

Final Comment Letter: Exposure Draft *Contracts for Renewable Electricity* (Proposed Amendments to IFRS 9 and IFRS 7)

Executive Summary

Project Type	Influencing
Project Scope	Limited
Purpose of the paper	
<p>The purpose of this paper is to obtain the Board's:</p> <ul style="list-style-type: none"> a) approval to issue a Final Comment Letter (FCL) (Appendix A) in response to the IASB Exposure Draft <i>Contracts for Renewable Electricity Proposed Amendments to IFRS 9 and IFRS 7</i> (the ED); b) approval for the publication of the Feedback Statement (Appendix C); and c) feedback on the draft Due Process Compliance Statement (DPCS) (Appendix D). 	
Summary of the Issue	
<p>The IASB issued the ED on 8 May 2024 with a 90-day comment period ending 7 August 2024. The ED provides proposed amendments to:</p> <ul style="list-style-type: none"> a) the 'own use' and hedge accounting requirements in IFRS 9 <i>Financial Instruments</i>, to make targeted changes for contracts for renewable electricity within the scope of the amendments; and b) IFRS 7 <i>Financial Instruments: Disclosures</i>, to introduce disclosure requirements for contracts within the scope of the amendments. <p>The UKEB's Draft Comment Letter (DCL) was published for stakeholder comment on 5 June 2024. This consultation closed on 19 July 2024. Changes to the DCL resulting from feedback received are summarised in paragraph 10 of the paper.</p>	
Decisions for the Board	
<ol style="list-style-type: none"> 1. Does the Board agree with the changes to paragraph 8, amending the Board's draft position to accommodate stakeholder feedback by highlighting further work required to develop the exception-based approach to accounting for 'own-use' contracts? 	

2. Does the Board agree with proposal in paragraph 19 of the FCL expressing support for adding Pollutant Pricing Mechanisms to the IASB's current agenda?
3. Subject to any amendments arising at this meeting, does the Board approve:
 - a) The FCL (Appendix A) for issue to the IASB and publication on the UKEB website?
 - b) The Feedback Statement (Appendix C) for publication on the UKEB website?
4. In addition, the Board is asked whether it has any comments on the draft DPCS for the project.

Recommendation

The Secretariat recommends that, subject to any amendments at this meeting, the Board approves the FCL and the Feedback Statement for issue and publication.

Appendices

- Appendix A Final Comment Letter – clean copy
- Appendix B Final Comment Letter – marked up with changes from DCL
- Appendix C Feedback Statement
- Appendix D [Draft] Due Process Compliance Statement

Background

1. In this project, the IASB has responded to a referral from the IASB Interpretations Committee, and proposes narrow scope standard setting to address the issues raised in the referral.
2. The ED provides proposed amendments to:
 - a) the 'own use' and cash flow hedging requirements for certain contracts for renewable electricity in IFRS 9 *Financial Instruments*; and
 - b) IFRS 7 *Financial Instruments: Disclosures* to introduce disclosure requirements for contracts within the scope of the proposals.
3. The IASB issued the ED on 8 May 2024 with a comment period ending 7 August 2024.
4. The UKEB [Draft Comment Letter](#) (DCL) was published on the UKEB website on 5 June 2024, with a comment deadline of 19 July 2024.
5. The DCL was broadly supportive of the disclosure and hedge accounting aspects of the proposed amendments, but recommended that the IASB drop the proposed changes to the 'own use' requirements.

Outreach and feedback on the DCL

6. Three written responses to the DCL were received, all from accounting firms. The responses are available on the [UKEB project webpage](#). As this is a relatively specialised topic, and we held a number of meetings with stakeholders and UKEB's advisory groups during the consultation period, the small number of formal responses is not unexpected.
7. Outreach on the draft comment letter included:
 - a) discussions with the following UKEB Advisory and Working Groups:
 - i. Investor Advisory Group – 10 June 2024;
 - ii. Preparer Advisory Group – 17 June 2024;
 - iii. Rate-regulated Activities Technical Advisory Group – 27 June 2024
 - iv. Accounting Firms and Institutes Advisory Group - 1 July 2024
 - v. Financial Instruments Working Group – 16 July 2024

- b) Follow up calls with a number of stakeholders to discuss aspects of the proposals in more detail.
8. While some preparers expressed support for the UKEB draft position on 'own use', a large majority of stakeholders supported the IASB's efforts to make changes to accommodate 'own use' treatment for specified contracts for renewable electricity. Stakeholders also raised some significant practical concerns about the proposed disclosure requirements.
9. Stakeholders provided detailed feedback on the potential costs and practical challenges of applying fair value accounting to these contracts. This feedback drew out elements such as the bespoke nature of these contracts, the limited availability of observable inputs to support valuations beyond two to three years, and the challenges of applying these valuations to such long-term contracts. In addition, the feedback suggested that the costs of valuing these contracts would be significantly higher than for other derivatives, such as interest rate swaps. Preparers and accounting firms also provided feedback on these points and highlighted the challenges for small and medium sized companies that enter into such contracts.
10. Stakeholders told us that access to renewable energy certificates (RECs) is often the main driver for entering into these contracts. The presence of RECs in the contracts can add to the complexity of fair value measurement. The IASB has scoped the accounting for RECs out of this project. Therefore, in the light of the feedback we heard, in conjunction with the survey responses already provided to the IASB in relation to pollutant pricing mechanisms survey, this appears an appropriate point to encourage the IASB to add Pollutant Pricing Mechanisms to its current agenda. This proposal is set out in paragraph 19 of the FCL.
11. To assist Board member review, changes to the DCL (excluding formatting and minor editorial changes) have been shown in a tracked changes version of the FCL (Appendix B).
12. The Board's attention is drawn in particular to paragraphs 6-8 of the amended FCL, where significant change has been made to address stakeholder feedback. The paragraphs highlight the Board's preference for a principle-based approach to 'own-use' contracts but accommodate stakeholder feedback by highlighting the further work required to develop the IASB's exception-based approach.
13. In addition, attention is drawn to Paragraph 19, which highlights the fact that the contracts for renewable energy are typically accompanied by renewable energy certificates (RECs) and encourages the IASB to add the project on PPMs to its current agenda.
14. The table below presents a summary of the main points of feedback received during the consultation period for the UKEB's DCL and the changes proposed to the comment letter in the light of that feedback.

Topic	Summary of stakeholder feedback / proposed change	Paragraph reference within FCL (DCL)
Own use	Significant stakeholder support for IASB proposals on 'own use', subject to minor changes on scope to accommodate some other types of contracts. UKEB position changed to add wording encouraging the IASB to take more time to define the scope appropriately, ensuring the amendments are capable of dealing with a range of contractual terms.	6-8, A1-A6
Hedge accounting	General support for the UKEB position. Some feedback highlighted specific areas where guidance would be welcomed, which has been added.	New paragraph A18-A22
Disclosures	A number of stakeholders identified concerns with the potential impact of the disclosure proposals for some entities. UKEB position has changed to reflect these concerns and our own further analysis.	14-15, New paragraph A24-A28

Questions for the Board
<ol style="list-style-type: none"> Does the Board agree with the changes to paragraph 8 of the FCL, amending the Board's draft position to accommodate stakeholder feedback by highlighting further work required to develop the exception-based approach to accounting for 'own-use' contracts? Does the Board agree with the proposal in paragraph 19 of the FCL expressing support for adding Pollutant Pricing Mechanisms to the IASB's current agenda?

Final Comment Letter (FCL)

- The FCL is attached as Appendix A for consideration and, subject to any amendments, the Board is asked to approve the letter for issue to the IASB and publication on the UKEB website.

Feedback Statement

16. The Feedback Statement is attached for consideration, and, subject to any amendments at this meeting, the Board is asked to approve it for publication on the UKEB website.

[Draft] Due Process Compliance Statement (DPCS)

17. The [draft] DPCS is attached for consideration. A final version will be brought back to the 19 September 2024 meeting for noting, once the final project steps are complete.

Questions for the Board

3. Subject to any amendments arising at this meeting, does the Board approve:
 - a) The FCL (Appendix A) for issue to the IASB and publication on the UKEB website?
 - b) The Feedback Statement (Appendix C) for publication on the UKEB website?
4. Does the Board have any comments on the draft DPCS for the project?

Next steps

18. The FCL will be submitted to the IASB as soon as possible after this Board meeting. The FCL together with the Feedback Statement will be published on the [UKEB project webpage](#). The draft DPCS will be updated to reflect the final project steps and presented to the Board at the 19 September 2024 meeting for noting.

Dr Andreas Barckow
Chairman
International Accounting Standards Board
Columbus Building
7 Westferry Circus
Canary Wharf
London
E14 4HD

[XX August 2024]

Dear Dr Barckow,

Exposure Draft IASB/ED/2024/3 Contracts for Renewable Electricity: Proposed Amendments to IFRS 9 and IFRS 7

1. The UK Endorsement Board (UKEB) is responsible for endorsement and adoption of IFRS Accounting Standards for use in the UK and therefore is the UK's National Standard Setter for IFRS Accounting Standards. The UKEB also leads the UK's engagement with the IFRS Foundation on the development of new standards, amendments and interpretations. This letter is intended to contribute to the Foundation's due process. The views expressed by the UKEB in this letter are separate from, and will not necessarily affect the conclusions in, any endorsement and adoption assessment on new or amended international accounting standards undertaken by the UKEB.
2. There are currently approximately 1,500 entities with equity listed on the London Stock Exchange that prepare their financial statements in accordance with IFRS.¹ In addition, UK law allows unlisted companies the option to use IFRS and approximately 14,000 such companies currently take up this option.²
3. We welcome the opportunity to provide comment on the International Accounting Standards Board (IASB)'s Exposure Draft (ED) *Contracts for Renewable Electricity: Proposed Amendments to IFRS 9 and IFRS 7* (the Amendments). In developing this letter, we have consulted with stakeholders in the UK, including preparers, accounting firms and institutes, and users of accounts.
4. We appreciate the IASB's responsiveness in addressing the challenges faced by entities accounting for contracts for renewable electricity. The demands for

¹ UKEB calculation based on LSEG and Eikon data, May 2024. This calculation includes companies listed on the Main market as well as on the Alternative Investment Market (AIM).

