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AUTORITÉ  
DES NORMES COMPTABLES

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Robert Ophèle

Tél. : 01 53 44 28 53  
Mèl. : [robert.ophèle@finances.gouv.fr](mailto:robert.ophèle@finances.gouv.fr)  
Internet : [www.anc.gouv.fr](http://www.anc.gouv.fr)

RO n°8

Chairman of ANC

à

Mr Andreas Barckow  
IASB Chair  
Columbus Building  
7 Westferry Circus - Canary Wharf  
London E14 4HD

#### Exposure Draft Contracts for Renewable Electricity - ANC Comment Letter

Dear Chair, *Andreas*

The Autorité des Normes Comptables (ANC) welcomes the opportunity offered by the IASB to comment on its Exposure Draft published on 8 May 2024 on Contracts for Renewable Electricity.

First of all, the ANC welcomes the efforts made by the IASB over the past few months to quickly propose solutions to account for renewable electricity contracts. We support the approach followed not to cover in these amendments the treatment of renewable electricity certificates which will be addressed more consistently through the Pollutant Pricing Mechanisms project.

The ANC's stakeholders have examined these proposals constructively, with a view to finalise these amendments as soon as possible. The ANC would like to emphasise that the availability of IASB staff to discuss the points identified was particularly appreciated.

The ANC supports, with minor comments, the IASB's proposals on the scope, on the "own-use" exemption and on hedge accounting. We do think that these proposals have struck the right balance and that inappropriate accounting schemes, with these amendments, will not unduly hinder the development of renewable energy. Moreover, the ANC considers that while solving a specific issue, this proposal has rightly done so through a principle-based approach by establishing a robust set of principles; that has been possible because renewable electricity contracts have genuine characteristics that distinguish them from other types of energy contracts.

With regard to the definition of scope, the ANC expresses two suggestions that could easily be incorporated into the existing proposals, to clarify their drafting (paragraphs 4-5).

- In the ANC's understanding, the IASB's proposals relating to the "own-use" exemption require rightly an entity to be in a position of net purchaser "over a reasonable amount of time". The practical situations identified by the stakeholders consulted as part of the review, lead the ANC to propose that the notion of "reasonable amount of time" be clarified by reference to the operating and meteorological seasonality to which renewable electricity contracts are subject, while providing that the assessment of the "own-use" exemption be carried out on an rolling basis, over a period not exceeding 12 months (paragraphs 7-8).
- The ANC's stakeholders also stressed the importance of the issue of ancillary service contracts, which is particularly prevalent in France, but also in other jurisdictions. On this subject, the ANC considers that these ancillary service contracts should be taken into account in the analysis of a contract for renewable electricity, in order to demonstrate that the off-taker remains a net purchaser "over a reasonable amount of time", once all the ancillary services have been rendered (paragraphs 9-11). The ANC remains at the IASB's disposal to discuss the matter further, should additional clarification be needed.

The ANC welcomes the IASB's proposals on hedge accounting. The need for clarification on the assessment of the "highly probable" criterion in the specific case of financial instruments with a contingent event feature may be examined at a later date, as part of the post-application review of the IFRS 9 requirements on hedge accounting (paragraph 13).

The ANC recognises the need for additional information on renewable electricity contracts recognised as executory contracts, but considers that the IASB's proposals should ensure that they do not lead, even indirectly, to the publication of sensitive information, particularly with regard to contractual prices (paragraphs 15-20).

Finally, the ANC broadly agrees with the IASB's proposals on transitional provisions. A few application points relating to the documentation of a hypothetical derivative in the context of hedge accounting should be examined in further detail, in order to avoid creating technical inefficiencies (paragraphs 22-25).

Should you wish to discuss our comments further, please do not hesitate to contact us.

Yours sincerely,



**Robert Ophèle**  
ANC Chair