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Building a better working world

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31 July 2024

Dear IASB members,

Exposure Draft IASB/ED/2024/5 Contracts for Renewable Electricity, Proposed amendments to IFRS 9 and IFRS 7

Ernst & Young Global Limited, the central coordinating entity of the global EY organisation, welcomes the opportunity to offer its views on the International Accounting Standards Board's (IASB or the Board) Exposure Draft IASB/ED/2024/5 Contracts for Renewable Electricity, Proposed amendments to IFRS 9 and IFRS 7.

We welcome and support the IASB's efforts with regard to amending the requirements in IFRS 9 and IFRS 7 for the accounting of contracts for renewable electricity from nature-based sources.

We would like to highlight the following observations that we address in the detailed responses to the specific questions in the Exposure Draft:

- While we agree that factors should be provided that an entity must consider when applying paragraph 2.4 of IFRS 9 for in scope contracts, we believe that it is critical that the IASB clearly articulates the key principles that form the foundation for the amendments. The own assessment is inherently judgemental, but without a clear articulation of the underlying principles for the amendments for in scope contracts, the complexity and diversity when making these judgements may increase. Please see points #8-10 where we outline our concerns in this regard.

- While we agree that, in light of the exceptions proposed, specific disclosures should be required, we do not fully agree with the proposed scoping for disclosures, or all of the disclosures proposed as we consider that the disclosures should only reflect the risks inherent in the proposed amendments. Please see points #14-18 where we outline our concerns in this regard.

- In our view, an effective date of annual reporting periods beginning on or after 1 January 2025 would not be appropriate to provide enough time to prepare to apply the proposed amendments. Please see point #25 where we outline our concerns in this regard.

- Footnote 1 of the ED explains that all the proposed amendments have been drafted within Chapter 6 of IFRS 9, including those that relate to the application of paragraph 2.4 of IFRS 9, and that in drafting any final amendments to IFRS 9, the IASB will consider further the location of those amendments. We believe that the location of the final amendments is critical to understanding the interaction with the existing requirements, and the consistent interpretation and application of the amendments.

A summary of our response to the questions are set out below. Should you wish to discuss the contents of this letter with us, please contact Michiel van der Lof at the above address, or on: on +44 (0) 20 7951 3152.

Yours faithfully

Ernst & Young Global Limited

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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?

1. In general, we agree with the direction of the proposed scoping, and that it should limit any unintended consequences in terms of the accounting for other contracts. However, we would like to draw attention to the points noted below which should be addressed in order to allow for more uniform interpretation and application, and thus limit diversity in practice as a result of the amendments. We would strongly suggest that illustrative examples be included with the final amendments, where the scoping characteristics are applied to contracts regularly seen in practice. This will greatly assist in the understanding and application of the scoping characteristics (see Appendix A).

2. Paragraph 6.10.1a) states "The source of production of the renewable electricity is nature-dependent so that supply cannot be guaranteed at specified times or for specified volumes. Examples of such sources of production include wind, sun and water."
   i. This criterion focuses on the nature of the source of production, but it does not appear to consider the producer's ability to control production (for example by using batteries or dams) one second after production occurs. The overall sentiment of the ED would suggest that both elements are important. This is particularly clear in the case of the hydro energy scoping discussion mentioned in point #3 below. We believe that it would be helpful to update the wording to clarify that the criterion considers both the nature of the source, and the inability of the producer to manage the volume and timing of electricity supplied.

      If both elements must be present to qualify for the scope exemption, we would suggest changing the 'so that' to 'and', i.e., "The source of production of the renewable electricity is nature-dependent ~~so that~~ and supply cannot be guaranteed at specified times or for specified volumes."

   ii. We believe that it is also important to consider the feasibility of the producer's 's ability to control the supply. This should consider technical, operational and financial feasibility. This would futureproof the criterion against improvements in storage ability, so that in advanced situations where producers are able to control supply but choose not to, the exemption would not be available. However, it would remain available where producers are not able to control supply. This would align the treatment with the logic laid out for biomass and certain hydro energy scenarios.

