Feedback Form

Grid Innovation Fund (GIF) Engagement Roundtables – December 2025

Feedback Provided by:

Name: Raegan Bond

Title: Director, Energy Policy

Organization: Hydro One

Email: [redacted]

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To promote transparency, feedback submitted will be posted on the Grid Innovation Fund engagement page unless otherwise requested by the sender.

- ☐ **Yes – there is confidential information, do not post**
- ☒ **No – comfortable to publish to the IESO web page**

Following the Grid Innovation Fund roundtable discussions, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the items discussed. The presentation can be accessed from the Grid Innovation Fund engagement page.

Note: The IESO will accept additional materials where it may be required to support your rationale provided below. When sending additional materials please indicate if they are confidential.

Please submit feedback to engagement@ieso.ca **by December 24, 2025.**

Innovation Ecosystem in Ontario's Electricity System

Topic 1: Significance of Innovation (slide 15 of presentation)

Why does innovation matter in the electricity system and how can it support the energy transition and evolution of the system?

- New solutions and approaches are required to meet the growing demand forecast in the province while maintaining affordability and reliability for our customers.
- Innovation is driving electrification in residential and industrial demand, such as electric vehicles, heating and cooling, and distributed energy resources. The grid needs to evolve to both support and accommodate shifting customer needs.

Topic 2: Strengths (slide 16 of presentation)

What are the strengths of the current state of innovation in the electricity sector? What is working well?

- Increased capital expenditures in the electricity sector to support electrification will generate investment in innovation and research and development.
- The Ontario market is uniquely positioned from the perspective of innovation. As regulated monopoly utilities, companies are able to transparently collaborate and share learnings, which is not possible in other jurisdictions. An example of this collaboration is the Grid Modernization Centre, a partnership between academic institutions, utilities, regulators, and original equipment manufacturers (OEMS).

Topic 3: Evolution of Innovation (slide 17 of presentation)

Recognizing the electricity system of tomorrow will look different than today's, what support do you feel the innovation sector needs to support the energy transition?

- Regulatory frameworks that can adapt to innovation, enabling scalable growth while acknowledging uncertainty and managing risk.
- Coordination and alignment of funding sources to support project scaling.
- Tools and processes to support emerging technology and test bleeding-edge technology.
- Aligned provincial policy, regulatory requirements, and needs of customers and the system.

What are the biggest gaps or challenges to advancing innovation in the electricity sector in Ontario?

- Policy is not always aligned with market reality or needs of the system which creates a challenging environment to scale innovation and support investment.

- Every investment a utility makes must consider the ratepayer and optimize affordability and reliability. However, innovation rarely delivers immediate return on investment and often includes a degree of risk. Policy direction and processes are needed to enable innovation within the context of uncertainty.

Grid Innovation Fund Governance Framework

Topic 4: Existing Framework (slide 20 of presentation)

From your experience, what would you say has worked well to date with GIF?

- Targeted calls provide a clear focus area and project requirements. This provides certainty for the utility that proposals are aligned with overall objectives and time is well spent.
- The IESO has provided flexibility in contracts and project timelines to recognize the uncertain nature of innovation and shifting market dynamics. For example, supply chain delays due to the Covid-19 pandemic.

What do you see as potential limitations/risks with the current GIF framework?

- Mandate and definition of innovation may exclude projects that support electrification and grid modernization.
- The IESO's standardized impact assessment primarily measures project success by megawatts delivered, which provides consistency but may overlook broader value.

Topic 5: Current Mandate (slide 21 of presentation)

Do you feel the current mandate is appropriately broad? Too narrow?

- Mandate is narrow and excludes projects necessary to enable electrification, grid modernization, and demand management. For example, the testing and deployment of new technologies in transformers and inverters.
- Focusing on higher Technology Readiness Level (TRL) technologies narrows the definition of innovation. GIF emphasizes the importance of impact rather than testing and supporting innovative new solutions.

How could it be refined to better capture the needs of supporting innovation within Ontario's electricity sector?

- Broaden the mandate to align with the Integrated Energy Plan, specifically, the definition of Grid Modernization.
- Broaden the definition of innovation to support the bleeding edge. This will enable greater participation of emerging companies and the research and academic community.

Topic 6: Eligible Project Categories (slide 22 of presentation)

Thinking about where innovation in the sector is headed, are there project categories you feel should be added or removed to ensure we're able to fund new innovations in the future?

- To truly drive innovation, the Grid Innovation Fund should shift from impact-based eligibility toward widening eligibility to include and support new innovative solutions.

Topic 7: Budget (slide 23 of presentation)

How is the funding amount limiting our ability to meet our broader objectives?

- The funding amount is appropriate to support pilot projects. However, the current Grid Innovation Fund framework focuses on solutions with higher technology readiness levels and emphasizes the importance of impact. If the desire is to support innovation, the Grid Innovation Fund framework needs to accept the potential for failure.
- There is an opportunity to coordinate funding streams from various organizations such as Natural Resources Canada, Federal Economic Development Agency for Southern Ontario, Ontario Energy Board Innovation Sandbox, etc. This will enable projects to transition from pilot to scale more effectively.

What types/scale of projects is GIF unable to support?

- The current GIF funding amount is unable to support projects being deployed at scale.

What types of projects could a larger budget enable GIF to support and how could that allow projects to secure additional funding from other sources?

- Innovative projects in Ontario that win early awards often struggle to advance because secondary funding is unavailable; Hydro One recommends creating a multi-stage funding pathway where projects can progress based on demonstrated success, ensuring efficient use of funds and better adoption of innovative solutions.

Topic 8: Intake Approach (slide 24 of presentation)

Do you think the current approach is best to identify and assess projects?

- The Expression of Interest (EOI) timeline is tight and creates a challenge when securing project partners and budget allocation. Timeline is suited to existing projects with an established scope and budget. If the objective is to support innovation more time and flexibility is required.
- It can be difficult to find and secure agreements with multiple partners within IESO's specified timeframes. As such, reducing the number of partners required for project eligibility would help address this challenge.
- There is a significant amount of information and detail required at the EOI stage which can be burdensome, especially when coordinating across project partners.
- Metrics evaluated at the EOI stage do not allow for uncertainty. Applicants must be able to estimate emission reductions, flexibility achieved, etc. This does not enable the testing of innovative technologies.

What do you perceive to be the benefits of open calls? Targeted calls?

- There is benefit to both open and targeted calls and a mix of both should be implemented.

Are there alternative approaches that could be considered?

- Create a dedicated funding stream for early-stage pilot projects with simplified application requirements, reducing barriers and enabling greater innovative participation.

General Comments/Feedback

- Collaboration: There is an opportunity to create a forum for participants to share results, which is key for the industry to scale solutions efficiently.
- Data Alignment: There is an opportunity to collaborate with other funding programs to establish common data requirements, reducing the administrative burden on small, innovative organizations and enabling them to apply for multiple grants without creating separate applications.

Raegan Bond

Director, Energy Policy, Hydro One