

October 19, 2021

Christine Long
Registrar
Ontario Energy Board
2300 Yonge Street
P.O. Box 2319
Toronto, Ontario
M4P 1E4

Dear Ms Long:

EB-2021-0180 – Ontario Energy Board Innovation Sandbox Renewal Consultation

We are representing the Consumers Council of Canada (“Council”) in the above-referenced consultation process. On June 23, 2021, the Ontario Energy Board (“OEB”) initiated a consultation to renew its Innovation Sandbox. OEB Staff held meetings during the summer with interested stakeholders. In addition, OEB Staff held a stakeholder event on September 30, 2021, to describe the proposed changes to the Innovation Sandbox.

OEB is seeking comments on the following topics:

- Sandbox Guiding Criteria
- Sandbox Awareness
- Transparency and Communication
- Support Limitations
- Additional Sandbox Activities

These are the Council’s comments regarding the Draft Sandbox 2.0 Design.

The Council notes that the creation of the Sandbox was announced in January 2019. Since that time there has been very little disclosed about the Sandbox (other than the fact it exists) and to what extent proposals have been advanced by either the utilities, their affiliates or other service providers. The Council is of the view that going forward transparency will be paramount. In the absence of transparency there is no way to ensure that the interests of utility ratepayers are sufficiently protected.

Sandbox Guiding Criteria:

OEB Staff is proposing to establish the following Sandbox Goal:

To facilitate purposeful innovation that provides value to consumers, including protecting against risks to the grid and focussing on emerging system needs related to the energy transition.

Proponents would be required to align ideas with this goal.¹

¹ OEB Staff Presentation, dated September 27, 2021, Slide 6

The Council supports this goal as it is focussed on value for consumers. The Council suggests adding the words “cost-effective” to the goal. Innovation that provides value to customers must also be cost-effective.

OEB has set out Project-Specific Criteria:

1. Consumer value & 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 assistance
5. A commitment to measure success

The Council has no objection to the stated criteria. However, we are of the view that OEB Staff need to articulate how these will be assessed. More definition is required:

- How will the OEB assess whether a project “anticipates carbon pricing and net zero mandates”?
- What is true innovation?
- What is the expectation regarding “a commitment to measure success”?

Clarity around the criteria will assist parties in assessing whether their projects meet the OEB’s expectations and can proceed.

Sandbox Awareness:

The Council supports the OEB Staff proposals regarding awareness. As noted above, to date most parties have been unaware of how the Sandbox operates. OEB Staff’s suggested improvements to the website will increase awareness for all parties.

Transparency and Communication:

With respect to transparency and communication OEB Staff has proposed the following:

- Annual Sandbox Reporting including examples of Sandbox projects, case studies from other jurisdictions etc.
- Greater use of staff bulletins to share information with the sector
- Annual webinar/workshop to discuss lessons learned
- As it happens dashboard to the website
- Exit surveys²

The Council is supportive of these steps which will bring some transparency to the Sandbox. Having as much transparency as possible is critical, while ensuring confidentiality when required. OEB Staff should clearly define up front what elements of potential projects will be subject to confidentiality. Confidentiality should be the exception and not the norm.

² OEB Staff Presentation, Slide 8

In addition, in order to enhance transparency, the Council proposes that all project proposals be posted on the OEB website.

Support Limitations:

OEB Staff has identified two limitations with respect to the Sandbox. The first is the inability of the OEB to provide relief from existing legislation and regulation and the second is lack of funding.

The Council is not clear what specific legislative and regulatory barriers currently inhibit innovation. The Council is not opposed to OEB Staff working with the Ministry of Energy to identify those barriers and ways to overcome them. The Council does not believe it is appropriate, however, for the OEB to allow for exemptions from current legislation to facilitate innovation.

With respect to funding the Council supports OEB Staff working with various levels of government to seek innovation funding opportunities. The Council does not support any form of ratepayer supported fund for innovation. All ratepayer funded projects should be pursued through the normal rate-setting process. If an innovation project is funded through rates the onus will be on the utility to justify the project on the basis that it provides cost-effective benefits to its ratepayers. Through that process all parties, including the OEB will have an opportunity to test that assertion.

Additional Sandbox Opportunities:

OEB is currently considering the development of a concierge service to facilitate stakeholder collaboration with respect to innovation projects. The Council looks forward to providing comments once OEB Staff's proposals have been developed.

Yours truly,

Julie E. Girvan

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