

29 July 2021

Sue Lloyd  
Chair  
IFRS Interpretations Committee  
Columbus Building  
7 Westferry Circus  
Canary Wharf  
London  
United Kingdom

Dear Ms Lloyd

## **Tentative agenda decision – Economic Benefits from Use of a Windfarm (IFRS 16)**

Deloitte Touche Tohmatsu Limited is pleased to respond to the IFRS Interpretations Committee's publication in the June 2021 Update of the tentative decision not to take onto the Committee's agenda the request for clarification on whether, applying paragraph B9(a) of IFRS 16, an electricity retailer (customer) has the right to obtain substantially all the economic benefits from use of a windfarm throughout the term of an agreement with a windfarm electricity generator (supplier).

We agree with the IFRS Interpretations Committee's decision not to add this item onto its agenda for the reasons set out in the tentative agenda decision.

Additionally, we note that this IFRIC agenda decision covers a similar fact pattern to the one discussed at the August 2005 IFRIC meeting on the meaning of delivery in the context of the scope exemption in IAS 39. At that meeting the IFRIC concluded that a non-deliverable contract (i.e. a contract-for-difference) entered into with a customer to fix the purchase or sales price of electricity could not be synthetically linked with transactions to buy or sell electricity through an intermediary in order to satisfy the IAS 39:5 (now IFRS 9:2.4) scope exemption. In other words, such non-deliverable contracts would be regarded as derivative financial instruments. Similar to the August 2005 IFRIC decision, we do not think that the purchases of electricity through an intermediary can be synthetically linked with the longer term non-deliverable contract (i.e. the contract-for-difference under the power purchase agreement) in order to satisfy the requirements in paragraph B9(a) of IFRS 16.

As the fact pattern discussed in August 2005 is so similar to the facts surrounding this tentative agenda decision, we would suggest that when the IFRIC finalises the tentative agenda decision that a reference be added to the August 2005 agenda decision. It will be useful guidance for preparers to consider both the IFRS 16 and the IFRS 9 requirements when dealing with such transactions.

If you have any questions concerning our comments, please contact Veronica Poole in London at +44 (0) 20 7007 0884.

Yours sincerely

A handwritten signature in black ink, appearing to read 'V. Poole', written in a cursive style.

**Veronica Poole**  
Global IFRS Leader