² UKEB estimate based on FAME, Company Watch and other proprietary data.

increased transparency on the use of those contracts has highlighted the need to provide clarity and minimise the risk of diversity in accounting practice in this increasingly significant area.

5. Our main observations and recommendations are set out in the paragraphs that follow. Responses to the IASB's specific questions about the ED are included in the Appendix to this letter.

Scope and 'own-use' requirements

6. We recognise that this is a complex area and that any practical solution to the problem is likely to involve compromises. However, the proposed departure from principle-based accounting and the introduction of an exception to an existing exception within IFRS 9 risk introducing additional complexities to the accounting requirements and the creation of unintended consequences. In particular, the narrowness of the defined scope of the Amendments, relying on "pay as produced" features, leads to a potential anomaly whereby some common renewable electricity contracts may be treated as derivatives, whereas others, where the potential volume risk is higher, are treated as "own use" contracts.
7. Feedback from UK stakeholders clearly supports the development of a pragmatic solution. In particular, there is concern at the practical challenges, including the cost, and the financial reporting consequences of fair value measurement for preparers that would result if an exception to the existing rules was not permitted. Furthermore, we note that investors are not calling for fair value treatment for these contracts.
8. If the IASB decides that the need for a practical, exception-based solution in these limited circumstances outweighs the objective of developing principle-based accounting requirements, we recommend that further thought be given to the scope of the Amendments. In particular, the IASB should ensure that, rather than addressing only one type of contract and providing a short-term fix for one specific fact pattern, any changes are capable of accommodating future technological and contractual developments in this fast-evolving market. We therefore encourage the IASB to take the time necessary to target the scope of these proposals most effectively.
9. We have set out our detailed comments on the scope and 'own-use' proposals in paragraphs A1 to A16 of the Appendix.

Hedge accounting requirements

10. We broadly support the proposed amendments to hedge accounting. Facilitating cash flow hedge accounting for relevant contracts, both physical and virtual, would mitigate some of the concerns of preparers while also enabling users of accounts to better understand the financial impact of contracts for renewable

electricity on an entity's financial position and income statement and the risks to which it is exposed.

11. However, this is a complex area which needs the support of detailed application guidance and illustrative examples to show preparers and users how the proposals are intended to apply in relation to variable volumes of sales and purchases of renewable electricity, including the source of any ineffectiveness. This would facilitate consistent application of the amendments.
12. We recognise and support the fact that the IASB has taken a pragmatic approach to addressing the existing challenges with cash flow hedge accounting for renewable energy contracts within the scope of the Amendments. We agree that this approach should limit the risk of unintended consequences. As noted above, the UKEB supports principle-based accounting standards. We therefore encourage the IASB to consider, as part of the IASB's Post-implementation Review of IFRS 9 – Hedge Accounting, whether there is merit for these changes to be extended to other cash flow hedge relationships.
13. Our detailed comments on hedge accounting are in paragraphs A17 to A23 of the Appendix.

Disclosures

14. As explained below, we have some concerns about the burden, and scope, of the proposed disclosure requirements. We recognise that users need to understand the judgements associated with these contracts, and that some information about the nature of the contractual risks accepted by the energy buyer should be provided. However, these need to be targeted, with a clearly identified disclosure objective to ensure that they deliver the identified benefit for users of accounts.
15. We support some aspects of the proposed disclosure requirements, but as drafted we are concerned that the proposals would add a significant reporting burden for preparers far in excess of that for similar contracts, and would risk requiring the disclosure of commercially sensitive information. We have received extensive feedback from stakeholders that some of the disclosure proposals would be excessive, particularly for contracts measured at fair value already subject to the disclosure requirements of IFRS 7 *Financial Instruments: Disclosures* and IFRS 13 *Fair Value Measurement*. We recommend that additional disclosure requirements apply only to those contracts for renewable electricity within the scope of the Amendments that meet the 'own-use' requirements.
16. Our detailed comments on disclosures are set out in paragraphs A23 to A28 of the Appendix.

Effective date

17. We think it is likely that an application date of accounting periods beginning on or after 1 January 2025 will be difficult for some preparers, and recommend the proposals are effective for accounting periods beginning on or after 1 January 2026, with early adoption permitted.
18. Our detailed comments on the effective date are in paragraphs A37 to A39 of the Appendix.

Accounting for renewable energy certificates

19. We note that contracts within the scope of these proposals are typically accompanied by renewable energy certificates (RECs), but that the accounting for RECs is not addressed by these proposals. We encourage the IASB to add to its current agenda the project *Pollutant Pricing Mechanisms*, currently in the IASB's reserve list.

Yours sincerely

Pauline Wallace
Chair
UK Endorsement Board

Appendix A: Questions on ED *Contracts for Renewable Electricity— Proposed amendments to IFRS 9 and IFRS 7*

Question 1 – Scope of the proposed amendments

Paragraphs 6.10.1–6.10.2 of the proposed amendments to IFRS 9 would limit the application of the proposed amendments to only contracts for renewable electricity with specified characteristics.

Do you agree that the proposed scope would appropriately address stakeholders' concerns (as described in paragraph BC2 of the Basis for Conclusions on this Exposure Draft) while limiting unintended consequences for the accounting for other contracts? Why or why not?

If you disagree, please specify with which aspect of the proposals you disagree. What would you suggest instead and why?

- A1. As noted in our cover letter, if the IASB decides that the need for a practical, exception-based solution in these limited circumstances outweighs the objective of developing principle-based accounting requirements, we recommend that further thought be given to the scope of the Amendments.
- A2. We understand that the IASB's intention is to limit the scope of the Amendments to contracts which, amongst other criteria, expose the purchaser to "substantially all the volume risk under the contract". However, we are concerned that, as drafted, the scope limitation appears also to require the existence of 'pay-as-produced' features in the contract. This drafting appears to exclude other types of contract that may also transfer volume risk and otherwise meet the 'factors to consider' set out in paragraph 6.10.3.
- A3. A growing part of the UK renewable electricity market comprises contracts which promise to deliver fixed volumes of renewable power over specified timeframes. These contracts can provide an effective solution for purchasers to protect themselves from risks associated with price volatility and security of supply of renewable electricity. However, while these contracts do not transfer the same extent of production volume variance observed in 'pay-as-produced' contracts, they can also give rise to short-term supply-demand mismatches. This can lead to purchasers failing to meet the 'own use' requirements, resulting in derivative accounting for some of these contracts.

- A4. We understand this may be the outcome even where the intention in entering into the contract is for the entity's expected purchase or usage requirements, and that when sales do arise the entity may expect to purchase additional amounts at other times over and above the volumes sold. We understand that the question of whether such contracts meet the 'own use' requirements is a matter of judgement depending upon the frequency and volume of sales.
- A5. We cannot see that it will be helpful to users if economically and commercially similar contracts for delivery of renewable electricity are treated differently. We are particularly concerned that there appears to be no clear conceptual reason why the contract in which the purchaser has less volume risk may be required to be treated as a derivative, whereas the contract in which the purchaser assumes more volume risk could be assessed as meeting the 'own use' requirements and accounted for as an executory contract.
- A6. If the IASB decides that the need for a practical, exception-based solution in these limited circumstances outweighs the objective of developing principle-based accounting requirements, we recommend that further work is carried out to ensure the solution is appropriately scoped.

Drafting points

- A7. Paragraph 6.10.1 limits the scope of these proposals to 'a contract for renewable electricity' with specified characteristics. The draft text distinguishes between 'normal purchase' contracts and contracts requiring net settlement of the difference between specified prices for the volume of electricity produced from a referenced production facility. While we do not believe there is significant scope for confusion here, it was not clear to us that the latter contracts would meet the requirement to be a contract *for* renewable electricity, as the contract does not involve any delivery of the underlying subject matter.
- A8. We understand the IASB intends these Amendments to apply to virtual PPAs as well as physical PPAs. We recommend the IASB consider defining the term 'contract for renewable electricity' or otherwise making it beyond doubt that the scope includes virtual PPAs.
- A9. We note that some complexity arises from addressing virtual and physical contracts in the same scope paragraphs, although the 'own use' requirements only apply to physical contracts and there are existing disclosure requirements for virtual contracts. We recommend that consideration is given to whether the scoping paragraphs would be clearer if a separate scope paragraph was included for the hedge accounting requirements to include virtual contracts.
- A10. We also observe that, in BC3 where the basis for including virtual PPAs within the proposals is discussed, a statement is made that "the objective of both physical PPAs and virtual PPAs is to ensure long-term access to renewable electricity...". As

noted above, our understanding is that a virtual PPA does not involve the delivery of renewable electricity to the customer so may not in itself ensure access to electricity.

- A11. Paragraph 6.10.2 states that paragraphs 6.10.3-6.10.6 “provide exceptions to only the requirements in IFRS 9 specified in the paragraphs 6.10.3-6.10.6.” We are concerned that this reference to “exception”, might be understood to provide a complete exception to the requirements of paragraphs 2.4 or Section 6.3 of IFRS 9. We recommend that paragraph 6.10.2 is reworded to ensure the intended meaning is clearer, for example by using words such as “modify the requirements of IFRS 9 only as specified...”.
- A12. As a further minor drafting point, we note the words in the final sentence of BC20(b) “contracts are timely reclassified as derivatives” would read better as “contracts are reclassified as derivatives on a timely basis...”.

