

Final Design of OEB Innovation Sandbox 2.0



January 2022

Launched in January 2019, the Ontario Energy Board (OEB) Innovation Sandbox (Sandbox) provides OEB staff support to innovators to test new ideas, products, services and business models in the electricity and natural gas sectors.

Two types of support

Information Service:
Informal, candid dialogue
between innovators and
OEB staff.

Project-specific Support:
Includes customized staff
guidance and/or
assistance to innovators to
request temporary relief
from a regulatory barrier.

Summary of Sandbox 2.0 Design

OEB Innovation Sandbox 2.0 includes the following features:

1. Updates to the Sandbox goal and project-specific criteria.
2. Strategies to enhance Sandbox awareness and transparency:
 - Enhancements to Sandbox website, including a new dashboard.
 - Improved annual reporting.
 - Increased outreach.
3. Sharing lessons learned with government on legislative barriers.
4. Exploring opportunities for funding.
5. A new, broad OEB open dialogue (outside of the Sandbox) to discuss innovation, net zero and the energy transition.
6. A commitment to revisiting a thematic sandbox in the medium term.

Consultation on Innovation Sandbox Renewal

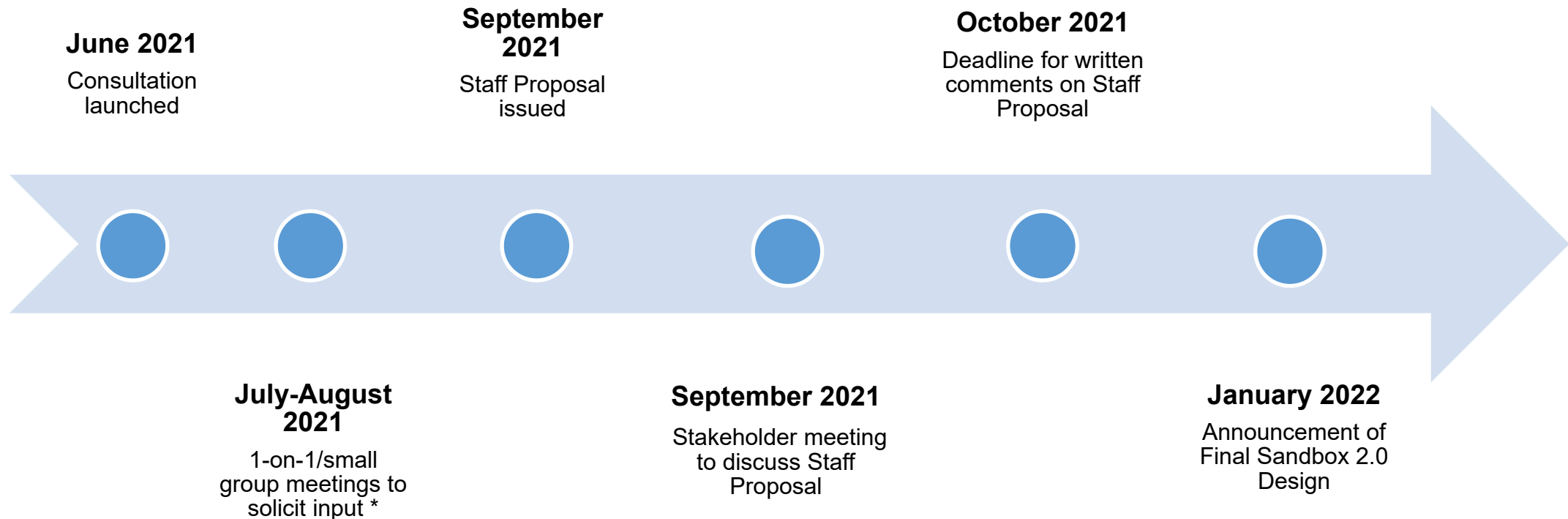
- In June 2021, the OEB launched the Sandbox Renewal consultation to solicit stakeholder input on the design and features of a renewed Sandbox.
- The impetus for the Sandbox Renewal consultation came from several sources:
 - The OEB's legislated objective to facilitate innovation.
 - The OEB Strategic Plan and Top Quartile Regulator Report.
 - Informal feedback from Sandbox proponents and others.
 - The OEB Financial Review Report.
- Stakeholder feedback was critical to informing the development of Sandbox 2.0.



Sandbox Renewal Consultation



Timeline of Sandbox Renewal Consultation



* Meetings held with electricity distributors, generators, consumer representatives, IESO, and energy sector companies and associations.

July-August Stakeholder Input: Key Issues

Most stakeholders generally agreed with the intended purpose of the Sandbox but raised some key issues, including:

- Low awareness and understanding of Sandbox support available.
- A need to increase transparency and information sharing about projects receiving Sandbox support.
- Lack of ability to obtain exemptions from legislation.
- Lack of dedicated funding or cost recovery for projects.

