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**LEGAL BULLETIN**

# **Draft Organic Law to Strengthen the Strategic Mining and Energy Sectors**

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## Draft Organic Law to Strengthen the Strategic Mining and Energy Sectors

On January 27, 2026, President Daniel Noboa Azín submitted to the National Assembly the draft “Organic Law to Strengthen the Strategic Mining and Energy Sectors,” classified as urgent in **economic matters**. This means that the Assembly must process and rule on the bill within a maximum of 30 days from its receipt—either approving it, amending it, or rejecting it within that timeframe. If the Assembly does not issue a decision within the 30-day period, the President may enact it as a decree-law, which will enter into force upon publication, without prejudice to the Assembly’s subsequent authority to amend or repeal it through the ordinary legislative process.

This law introduces amendments to the Mining Law and the Organic Law on the Public Electricity Service. Regarding its scope, it is a special law of public order applicable throughout the national territory to the mining and electricity sectors.

### Amendments to the Mining Law:

#### **1. Prior administrative acts:**

The commencement of activities requires prior authorizations granted by the competent authorities, including environmental authorization, without specific reference to a license, in accordance with the applicable regime and phase.

#### **2. Conservation patent:**

A maximum limit is established from the granting of the concession until December 31 of the fourth year for the exploration stage, maintaining the same payment percentages and amounts.

#### **3. Stages of mining activity:**

The exploration stage is amended to have a maximum term of fifteen years, divided into initial exploration (up to four years) and advanced exploration and economic evaluation (up to eleven years), with automatic transition based on the lapse of time and a description of permitted activities during exploration.

#### **4. Incorporation of Mining Clusters:**

For the promotion and encouragement of mining investment, comprehensive Mining Clusters are introduced as delimited areas for shared enabling infrastructure and services, including components such as electrical interconnection, fuel supply (without free provision or subsidies), road and logistics infrastructure, and specific rules for explosives under project conditions. Investment promotion guidelines are also established without creating vested rights or automatic exemptions.

#### **5. Security in mining areas:**

Strategic Security Protection Mining Areas are created for zones that, due to their location, economic importance, strategic nature, associated infrastructure, or risks to the national interest, require protection by the Armed Forces. Such support does not replace the obligations of the mining titleholder.



## **6. Mining environmental management:**

Environmental management requirements are strengthened, including environmental studies or documentation and prior environmental authorization per phase. Rules on environmental financial guarantees and audits or compliance reports are incorporated, and a maximum period of six months is established for the granting of environmental approvals.

## **7. Royalties:**

Decentralized Autonomous Governments (“GADs”) are required to have an Investment Plan for the execution of resources, which must include at least the identification and prioritization of social investment and territorial or productive development projects, investment amounts, execution timelines, and performance indicators. Additionally, a 3% royalty rate is established for small-scale mining rights holders. All royalties from sand, gravel, and stone materials will be allocated to the GADs where they are generated.

## **8. Artisanal mining:**

The regime is redefined, setting the permit term at up to ten non-renewable years, incorporating the obligation to submit annual production reports by March 31, while maintaining exemption from royalties and patents due to its nature.

## **9. Update of the mining project catalog:**

The National Environmental Authority must update, within a maximum period of three months, the catalog of projects, works, or activities related to the mining exploration phase and mining activity.

### Amendments to the Organic Law on the Public Electricity Service:

## **10. New definitions:**

The bill amends the definition of “Distributed Generation System for Self-Supply,” including energy resources of any technology for the self-supply of end consumers connected to a distribution network. It also introduces the concept of an “Autonomous Energy District.”

## **11. Grounds for project delegation:**

The reform specifies the grounds for delegation, distinguishing projects within and outside the Electricity Master Plan (“PME”), and expands delegable projects outside the plan to include Non-Conventional Renewable Energy (“NCRE”), transition energies, self-generation with any technology, energy districts, and transmission and/or distribution systems that enable their integration.

Additionally, a new article requires that any exceptional delegation be supported by technical, economic, and legal studies, reaffirms state stewardship without transferring ownership of the service, authorizes the ministry to set annual generation entry limits by technology, and establishes maximum concession terms by technology (up to 30 years), with a possible exceptional, one-time, and duly justified renegotiation.

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## 12. Exemptions from the obligation of reversion:

The bill includes, among the grounds for exemption from the obligation to revert assets used in the public electricity service, those assets that are considered affected and are part of projects originating from private initiative and not included in the PME.

## 13. New clauses in oil and mining projects:

Oil or mining projects integrated into the National Interconnected System must include self-generation or self-supply clauses—whether local or remote—in their enabling titles or contracts, and the governing authority is empowered to define the percentage of demand coverage through self-supply.

## 14. Dispatch incentives:

Dispatch incentives are added to promote investment in NCRE generation capacity of up to 10 MW, as well as for a percentage of effective capacity of plants using transition energies.

## 15. Self-supply:

The rules on self-supply systems for end consumers are amended, eliminating the requirement to use NCRE and allowing connection to distribution or transmission networks.

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