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LEGAL BULLETIN

Organic Law for the Strengthening of the Strategic Sectors of Mining and Energy

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Organic Law for the Strengthening of the Strategic Sectors of Mining and Energy

On March 2, 2026, the “Organic Law for the Strengthening of the Strategic Mining and Energy Sectors” (hereinafter, the “**Law**”) was published in the Official Gazette.

The Law introduces amendments to the Mining Law and to the Organic Law of the Public Electricity Service (“**LOSPEE**”). Its purpose is to strengthen the operational performance of the strategic mining and energy sectors through regulation that enables the generation of fiscal revenues and foreign currency, and contributes to the State’s fiscal sustainability and macroeconomic stability.

Amendments to the Mining Law

1. Powers of the Mining Regulation and Control Agency (“ARCOM”)

The powers of ARCOM are expanded to include those expressly in force and those delegated by the Sectoral Ministry. It is further clarified that, in the event of absence, revocation, or suspension of a delegation, such powers shall be exercised directly by the Sectoral Ministry, without prejudice to their possible re-delegation.

2. Prior Administrative Acts

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

3. Conservation Patent

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

4. Stages of Mining Activity

The exploration stage is modified to provide 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 upon expiration of terms and a description of permitted exploration activities.

5. Incorporation of Mining Clusters

In matters of mining investment promotion, comprehensive Mining Clusters are incorporated as delimited areas for shared enabling infrastructure and services, including electrical interconnection, fuel supply (without free provision or subsidies), road and logistics infrastructure, and specific rules for explosives under project conditions. Guidelines for investment promotion are also established, without generating vested rights or automatic exemptions.

6. Security in Mining Areas

Mining Areas with Strategic Security Protection are created for sites 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 title holder.

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7. Environmental Management in Mining

The Law reinforces the requirement of environmental studies or documentation and prior environmental authorization by phase, and incorporates rules regarding environmental financial guarantees and compliance audits or reports.

8. Royalties

Decentralized Autonomous Governments (“GAD”) are required to have an Investment Plan for the execution of resources, which must include, at a minimum, the identification and prioritization of social investment and territorial or productive development projects, the investment amount, execution timeline, and performance indicators.

A maximum term of 30 days from submission of the Plan is established for the Sectoral Ministry to review and issue its decision. A 3% royalty rate is established for small-scale mining rights holders. Total royalties from sand and gravel materials shall be allocated to the GADs where they are generated.

9. Mining Operation Contracts

Exclusive authority is granted to ENAMI EP to execute (with prior authorization from the National Mining Authority) operation contracts in small-scale mining. Consequently, no other public or private entity may execute or grant an operation contract under the small-scale mining regime; otherwise, such contracts shall be null and void.

10. Artisanal Mining

The regime is redefined, establishing a permit term of up to ten non-renewable years and introducing the obligation to submit annual production reports by March 31. Artisanal miners remain exempt from royalties and patents due to their nature. The temporary granting of operation contracts to artisanal miners is authorized, subject to a favorable report from ARCOM.

11. Mineral Extraction in the Galápagos

The scope of permitted activities in the Galápagos is modified, limiting the granting of free-use permits and extraction of sand and gravel materials for construction within Sustainable Use Zones (“ZAS”) and outside the Galápagos National Park.

12. Update of the Mining Project Catalog

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

Amendments to the LOSPEE

13. New Definitions

The definition of “Distributed Generation System for Self-Supply” is amended to include energy resources of any technology type for the self-supply of end users connected to a distribution network. The concepts of “Autonomous Energy District” and “Generation System for Self-Supply in Transmission” are also incorporated.

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14. Grounds for Project Delegation

The grounds for delegation to private capital companies, foreign state-owned companies, and popular and solidarity economy enterprises are listed for participation in public electricity service activities and public street lighting services, distinguishing projects within and outside the Electricity Master Plan (“PME”).

Projects not included in the PME that use non-conventional renewable energies (“NCRE”), transition energies, or self-generation with any type of technology are also permitted.

Article 25.1 is incorporated, requiring that any exceptional delegation be supported by technical, economic, and legal studies, and authorizing the granting authority to establish annual limits on generation entry by technology. Differentiated mechanisms or exceptions may be established for projects intended for the self-supply of industrial end users or strategic projects, provided they do not compromise the security and reliability of the National Interconnected System.

Maximum concession terms of 40 years per technology are established, with the possibility of a single, exceptional, and duly justified renegotiation.

15. Strengthening of Guarantees and Project Bankability

The holder of any enabling title shall have a real right over the concession, its assets, and derived economic resources. The holder may use all mechanisms provided under Ecuadorian law to guarantee payment to financiers or creditors, including fiduciary mechanisms, guarantee schemes, and assignment of receivables, among others, to be regulated in the Regulations to the LOSPEE (“RLOSPEE”).

16. Exclusion from Reversion Obligation

Among the grounds for exclusion from the obligation to revert assets assigned to the public electricity service are privately initiated projects not included in the PME.

17. Compensation and Enforcement of Guarantees upon Termination

Concession contracts must establish mechanisms to determine compensation amounts for each termination cause, including payment methods, ensuring equitable conditions and appropriate risk allocation. Upon termination, the concessionaire must pay any outstanding amounts, and the granting authority may enforce existing guarantees.

18. Encumbrances and Step-in Rights

Articles 38.1, 38.2, and 38.3 are introduced, establishing that holders of enabling titles may, upon notice to the granting authority, structure financing schemes for generation, storage, or transmission projects that include encumbrances over project assets as security.

Step-in rights in favor of duly notified secured creditors are expressly recognized, and such creditors must execute direct agreements with the granting authority to ensure project continuity. The minimum content of these agreements will be regulated in the RLOSPEE.

19. New Requirement for Oil and Mining Projects

Oil or mining projects connected to the National Interconnected System must include in their enabling titles or contracts clauses relating to self-generation or self-supply, whether local or remote. In the case



of self-supply, the granting authority will define the percentage of demand coverage in the respective enabling title or contract.

20. Dispatch Incentives

Economic dispatch shall consider variable production costs determined based on international fuel prices and must include dispatch incentives to promote investment in generation capacity: (i) preferential dispatch for NCRE generation of up to 10 MW, and (ii) minimum dispatch of a percentage of the effective capacity of plants using transition energies, as defined in the RLOSPEE.

21. Self-Supply Regime

The self-supply regime for end users is amended, eliminating the requirement to use exclusively NCRE and allowing connection to both distribution and transmission networks.

22. New Payment Guarantees

The granting authority and/or distribution companies may establish guarantee mechanisms to secure payment of contractual obligations in concession contracts and regulated electricity sector contracts. These mechanisms may include contingency funds, trusts, payment guarantees, credit or liquidity facilities, and other risk coverage instruments, subject to prior approval by the governing authority of public finances.

23. Other Amendments

It is established that the RLOSPEE shall define the applicable treatment for short-term transactions and for generation and transmission services.

Lastly, in specific cases, generation projects developed by public or mixed-capital companies may benefit from preferential pricing and dispatch conditions, in accordance with the regulations issued by ARCONEL.

Finally, general provisions are incorporated, particularly General Provision Two, which clarifies that the Law must be interpreted and applied in strict observance of the results of popular consultations and referendums when these have established prohibitions, restrictions, or territorial conditions on mining activities, insofar as the will of the people expressed at the polls constitutes the highest expression of popular sovereignty.

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