LEGAL AND REGULATORY FRAMEWORK OF THE ENERGY SECTOR OF THE MALDIVES

Presented by: Maldives Energy Authority
Country Overview

- 1192 tropical islands
- 190 inhabited islands
- 107 Tourist Resorts
- 60 Industrial/agricultural islands
- Population of 350,759
- Land area: 300 km²
- 6-8% GDP growth annually
- Only 1-2% of the country is land
The Maldives Energy Authority (MEA) is an independent regulatory organization affiliated with the Ministry of Environment and Energy. It operates under the guidance of a governing board. Mandated to regulate the energy sector through the implementation of the relevant regulations. MEA is the delegated authority under the public utilities law 4/96 and by presidential decree.
Licensing electricians and engineers

Oversee safety and reliability of power systems and electrical installation designs.

Compliance monitoring.

Approval of power systems for islands.

Approval of tariff for electricity services providers in inhabited islands.

Endorsement RE products for the purpose of duty exemption through customs.
Governance and Operation

Ministry of Environment and Energy

Maldives Energy Authority

STELCO

FENAKA

MWSC

Consumers
Electricity Service Providers

- Service providers can be generalized into the following:
  - Inhabited islands in the Male’ (capital) region provided by State Electric Company Ltd.
  - Outer Islands provided by FENAKA corporation (majority) and Island Community/Council
  - Resorts provided by themselves as self producers (normal utility tariff does not apply)
  - Includes design, installation and commissioning of power systems
Electricity Service Providers

- All public utility companies (FENAKA and STELCO) are owned by the government but adheres to the regulations implemented by MEA.

- All power systems and electrical installations must comply with the regulations of Maldives Energy Authority.

- Only MEA licensed engineers and consultants are allowed to carry out works related to power. This includes design, installation and commissioning of power systems.
The electricity sector of Maldives

- Maldives is composed of geographically separate islands.
- Currently all islands have their own power systems.
- Each island is effectively a mini-grid with a diesel based generation system.
- Very few islands have the PV systems feeding electricity directly into the grid.
- No interconnection between the islands exist as of today.
- The electricity service is provided by utilities or managed by themselves in the islands.
Installed Capacity

- Resorts: 105 MW
- Inhabitants islands: 120 MW
- Industrial islands: 20 MW

Total: 245 MW
Installed Capacity of PV System

By Private Sector: 2,401 kWp

By Government: 1,812 kWp
Enhancing the existing regulatory framework – The progress

- Development of new regulations which are complementary to the existing ones.
- Increasing human resource capacity of MEA and utilities.
- Amendment had been made in the Import/Export law during 2012 to allow for exemption of duty for renewable energy related products.
- Further amendment will be proposed to incorporate duty exemption for energy efficient equipment.
Why a broader regulatory framework?

- Updating required to improve the safety, quality and reliability of the power service industry
- Improving the economic operation of power systems
- Protection for investors, service provider and consumers
- Incorporating support for renewable energy and energy efficiency as per energy policy
- Complementary to the SREP to provide an enabling environment for power sector investments
Overview of key regulations

- **Generation, Distribution and Supply Licensing Regulation**
  - Details the rules and requirements for licensing operators who deal with electricity production or transmission or distribution (or any combination of these).
  - Licensing Operators are categorized into:
    - Service provider License
    - Independent power producer License
    - Transmission License
  - All renewable power producers are also required to obtain operator’s license under this regulation
  - IPPs can distribute electricity to the registered Service Provider through a Power Purchasing Agreement
Overview of key regulation

**Net Metering Regulation**

- This regulation will address the following aspects:
  - Applicable to Consumers who are a buyer of energy/electricity from the service providers allocated in that island
  - Allows connectivity on first come first serve basis, subject to operational constraints
  - The capacity of the RE System that is installed to any premises is determined based on:
    - The feasibility of the interconnection with the grid
    - The sanction load of the consumer
Overview of key regulation

- Regulatory framework strengthened by developing and implementing policies, laws, regulation, rules, standards and incentive schemes to integrate RE into the Energy Sector
- Power Purchase Agreement and other legal documents are drafted in consideration that many of the developers and investors are from offshore
Concluding Remarks

- The new regulatory framework is a comprehensive set of documents addressing the main aspects of the electricity sector.
- Reduce the risks and transaction costs for the local and foreign investors and encourage investment in RE in Maldives.
For questions and comments you can contact us by telephone at (+960) 3019100 or email to secretariat@energy.gov.mv

For further information and periodic updates please visit our website at www.energy.gov.mv