Improvements to Transparency, Communication and Information-Sharing
- Limitations to Sandbox support available, including:
 - Legislative barriers to innovation
 - Funding
- Additional Sandbox Activities, including:
 - A Concierge Service
 - A new open innovation dialogue focused on net zero and barriers to innovation
 - A new thematic sandbox approach

Stakeholders were invited to provide feedback on the Staff Proposal at the September 30 virtual stakeholder meeting as well as in writing.

EVOLUTION OF SANDBOX 2.0 DESIGN

The design of Sandbox 2.0 is responsive to feedback provided by stakeholders throughout the Sandbox Renewal Consultation.

In similar fashion to the Staff Proposal, the Sandbox 2.0 design lays out the new features of Sandbox 2.0 in the following areas:

- Sandbox Goal
- Project-specific Eligibility Criteria
- Sandbox Awareness, including support available
- Improvements to Transparency, Communication and Information-Sharing
- Updated approach to Confidentiality

Sandbox Goal and Project-specific Criteria

Staff Proposal

The Staff Proposal laid out suggested language for a new Sandbox Goal and Project-specific Eligibility Criteria.

Staff Proposal for Sandbox Goal: To facilitate purposeful innovation that provides value to consumers, including protecting against risks to the grid and focusing on emerging system needs related to the energy transition.

Staff Proposal for Proposed Project-specific Eligibility Criteria:

1. Consumer value and protection, including enhancing the resilience and reliability of the grid and anticipating carbon pricing and net zero mandates.
2. True innovation.
3. Potential for scalability and economic viability.
4. Regulatory barrier for which the OEB can provide support.
5. Commitment to measure success.

Stakeholder Feedback

Stakeholders generally agreed with the need to clearly articulate a goal and project-specific criteria. There was overall support for the Staff Proposal, although a few stakeholders provided specific input related to the Goal and Criteria, including suggestions to refer to “cost-effective” innovation and to keep the Goal as broad as possible.

Although not directly related to the Goal or Criteria, a few stakeholders reminded the OEB that the Sandbox should be a “safe space” where failure is allowed. Finally, a handful of stakeholders recommended that the OEB must remain open to further evolution of the Sandbox beyond this consultation.

Sandbox 2.0 Design

Goal: The goal of the OEB Innovation Sandbox is to facilitate cost-effective innovation that provides value to consumers and the grid.

Project-specific Criteria: The OEB Innovation Sandbox focuses on providing support to projects that align with the following criteria:

1. Support for consumer value and protection.
2. Include a regulatory barrier for which OEB staff can provide support.³
3. Maintain or enhance the resilience/reliability of the grid.
4. Recognize carbon pricing and net zero mandates (e.g., facilitating sector decarbonization).
5. Have the potential for scalability and economic viability.

Sandbox Awareness

Staff Proposal

The Staff Proposal responded to stakeholder feedback articulating a lack of awareness about the Sandbox and the type of support that can be accessed through it, as well as stakeholder suggestions for increasing awareness.

The Staff Proposal to increase awareness of the Sandbox and the support OEB staff offers through the Sandbox included:

- Improvements to the Sandbox website to describe the Sandbox support available more clearly as well as an explanation regarding how to access that support
- Increased outreach to the sector by way of OEB staff attendance at meetings and conferences as well as dedicated industry training sessions

To reduce any lack of clarity between the Sandbox and the OEB’s IRE service, the Staff Proposal suggested to clarify the two types of support on the Sandbox website. Staff also proposed that the OEB ensure that there is “No Wrong Door” for stakeholders to approach. In practical terms, this means that stakeholders can access either the IRE or the Sandbox and OEB staff will ensure that their enquiry is directed to the appropriate staff within the OEB.

³ OEB staff may provide guidance related to relevant legislation and OEB requirements, such as electricity codes, natural gas rules and OEB licences. The OEB may grant temporary exemptions from its own regulatory requirements, but typically cannot grant exemptions to requirements in legislation or regulations.

Stakeholder Feedback

Stakeholders were supportive of the Staff Proposal's suggestions to increase awareness, although they reiterated the need for additional clarity regarding the types of support that are and are not available through the Sandbox.

