

October 15, 2021



Via Email and RESS

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Dear Ms. Long:

**Re: OEB Innovation Sandbox Renewal Consultation – Letter of Comment
Board File No.: EB-2021-0180**

The Independent Electricity System Operator (“IESO”) appreciates the opportunity to submit comments on the Ontario Energy Board (“OEB”) staff proposal for the Sandbox 2.0 design (“Sandbox 2.0”) deck that was shared with stakeholders on September 27, 2021 in advance of a stakeholder meeting that was held on September 30, 2021. At the stakeholder meeting, OEB staff gave a presentation on its proposal for Sandbox 2.0 and walked-through five focus areas of the proposal. Following the presentation there was a round-table discussion and an invitation to stakeholders to submit written comments on five topics that were listed on page 13 of the Sandbox Renewal presentation deck.

The IESO has provided its comments below on the five topics as well as comments related to the joint call for projects under the IESO’s Grid Innovation Fund and the OEB’s Sandbox.

The proposed Sandbox Goal and Project-Specific Eligibility Criteria

- The IESO seeks clarity on the following statements:
 - “Purposeful” innovation, as this wording is not clear. If the sector values innovation, then any support around innovative projects that go on to be approved by the OEB would be purposeful.
 - “True Innovation” listed under Eligibility Criteria is not clear. Is the intent to emphasize that projects must demonstrate novelty via the testing of a solution that is not yet commercialized or received regulatory approval?
- The IESO recommends that the OEB separate the first criteria into three separate bullets. Namely, 1. Consumer value and protection; 2. Grid resilience and reliability enhancement; and 3. Incorporation of anticipated carbon pricing and net zero mandates.

The sufficiency of proposed awareness-raising activities

In addition to the list of improvements to the OEB's website that have been proposed, applicants to the Sandbox would find it helpful if the website provided information on how the Sandbox and the projects that are supported by the Sandbox help the OEB with its priorities related to innovation. Sandbox applicants will be able to assess in advance of approaching the OEB whether the project they are considering bringing to the Sandbox aligns with broader OEB priorities.

The sufficiency of transparency and communications activities proposed

The IESO recommends that in addition to the proposed list related to annual reporting, the OEB consider adding an annual report that includes outcomes and lessons learned from projects that have received Sandbox support. Future applicants to the sandbox will have a better understanding how results from completed projects are used by the OEB to inform decisions on approvals for future regulatory relief and can tailor their application accordingly.

Innovation Dialogue: Expectations for what this activity should entail (e.g., role of OEB staff, nature of dialogue, stakeholders to be involved, meeting frequency)

Should the OEB initiate taking the lead in innovation dialogue, the IESO recommends that the OEB incorporate IESO and Ministry of Energy priorities into the dialogue as they relate to innovation in Ontario.

Concierge Service: Expectations for what this service should entail (e.g., desired activities, role of OEB staff) and views on the OEB collaborating with another organization to provide this service (including suggestions related to what organization would be suitable)

If the OEB develops an evaluation criterion that is publicly available, applicants to the Sandbox will have insights into project requirements, such as partnerships, without the need for the OEB to make connections on their behalf.

Support Limitations –Funding

The OEB and the IESO are collaborating on a joint targeted call for proposals to address barriers to distributed energy resources ("DER") integration into Ontario's electricity system under the auspices of the OEB's Innovation Sandbox and the IESO's Grid Innovation Fund. The barriers to the integration of DERs to improve reliability, cost and customer choice outcomes for Ontarians have both electricity market and regulatory aspects to them; the joint call is a great example of how the OEB and the IESO can work together to leverage their collective expertise to support project proponents financially and with expertise from the IESO and OEB on electricity market and regulatory considerations respectively. The IESO sees the joint call as a potential model for further collaboration between the OEB, IESO and stakeholders across the sector.

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The IESO appreciates the opportunity to provide comments on the proposed Sandbox 2.0 design. If you have any questions, please contact me at 416-957-3594 or by email at devon.huber@ieso.ca.

Yours truly,



Devon Huber
Director, Regulatory Affairs & Market Rules

cc: Katherine Sparkes, Director, Innovation, Research & Development, IESO