



Maldives Energy Act

January 2, 2022

The Maldives Energy Act was gazetted on 11 October 2021 introducing a new licensing regime to regulate the energy sector of Maldives and repeals the Utility Services Act (Law Number 4/96). The Act details the duties and responsibilities of the respective institutions and places emphasis on the usage of renewable energy. The Act and Regulations made pursuant to the Act is intended to provide the framework for Maldives transitioning towards the net zero carbon goal by increasing the usage of renewable energy.

Targets for Renewable Energy

In addition to promoting technology related to renewable energy in Maldives, the Ministry of Environment, Climate Change and Technology (the “Ministry”) is required under the Act to establish a target for the production of electricity from renewable energy sources. The Act further requires service providers to make arrangements to feed renewable energy to the electricity grid.

The Act provides that priority has to be given for environmentally friendly, renewable energy resources where more than one resource is available.

The Ministry is mandated to survey renewable energy resources in Maldivian territory and publish an inventory of the resources identified by the survey within 24 months.

Production of Electricity

1. The Act makes it mandatory to obtain permits prior to producing electricity or providing electricity services via a grid, for business purposes in Maldives. Previously such permits were only required for the provision of utility services to citizens.
2. Licenses for service producers producing electricity as a utility service are to be provided after a bidding process, with exemptions provided to state-owned enterprises.
3. The Utility Regulatory Authority is empowered to determine ceiling prices for electricity services in locally inhabited islands and any fee for such services can only be charged in accordance with the regulation made pursuant to the Act.
4. The Act also makes it mandatory to obtain a license to provide power engineering services.

Permits for Petroleum Services

1. The Act requires service providers engaged in petroleum products to obtain licenses for the following:
 - Exploration, extraction, refining, importation, exportation and storage of petroleum products.
 - Wholesale and retail of petroleum products;
 - Owning and operating vehicles and vessels used for transportation of petroleum products.
2. Further, the Act prohibits the construction of pipelines, storage facilities, facilities used for sale of petroleum products; without a permit. Where such constructions have been carried out, the Utility Regulatory Authority has the power to impose fines, order halting of such constructions and order to destroy the constructed facilities.

Energy Efficiency Certification and Reporting Requirement

1. The Act mandates the Ministry to initiate projects in relation to economising and increasing efficiency of energy usage.
2. The regulation made pursuant to the Act is to set the standards that must be met by the energy or electricity appliances. Production and importation of appliances that do not meet the standards are to be prohibited.
3. The regulation must also set the categorisation to rank buildings, factories, tourist hotels and resorts in terms of energy economisation and consumption.
4. “Energy Efficiency Certificates” are to be issued at the discretion of URA, where energy usage standards are met by the respective energy users.
5. The URA is also empowered to issue directions to users with over 100 kWh energy usage per month to undertake energy audits by energy auditors registered with the URA.

Priority for Local Content

The Act states that priority is to be given for local inventions used in the production and distribution of electricity. Further, preference is to be given for local employees. Maldivians and local companies are to be prioritised for projects. However, no specific restrictions have been specified in the Act.

Effective Date

The Act is in force from 11 October 2021. All energy sector regulations in force before the enactment of the Act are to remain effective until the regulations under the Act have been enacted.

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