Stakeholders suggested providing additional clarity on the Sandbox website regarding how the Sandbox process works in practice.

Sandbox 2.0 Design

The OEB will develop an enhanced, user-friendly Sandbox website that includes:

- Clarifications regarding the Sandbox process, Sandbox support available, and how to access that support
- An explanation of how the Sandbox differs from the IRE system

Increased sector outreach, including:

- Increasing the presence of OEB Sandbox staff at conferences, meetings, and other industry events
- Leveraging various approaches to better communicate information about Sandbox support available and Sandbox success stories
- Offering Sandbox-specific industry training sessions

In regards to the Sandbox and the IRE system, the OEB will ensure that there is "No Wrong Door" at the OEB for stakeholders to approach in order to receive support.

Transparency and Communication

Staff Proposal

In order to respond to stakeholder interest in greater opportunities for communication and information-sharing with respect to projects making use of Sandbox support, the Staff Proposal included a number of suggestions:

- Developing and launching an "as it happens" dashboard on the Sandbox website that would provide near real-time information about the projects seeking Sandbox support
- Making updates and enhancements to the Annual Sandbox Reports, including:
 - Discussing case studies from actual Sandbox projects
 - Describing common themes or regulatory barriers to innovation that arose during the year
 - Describing the Sandbox support provided throughout the year
- Complementing the release of the Annual Sandbox Report with a virtual meeting or webinar to provide a forum to discuss the findings
- Making more use of staff bulletins to share information more broadly with the sector

Stakeholder Feedback

Stakeholders reaffirmed the importance of transparency and information-sharing, and expressed support for the following staff proposals:

- The “as it happens” dashboard
- Enhancements to the Annual Sandbox Reports, including providing real Sandbox case studies
- Complementing the release of Annual Sandbox Reports with a virtual meeting or webinar
- Increased use of staff bulletins

Stakeholders also suggested additional types of Sandbox reporting, including:

- Case studies related to innovation and supports for innovation in other jurisdictions, such as the United States and Europe
- Reports dedicated to lessons learned from Sandbox projects that relate to the future of the sector and could have broad implications for the energy sector at large
- Staff position papers related to barriers to innovation and staff’s views regarding potential solutions to those barriers, including barriers and solutions outside of the OEB’s purview

Sandbox 2.0 Design

The OEB will develop and launch an “as it happens” dashboard on the Sandbox website that provides information about pilot projects seeking Project-specific Support.

In addition, the OEB will make enhancements to Annual Sandbox Reports, including:

- Providing case studies of actual Sandbox projects
- Providing a discussion around the most common themes or barriers to arise in the Sandbox throughout the year
- Providing descriptions of the type of Sandbox support that was provided throughout the year

In response to other types of reporting requested by stakeholders, the OEB will assess the need for additional reporting.

The release of the Annual Sandbox Report will also be complemented by the addition of a virtual meeting or webinar.

The OEB will continue to make use of staff bulletins and other communication tools as needed.

Confidentiality

Staff Proposal

In line with the commitment to providing greater transparency and sharing more information about Sandbox proposals, the Staff Proposal included a suggestion to evolve from the Sandbox's current position of confidentiality by default to one of transparency by default.

Stakeholder Feedback

While most stakeholders reacted positively to the Staff Proposal, a number of stakeholders cautioned that although it would be beneficial to share more information about Sandbox proposals, there was still a need to maintain a balance between confidentiality and sharing information.

A smaller number of stakeholders said that any information that is to be made public should have the approval of the proponent prior to publication.

Sandbox 2.0 Design

Going forward, confidentiality will be treated differently for innovators using the Information Service versus those seeking Project-specific Support.

- Information Service support will remain confidential
- For Project-specific Support, certain information will be publicly shared in the following ways:
 - Dashboard: All projects for which Project-specific Support is requested will be recorded on the dashboard as described in the paragraph below
 - Staff Bulletins and other Guidance: For guidance provided through the Sandbox that relates to a matter of broader interest, the OEB may issue a staff bulletin or other document to share that guidance as widely as possible
 - Annual Sandbox Reports and other potential reporting: Annual reports (and any other reports that may arise) will include references to specific pilot projects. This information will be pulled from the dashboard

The following information will be shared on the dashboard for all projects that request Project-specific Support:

- Description of proponent (e.g., "clean-tech company" or "electricity distributor")
- A summary of the innovative project
- A description of the key theme or topic at issue (e.g., net metering)
- Sandbox support requested
- Sandbox support provided

The information above may also be shared in Annual Sandbox Reports.

