
IASB® meeting

Date	December 2024
Project	IFRS Accounting Taxonomy
Topic	Feedback on Proposed IFRS Taxonomy Update—<i>Contracts for Renewable Electricity</i>
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This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (IASB). This paper does not represent the views of the IASB or any individual IASB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS® Accounting Standards. The IASB's technical decisions are made in public and are reported in the IASB® *Update*.

Introduction and purpose

1. In August 2024, the IASB published the [IFRS® Accounting Taxonomy 2024—Proposed Update 2 *Contracts for Renewable Electricity*](#) (the PTU) which sets out the proposals to the IFRS Accounting Taxonomy to reflect the proposed disclosure requirements in [Contracts for Renewable Electricity](#) (the Exposure Draft). The 60-day comment letter period closed on 14 October 2024.
2. The IASB obtained permission from the Due Process Oversight Committee to publish the PTU based on the Exposure Draft, to allow the IFRS Taxonomy Update to be published with the IFRS Accounting Taxonomy 2025 in March 2025. The IFRS Taxonomy Update will reflect changes arising from comments received for the PTU and changes to the proposed disclosure requirements in the Exposure Draft.
3. This paper summarises the feedback received on the PTU from comment letter respondents and changes to the proposed disclosure requirements in the Exposure Draft that were tentatively decided by the IASB in its October 2024 meeting.

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4. We are not asking the IASB to make any decisions at this meeting. However, we are asking the IASB members to comment on:
- (a) the feedback received from comment letter respondents;
 - (b) the recommended changes to the proposals in the PTU; and
 - (c) the next steps in the publication of the IFRS Taxonomy Update.

Structure of the paper

5. This paper is structured as follows:
- (a) summary of proposals in the PTU (paragraphs 6–9);
 - (b) summary of comment letter feedback (paragraphs 11–14);
 - (c) summary of recommended changes to the proposals in the PTU (paragraphs 15–31);
 - (d) next steps (paragraphs 32–33); and
 - (e) questions for the IASB.

Summary of proposals in the PTU

6. The Exposure Draft proposed to amend IFRS 9 *Financial Instruments* for the ‘own-use’ and hedge accounting requirements for contracts for renewable electricity and to amend IFRS 7 *Financial Instruments: Disclosures* for disclosure requirements relating to contracts for renewable electricity. The Exposure Draft also proposed consequential amendments to IFRS 19 *Subsidiaries without Public Accountability: Disclosures* to add disclosure requirements similar to those proposed for IFRS 7.
7. The IASB proposed to add separate text block elements for each of the specific disclosure objectives proposed in paragraphs 44T–44V of IFRS 7 because entities might disclose the information required by these paragraphs in different parts of the

financial statements and different parts of the proposed requirements are applicable to different parties to a contract for renewable electricity.

8. The IASB proposed to add for disclosure requirements relating to:
- (a) *terms and conditions of contracts for renewable electricity*—one text block element to reflect the disclosure of terms and conditions of contracts for renewable electricity;
 - (b) *contracts for renewable electricity that are not measured at fair value through profit or loss*—
 - (i) one monetary element for the fair value of the contracts at the reporting date, and one text block element for the information required by paragraphs 93(g)–(h) of IFRS 13;
 - (ii) one table to reflect the range of the volumes of renewable electricity expected to be purchased or sold, disaggregated by time periods, and one text block element to reflect the methods and assumptions the entity used in preparing this information and any changes therein;
 - (c) *sales under contracts for renewable electricity*—one element to reflect the proportion of renewable electricity covered by the contracts to the total electricity sold for the reporting period; and
 - (d) *purchases under contracts for renewable electricity*—three elements to reflect the information required by paragraphs 42V(a)–(c) of IFRS 7.
9. To reflect the proposed requirements relating to IFRS 19, the IASB proposed to add references to the related elements to reflect the proposed requirements in *Contracts for Renewable Electricity*.

Summary of comment letter feedback

10. We received three comment letters from stakeholders in Africa and International.¹ Two responses were from individuals and one response was from an accountancy body. In addition, we also received feedback from the [October 2024 ITCG meeting](#), in which these taxonomy modelling proposals were discussed.
11. Broadly the comment letter respondents and ITCG members were supportive of the proposals in the PTU with specific comments and suggestions.
12. One comment letter respondent suggested that the IASB should ensure that the documentation labels are updated to reflect any changes to the proposed disclosure requirements and to provide further guidance to clarify the application of these elements.

