



Economic growth in the energy sector is fundamental for the comprehensive development of Ecuador, as it not only drives economic activity and job creation but also contributes to long-term energy security, independence, and sustainability. However, in 2024, although it remains an important priority, the need to promote democratic, inclusive, and sustainable governance that considers the diverse interests and perspectives of stakeholders in the energy sector has made **interest groups** and **commodity prices** critical points for analysis, without neglecting **climate adaptation**.

In the first half of 2024, Ecuador faced an energy crisis that resulted in significant economic losses. Ecuador's historical reliance on hydroelectric power has left the country vulnerable to unpredictable climate changes, such as prolonged droughts that reduce water availability for power generation. To address these challenges, the "Law of Competitiveness and Development of the Energy Sector" was passed in January 2024. This law aims to promote a competitive energy environment that drives the country's sustainable economic development. It was designed to urgently address the need to diversify the energy matrix, improve efficiency in energy generation and distribution, and reduce dependence on fossil fuels in Ecuador.

Despite the notable growth of renewable energies in recent years, high **capital costs** for renewable energy projects in Ecuador, as well as in other countries in the region, remain a critical issue. These high costs have slowed the deployment of these technologies despite the availability of resources. It is necessary to implement policies and incentives that reduce capital costs for renewable energy projects through financial incentives and the creation of an investment-friendly environment.

Ecuador's action priorities highlight the following regulatory and economic perspectives:

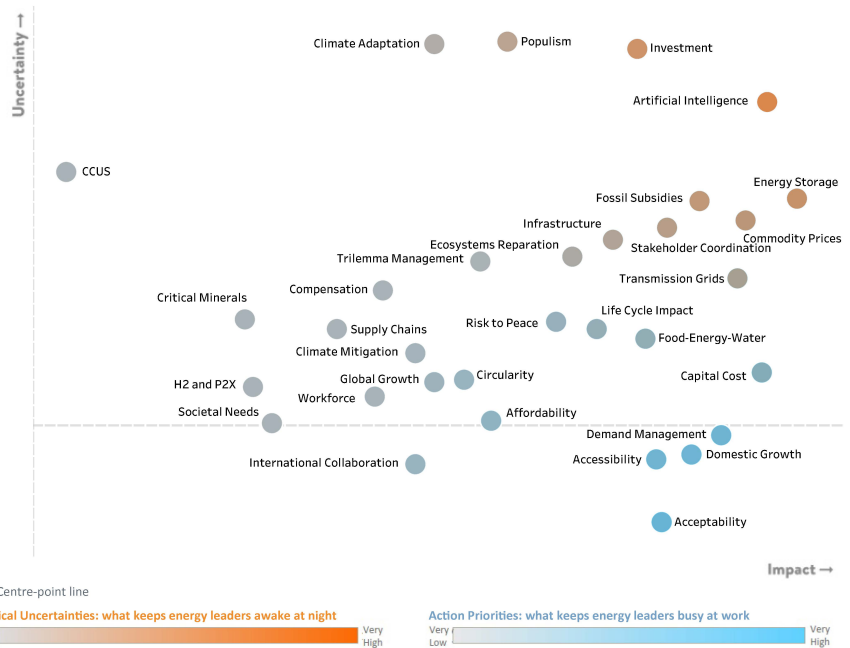
- **Accessibility and Acceptability:** Ensuring that the transition to cleaner energies is socially acceptable and accessible to all sectors of the population, guaranteeing energy equity.
- **Demand Management:** Implementing policies and programs to improve energy efficiency and effectively manage energy demand.
- **Domestic Growth:** Improving and expanding the electrical infrastructure to ensure the reliability of energy supply and the integration of renewable sources.

It is crucial for the country to invest in the expansion and modernization of its electrical **infrastructure**, including the construction of new generation plants, enhancement of **transmission** and distribution networks, and adoption of smart technologies to manage demand. This should be complemented by the development of **adaptation** and risk management strategies to address the impacts of climate change on water and energy availability.

In conclusion, Ecuador must adopt a comprehensive approach that combines the diversification of the energy matrix with concrete measures to strengthen infrastructure and increase climate resilience. **Collaboration** among the government, the private sector, and civil society will be essential to effectively and sustainably implement these strategies.

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