

**Innovation and Legal
Leadership in Ecuador**

LEGAL BULLETIN

**The General Regulations to
the Organic Law on the Public
Electricity Service Are Amended**





The General Regulations to the Organic Law on the Public Electricity Service Are Amended

By means of Executive Decree No. 515, published in the Official Gazette on September 30, 2026, the reform to the General Regulations (“**Regulations**”) of the Organic Law on the Public Electricity Service (“**LOSPEE**”) entered into force. The reform promotes self-generation and self-supply, fosters the development of Autonomous Energy Districts (“**DAE**”), strengthens the security of electricity supply, expands participation and private investment, and develops energy storage and ancillary services, in line with the amendments introduced to the LOSPEE in its latest reform.

Flexibility for Self-Generation and Distributed Generation Systems for Self-Supply (“**SGDA**”)

Self-generators may supply one or more of their own consumption points and sell surplus energy without limit to the regulated demand and large consumers. The Electricity Regulation and Control Agency (“**ARCONEL**”) will establish preferential price and term conditions for surplus energy from Non-Conventional Renewable Energy (“**NCRE**”) or transition sources. Authorizations for private projects outside the Electricity Master Plan (“**PME**”) or issued prior to the LOSPEE may migrate, on a one-time basis, to self-generation authorizations. In addition, SGDA of regulated and non-regulated consumers may inject energy into the distribution grid.

Promotion of the Development of DAEs

One or more individuals or legal entities may establish a DAE, subject to authorization by the competent authority. This model will allow them to generate and store energy, operate their own local grid, provide public lighting services, and enable infrastructure for electric vehicle charging. The enabling title may be granted for up to 40 years.

Security of Supply and Obligations for High-Voltage (“**HV**”) Customers

To guarantee security of supply, ARCONEL may issue exceptional regulations allowing regulated and non-regulated users to operate emergency generation, whether owned by them or by third parties. Likewise, the National Electricity Operator (“**CENACE**”) may, during periods of deficit, order the disconnection from the National Interconnected System of HV customers whose demand exceeds the threshold established in the Regulations. During such periods, these customers must have their own generation capacity to meet 100% of their energy and power demand.

Private Participation and Investment

The Regulations introduce new prior requirements for public, mixed-capital, and private companies to obtain an enabling title. They also prohibit dividing or segmenting a generation project into two or more projects of up to 100 MW each when the purpose is to avoid the public selection process applicable to projects exceeding 100 MW. The Regulations also further develop the Direct Agreement as an instrument through which lenders may exercise step-in and substitution rights.

Regulation of Energy Storage and Ancillary Services

The figure of an ancillary services and/or energy storage company is defined and regulated under the LOSPEE and must hold an enabling title. Ancillary services are technical services other than the supply of energy. When provided by private entities, they will be paid for by the entire demand, both regulated and non-regulated.

Quito

Av. Patria E4-69 y Amazonas,
Edificio COFIEC
T. +593 2 256 2680

Guayaquil

Av. de Alarcón y Av. de las
Américas
Edif. Sky Building
Piso 4, Of. 423
T. +593 2 256 2680 ext. 1901



Oil and Mining Projects

Oil and mining projects not connected to the National Interconnected System (“**S.N.I.**”) will be responsible for their own self-generation. Those that are connected must include self-generation or self-supply clauses in their enabling titles. For projects with demand exceeding 10 MW, self-generation and the supply of 100% of their demand are required.

Other Relevant Aspects

Electric vehicle charging is incorporated as part of the distribution service, and a competitive process is established for private participation in network expansion.

In addition, sector participants may request military protection for strategic electricity infrastructure. Power plants already in operation will retain the conditions of their existing enabling titles and may request adjustments to their authorized capacity.

Likewise, oil and mining projects must guarantee their own electricity supply through self-generation or self-supply, as applicable.

A period of eight (8) months is established for ARCONEL to issue the technical and commercial regulations required for the implementation of the reforms to the Regulations applicable to storage systems.

A period of sixty (60) days is established to regulate the update of the preferential price applicable to NCRE projects with nominal capacity greater than 10 MW and up to 100 MW, as well as transition projects of up to 100 MW.

Finally, ARCONEL must monitor the implementation of generation systems by high-voltage customers, who must implement such systems within eighteen (18) months from the entry into force of Executive Decree No. 32 of June 15, 2025.

For further information, please contact:

- Rafael Valdivieso: rvaldivieso@bustamantefabara.com
- Bruno Pesantes: bpesantes@bustamantefabara.com
- Gustavo Almeida: galmeida@bustamantefabara.com

Quito

Av. Patria E4-69 y Amazonas,
Edificio COFIEC
T. +593 2 256 2680

Guayaquil

Av. de Alarcón y Av. de las
Américas
Edif. Sky Building
Piso 4, Of. 423
T. +593 2 256 2680 ext. 1901