Staff analysis

13. We plan to make necessary amendments to the proposed elements and documentation labels to reflect the changes to the proposed disclosure requirements (paragraphs 17–31).
14. However, we do not plan to provide additional guidance on the application of these elements. In our view, the element label, read with the documentation label and other attributes, such as the element reference, is sufficient for preparers and users to understand the purpose and application of the elements.

Summary of recommended changes to the proposals in the PTU

15. This section is structured as follows:
 - (a) changes to the terminology for renewable electricity contracts (paragraph 16);
 - (b) changes to the scope of the disclosure requirements (paragraph 17–18);

¹ All comment letters are available [here](#).

- (c) changes to the proposals to reflect contracts for the receipt of nature-dependent electricity that are accounted for as executory contracts (paragraphs 19–25);
- (d) contracts designated in a hedging relationship as a hedging instrument in accordance with the hedge-accounting amendments (paragraphs 26–27);
- (e) disclosure requirements for subsidiaries without public accountability (paragraphs 28); and
- (f) transition and effective date (paragraphs 29–31).

Changes to the terminology for renewable electricity contracts

16. In its [September 2024 meeting](#), the IASB tentatively decided to replace the term ‘contracts for renewable electricity’ with ‘nature-dependent electricity contracts’—a term that better reflects the specified characteristics of the electricity contracts within the scope of the proposed amendments. In this agenda paper, we have used the term ‘nature-dependent electricity contracts’ (NDE contracts) to identify the contracts that has the specified characteristics which were used to scope the proposed amendments.

Changes to the scope of the disclosure requirements

17. In its [October 2024 meeting](#), the IASB tentatively decided to:
- (a) limit the scope of the disclosure requirements for NDE contracts within the scope of the amendments to:
 - (i) contracts for the receipt of nature-dependent electricity that are accounted for as executory contracts in accordance with own-use amendments (paragraphs 19–25);
 - (ii) contracts designated in a hedging relationship as a hedging instrument in accordance with the hedge-accounting amendments (paragraphs 26–27);

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- (b) exclude from the scope of the proposed disclosures NDE contracts for the delivery of electricity; and
 - (c) require an entity to cross-refer between notes to the financial statements if it disclosed information about contracts within the scope of the amendments in more than one note.
18. To reflect the changes described in paragraphs 17(b)–17(c) we plan to:
- (a) remove the elements that reflect the proposed disclosure requirements related to a seller under contracts for renewable electricity in the Exposure Draft; and
 - (b) add one text element to reflect the cross-reference to other notes in the financial statements, disclosing information about contracts within the scope of the amendments.

Changes to the proposals to reflect contracts for the receipt of nature-dependent electricity that are accounted for as executory contracts

Terms and conditions

19. In its [October 2024 meeting](#), the IASB tentatively decided to clarify that for NDE contracts specified in paragraph 17(a)(i), the entity shall disclose information about the contracts' terms and conditions that expose an entity to:
- (a) the variability of the contracted amount of nature-dependent electricity; and
 - (b) the risk of oversupply of electricity in any delivery interval.
20. Accordingly, we plan to retain the text block element modelled in the PTU to reflect disclosure requirement on the terms and conditions of the NDE contracts and amend the element and documentation label to reflect the amended disclosure requirements.

Expected electricity purchases or fair value information

21. In its [October 2024 meeting](#), the IASB tentatively decided to require an entity to disclose information about unrecognised contractual commitments, as at the reporting date, arising from the contracts, including:
- (a) the aggregated expected cash flows from buying electricity under the entity's contracts for the receipt of nature-dependent electricity that are accounted for as executory contracts in accordance with own-use amendments. An entity is required to apply its judgement to determine the appropriate time bands within which to aggregate the future expected cash flows; and
 - (b) qualitative information about how it assesses whether these contracts might become onerous, including the methods and assumptions it used in making this assessment.
22. To reflect these changes, we plan to:
- (a) retain the table structure proposed in the PTU, reflecting a disaggregation by time bands, and we plan to:
 - (i) amend the labels of the table text block element to reflect the revised scope of the disclosure requirement—that is, the expected cash flows from buying electricity under contracts for the receipt of nature-dependent electricity; and
 - (ii) instead of the proposed line-item elements reflecting the volume of electricity sold, add a monetary line-item element to reflect the expected cash flows from buying electricity under contracts for the receipt of nature-dependent electricity; and
 - (b) model a text element to reflect the disclosure of qualitative information about how an entity manages the risk that its contracts for the receipt of nature-dependent electricity might become onerous.

