

UPDATED PRINCIPLES FOR ROOFTOP SOLAR POWER IN CAMBODIA

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LEGAL UPDATE

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Introduction

On 18 November 2024, the Ministry of Mines and Energy (“**MME**”) issued the “*Updated Principles for Permitting the Use of Rooftop Solar*” under Prakas No. 0312 (“**2024 Principles**”) replacing the “*Principles for Permitting the Use of Rooftop Solar Power in Cambodia*” issued by the MME in Prakas No. 0159 on 25 April 2023 (“**2023 Principles**”).

Prakas No. 0312 aims to facilitate the usage, administration, and management of rooftop solar power in Cambodia in an efficient, transparent, accountable, and equitable manner and promote rooftop solar power adoption as part of Cambodia’s sustainable development efforts.

While both the 2023 Principles and the 2024 Principles serve the same purpose of facilitating the use, administration, and management of rooftop solar power in Cambodia, there are several notable updates in the 2024 Principles as follows:

1. Rooftop Solar Power System Category/Users and Relevant Approvals

A definition of Rooftop Solar Power Systems has been added to the definitions in the 2024 Principles. Based on the definition, rooftop solar power systems are divided into 2 (two) main categories, Category 1 and Category 2.

Category 1 refers to a rooftop solar power system that is not connected to the national grid.

Category 2 refers to a rooftop solar power system that is connected to the national grid. Category 2 is further divided into small, medium, or large depending on the nominal capacity of the rooftop solar power system inverter or capacity of the calculated direct current of the rooftop solar power system if the electricity usage is based on direct current. Note that based on Prakas No. 0126 on the “*Determination of Size and Quota of Rooftop Solar in Cambodia*” issued by the MME on 9 May 2024 (“**Prakas No. 1026**”), the current determination of the capacity size of rooftop solar power system is as follows:

- Small: a capacity size of not more than 10 kWac;
- Medium: a capacity size from more than 10 kWac to 100 kWac; and
- Large: a capacity size of more than 100 kWac.

With the introduction of the 2024 Principles, Prakas No. 1026 is expected to be replaced by the MME.

Category 1 rooftop solar power system users (“**Category 1 Users**”) are not required to apply for approval from the Electricity Authority of Cambodia (“**EAC**”) or report to their local electricity service providers. However, if Category 1 Users wish to connect their rooftop solar power systems to the national grid, they will be required to convert to Category 2 rooftop solar power system users (“**Category 2 Users**”) and must seek approval from the EAC in accordance with the applicable approval procedures.

Category 2 Users who are using small rooftop solar power systems will receive automatic approvals from the EAC. However, they are required to report to their local electricity service providers upon the complete installation of their rooftop solar power systems. Thereafter, they are required to request for connection of their rooftop solar power systems with the local electricity service providers’ systems.

Category 2 Users who are using medium or large rooftop solar power systems are required to seek approval from the EAC prior to installation of their rooftop solar power systems.

It is envisioned that this initiative will not only enhance accessibility for users but also support the collective goal of promoting sustainable energy solutions across the country.

2. Rooftop Solar Service Providers: Licensing Requirements

Rooftop Solar Service Providers are companies that provide any or all services related to the consultation, design, equipment supply, installation, testing, operation and maintenance, and removal of rooftop solar electricity generation systems. The MME introduced a more rigorous licensing requirement for Rooftop Solar Service Providers as previously, in the 2023 Principles, only approval from the EAC was sufficient to provide rooftop solar services to users. The 2024 Principles, however, mandate that a Rooftop Solar Service Provider seek approval from the MME prior to obtaining a license from the EAC to be a Rooftop Solar Power Service Provider. As a result of this additional step in the licensing process, it is anticipated the regulatory approval process and timeframe will be extended. Those who want to apply for a Rooftop Solar Service Provider license should get familiar with these new requirements and prepare for the necessary adjustments in their licensing processes.

3. Compensation Tariff for Rooftop Solar Usage

A compensation tariff is now applicable exclusively to Category 2 Users who have installed medium or large rooftop solar power systems. The purpose of this tariff is to address the effects of idle generation capacity within the national power grid, which can lead to increased generation costs for other electricity users. It is based on fair competition and quota systems that are deemed equitable to other users who are not using a rooftop solar power system (i.e., those who use electricity generated by the national grid).

4. Deadline for Rooftop Solar Construction Works

Users who have obtained approvals from the EAC are now required to commence construction of the rooftop solar system within three months and complete the construction works within 12 months from the approval date. Otherwise, the approval shall be deemed withdrawn and cancelled, and the application fees paid are not refundable.

What do the 2024 Principles Entail?

A number of new and/or improved regulations are expected to be introduced and/or replaced by the MME to be in line with or supplement the 2024 Principles and policy in general (e.g., a new Prakas for the determination of the capacity for the types of Category 2 Users).

Aside from the apparent changes in the approval process and technical aspects, it is important to note that Category 1 and 2 Users who install small rooftop solar power systems for their homes and businesses, which make up the majority of rooftop solar users in Cambodia, can expect to be relieved from the requirement to obtain approval from the EAC for installation and usage requirement.

Since rooftop solar is a growing trend for electricity usage in Cambodia due to its economic viability and optimal substitution for other types of energy generation, the approval exemption will further foster and encourage the usage of rooftop solar among the general population which in turn will contribute to green and sustainable energy promotion in Cambodia. Consequently, clean energy is one of the most attractive sectors for investment that investors may wish to explore when considering investment opportunities in Cambodia.

Please contact us at HBS Law if you have any questions. Our team at HBS Law is ready to provide relevant legal advice and assistance pertaining to the above as well as any other matters in the energy sector in Cambodia. We are committed to delivering services that are tailored to meet your specific legal needs.

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