3. BC 9: The ED does not include contracts for biomass energy and some contracts for hydroelectricity in the scope of the proposed requirements, because those contracts might only have one of the characteristics described in proposed paragraph 6.10.1.

   It is not clear from the text in the ED why this is the case. However, the reasoning was helpfully explained in Staff paper 3A to the IASB March 2024 meeting in paragraph 23: "Input and feedback noted that:
   (a) although the production of biomass energy is nature dependent (for example because the energy comes from trees), it is not the case that the production of the energy cannot be guaranteed at particular times or for particular volumes. Biomass is the item to fuel the power station, but for example the sun's effect on the biomass does not have the same cause-and-effect on the energy production as when the sun shines to generate energy at a solar farm. Therefore, contracts for biomass energy would fail the characteristic in paragraph 16(a).

(b) some contracts for hydro energy do not transfer volume risk to the purchaser because it is possible for the generator to control production by, for example, opening or closing the dam or using other (less expensive) sources of energy to pump water through the generation assets. Therefore, these types of contracts for hydro energy would fail the characteristic in paragraph (b)."

In line with the comments raised in point #2 above, paragraph 6.10.1 should be clarified to reflect the principle highlighted in the staff paper, with a clearer articulation between the interaction of nature-dependency of generation, and the ability of the producer to influence quantity of supply. As such, in addition with the proposed clarification in #2, it would be helpful to include the above explanation from the staff paper in the BCs in the final standard to enhance understanding of the scoping criteria.

4. Paragraph 6.10.1b) states, "That contract exposes the purchaser to substantially all the volume risk under the contract through 'pay-as-produced' features. Volume risk is the risk that the volume of electricity produced does not align with the purchaser's demand for electricity at the time of production."

   We believe that the purchaser's ability to store should be taken into consideration so that further consideration would be required in situations where the purchaser can feasibly mitigate their volume risk exposure, but, nevertheless, chooses not to do so, and whether as a result this would result in failure of the scoping condition as defined above. This is especially relevant as technology evolves and storage capacity improves. Without this consideration, it may result in the inappropriate application of the amendments that is not in line with the underlying rationale for the amendments.

5. We therefore suggest that the following clarifications be made:
   i. How should 'demand' be understood? For example, is 'demand' referring to what the purchaser needs for immediate production requirements, or does it also include what the purchaser is willing to purchase now and store for future consumption (where storage is feasible)

   ii. Whether the purchaser's ability (technical, operational, or economic) to feasibly store the energy is relevant to the volume risk assessment? As storage technology improves, this may become an increasingly important assessment.

6. We suggest that the reference to 'substantially all' of the volume risk could be expanded to clarify that it only applies to the portion contracted for under the contract for renewable electricity.

7. We suggest considering the example of a contract whereby a producer of wind dependent electricity is able to guarantee the delivery of a fixed volume continuously in specified timing increments (say, a fixed amount of megawatts every 30 minutes), for instance, by delivering the bottom layer of the output. The question here is whether such a contract would be in scope of the amendments. For instance, could it be argued that as a result of the electricity being from a nature dependent source, the purchaser has to take the contractually agreed volume no matter what (there is no option to stop the supply), and therefore the contract will be in scope .If this is not how 6.10.1 is intended to be applied, then the scoping criteria should be clarified in this regard.

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?

8. While we agree that factors should be provided that an entity must consider when applying paragraph 2.4 of IFRS 9 to contracts in the scope of 6.10.1, we believe that it is critical that the IASB clearly articulates the

key principles that form the foundation for the amendments. The own assessment is inherently judgemental, but without a clear articulation of the underlying principles for the amendments for in scope contracts, the complexity and diversity when making these judgements may increase.