The names of proponents will not be shared without their consent.

Facilitating Innovation Through Legislative Change

Staff Proposal

In response to concerns raised by stakeholders related to the inability of the Sandbox to provide exemptions from legislated requirements, the Staff Proposal included sharing relevant information and lessons learned with the Ministry of Energy to identify opportunities to facilitate innovation through legislative change.

Stakeholder Feedback

Stakeholders were generally supportive of the OEB sharing relevant information and lessons learned with the Ministry of Energy.

Most stakeholders also expressed their support for the OEB to be given the ability to provide exemptions from some relevant legislation, although at least two consumer groups did not support that evolution of the OEB's exemption-granting ability.

Sandbox 2.0 Design

The OEB will share information with the Ministry of Energy to identify opportunities to facilitate innovation through legislative change.

Funding

Staff Proposal

Staff proposed to explore potential partnership opportunities with the federal and provincial governments to provide dedicated funding for innovative pilot projects receiving Sandbox support.

Stakeholder Feedback

Throughout the Sandbox Renewal Consultation, innovators expressed an ongoing concern regarding the lack of dedicated funding for innovative Sandbox projects, stating that it is the biggest impediment to innovation. Innovators were supportive of the proposal to explore potential partnership opportunities with the federal and provincial governments to provide dedicated funding for innovative pilot projects receiving Sandbox support.

Innovators also requested that the Sandbox be open to the potential use of ratepayer funding to support innovative projects. Although some stakeholders stated that ratepayer funding should never be used to support innovative pilot projects, others said that they could be supportive of some ratepayer-funded innovation as long as that funding was requested and provided by way of an open and transparent application process subject to public review.

Sandbox 2.0 Design

The OEB will continue its work on the Joint Targeted Call in collaboration with the Independent Electricity System Operator (IESO)'s Grid Innovation Fund, which provides both funding from the IESO Grid Innovation Fund as well as support from the Sandbox.

The OEB will explore further partnership opportunities with the provincial and federal governments to investigate the potential for dedicated funding for Sandbox pilot projects.

Concierge Service

Staff Proposal

During the July-August meetings, several stakeholders expressed interest in adding a concierge service to the support provided by the Sandbox. Amongst other things, a concierge service could provide matchmaking services amongst innovators, host meetings to discuss topics of interest, and help innovators to navigate innovation programs and services across the federal and provincial governments.

The Staff Proposal solicited input from stakeholders regarding whether the OEB should consider a concierge service as a new feature of the Sandbox.

Stakeholder Feedback

Stakeholder reactions to the idea of the Sandbox adding a concierge feature were divided.

Those who expressed support for the idea of a concierge service were interested in the opportunity to take advantage of a matchmaking service that would allow them to engage with other innovators to move projects forward, as well as an additional opportunity to engage with and get assistance from OEB staff.

Those that questioned the need for a concierge service said that an improved Sandbox website, a dashboard providing information about Sandbox projects, and updated annual reporting would likely be sufficient to promote dialogue within the sector. Some stakeholders also questioned whether the OEB has sufficient staff resources or the appropriate staff competencies that would be required in order to make a concierge service successful.

Sandbox 2.0 Design

Sandbox 2.0 will include an enhanced Sandbox website, a dashboard with project-specific information, and enhanced annual reporting coupled with a virtual meeting. Given these enhancements to transparency and information-sharing, the OEB will reassess the need for a concierge service as experience is gained with these new Sandbox 2.0 features.

Open Dialogue

Staff Proposal

During the July-August meetings, numerous stakeholders expressed interest in engaging in a broader dialogue about innovation in the context of the energy transition and the path to net zero. The Staff Proposal solicited input from all interested stakeholders to determine whether this type of open dialogue was an activity of interest.