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23. To reflect the proposed disclosure requirements that are expected to be removed from the final amendment, we plan to remove:
- (a) the proposed text block element to reflect the information about methods and assumptions used in preparing the expected volume of renewable electricity; and
 - (b) the proposed monetary and text block elements to reflect information related to fair value of the contracts.

Effect of NDE contracts for receipt on financial performance

24. In its [October 2024 meeting](#), the IASB tentatively decided to require an entity to disclose qualitative and quantitative information about how the entity determined that it remained a net-purchaser under the contract for the reporting period, particularly information about the effects on its financial performance of:
- (a) purchases of electricity under the contracts, disaggregating information about the purchases of any unused electricity;
 - (b) sales of unused electricity purchased under the contracts; and
 - (c) purchases of electricity that offset sales of unused electricity in (b).
25. To reflect these changes, we plan to:
- (a) create separate monetary elements to reflect the requirements mentioned in paragraphs 24(a)–(c);
 - (b) remove the proposed percent, energy and ‘monetaryPerEnergy’ type elements reflecting the proposed requirements that are expected to be removed from the final amendments.

Contracts designated in a hedging relationship as a hedging instrument in accordance with the hedge-accounting amendments

26. In its [October 2024 meeting](#), the IASB tentatively decided to clarify that, for contracts designated in a hedging relationship as hedging instruments in accordance with the hedge accounting amendments, an entity would satisfy the proposed requirement to disclose information about the contracts' terms and conditions by disaggregating the information required to be disclosed by paragraph 23A of IFRS 7.
27. The IFRS Accounting Taxonomy already includes tabular structure to reflect the disclosure requirements of paragraph 23A of IFRS 7. To reflect these changes, we plan to create one new member reflecting these contracts, to be included in the existing tabular structure. Entities would then be able to use this new member with the existing elements to tag information on the terms and conditions of contracts for nature-dependent electricity designated as a hedging instrument.

Subsidiaries without public accountability

28. In its [October 2024 meeting](#), the IASB tentatively decided not to reduce the proposed disclosure requirements for an entity applying IFRS 19. Based on the expected modelling approach to reflect the requirements in IFRS 19 and consistent with our proposals in the PTU, we plan to add references to IFRS 19 to the related elements to reflect the disclosure requirements in this amendment.

Transition and effective date

29. In its [October 2024 meeting](#), the IASB tentatively decided, among other transition requirements:
- (a) to require retrospective application without requiring comparative information to be restated for the own-use amendments (also referred to as the 'cumulative catch-up' transition approach), as proposed in the Exposure Draft; and

- (b) to require an effective date of 1 January 2026, with early application permitted from the date of initial application, accompanied by the disclosure of the fact of early application.
30. The IFRS Accounting Taxonomy already includes a mechanism to tag the information presented in accordance with the cumulative catch-up transition approach. Consistent with our proposed modelling approach, we do not plan to add a specific member to reflect the name of the amended IFRS Accounting Standard for the ‘Initially applied IFRSs [axis]’ because adding members for minor IFRS amendments would make this mechanism more complex to use and would be of little benefit to users of digital financial reports.
31. To reflect the disclosure of the fact of early application, we plan to add a reference to the line item ‘Description of fact of that new or amended IFRS Standard is applied early’ and add a member to the ‘Initially applied IFRSs [axis]’, in accordance with established taxonomy modelling policies.

Next steps

32. The IFRS Taxonomy Update will be balloted in January 2025 incorporating the changes discussed in this staff paper.
33. We plan to issue the final IFRS Taxonomy Update, along with final taxonomy files, with the release of the 2025 IFRS Accounting Taxonomy in March 2025.

Questions for the IASB

Do you have any comments on:

1. the feedback received from comment letter respondents;
2. the suggested changes to the proposals in the PTU; and
3. the next steps in the publication of IFRS Taxonomy Update—*Contracts Referencing Nature-dependent Electricity*?