Question 2— Proposed ‘own-use’ requirements

Paragraph 6.10.3 of the proposed amendments to IFRS 9 includes the factors an entity would be required to consider when applying paragraph 2.4 of IFRS 9 to contracts to buy and take delivery of renewable electricity that have specified characteristics.

Do you agree with these proposals? Why or why not?

If you disagree, please specify with which aspect of the proposals you disagree. What would you suggest instead and why?

- A13. In spite of the clear statement in paragraph 6.10.2 that these requirements shall not be applied by analogy to other contracts, we believe there is a risk that this concession may be interpreted as setting expectations for the actions required by an entity assessing whether the ‘own-use’ requirements are met for contracts that fall outside the scope of these Amendments – i.e. that detailed estimates would be required for periods far in the future. To the extent that this goes beyond existing guidance on the application of IFRS 9 paragraph 2.4, this could lead to changes in practice and cause entities to reach different conclusions on the required accounting for other contracts. While the proposed solution might be seen as a pragmatic approach to contracts within the scope of the Amendments, we caution that this solution is not free of risks of wider repercussions.
- A14. Paragraph 6.10.3(b)(i) includes the criteria that “the sale arises from the entity’s exposure to the volume risk...”. It may be clearer to specify the volume risk that this refers to, for example “the volume risk arising under the contract”.

- A15. Paragraph 6.10.3(b)(iii) refers to purchase of electricity “within a reasonable time” and gives an example of one month. We note that some contracts where supply or demand is significantly affected by seasonal variations, e.g. for the generation of power from solar panels, or where demand drops significantly due to a factory closing for a month in the summer, may not meet the requirement within a month. We recommend the IASB clarify its intention as to whether contracts for renewable electricity for entities where supply or demand is significantly affected by seasonal variations could still be in scope of the proposed Amendments.
- A16. We also note that BC20 (c) explains that ‘reasonable’ depends on an entity’s operations and that a reasonable time “is typically a short time”. We recommend that this guidance be included within the body of the standard.

Question 3– Proposed hedge accounting requirements

Paragraphs 6.10.4–6.10.6 of the proposed amendments to IFRS 9 would permit an entity to designate a variable nominal volume of forecast electricity transactions as the hedged item if specified criteria are met and permit the hedged item to be measured using the same volume assumptions as those used for measuring the hedging instrument.

Do you agree with these proposals? Why or why not?

If you disagree, please specify with which aspect of the proposals you disagree. What would you suggest instead and why?

- A17. In general, we welcome the proposed hedge accounting requirements. In a cash flow hedge relationship in which a contract for renewable electricity that has the characteristics in paragraph 6.10.1 is designated as the hedging instrument, the designation of a variable volume of forecast electricity transactions as the hedged item should allow hedge accounting to more accurately reflect the economic substance of some arrangements involving these contracts.
- A18. However, this is a complex area which needs the support of detailed application guidance and illustrative examples to show preparers and users how the proposals are intended to apply in relation to variable volumes of sales and purchases of renewable electricity, including the source of any ineffectiveness. This would facilitate consistent application of the amendments.
- A19. Stakeholders have highlighted the designation of a variable volume of forecast transactions as the hedged item, as set out in 6.10.4, as a new concept which will be unfamiliar to users. Application guidance in relation to the confidence level to

be used in forecasting the variable volume and in determining the volume of future electricity transactions that are highly probable would be welcomed.

- A20. We note that there are clear challenges in developing such forecasts in relation to long term contracts. We think there may be merit in considering a relaxation to the need to produce detailed forecasts of electricity transactions far into the future, similar to that proposed in 6.10.3(a) for the 'own use' assessment for contracts within the scope of the amendments.
- A21. We consider that further application guidance is needed to explain how volume ineffectiveness is to be accounted for, and by contrast how to measure and when to recognise those other sources of ineffectiveness referred to in ED BC 37.
- A22. In addition, guidance on the identification of the hedged transaction, and the corresponding timing of the reclassification from the cash flow hedge reserve, would help with application of these concepts.
- A23. As a more minor drafting point, we consider the text of 6.10.4 (b) should read "does not exceed the volume of future electricity transactions that is highly probable, ...". It is also unclear whether the text of 6.10.4(b) describes a test only at the initial designation of the hedge, or whether there is some component of ongoing assessment of this measure.

Question 4– Proposed disclosure requirements

Paragraphs 42T–42W of the proposed amendments to IFRS 7 would require an entity to disclose information that would enable users of financial statements to understand the effects of contracts for renewable electricity that have specified characteristics on:

- (a) the entity's financial performance; and
- (b) the amount, timing and uncertainty of the entity's future cash flows.

Do you agree with these proposals? Why or why not?

If you disagree, please specify with which aspect of the proposals you disagree. What would you suggest instead and why?

- A24. We recognise the importance of increased transparency on an entity's use of contracts for renewable energy, particularly those accounted for as executory contracts. However, we are concerned that the proposed disclosures may:
- a) add a significant disclosure burden to those entities that are party to a number of these contracts, in particular for those who are both purchasers and sellers under such contracts;

- b) result in the need to disclose commercially sensitive information; and
- c) give rise to connectivity issues, where these disclosures are inconsistent, due to scope differences, with sustainability reporting of similar non-financial information.

- A25. In general, we believe that the scope of the disclosure proposals should be limited to those contracts accounted for as 'own use'. It is not clear to us that additional disclosure requirements in relation to contracts accounted for at fair value are warranted or appropriate.
- A26. We believe that one of the key pieces of information that should then be provided relates to judgements applied in relation to these contracts, and in particular those judgements that result in 'own use' treatment. It may also be helpful for judgements associated with the designation of the hedged item in a cash flow hedging relationship to be disclosed.
- A27. We have particular concerns about the disclosure requirements in ED IFRS 7 42V (b)-(d). Feedback we have received has highlighted concerns:
- a) This will result in significant amounts of additional non-financial information. This may give rise to connectivity issues where this information is different from disclosures provided in sustainability reporting.
 - b) Determining the average market price may be complex and could lead to significant volumes of disclosure where an entity operates in a number of markets.
 - c) An entity with contracts within the scope of these proposals will be required to provide a qualitative explanation of their global electricity cost, even where only a small proportion of this cost derives from contracts within the scope of the Amendments. A power company could be required to analyse a significant proportion of their cost of sales balance. However, a similar company with no contracts within the scope of these amendments would disclose nothing.
 - d) Both preparers and investors have raised concerns that the proposals may require the disclosure of commercially sensitive information.
- A28. We recommend the IASB drops the disclosure proposals in 42V (b)-(d).

Question 5— Proposed disclosure requirements for subsidiaries without public accountability

Paragraphs 67A–67C of the proposed amendments to the forthcoming IFRS 19 *Subsidiaries without Public Accountability: Disclosures* would require an eligible subsidiary to disclose information about its contracts for renewable electricity with specified characteristics.

Do you agree with these proposals? Why or why not?

If you disagree, please specify with which aspect of the proposals you disagree. What would you suggest instead and why?

- A29. The application of IFRS 19 *Subsidiaries without Public Accountability: Disclosures* in the UK is conditional on the endorsement of the standard by the UKEB. The UKEB has not yet begun its endorsement assessment and the following comments should be viewed in that context.
- A30. We welcome the IASB's identification of consequential amendments to the standard in this ED. We think this is an efficient approach that will ensure disclosure requirements for eligible subsidiaries keep pace with the development of IFRS Accounting Standards for the parent entity's consolidated financial statements. We are broadly supportive of the proposed amendments.
- A31. We believe that it would be helpful if the Basis for Conclusions explained the rationale for the exclusion of IFRS 7 paragraph 42W from IFRS 19.
- A32. We wonder whether the last sentence in IFRS 7 proposed paragraph 44MM was intended to be incorporated in the Exposure Draft Amendments to IFRS 19. As a drafting point, we believe the reference in that sentence to paragraph 134(f) of IFRS 19 should refer to 178(f) instead.

Question 6— Transition requirements

The IASB proposes to require an entity to apply:

- (a) the amendments to the own-use requirements in IFRS 9 using a modified retrospective approach; and
- (b) the amendments to the hedge accounting requirements prospectively.

Early application of the proposed amendments would be permitted from the date the amendments were issued.

Do you agree with these proposals? Why or why not?

If you disagree, please specify with which aspect of the proposals you disagree. What would you suggest instead and why?

- A33. We broadly support the IASB's proposals on transition. However, we are concerned that the requirements in 6.10.3 requiring an entity to assess a contract "at inception of the contract and at each subsequent reporting date", coupled with retrospective application, may be unduly onerous and potentially difficult to apply without the benefit of hindsight.
- A34. If an entity has entered into contracts within the scope of the Amendments several years previously, it may be difficult for them to reassess all the factors indicated in 6.10.3 at each historic reporting date. Because failure to meet the 'own-use' requirements is a once and for all assessment, this could make a difference to the outcome - the result of the assessment could be different depending on whether it was carried out at the inception of the contract a number of years ago and at each subsequent reporting date, or only at the date of initial application of the Amendments.
- A35. If the IASB's intention is that on transition an entity should make the assessment of the factors in 6.10.3 only at the date of initial application of the Amendments, or at the beginning of the reporting period if an entity applies these Amendments in a reporting period during which the Amendments are issued, we recommend this is made explicit in the transition provisions, for example as an optional transition exemption. We note that similar provisions have previously been included in transition provisions such as IFRS 16 paragraph C16, where no reassessment of historic sale and leasebacks was required by lessors.
- A36. While we understand the rationale for only permitting prospective designation of new hedging relationships, we recommend that consideration be given to permitting retrospective designation of cash flow hedging relationships applying the Amendments. We understand that it can be difficult to designate a new hedging relationship after the inception of a contract, which may limit the benefits of these proposals to contracts entered into after the Amendments have been finalised.