Stakeholders also suggested potential new activities, including:

- Concierge service (e.g., matchmaking, information exchanges).
- Open dialogue on innovation, net zero and energy sector transition.
- Thematic Sandbox (regulator-led sandbox model).

Sandbox 2.0 Staff Proposal

In response to stakeholder feedback, the [Sandbox 2.0 Staff Proposal](#) was issued in September 2021.

The Staff Proposal was structured around five key themes:

1. Sandbox goal and guiding criteria.
2. Awareness, transparency and communication.
3. Legislative barriers.
4. Funding.
5. Additional Sandbox activities (including a concierge service, an open dialogue and a thematic sandbox).

Summary of Stakeholder Feedback on Staff Proposal

Most were generally supportive of the Staff Proposal.

Almost all reiterated the importance of transparency and were supportive of proposals to enhance information-sharing.

Some expressed continued interest in engaging in a broader open dialogue related to the future of the energy sector.

Funding continued to be a topic of interest.

Some disagreement regarding the usefulness of a potential concierge service.



Final Sandbox 2.0 Design



Sandbox Goal



Goal

To facilitate cost-effective innovation that provides value to consumers and the grid.

Project-specific Criteria

The Sandbox focuses on providing support to projects that align with the following criteria:

1. Support consumer value and protection.
2. Applicable regulatory barrier – i.e., a regulatory barrier for which OEB staff can provide support (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).
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

Website:

- Launch enhanced, user-friendly Sandbox website that better describes the process and available support.

Outreach:

- Launch industry training sessions.
- Increase number of speaking engagements.
- Better communicate Sandbox support and success stories.

Industry Relations Enquiry (IRE) vs. Sandbox:

- “No Wrong Door” – OEB will ensure an internal system is in place to refer IREs to Sandbox and vice versa.

Transparency, Communication and Information-sharing

- Launch “as it happens” dashboard on Sandbox website.
- Improve annual reports by including:
 - Case studies of Sandbox projects.
 - Common themes/issues.
 - Descriptions of support provided.
- Complement annual report with webinar.
- Assess need for additional reporting.
- Use staff bulletins and other communication tools as needed.

Confidentiality and Transparency

- 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:
 - **Dashboard:** All projects for which Project-specific Support is requested will be recorded on the Sandbox website dashboard.
 - **Annual Reports and other reporting:** Annual Reports will include references to specific pilot projects.
 - **Staff Bulletins:** Staff Bulletins may be issued for guidance provided through the Sandbox that relates to a matter of broader interest.

Confidentiality and Transparency

- The Sandbox website will soon host a new “as it happens” dashboard. The following information will be shared on the dashboard for all projects receiving Project-specific Support:
 - Description of proponent (e.g., “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 annual Sandbox reports.
- Names will not be shared without the proponent’s consent.

Facilitating Innovation through Legislative Change

OEB staff will share information with the provincial government to identify opportunities to facilitate innovation through legislative change.

Funding and Sandbox 2.0 Final Design

- The OEB will continue working on the Joint Targeted Call in collaboration with the Independent Electricity System Operator (IESO)'s Grid Innovation Fund.
- The OEB will explore partnership opportunities with the provincial and federal governments to investigate the potential for dedicated funding of Sandbox pilot projects.

Concierge Service and Sandbox 2.0 Final Design

The OEB will reassess the concept of a concierge service as experience is gained with new Sandbox 2.0 features, including:

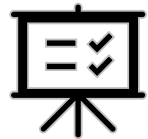
- Whether a concierge service is required.
- What types of activities could add value to stakeholders.
- Whether a collaboration with another organization could make sense if a concierge service is required.

Open Dialogue and Sandbox 2.0 Final Design

- The OEB will initiate an open dialogue to discuss innovation, the energy transition and net zero. This dialogue will occur outside of the context of the 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 and Sandbox 2.0 Final Design

- The ongoing IESO/OEB Joint Targeted Call focuses on the theme of distributed energy resources.
- The OEB will revisit the idea of a thematic sandbox based on experience gained from the Joint Targeted Call.



Phased Approach to Implementation



Phase-in: Timeframe for Key Features

Short Term (1 – 6 months)

- New **confidentiality** approach takes effect immediately.
- **Awareness & Transparency:**
 - Refresh Sandbox website.
 - Launch dashboard.
 - Enhanced outreach.
- Begin sharing lessons learned with provincial government to **facilitate innovation through legislative change.**

Medium Term (6 – 12 months)

- **Awareness & Transparency:**
 - Enhanced annual report, accompanied by webinar.
 - Industry training sessions.
- Consider how best to undertake **Open Dialogue.**
- Revisit idea of a **thematic sandbox.**

Long Term (1 – 2 years)

- **Transparency:** Consider additional types of reporting.
- Reassess idea of a **concierge service.**
- **Funding:** Explore partnerships with government on potential funding opportunity.



OEB Innovation Sandbox

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