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ABOGADOS ECUADOR

FLASH LEGAL # 001098

“ARCONEL introduces New Regulations for the Operation of Emergency Power Generators during Energy Deficit Scenarios”

Dear Clients and Friends,

On September 8, 2024, the Electricity Regulation and Control Agency (hereinafter referred to as "ARCONEL") approved Regulation No. 003/24 which establishes guidelines for the participation of emergency power generators (hereinafter "GEE") during periods of electrical generation deficit, duly declared by the National Operator of Electricity (hereinafter "CENACE").

The key aspects of this regulation are the following:

- **Scope:** this regulation applies to distribution companies, private GEE owners, and auto-generators interested in participating. Generators that use subsidized diesel are excluded from this regime.
- **Technical Requirements for the Operation of Power Generators:** GEE owners must comply with a series of technical requirements based on their synchronization capacity with the power grid. Those GEE operating in sync with the grid require a minimum power of 100 kW, interconnection measurement systems (M1) in the grid, and GEE (M2) approved by the electricity distributor, as well as a protection system that guarantees safe synchronization. On the other hand, those GEE that cannot operate in sync, must have a minimum power of 100 kW, a special meter (M2) that records the generated energy, and an independent disconnection system.
- **Emergency Generator Qualification Process:** Those interested in participating in this plan must follow the following process:
 1. Submit a qualification request to the corresponding electric distribution company.
 2. The distributor will verify the applicant's installations and place security seals on the GEE meter with a validity of up to 12 months.
 - If the inspection requirements are met, the distributor will issue the Qualification Certificate within 2 days. If deficiencies are found, the applicant will have up to 5 days to correct them.

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- **Activation and Deactivation Procedure of the Scheme:**
 1. The activation of emergency generation occurs when CENACE declares a generation deficit or rationing.
 2. CENACE will notify all electric companies with the rationing plan at least 24 hours in advance.
 3. Emergency generators will receive an operation schedule and may supply energy during the hourly demand periods determined by CENACE.
 4. Distribution companies will be responsible for measuring the energy generated by the GEE and the energy consumed by the customer monthly.
 5. CENACE will inform about the restoration of normal generation conditions.
 6. Distribution companies will notify the emergency generators of the date of deactivation of the emergency generation scheme.
- **Commercial Procedure and Economic Compensation:** Regulated consumers qualified as emergency generators will see a discount reflected on their electricity bill for the amount generated, while non-regulated consumers will settle these amounts according to their private contracts.
- **Termination or Revocation of the Emergency Generator Qualification:** The qualification of an emergency generator can be revoked for the following reasons:
 1. Decision of the GEE owner.
 2. Failure to notify the distribution company about technical changes or the unavailability of the GEE.
 3. Changes made to the GEE that imply non-compliance with the requirements.In case of revocation, the owner may reapply for qualification once the deficiencies are remedied.

Conclusion:

This regulation provides an opportunity for emergency generator owners in Ecuador to contribute to the electrical system during critical situations such as the one we are currently facing. This scheme not only ensures energy supply during deficit periods but also offers economic incentives for those who meet the established technical requirements.

We hope that this information, provided for general guidance and not as formal advice, will be useful to you. If you have any specific inquiries, please do not hesitate to contact us.

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