Question 7 – Effective date

Subject to feedback on the proposals in this Exposure Draft, the IASB aims to issue the amendments in the fourth quarter of 2024. The IASB has not proposed an effective date before obtaining input about the time necessary to apply the amendments.

In your view, would an effective date of annual reporting periods beginning on or after 1 January 2025 be appropriate and provide enough time to prepare to apply the proposed amendments? Why or why not?

If you disagree, what effective date would you suggest instead and why?

- A37. We note the urgency of the issue and support the IASB's efforts to finalise the Amendments on a timely basis. We recognise the importance of these Amendments being available for adoption as soon as possible and support the option to early adopt the Amendments.
- A38. However, given the Amendments are not expected to be finalised until the end of 2024, we consider that preparers may consider an effective date of 1 January 2025 to be challenging. Preparers may face challenges around the data required to assess the factors relating to the 'own-use' requirements in 6.10.3, and in preparing the new disclosure requirements in 42V, which may require more lead time.
- A39. We recommend the IASB consider making these Amendments effective for accounting periods beginning on or after 1 January 2026, with early adoption permitted.

Dr Andreas Barckow
Chairman
International Accounting Standards Board
Columbus Building
7 Westferry Circus
Canary Wharf
London
E14 4HD

[XX August 2024]

Dear Dr Barckow,

Exposure Draft IASB/ED/2024/3 Contracts for Renewable Electricity: Proposed Amendments to IFRS 9 and IFRS 7

1. The UK Endorsement Board (UKEB) is responsible for endorsement and adoption of IFRS Accounting Standards for use in the UK and therefore is the UK's National Standard Setter for IFRS Accounting Standards. The UKEB also leads the UK's engagement with the IFRS Foundation on the development of new standards, amendments and interpretations. This letter is intended to contribute to the Foundation's due process. The views expressed by the UKEB in this letter are separate from, and will not necessarily affect the conclusions in, any endorsement and adoption assessment on new or amended international accounting standards undertaken by the UKEB.
2. There are currently approximately 1,500 entities with equity listed on the London Stock Exchange that prepare their financial statements in accordance with IFRS.¹ In addition, UK law allows unlisted companies the option to use IFRS and approximately 14,000 such companies currently take up this option.²
3. We welcome the opportunity to provide comment on the International Accounting Standards Board (IASB)'s Exposure Draft (ED) *Contracts for Renewable Electricity: Proposed Amendments to IFRS 9 and IFRS 7* (the Amendments). In developing this letter, we have consulted with stakeholders in the UK, including preparers, accounting firms and institutes, and users of accounts.
4. We appreciate the IASB's responsiveness in addressing the challenges faced by entities accounting for contracts for renewable electricity ~~and the~~ The demands

¹ UKEB calculation based on LSEG and Eikon data, May 2024. This calculation includes companies listed on the Main market as well as on the Alternative Investment Market (AIM).

² UKEB estimate based on FAME, Company Watch and other proprietary data.

for increased transparency on the use of those contracts. ~~There is a has highlighted the need to provide clarity and minimise the risk of diversity in accounting practice in this increasingly significant area but we believe that this should be achieved whilst respecting the importance of principle-based accounting standards.~~

5. Our main observations and recommendations are set out in the paragraphs that follow. Responses to the IASB's specific questions about the ED are included in the Appendix to this letter.

As explained below, we do not support the IASB's proposed amendments to the Scope and 'own-use' requirements.

6. We recognise that this is a complex area and that any practical solution to the problem is likely to involve compromises. However, the proposed departure from principle-based accounting and the introduction of an exception to an existing exception within IFRS 9 risk introducing additional complexities to the accounting requirements and the creation of unintended consequences. In particular, the narrowness of the defined scope of the Amendments, relying on "pay as produced" features, leads to a potential anomaly whereby some common renewable electricity contracts may be treated as derivatives, whereas others, where the potential volume risk is higher, are treated as "own use" contracts.
7. Feedback from UK stakeholders clearly supports the development of a pragmatic solution. In particular, there is concern at the practical challenges, including the cost, and the financial reporting consequences of fair value measurement for preparers that would result if an exception to the existing rules was not permitted. Furthermore, we note that investors are not calling for fair value treatment for these contracts.
8. If the IASB decides that the need for a practical, exception-based solution in these limited circumstances outweighs the objective of developing principle-based accounting requirements, we recommend that further thought be given to the scope of the Amendments. In particular, the IASB should ensure that, rather than addressing only one type of contract and providing a short-term fix for one specific fact pattern, any changes are capable of accommodating future technological and contractual developments in this fast-evolving market. We therefore encourage the IASB to take the time necessary to target the scope of these proposals most effectively.
9. We have set out our detailed comments on the scope and 'own-use' proposals in paragraphs A1 to A16 of the Appendix.

Hedge accounting requirements

~~5.10. We broadly support the proposed amendments to hedge accounting and the proposed disclosure requirements. Facilitating cash flow hedge accounting for relevant contracts, both physical and virtual, and adding disclosure requirements, would mitigate some of the concerns of preparers while also enabling users of accounts to better understand the financial impact of contracts for renewable electricity on an entity's financial position and income statement and the risks to which it is exposed.~~

~~6.1. Our main observations and recommendations are set out in the paragraphs that follow. Responses to the IASB's specific questions about the ED are included in the Appendix to this letter.~~

'Own-use' requirements

~~7. The UKEB supports principle-based accounting standards. The IASB's proposed amendments to the IFRS 9 'own-use' requirements are an exception to what is already an exception to financial instruments accounting, and we are concerned that there appears to be no clear conceptual basis for it.~~

~~8. In particular, we note that, as set out in the alternative views in the ED, the requirements in IFRS 9 have been accepted as relevant and representationally faithful. Contracts addressed by the ED are typically long term and expose an entity not only to volume risk, but also to price risk. A purchaser is likely to have to sell and subsequently purchase electricity at different market prices, in effect realising the fair value of that portion of the contract. We therefore consider that, for those contracts not meeting the existing 'own-use' requirements in IFRS 9, fair value accounting would better reflect the risks to which the entity is exposed.~~

~~9. Finalising the proposed amendments to the 'own-use' requirements may also raise questions about the accounting for other non-financial items and other types of electricity contracts, such as those which promise to deliver fixed volumes of renewable power over specified timeframes³. These types of energy contracts are a growing part of the UK renewable electricity market. While these renewable electricity contracts do not transfer production volume risk to the same extent as in 'pay-as-produced' contracts, they can give rise to short-term supply-demand mismatches, raising similar challenges in meeting the 'own-use' requirements. This gives rise to the apparent anomaly that a contract in which the purchaser has less volume risk may be required to be treated as a derivative, whereas a contract in which the purchaser assumes more volume risk could be assessed as meeting the 'own-use' requirements and accounted for as an executory contract.~~

³ Stakeholders have referred to these contracts as 'baseload' contracts, though we recognise this term may not be consistently used and may not always serve as an accurate description of their nature.

- ~~10. Overall, therefore, we do not support the proposed amendments on this topic and recommend that the existing 'own-use' requirements in IFRS 9 are left unchanged. We consider that not meeting the 'own-use' requirements may be less of a concern for some preparers if they have the ability to apply cash flow hedge accounting, as that would enable them to reflect their risk management activities in their financial statements.~~
- ~~11. If the IASB nevertheless decides to finalise the proposed amendments relating to 'own-use', we believe that further amendments would be required and have set out our detailed comments on the 'own-use' proposals in paragraphs A7 to A14 of the Appendix.~~

~~Hedge accounting requirements~~

- ~~12. We are broadly supportive of the proposed amendments to hedge accounting requirements for contracts within the scope of the Amendments.~~
- ~~13.11. However, this is a complex area, and we believe that it would be extremely helpful to develop which needs the support of detailed application guidance and illustrative examples to show preparers and users how the proposals are intended to apply in relation to variable volumes of sales and purchases of renewable electricity, including the source of any ineffectiveness. This would facilitate consistent application of the amendments.~~
- ~~14.12. We recognise and support the fact that the IASB has taken a pragmatic approach to addressing the existing challenges with cash flow hedge accounting for renewable energy contracts within the scope of the Amendments. We agree that this approach should limit the risk of unintended consequences. As noted above, the UKEB supports principle-based accounting standards. We therefore encourage the IASB to consider, as part of the IASB's Post-implementation Review of IFRS 9 – Hedge Accounting, whether there is merit for these amendmentschanges to be extended to other cash flow hedge relationships.~~
- ~~15.13. Our detailed comments on hedge accounting are in paragraphs A15A17 to A19A23 of the Appendix.~~

~~Disclosures~~

- ~~16. Whether a contract to buy or sell a non-financial item, including renewable energy, meets the 'own-use' requirements is a matter of judgement that depends on the specific facts and circumstances, such as the frequency and volume of sales.~~
- ~~17. UK stakeholders, in particular users of accounts, have highlighted a need for increased transparency on an entity's use of contracts for renewable energy, particularly those accounted for as executory contracts.~~