Stakeholder Feedback

Most stakeholders were supportive of the proposal for the OEB to initiate a new open dialogue related to innovation in the context of sector evolution, decarbonization and net zero.

Some stakeholders offered their views as to the deliverables this dialogue should work towards, including identification of barriers to change, sharing information about innovation successes and failures, and developing recommendations for the OEB, the IESO and the provincial government related to eliminating barriers to sector evolution.

Participants also indicated that a broad dialogue of this nature should include not only the “usual suspects” such as the OEB, the IESO, the Ministry of Energy, electricity and natural gas distributors, and consumer representatives, but also stakeholders that do not typically participate in these types of consultations, such as academics, different private sector participants, municipalities, non-governmental organizations, and any other type of stakeholder that may be interested but would not typically participate.

Sandbox 2.0 Design

The OEB will initiate an open dialogue to discuss innovation in the context of the energy transition, decarbonization and pathways to net zero. This dialogue will occur outside of the context of the OEB Innovation Sandbox.

As part of that new open dialogue, the OEB will consider how best to engage a wide and diverse variety of stakeholders.

Thematic Sandbox

Staff Proposal

During the July-August meetings, several stakeholders expressed interest in a different type of sandbox approach – a regulator-led, thematic sandbox, whereby the regulatory body administering the innovation sandbox sets out one or more specific themes that it would like innovators to test, and determines the support that will be provided in order for innovators to engage in pilot projects that test those themes of interest.

The OEB recognizes that sandboxes in some other jurisdictions employ a thematic sandbox model⁴, and

⁴ For example, variations of thematic sandboxes are employed by the Italian Regulatory Authority and the Energy Market Authority of Singapore.

the Staff Proposal solicited input on this type of approach.

Stakeholder Feedback

Several stakeholders expressed general interest in a thematic, regulator-led sandbox approach. Support for a thematic approach was based on the notion that this approach would provide helpful focus areas of interest for innovators to test novel ideas in areas where innovation is needed. Stakeholders also expressed interest in the OEB identifying specific regulatory barriers that are problematic and targeting those for experimentation.

Despite general support for, and interest in, the concept of a thematic sandbox approach, stakeholders expressed the view that this approach would only work given certain conditions. Firstly, identification of potential thematic areas must be determined in collaboration with stakeholders. In addition, support for a thematic sandbox approach would need to be accompanied by dedicated funding for innovative pilot projects.

Sandbox 2.0 Design

The OEB recognizes the sector's interest in a thematic sandbox approach. The ongoing IESO/OEB Joint Targeted Call focuses on providing funding and Sandbox support for pilot projects related to distributed energy resources.

The OEB expects that valuable information about the potential for a thematic sandbox approach will be gained by its participation in the IESO/OEB Joint Targeted Call and will revisit the idea of an OEB thematic sandbox.

PHASED APPROACH TO IMPLEMENTATION

The new features of Sandbox 2.0 described above will be implemented in phases. Table 1 below lays out the phased implementation of new Sandbox 2.0 features.

Table 1. Implementation Timeframe for Key Features

Short Term (1-6 months)	Medium Term (6-12 months)	Long Term (1-2 years)
<p>New confidentiality approach takes effect immediately.</p>	<p>Awareness & Transparency:</p> <ul style="list-style-type: none"> Enhanced Annual Sandbox Report, accompanied by webinar Industry training sessions 	<p>Transparency: Consider additional types of reporting.</p>
<p>Awareness & Transparency:</p> <ul style="list-style-type: none"> Refresh Sandbox website Launch dashboard Enhanced outreach 	<p>OEB to consider how best to undertake Open Dialogue.</p>	<p>Reassess idea of a concierge service.</p>
<p>Share lessons learned with Ontario Ministry of Energy on facilitating innovation through legislative change.</p>	<p>Revisit idea of a thematic sandbox.</p>	<p>Funding: Explore partnerships with government on potential funding opportunity.</p>

CONCLUSION

The release of the Sandbox 2.0 design concludes the OEB Innovation Sandbox Renewal consultation.

In the spirit of continuous improvement, the OEB will look for opportunities to enhance the Sandbox to ensure that it is best positioned to support innovation, bring value to consumers, and maintain alignment with the OEB's strategic goals.



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