

Media Release

23 October 2017

Launch of Regulatory Sandbox to Encourage Energy Sector Innovations

1. Against the backdrop of a fast-evolving energy landscape, a responsive and forward-looking regulatory approach can help spur energy innovations for the benefit of consumers. To this end, the Energy Market Authority (EMA) is launching a Regulatory Sandbox to enable the energy sector to test new products and services in the electricity and gas sectors. This will also allow EMA as the industry regulator to assess the impact of new products and services before deciding on the appropriate regulatory treatment.

2. New products and services can include efforts to leverage on new technology or apply existing technology in novel ways to create value for electricity and gas consumers, or to improve business and operational procedures. However, these ideas may not fit the existing regulatory paradigm which was designed around a traditional power system. If innovators are unclear whether an idea complies with regulatory requirements or is worth incurring the cost of regulation due to uncertainty in the market viability of their product or service, they may err on the side of caution by choosing not to proceed. This could inadvertently stifle promising innovations.

3. EMA is encouraging more experimentation by enabling such ideas to be tested through a Regulatory Sandbox. Innovators may submit their ideas to EMA's Regulatory Sandboxing for testing. A successful application would allow the idea to be applied in the market, while being subject to relaxed regulatory requirements. At the same time, safeguards (such as limiting the duration of the trial or the maximum number of consumers) can be introduced to minimise risks to consumers and industry.

4. The evaluation criteria for ideas applying for the Regulatory Sandbox include whether the proposal:

- i. Uses technologies/products in an innovative way;
- ii. Addresses a problem or brings benefits to consumers and/or the energy sector;
- iii. Requires some changes to existing rules; and
- iv. Has assessed and mitigated foreseeable risks.

(See Annex for full list of criteria)

5. On the impetus for this new Regulatory Sandbox, EMA's Chief Executive Ng Wai Choong said: "EMA would like to encourage more experimentation in the electricity and gas sectors, so that promising innovations can be tested and have a chance for wider adoption in Singapore and abroad. At the same time, the Regulatory Sandbox will help EMA adjust its regulatory frameworks to keep pace with advances in technology."

6. The Regulatory Sandbox will complement ongoing Energy Research and Development (R&D) initiatives, by providing a platform for R&D projects to be tested on a broader scale in Singapore.

7. Interested parties who wish to experiment with their innovative energy solutions within a defined space and duration may write to Sandbox@ema.gov.sg or visit the microsite at www.ema.gov.sg/sandbox, for more information.

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Criteria for Participation in the Energy Market Authority’s Regulatory Sandbox

Regulatory Sandbox for Energy Sector Innovations

The Energy Market Authority is introducing a regulatory sandbox framework to provide a 'safe space' where interested parties can experiment with innovative solutions without being subjected to the prevailing regulatory requirements. At the same time, safeguards, such as limiting the duration of the trial or the maximum number of consumers, will be introduced to minimise risks to consumers and industry.

Uses technologies/
products in an innovative way

**SANDBOX'S
EVALUATION
CRITERIA**

Has a defined exit
and/or transition
strategy

Addresses a problem
or brings benefits to
consumers and/or
the power sector


Requires
some
changes to
existing rules

Has clearly defined
test scenarios and
outcomes


Has defined
monitoring and
evaluation procedure

Foreseeable
risks have
been assessed
and mitigated

Has defined boundary
conditions



EMA encourages and welcomes interested parties looking to experiment with innovative products and services to apply for the regulatory sandbox trial.
For more information, please visit www.ema.gov.sg/sandbox or scan the QR code.



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