- ~~14.~~ ~~Therefore, irrespective of whether the IASB finalises the amendments to the 'own-use' requirements, we support the proposed disclosure requirements for As explained below, we have some concerns about the burden, and scope, of the proposed disclosure requirements. We recognise that users need to understand the judgements associated with these contracts, and that some information about the nature of the contractual risks accepted by the energy buyer should be provided. However, these need to be targeted, with a clearly identified disclosure objective to ensure that they deliver the identified benefit for users of accounts.~~
- ~~18.15.~~ ~~We support some aspects of the proposed disclosure requirements, but as drafted we are concerned that the proposals would add a significant reporting burden for preparers far in excess of that for similar contracts, and would risk requiring the disclosure of commercially sensitive information. We have received extensive feedback from stakeholders that some of the disclosure proposals would be excessive, particularly for contracts measured at fair value already subject to the disclosure requirements of IFRS 7 *Financial Instruments: Disclosures* and IFRS 13 *Fair Value Measurement*. We recommend that additional disclosure requirements apply only to those contracts for renewable electricity within the scope of the Amendments that meet the 'own-use' requirements.~~
- ~~19.16.~~ ~~Our detailed comments on disclosures are set out in paragraphs [A20A23](#) to [A25A28](#) of the Appendix.~~

Effective date

- ~~20.17.~~ ~~We think it is likely that an application date of accounting periods beginning on or after 1 January 2025 will be difficult for some preparers, and recommend the proposals are effective for accounting periods beginning on or after 1 January 2026, with early adoption permitted.~~
- ~~21.18.~~ ~~Our detailed comments on the effective date are in paragraphs [A30A37](#) to [A32A39](#) of the Appendix.~~

Accounting for renewable energy certificates

- ~~22.19.~~ ~~We note that contracts within the scope of these proposals are typically accompanied by renewable energy certificates (RECs), but that the accounting for RECs is not addressed by these proposals. We encourage the IASB to add to its current agenda the project *Pollutant Pricing Mechanisms*, currently in the IASB's reserve list.~~

Yours sincerely

Pauline Wallace
Chair
UK Endorsement Board

DRAFT

Appendix A: Questions on ED *Contracts for Renewable Electricity— Proposed amendments to IFRS 9 and IFRS 7*

Question 1 – Scope of the proposed amendments

Paragraphs 6.10.1–6.10.2 of the proposed amendments to IFRS 9 would limit the application of the proposed amendments to only contracts for renewable electricity with specified characteristics.

Do you agree that the proposed scope would appropriately address stakeholders' concerns (as described in paragraph BC2 of the Basis for Conclusions on this Exposure Draft) while limiting unintended consequences for the accounting for other contracts? Why or why not?

If you disagree, please specify with which aspect of the proposals you disagree. What would you suggest instead and why?

- A1. As noted in our cover letter ~~and, if the IASB decides that the need for a practical, exception-based solution in our response~~ these limited circumstances outweighs the objective of developing principle-based accounting requirements, we recommend that further thought be given to Question 2, the UKEB does not support the scope of the Amendments.
- A2. We understand that the IASB's ~~proposed amendments to intention is to limit the scope of the Amendments to contracts which, amongst other criteria, expose the purchaser to "substantially all the volume risk under the contract".~~ However, we are concerned that, as drafted, the scope limitation appears also to require the existence of 'pay-as-produced' features in the contract. This drafting appears to exclude other types of contract that may also transfer volume risk and otherwise meet the 'factors to consider' set out in paragraph 6.10.3.
- A3. A growing part of the UK renewable electricity market comprises contracts which promise to deliver fixed volumes of renewable power over specified timeframes. These contracts can provide an effective solution for purchasers to protect themselves from risks associated with price volatility and security of supply of renewable electricity. However, while these contracts do not transfer the same extent of production volume variance observed in 'pay-as-produced' contracts, they can also give rise to short-term supply-demand mismatches. This can lead to purchasers failing to meet the 'own-use' requirements in IFRS 9. We do, however, broadly support the IASB's proposals in relation to hedge accounting and the

disclosure requirements for contracts for renewable electricity that have the characteristics described in 6.10.1. The IASB's approach, resulting in setting a narrow scope derivative accounting for some of these amendments contracts.

- A1-A4. We understand this may be the outcome even where the intention in entering into the contract is pragmatic for the entity's expected purchase or usage requirements, and should limit the risk of unintended consequences that when sales do arise the entity may expect to purchase additional amounts at other times over and above the volumes sold. We understand that the question of whether such contracts meet the 'own use' requirements is a matter of judgement depending upon the frequency and volume of sales.
- A5. We cannot see that it will be helpful to users if economically and commercially similar contracts for delivery of renewable electricity are treated differently. We are particularly concerned that there appears to be no clear conceptual reason why the contract in which the purchaser has less volume risk may be required to be treated as a derivative, whereas the contract in which the purchaser assumes more volume risk could be assessed as meeting the 'own use' requirements and accounted for as an executory contract.
- A6. If the IASB decides that the need for a practical, exception-based solution in these limited circumstances outweighs the objective of developing principle-based accounting requirements, we recommend that further work is carried out to ensure the solution is appropriately scoped.

Drafting points

- A2-A7. Paragraph 6.10.1 limits the scope of these proposals to 'a contract for renewable electricity' with specified characteristics. The draft text distinguishes between 'normal purchase' contracts and contracts requiring net settlement of the difference between specified prices for the volume of electricity produced from a referenced production facility. While we do not believe there is significant scope for confusion here, it was not clear to us that the latter contracts would meet the requirement to be a contract *for* renewable electricity, as the contract does not involve any delivery of the underlying subject matter.
- A3-A8. We understand the IASB intends these Amendments to apply to virtual PPAs as well as physical PPAs. We recommend the IASB consider defining the term 'contract for renewable electricity' or otherwise making it beyond doubt that the scope includes virtual PPAs.
- A9. We note that some complexity arises from addressing virtual and physical contracts in the same scope paragraphs, although the 'own use' requirements only apply to physical contracts and there are existing disclosure requirements for virtual contracts. We recommend that consideration is given to whether the

scoping paragraphs would be clearer if a separate scope paragraph was included for the hedge accounting requirements to include virtual contracts.

A4.A10. We also observe that, in BC3 where the basis for including virtual PPAs within the proposals is discussed, a statement is made that “the objective of both physical PPAs and virtual PPAs is to ensure long-term access to renewable electricity...”. As noted above, our understanding is that a virtual PPA does not involve the delivery of renewable electricity to the customer so may not in itself ensure access to electricity.

A5.A11. Paragraph 6.10.2 states that paragraphs 6.10.3-6.10.6 “provide exceptions to only the requirements in IFRS 9 specified in the paragraphs 6.10.3-6.10.6.” We are concerned that this reference to “exception”, might be understood to provide a complete exception to the requirements of paragraphs 2.4 or Section 6.3 of IFRS 9. We recommend that paragraph 6.10.2 is reworded to ensure the intended meaning is clearer, for example by using words such as “modify the requirements of IFRS 9 only as specified...”.

A6.A12. As a further minor drafting point, we note the words in the final sentence of BC20(b) “contracts are timely reclassified as derivatives” would read better as “contracts are reclassified as derivatives on a timely basis...”.

Question 2— Proposed ‘own-use’ requirements

Paragraph 6.10.3 of the proposed amendments to IFRS 9 includes the factors an entity would be required to consider when applying paragraph 2.4 of IFRS 9 to contracts to buy and take delivery of renewable electricity that have specified characteristics.

Do you agree with these proposals? Why or why not?

If you disagree, please specify with which aspect of the proposals you disagree. What would you suggest instead and why?

~~A7. The UKEB supports principle-based accounting standards. The IASB’s proposed amendments to the IFRS 9 ‘own-use’ requirements are an exception to what is already an exception to financial instruments accounting, and we are concerned that there appears to be no clear conceptual basis for this additional exception.~~

~~A8. In particular, we note that, as set out in the alternative views in the ED, the requirements in IFRS 9 have been accepted as relevant and representationally faithful. Contracts addressed by the ED are typically long term and expose an entity not only to volume risk, but also to price risk. A purchaser is likely to have to sell and subsequently purchase electricity at different market prices, in effect realising the fair value of that portion of the contract. We consider that, for those~~

~~contracts not meeting the existing 'own-use' requirements in IFRS 9, fair value accounting would better reflect the risks to which the entity is exposed.~~

~~A9. We therefore do not support the proposed amendments to the 'own-use' requirements and recommend that they are left unchanged.~~

~~A10. If, nevertheless, the IASB decides to finalise the proposed amendments to the 'own-use' requirements, we believe that further amendments would be required as set out in the following paragraphs.~~

A11-A13. In spite of the clear statement in paragraph 6.10.2 that these requirements shall not be applied by analogy to other contracts, we believe there is a risk that this concession may be interpreted as setting expectations for the actions required by an entity assessing whether the 'own-use' requirements are met for contracts that fall outside the scope of these Amendments – i.e. that detailed estimates would be required for periods far in the future. To the extent that this goes beyond existing guidance on the application of IFRS 9 paragraph 2.4, this could lead to changes in practice and cause entities to reach different conclusions on the required accounting for other contracts. While the proposed solution might be seen as a pragmatic approach to contracts within the scope of the Amendments, we caution that this solution is not free of risks of wider repercussions.

A12-A14. Paragraph 6.10.3(b)(i) includes the criteria that "the sale arises from the entity's exposure to the volume risk...". It may be clearer to specify the volume risk that this refers to, for example "the volume risk arising under the contract".

A13-A15. Paragraph 6.10.3(b)(iii) refers to purchase of electricity "within a reasonable time" and gives an example of one month. We note that some contracts where supply or demand is significantly affected by seasonal variations, e.g. for the generation of power from solar panels, or where demand drops significantly due to a factory closing for a month in the summer, may not meet the requirement within a month. We recommend the IASB clarify its intention as to whether contracts for renewable electricity for entities where supply or demand is significantly affected by seasonal variations could still be in scope of the proposed Amendments.