9. 6.10.3a): "In assessing how the volumes expected to be delivered under the contract continue to be in accordance with the entity's expected purchase or usage requirements, the entity is not required to make a detailed estimate for periods that are far in the future—for such periods an entity may extrapolate projections from reasonable and supportable information available at the reporting date. However, an entity shall consider reasonable and supportable information available at the reporting date about expected changes in the entity's purchase or usage requirements for a period not shorter than 12 months after the reporting date".

   There have been concerns raised about whether this paragraph means that if reasonable and supportable information is available after 12 months, it can be disregarded. Consequently, we suggest that this paragraph be amended, as follows:

   "In assessing how the volumes expected to be delivered under the contract continue to be in accordance with the entity's expected purchase or usage requirements, the entity is not required to make a detailed estimate for periods that are far into the future. However, the entity shall consider any reasonable and supportable information available at the reporting date about expected changes in the entity's purchase or usage requirements."

10. 6.10.3 (b) (iii): "The entity expects to purchase at least an equivalent volume of electricity within a reasonable time (for example, one month) after the sale".
    i. In order to illustrate the meaning and intention behind this point, we would recommend that an example be included in the final amendments to illustrate the application of this requirement. For instance, the example given in paragraph 34 of the agenda paper, "Scope of the proposed amendments and the proposed amendments to the own-use requirements" (agenda reference 3A) from the IASB March 2024 meeting.

    ii. BC 20(c) outlines the concept that an entity 'remains a net purchaser over a reasonable amount of time'. We would question if the intention is in fact to restrict this to an entity that is always a net purchaser, or whether it would be more appropriate to indicate that an entity needs to be primarily a net purchaser, albeit with a degree of sales that are not offset by future excess purchases due to the uncertainty inherent in the contracts within the scope of this exception.

    iii. It is unclear how an entity would determine what a reasonable period is. BC 20 (c) states that "reasonable depends on an entity's operations". However, it is not clear what types of elements of an entity's operations should be considered in this regard.

        a) We strongly recommend that the final standard includes more guidance as to what the underlying principle is to paragraph 6.10.3(b)(iii), together with factors that an entity should consider when making this assessment. For example, is the underlying principle that the assessment period must be short because the impact on profit and loss due to excess sales and subsequent purchases is expected to be limited over a short period of time? Or alternatively, is the key objective to identify structurally oversized contracts, in which case, a longer time period that considers seasonality may be more appropriate? As outlined in point #8 above, we believe that it is critical that the IASB clearly articulate the key principles underlying the assessment.

        b) Building on a) above, while we support the indication of a generally acceptable time period, we recommend that further guidance be provided about when a longer period would be acceptable, and whether there is a maximum acceptable period. For example, if entities have reduced activity in one particular month because of holidays or planned maintenance, whether the assessment could include a longer period. Equally, it could be

that based on the facts and circumstances, a period shorter than a month would be appropriate, and guidance in this regard should be provided.

c) Since the in-scope contracts are nature dependent, natural conditions will also mean that seasonality could impact the assessment. For example, there may be excess sales of solar sourced electricity by a purchaser in summer, but related purchases outside the contract in winter due to increased demand, and as a result, over the year the entity is a net purchaser. In line with the bullet points above, we would suggest adding that that seasonality could impact the assessment for both the purchaser and the producer.

iv. The level at which this assessment must be performed should also be clarified, i.e., whether the assessment is made at the level of the grid to which electricity purchased under the PPA is delivered. For example, if an entity has a PPA for deliveries to the grid in France, and has two plants, one in France and another in Germany, would it be inappropriate to consider purchases of electricity from the German grid for the German plant as part of the PPA? In addition, the amendments should explain the principle supporting this level of assessment (linking back to the overarching principle outlined as per point # 10(iii)(a) above).

v. As currently worded, it is unclear whether the assessment of future purchases should be limited to those in excess of what has already been contracted for under the same contract. This should be clarified as, otherwise, there may be a rolling effect where cumulative excess sales are rolled from one assessment period to the next, and only cause a failure at the end of the contract, i.e., an entity could justify the excess sales in one period by looking to upcoming purchases under the same PPA to argue that it is still a net purchaser. This would inherently double count those future purchases, resulting in a rolling effect.

