

Regulatory Sandboxes

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Outline

- What is a regulatory sandbox?
- Energy sandboxes in Europe
- Pros and cons
- Recommendations



What is a regulatory sandbox?

“Regulating for uncertainty requires a more flexible approach that relies on learning over time.”

- Ofgem (UK energy regulator)

- Concept derived from software development
- Testing of innovative business models in controlled ‘live’ environment
- Re-assess regulation based on trial results

Energy sandboxes in Europe

- ❖ UK (Innovation Link, 2017-)
- ❖ Netherlands (Experimenteerregeling, 2015-2018)
- ❖ Belgium (Elia (TSO), 2019)
- ❖ France (CRE (regulator), foreseen mid 2019)



United Kingdom- Innovation Link

- ❖ Ofgem: regulator, oversees entire sandbox process
 - 2 year trial
 - Only rules overseen by Ofgem (consumer well-being, licensing for generation/distribution/supply)

 - ❖ Elexon: body in charge of balancing and settlement
 - 2 year trial, 1 year 'transition period' to ask for change
 - Only rules in the Balancing and Settlement Code (BSC)
- Both only open to licensed parties (and partners)

❖ **Netherlands:**

- 10 year trial
- Only open to owners' associations/cooperatives

❖ **Belgium:**

- 1 year trial
- TSO (Elia)



❖ **France:**

- 4 year trial
- Foreseen for mid-2019 (CRE, regulator)

Sandbox approach is preferable, but not perfect...

Pros:

- Getting to know technology before legislating
- Business/innovation friendly
- Possibilities for blockchain testing

Cons:

- Questionable timeframes for legislative change
- Not all stakeholders represented
- Not all legislation can be derogated from

What are the lessons for future sandboxes?

- Not just sandbox, but also advisory services
- Funding possibilities
- Transparency
- Extension of pilots

Thank you for your attention!