A14-A16. We also note that BC20 (c) explains that 'reasonable' depends on an entity's operations and that a reasonable time "is typically a short time". We recommend that this guidance be included within the body of the standard.

Question 3— Proposed hedge accounting requirements

Paragraphs 6.10.4–6.10.6 of the proposed amendments to IFRS 9 would permit an entity to designate a variable nominal volume of forecast electricity transactions as the

hedged item if specified criteria are met and permit the hedged item to be measured using the same volume assumptions as those used for measuring the hedging instrument.

Do you agree with these proposals? Why or why not?

If you disagree, please specify with which aspect of the proposals you disagree. What would you suggest instead and why?

A15-A17. In general, we welcome the proposed hedge accounting requirements. In a cash flow hedge relationship in which a contract for renewable electricity that has the characteristics in paragraph 6.10.1 is designated as the hedging instrument, the designation of a variable volume of forecast electricity transactions as the hedged item should allow hedge accounting to more accurately reflect the economic substance of some arrangements involving these contracts.

A18. ~~We note that the hedge accounting proposals are relatively~~ However, this is a complex. ~~We believe that users may find it difficult to understand how to apply these new concepts in practice, in particular the precise meaning area which needs the support of paragraph 6.10.4(b). We strongly recommend the development of detailed application guidance and illustrative examples that to show preparers and users how the requirements of paragraphs 6.10.4 and 6.10.5 proposals are intended to be applied~~ apply in relation to variable volumes of sales and purchases and sales of renewable electricity, including the source of any ineffectiveness. This would facilitate consistent application of the amendments.

A19. Stakeholders have highlighted the designation of a variable volume of forecast transactions as the hedged item, as set out in 6.10.4, as a new concept which will be unfamiliar to users. Application guidance in relation to the confidence level to be used in forecasting the variable volume and in determining the volume of future electricity transactions that are highly probable would be welcomed.

A20. We note that there are clear challenges in developing such forecasts in relation to long term contracts. We think there may be merit in considering a relaxation to the need to produce detailed forecasts of electricity transactions far into the future, similar to that proposed in 6.10.3(a) for the 'own use' assessment for contracts within the scope of the amendments.

A21. We consider that further application guidance is needed to explain how volume ineffectiveness is to be accounted for, and by contrast how to measure and when to recognise those other sources of ineffectiveness referred to in ED BC 37.

A22. In addition, guidance on the identification of the hedged transaction, and the corresponding timing of the reclassification from the cash flow hedge reserve, would help with application of these concepts.

~~A16.—As a more minor drafting point, we consider the text of 6.10.4 (b) should read “does not exceed the volume of future electricity transactions that is highly probable, ...”.~~

~~A17-A23. ___ It is also unclear whether the text of 6.10.4(b) describes a test only at the initial designation of the hedge, or whether there is some component of ongoing assessment of this measure.~~

~~A18.—The drafting of paragraph 6.10.5 states “such forecast sales are not required to be highly probable...”. However, our understanding is that it was not the intention of these Amendments to relax the requirement for the forecast transaction, including sales, to be highly probable. We recommend that the drafting of this paragraph is amended to make clear how forecast sales under such a contract meet the ‘highly probable’ criterion. Alternatively, we think consideration could be given to omitting this paragraph completely since, if our understanding is correct, no exception for sales is in fact required – it is just that the assessment against the highly probable requirement should be simple.⁴~~

~~A19.—We also consider that the meaning of BC35, which relates to paragraph 6.10.5, is not clear and that the wording of the last sentence in particular should be reconsidered: “The IASB considered that when **if** an entity would proportionately hedged all renewable electricity sales, it would be sufficiently clear to the entity that when any renewable electricity sales from the referenced production facility occurred, **the relevant proportion of** those sales would be **highly probable** the hedged item.” Finally, we think that BC35 should avoid describing the requirement relating to sales transactions as an ‘exception’, because as we understand it no exception is required or intended.~~

Question 4– Proposed disclosure requirements

Paragraphs 42T–42W of the proposed amendments to IFRS 7 would require an entity to disclose information that would enable users of financial statements to understand the effects of contracts for renewable electricity that have specified characteristics on:

- (a) the entity’s financial performance; and
- (b) the amount, timing and uncertainty of the entity’s future cash flows.

Do you agree with these proposals? Why or why not?

If you disagree, please specify with which aspect of the proposals you disagree. What would you suggest instead and why?

⁴—See paragraphs 50-51 of IASB March 2024 agenda paper AP3B.

~~A20.— We agree with these proposals. We consider they strike a reasonable balance between providing useful information about recognise the effects and risks associated with these contracts, and concerns about commercial sensitivity.~~

~~A21.A24. We think that users may consider that disclosure importance of information increased transparency on an entity's use of this nature would also be useful in relation to similar contractual exposures for contracts contracts for renewable electricity that fall outside the scope of these requirements energy, particularly those accounted for as executory contracts. However, we note are concerned that this the proposed disclosures may go beyond the scope of these Amendments:~~

- ~~a) add a significant disclosure burden to those entities that are party to a number of these contracts, in particular for those who are both purchasers and sellers under such contracts;~~
- ~~b) result in the need to disclose commercially sensitive information; and~~
- ~~c) give rise to connectivity issues, where these disclosures are inconsistent, due to scope differences, with sustainability reporting of similar non-financial information.~~

~~A25. In general, we believe that the scope of the disclosure proposals should be limited to those contracts accounted for as 'own use'. It is not clear to us that additional disclosure requirements in relation to contracts accounted for at fair value are warranted or appropriate.~~

~~A26. We believe that one of the key pieces of information that should then be provided relates to judgements applied in relation to these contracts, and in particular those judgements that result in 'own use' treatment. It may also be helpful for judgements associated with the designation of the hedged item in a cash flow hedging relationship to be disclosed.~~

~~A27. We have particular concerns about the disclosure requirements in ED IFRS 7 42V (b)-(d). Feedback we have received has highlighted concerns:~~

- ~~a) This will result in significant amounts of additional non-financial information. This may give rise to connectivity issues where this information is different from disclosures provided in sustainability reporting.~~
- ~~b) Determining the average market price may be complex and could lead to significant volumes of disclosure where an entity operates in a number of markets.~~

- c) An entity with contracts within the scope of these proposals will be required to provide a qualitative explanation of their global electricity cost, even where only a small proportion of this cost derives from contracts within the scope of the Amendments. A power company could be required to analyse a significant proportion of their cost of sales balance. However, a similar company with no contracts within the scope of these amendments would disclose nothing.
- d) Both preparers and investors have raised concerns that the proposals may require the disclosure of commercially sensitive information.

A28. We recommend the IASB drops the disclosure proposals in 42V (b)-(d).

Question 5— Proposed disclosure requirements for subsidiaries without public accountability

Paragraphs 67A–67C of the proposed amendments to the forthcoming IFRS 19 *Subsidiaries without Public Accountability*: Disclosures would require an eligible subsidiary to disclose information about its contracts for renewable electricity with specified characteristics.

Do you agree with these proposals? Why or why not?

If you disagree, please specify with which aspect of the proposals you disagree. What would you suggest instead and why?

A22-A29. The application of IFRS 19 *Subsidiaries without Public Accountability: Disclosures* in the UK is conditional on the endorsement of the standard by the UKEB. The UKEB has not yet begun its endorsement assessment and the following comments should be viewed in that context.

A23-A30. We welcome the IASB's identification of consequential amendments to the standard in this ED. We think this is an efficient approach that will ensure disclosure requirements for eligible subsidiaries keep pace with the development of IFRS Accounting Standards for the parent entity's consolidated financial statements. We are broadly supportive of the proposed amendments.

A24-A31. We believe that it would be helpful if the Basis for Conclusions explained the rationale for the exclusion of IFRS 7 paragraph 42W from IFRS 19.

A25-A32. We wonder whether the last sentence in IFRS 7 proposed paragraph 44MM was intended to be incorporated in Appendix A in the Exposure Draft Amendments

to IFRS 19. As a drafting point, we believe the reference in that sentence to paragraph 134(f) of IFRS 19 should refer to 178(f) instead.

Question 6– Transition requirements

The IASB proposes to require an entity to apply:

- (a) the amendments to the own-use requirements in IFRS 9 using a modified retrospective approach; and
- (b) the amendments to the hedge accounting requirements prospectively.

Early application of the proposed amendments would be permitted from the date the amendments were issued.

Do you agree with these proposals? Why or why not?

If you disagree, please specify with which aspect of the proposals you disagree. What would you suggest instead and why?

~~A26. As noted in our cover letter and in our response to Question 2, the UKEB does not support the IASB's proposed amendments to the 'own-use' requirements in IFRS 9. In the event the IASB decides to finalise the proposed amendments to the 'own-use' requirements, we provide some recommendations on transition in the following paragraphs.~~

A27-A33. We broadly support the IASB's proposals on transition. However, we are concerned that the requirements in 6.10.3 requiring an entity to assess a contract "at inception of the contract and at each subsequent reporting date", coupled with retrospective application, may be unduly onerous and potentially difficult to apply without the benefit of hindsight.

A28-A34. If an entity has entered into contracts within the scope of the Amendments several years previously, it may be difficult for them to reassess all the factors indicated in 6.10.3 at each historic reporting date. Because failure to meet the 'own-use' requirements is a once and for all assessment, this could make a difference to the outcome - the result of the assessment could be different depending on whether it was carried out at the inception of the contract a number of years ago and at each subsequent reporting date, or only at the date of initial application of the Amendments.

