



## THE CNMV PUBLISHES CRITERIA FOR RENEWABLE COMPANIES TO APPLY A CONSISTENT ACCOUNTING POLICY

22 October 2021

The Spanish National Securities Market Commission (CNMV) has today published the criteria adopted to enable a consistent application of the accounting policy in renewable energy companies.

After detecting discrepancies during the review of the Annual Accounts of certain listed companies, to which the special remuneration scheme set out in [Spanish Royal Decree 413/2014, of 6 June, on electricity generation by means of renewable, cogeneration and waste facilities](#) applies, the CNMV initiated a study and discussion process this year to unify the criterion used to calculate the profit obtained by electricity generation facilities included in the above-mentioned regulation. The new criteria, which affect the sector of listed companies engaged in renewable energy generation activities, have already been communicated to the issuers and their auditors. At this point in time, the criteria adopted are not expected to have a significant impact on the financial situation of the companies in the sector as a whole.

The criteria are intended to clarify how the return of said assets must be calculated, and in particular, to avoid the disparity detected on how the difference between the market price of the energy estimated beforehand by the system and the real performance of such market is recorded on the books (“Adjustment in value for deviations in market price (Valor de ajuste por desviaciones en el precio del mercado)” (Vajdm), - in accordance with Article 22 of the above-mentioned Royal Decree -).

Based on the analysis carried out, and taking into account the applicable regulatory framework and the insights from the discussions held with the sector (issuers concerned, auditors, etc.), the CNMV considers that, in general, deviations from the market, whether positive or negative, must be recognised in the balance sheet, as long as they comply with the definition of asset and liability set out in the conceptual framework of the International Financial Reporting Standards (IFRS) adopted by the European Union.

Further details are available [at this link](#).