A29-A35. If the IASB's intention is that on transition an entity should make the assessment of the factors in 6.10.3 only at the date of initial application of the Amendments, or at the beginning of the reporting period if an entity applies these Amendments in a reporting period during which the Amendments are issued, we recommend this is made explicit in the transition provisions, for example as an optional transition exemption. We note that similar provisions have previously

been included in transition provisions such as IFRS 16 paragraph C16, where no reassessment of historic sale and leasebacks was required by lessors.

A36. While we understand the rationale for only permitting prospective designation of new hedging relationships, we recommend that consideration be given to permitting retrospective designation of cash flow hedging relationships applying the Amendments. We understand that it can be difficult to designate a new hedging relationship after the inception of a contract, which may limit the benefits of these proposals to contracts entered into after the Amendments have been finalised.

Question 7 – Effective date

Subject to feedback on the proposals in this Exposure Draft, the IASB aims to issue the amendments in the fourth quarter of 2024. The IASB has not proposed an effective date before obtaining input about the time necessary to apply the amendments.

In your view, would an effective date of annual reporting periods beginning on or after 1 January 2025 be appropriate and provide enough time to prepare to apply the proposed amendments? Why or why not?

If you disagree, what effective date would you suggest instead and why?

A30-A37. We note the urgency of the issue and support the IASB's efforts to finalise the Amendments on a timely basis. We recognise the importance of these Amendments being available for adoption as soon as possible and support the option to early adopt the Amendments.

A31-A38. However, given the Amendments are not expected to be finalised until the end of 2024, we consider that preparers may consider an effective date of 1 January 2025 to be challenging. Preparers may face challenges around the data required to assess the factors relating to the 'own-use' requirements in 6.10.3, and in preparing the new disclosure requirements in 42V, which may require more lead time.

A32-A39. We recommend the IASB consider making these Amendments effective for accounting periods beginning on or after 1 January 2026, with early adoption permitted.

Feedback Statement

Contracts for Renewable Electricity

Proposed Amendments to IFRS9 and IFRS 7

Final Comment Letter (FCL)

xx August 2024

The UK Endorsement Board (UKEB) is responsible for endorsement and adoption of IFRS for use in the UK and therefore is the UK's National Standard Setter for IFRS. The UKEB also leads the UK's engagement with the IFRS Foundation on the development of new standards, amendments and interpretations.

The comment letter to which this feedback statement relates forms part of those influencing activities and is intended to contribute to the IFRS Foundation's due process.

The views expressed by the UKEB in its comment letter are separate from, and will not necessarily affect the conclusions in, any endorsement and adoption assessment on new or amended international accounting standards undertaken by the UKEB.

Contents

	Page
Purpose of this Feedback Statement	4
The IASB's Exposure Draft	5
Outreach approach	6
UKEB and stakeholder views	7

Purpose of this Feedback Statement

This feedback statement presents the views of UK stakeholders on the UKEB's Draft Comment Letter on the IASB's Exposure Draft (ED) [*Contracts for Renewable Electricity: Proposed amendments to IFRS 9 and IFRS 7*](#) and explains how the UKEB's Final Comment Letter addressed those views.



The IASB's Exposure Draft

The Exposure Draft (ED) contains proposed amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*. The key proposals in the ED include:

- **'Own use'** - clarification of factors an entity is required to consider when applying paragraph 2.4 of IFRS 9 to contracts within the scope of the ED
- **Hedge accounting** – permitting the use of a variable nominal amount of forecast electricity transactions as the hedged item in a designated cash flow hedge, using an instrument within the scope of the proposals as the hedging instrument
- **Disclosures** - additional disclosure requirements for contracts within the scope of the proposed amendments
- **Transition** – modified retrospective transition for the 'own use' amendments and prospective application of new hedging relationships designated on or after the date the amendments are first applied.

Outreach approach

The UKEB's outreach activities took place between January 2024 and July 2024 and were conducted to develop the UKEB Comment Letter on the ED.

Outreach activities included discussions with several specialists in the field and with the following UKEB Advisory and Working Groups:

- Investor Advisory Group
- Preparer Advisory Group
- Rate-regulated Activities Technical Advisory Group
- Accounting Firms and Institutes Advisory Group
- Financial Instruments Working Group

Public consultation on the UKEB's Draft Comment Letter (DCL) was conducted for 44 days between 5 June 2024 and 19 July 2024.

All comments and views were considered in reaching the UKEB's final assessment of the proposed amendments.

The UKEB promoted awareness of the DCL and encouraged stakeholders to respond through the UKEB website, the UKEB subscriber News alerts and by sharing the DCL with our outreach participants.

3 written responses to the DCL were received from accounting firms.

Stakeholder feedback on the draft views set out in the DCL, including UKEB Advisory Group and informal feedback received during the comment period, is summarised on the following pages.

Stakeholder type	Organisations represented
Preparers	2
Academics	1
Accounting firms and institutes	3
Regulators	1
UKEB Advisory Groups*	50
Total	57

* Five UKEB Advisory Groups with a total of 50 members

UKEB and stakeholder views

Own use

IASB proposals	UKEB draft position	Further stakeholder views	UKEB final position
<ul style="list-style-type: none"> • Clarifications to application of 'own use' requirements of paragraph 2.4 of IFRS 9 <i>Financial Instruments</i> for certain contracts for the delivery of renewable electricity, where the source is nature dependent, and where the purchaser is exposed to substantially all the volume risk through 'pay as produced' features. • Added guidance on the level of detail required for forecasting expected usage requirements far into the future, and on the circumstances where past and expected sales of unused electricity are in accordance with expected purchase or usage requirements. 	<ul style="list-style-type: none"> • Expressed opposition to the proposed amendments on this topic and recommended that the existing 'own use' requirements of IFRS 9 were left unchanged. • Recommended that if the IASB decided to finalise the proposed amendments relating to 'own-use', enhancements and clarifications to the scope of the amendments would be required. 	<ul style="list-style-type: none"> • A large majority of stakeholders, including all accounting firms consulted, expressed support for direction taken by the IASB and disagreed with UKEB position. • Some preparers highlighted that fair value accounting could be a barrier to them entering into such contracts. • Common themes raised in feedback included potentially significant cost and complexity of fair valuing these instruments; concern at significant income statement volatility from derivative accounting; potential impact on smaller companies that have entered into these contracts. • Some stakeholders raised concerns that the scope of the IASB proposals may not permit 'own use' treatment for some common contracts in the UK. 	<ul style="list-style-type: none"> • Highlighted the UKEB's preference for principle-based accounting but recognised the strong stakeholder feedback in support of a pragmatic solution. • Noted concern at practical challenges, including cost and financial reporting consequences, of fair value measurement, if an exception to existing rules was not permitted. • Highlighted the need to reconsider the scope of the proposals, to ensure they addressed common contracts with similar economic characteristics, and encouraged the IASB to take the time necessary to target the scope of the proposals appropriately.

UKEB and stakeholder views

Hedge accounting

IASB proposals	UKEB draft position	Further stakeholder views	UKEB final position
<ul style="list-style-type: none"> Relaxation of the cash flow hedge accounting rules for contracts within the scope of the amendments, to allow a variable nominal volume of forecast electricity transactions to be designated as the hedged item. A specific relaxation of the 'highly probable' requirements aimed at sellers of electricity. Additional guidance on volume assumptions to be used in measuring the hedged item and hedging instrument. 	<ul style="list-style-type: none"> Broadly supportive of the proposed amendments to the hedge accounting requirements for contracts within the scope of the amendments. Recommended the IASB develop illustrative examples to show users how the proposals are intended to apply in relation to variable volumes of sales and purchases of renewable electricity. Encouraged the IASB to consider extending the amendments to other cash flow hedge relationships as part of the IASB's Post-implementation Review of IFRS 9. 	<ul style="list-style-type: none"> Stakeholders were broadly supportive of the IASB proposals, and the position taken in the UKEB Draft Comment Letter. Stakeholders highlighted several areas where additional clarification or guidance would be helpful. 	<ul style="list-style-type: none"> Consistent with draft position. Highlighted the importance of development of application guidance as well as illustrative examples. Identified several specific areas relating to volume forecasts, measuring hedge ineffectiveness, and reclassification of amounts from the cash flow hedge reserve where further clarification of the proposed requirements is needed.

UKEB and stakeholder views

Disclosure

IASB proposals	UKEB draft position	Further stakeholder views	UKEB final position
<ul style="list-style-type: none"> • Disclosure of terms and conditions of the contracts including duration, type of pricing, minimum and maximum volume and renewable energy certificates. • For contracts for renewable electricity not measured at fair value through profit or loss, disclosure of fair value plus IFRS 13 disclosures, or volume of electricity expected under contract in time bands. • Sellers to disclose the proportion of renewable electricity covered by these contracts relative to total electricity sold. • Purchasers to disclose the proportion of electricity purchased under renewable electricity contracts within scope of the amendments, and explain major variance from actual costs compared to average market price for those markets. 	<ul style="list-style-type: none"> • Supported the proposed disclosure requirements for those contracts for renewable electricity within the scope of the ED that meet the 'own-use' requirements. 	<ul style="list-style-type: none"> • Stakeholders, including investors, questioned whether proposals could lead to the requirement to disclose commercially sensitive information. • Stakeholders expressed concerns that disclosure proposals were excessive, and would require the disclosure of a significant volume of information better suited to sustainability reporting. • Specific concerns raised about disclosure burden for entities with a number of relevant contracts, e.g. energy companies that may be purchasers and sellers under such contracts. • A number of stakeholders felt that while some disclosures were warranted for 'own use' contracts, requiring this information for all contracts would add significantly to existing IFRS 7/IFRS 13 disclosure requirements for contracts measured at fair value. • Stakeholders noted that disclosure of judgements related to 'own use' treatment would be helpful to users. 	<ul style="list-style-type: none"> • Recommended that the disclosure proposals should apply only to those contracts which meet the 'own use' requirements. • Recommended that the IASB drop the disclosure proposals in paragraphs 42V (b)-(d).

UKEB and stakeholder views

Effective date and transition

IASB proposals	UKEB draft position	Further stakeholder views	UKEB final position
<ul style="list-style-type: none">• The ED asked stakeholders whether an effective date of periods beginning on or after 1 January 2025 would be appropriate.• Retrospective transition for the 'own use' requirements, subject to a modified approach for comparatives.• Prospective application of the new hedge accounting requirements.	<ul style="list-style-type: none">• The UKEB recommended that the proposals be effective for accounting periods beginning on or after 1 January 2026, with early adoption permitted.	<ul style="list-style-type: none">• Stakeholders expressed clear support for the UK recommendation on the effective date. Highlighted that time would be needed to collect the new information required to meet the proposed disclosure requirements.	<ul style="list-style-type: none">• Consistent with draft position.

Disclaimer

This Feedback Statement has been produced in order to set out the UKEB's response to stakeholder comments received on the UKEB's Draft Comment Letter on the IASB's Exposure Draft *Contracts for Renewable Electricity: Proposed amendments to IFRS 9 and IFRS 7*.

The views expressed in this Feedback Statement are those of the UK Endorsement Board at the point of publication.

Any sentiment or opinion expressed within this Feedback Statement will not necessarily bind the conclusions, decisions, endorsement or adoption of any new or amended IFRS by the UKEB.



Contact Us

UK Endorsement Board

6th Floor | 10 South Colonnade | London | E14 4PU

www.endorsement-board.uk

Appendix D: DRAFT Due Process Compliance Statement: Contracts for Renewable Electricity—Proposed Amendments to IFRS 9 and IFRS 7

The International Accounting Standards Board (IASB) published IASB/ED/2024/3 *Contracts for Renewable Electricity: Proposed Amendments to IFRS 9 and IFRS 7*¹ (the Amendments) on 8 May 2024. The IASB comment period ends on 7 August 2024.

Influencing process

Project preparation

Step	Mandatory / optional ²	Metrics or evidence	UKEB Secretariat comments
Added to UKEB technical work plan [Due Process Handbook (Handbook) 4.30]	Mandatory	Project included in the UKEB published technical work plan	Complete: The Amendments were included in the UKEB technical work plan published in October 2023 .

¹ The [ED](#) is available on the IASB website.

² In accordance with the [Due Process Handbook](#).

Step	Mandatory / optional ²	Metrics or evidence	UKEB Secretariat comments
Project Initiation Plan (PIP) [Handbook 5.4 to 5.8, A1 to A2 and A12 to A14]	Mandatory	PIP draft with project outline (background, scope, project objective) and approach for influencing (key milestones and timing)	<p>Complete: The Secretariat included mandatory milestones for the project and considered, as appropriate, other milestones and activities.</p> <p>The PIP was approved at the 26 April 2024 Board meeting.</p>
	Mandatory	Outreach plan for stakeholders and communication approach outlined	<p>Complete: The PIP (referred to above) included the outreach plan and approach.</p>
	Mandatory	Resources allocated	<p>Complete: One Project Director (0.8 FTE), and ad-hoc project manager support with technical support and oversight from a Senior Project Director were allocated to the project.</p>

Step	Mandatory / optional ²	Metrics or evidence	UKEB Secretariat comments
Project Initiation Plan (PIP) [Handbook 5.4 to 5.8, A1 to A2 and A12 to A14] (continued)	Mandatory	Assessment of whether to set up an ad-hoc advisory group	Complete: Taking a proportionate approach, an ad-hoc advisory group was not considered necessary due to the narrow-scope nature of the Amendments.
	Mandatory	Assessment of whether PIP required updating	Complete: We monitored this throughout the project, the nature and scope of which remained as proposed in the original PIP.
	Mandatory	UKEB Board public meeting held to approve PIP	Complete: The PIP was approved at the 26 April 2024 Board meeting.
Education sessions [Handbook 4.10]	Optional	Board provided with education sessions	Complete: The Board was provided with an education session on the proposed amendments at its 26 April 2024 private Board meeting.

Desk-based research

Step	Mandatory / optional ²	Metrics or evidence	UKEB Secretariat comments
------	-----------------------------------	---------------------	---------------------------

Desk-based research [Handbook 5.9 and A3]	Optional	Review of relevant documentation	Complete: the Secretariat has reviewed: <ul style="list-style-type: none">• The IASB's work on the Amendments (staff papers, ED)• Dissenting opinions in the ED• The Basis for Conclusions to the ED• Draft views of other standard-setters• Accounting manuals and press releases for guidance and illustrative examples
--	----------	----------------------------------	--

DRAFT

Outreach

Step	Mandatory / optional ²	Metrics or evidence	UKEB Secretariat comments
<p>Outreach activities [Handbook 5.10 to 5.12 and A4 to A8]</p>	<p>Mandatory</p>	<p>Evidence of consultation</p>	<p>Complete:</p> <p>Due to the narrow-scope nature of the Amendments, consultation activities were focused on consultation with advisory groups, including the RRA TAG, and engaging with several specialists in this field. The UKEB received 3 comment letters.</p> <p>The comment letters received were published on the UKEB website.</p>

DRAFT

Draft Comment Letter (DCL)

Step	Mandatory / optional ²	Metrics or evidence	UKEB Secretariat comments
DCL published for comment (mandatory unless impracticable) [Handbook paragraphs 5.13 to 5.17 and A4(d)]	Mandatory	Comment period set for responses to DCL	Complete: The DCL was published for consultation for 44 days on 5 June 2024 (comment period deadline: 19 July 2024).
	Mandatory	Review and approval at a UKEB public meeting	Complete: The DCL was reviewed and approved at the Board meeting on 24 May 2024, subject to revision after the meeting. The revision was approved by the Chair.
	Mandatory	DCL published on website for public consultation	Complete: The DCL was published on the UKEB website for public consultation on 5 June 2024 (comment period deadline: 19 July 2024).

Project finalisation and project closure

Step	Mandatory / optional ²	Metrics or evidence	UKEB Secretariat comments
Final Comment Letter (FCL) [Handbook paragraph 5.18 and A4(d)]	Mandatory	Public responses to DCL considered and published on website	Complete: The UKEB received 3 comment letters which were published on the UKEB website. All responses were assessed, reflected as appropriate in the FCL and summarised in the Feedback Statement.
	Mandatory	FCL approved by the UKEB in public meeting	Complete: A draft of the FCL was presented for approval to the Board at its 2 August 2024 ad-hoc public meeting. [The Board approved the FCL subject to suggested amendments.]
	Mandatory	FCL submitted to the IASB and posted on UKEB website	[The FCL was submitted to the IASB and posted on the UKEB website on [DD Month YYYY].]
Feedback Statement [Handbook 5.19 to 5.22 and A9 to A11]	Mandatory	Feedback Statement approved for publication by the UKEB in a public meeting	Complete: A draft of the Feedback Statement [insert hyperlink] was presented for approval to the Board at its 2 August 2024 ad-hoc public meeting. [The Board approved the draft Feedback Statement, subject to editorial changes.]
	Mandatory	Feedback Statement published on the UKEB website	[Complete: The final Feedback Statement was published on the UKEB website on [DD Month YYYY].]
Due Process Compliance Statement (DPCS)	Mandatory	DPCS approved by the UKEB in public meeting	Complete: A draft DPCS was presented for approval to the Board at its 2 August 2024 ad-hoc public meeting. [A final DPCS was presented for noting at the Board's [DD Month YYYY] meeting.]

[Handbook 5.23 to 5.26 and A12 to A14]	Mandatory	DPCS published on the UKEB website	[Complete: The final DPCS was published on the UKEB website after the [Month YYYY] Board meeting.]
--	-----------	------------------------------------	---

Ongoing communications

Step	Mandatory / optional ²	Metrics or evidence	UKEB Secretariat comments
Public Board meetings [Handbook 4.10]	Mandatory	UKEB public meetings held to discuss technical project	<p>Complete: The Board received updates on the project at its April, September and December meetings in 2023 and at its January, February, March and April meetings in 2024.</p> <p>The Board approved the PIP at its meeting on 26 April 2024, the DCL at its meeting on 24 May 2024 and [the FCL at its ad-hoc meeting on 2 August 2024].</p>
Secretariat papers [Handbook 4.20]	Mandatory	Board meeting papers posted and publicly available usually no later than 5 working days before a Board meeting.	<p>Complete:</p> <p>The UKEB’s meeting papers were published on the UKEB website 5 working days before the public meetings. Meeting minutes and recordings were made publicly available via the UKEB website.</p>

Step	Mandatory / optional ²	Metrics or evidence	UKEB Secretariat comments
Project webpage [Handbook 4.25(b)]	Mandatory	Project webpage contains a project description with up-to-date information on the project.	Complete: The project webpage has been updated regularly on a timely basis.
Subscriber Alerts [Handbook 4.24]	Optional	Evidence that subscriber alerts have occurred	Complete: Subscribers were alerted via email 5 days before each Board meeting, with links to the agenda, papers and the option to dial in to observe the discussion.
News Alerts [Handbook 4.24]	Optional	News Alert to announce publication of key documents	Complete: News Alerts were published on 5 June 2024, 21 June 2024, 8 July 2024 and 11 July 2024 calling for comments. A News Alert was published on [DD Month YYYY] alerting stakeholders to the FCL. [A link to the FCL was sent out to the UKEB advisory groups.] [A News Alert announcing publication of the Feedback Statement was published on DD [Month YYYY].]

Conclusion

This project complies with the applicable due process steps, as set out in the December 2022 Handbook.

DRAFT