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?

11. We agree with the proposed amendments to the hedge accounting requirements as they provide useful and practical relief. However, we draw attention to the points noted below.

12. In order to apply the hedge accounting relief in 6.10.4, this requires the contract to meet the scope requirements in para 6.10.1. The hedge accounting guidance is applicable for both the seller and purchaser of electricity as 6.10.4 refers to "either sales or purchases" and 6.10.5 is explicitly for sales. However, the scoping para 6.10.1(b) refers to the purchaser only with regard to the purchaser taking volume risk and whether it aligns with the purchaser's demand for electricity.

    The issue is that if a seller wants to apply the hedge accounting requirements in 6.10.4 and 6.10.5, it may not be feasible for them to know what the purchaser's demand is. It is suggested that the scoping for the hedge accounting requirements needs to be clarified, and, in particular, that while a seller is also in scope of 6.10.1, it is not required to know about, or assess, the elements of volume risk driven by the purchaser's demand (or ability to store) in order to be able to apply 6.10.4 and 6.10.5.

13. BC 27 states: ".. the volumes expected to be produced (applying probability-weighted scenario analysis)". It is unclear if this is what is meant throughout the document as to how expected volumes are calculated. This is unlikely to be the case, and as this is not how this is generally applied in practice, we would suggest that the reference to probability weighted be removed.

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?

14. While we agree that in light of the exceptions proposed specific disclosures should be required, we do not fully agree with the scoping, or all of the disclosures proposed as we consider that the disclosures should reflect the risks inherent in the proposed amendments.

15. With regard to the scoping, the proposed disclosures in IFRS 7.42T(b) are only for contracts not measured at fair value. Apart from this, the proposed disclosures are for all contracts for renewable electricity that have the characteristics in paragraph 6.10.1 of IFRS 9.
    i. We do not agree with this scoping as we believe that it is too broad. Rather the disclosures should be limited to those net-settleable contacts which meet the proposed own-use criteria and hedging amendments as per 6.10.3 or 6.10.4-6.10.6, respectively.

    ii. In particular, paragraph 42T(a) requires disclosure of the terms and conditions of the contracts. This would be applicable to say energy traders (who already measure at FVPL) with thousands of contracts, and it is questioned why these disclosures would be relevant in this case or in other cases where the contracts are measured at FVPL. These contracts are already in scope of IFRS 7 and IFRS 13. Paragraph 42W is noted, but this could unduly place more onerous requirements on these types of contracts than would be required for other FVPL commodity contracts. If there are particular risks and judgements, then IAS 1 and IFRS 13 would already require the appropriate disclosures, so it is unclear why increased emphasis is placed on these contracts, particularly if the trader regularly trades in and out of positions and doesn't hold the contract for the full contract duration.

    iii. The proposed disclosures will result in IFRS 7 requiring disclosures for contracts to buy or sell a non-financial item that are outside the scope of IFRS 9. Therefore, the scoping as per IFRS 7.5 needs to be amended accordingly.

16. 42U and 42V provide an objective, before stating 'specific' disclosure requirements. However, it is unclear if this is all that is required to be disclosed. If this is all that is required, then it would be more concise to remove the preamble in the paragraph and only give the disclosure requirement. Paragraph 42W seems to create an expectation to provide more disclosures, so this should be clarified.

17. With regard to 42U:
    i. It is questionable why specific disclosure is required for the seller, and it is unclear how disclosing the proportion of sales from in-scope contracts to total electricity sold would achieve the disclosure objective in that paragraph. A ratio on its own without further quantitative explanation could be meaningless.

ii. If the proposed disclosures are retained, it should be clarified if this disclosure should differentiate contracts to sell from hedges of those contracts, i.e., is the 'renewable electricity covered by the contracts' the gross amount, or the net amount offset against the hedge?

18. With regard to 42V, the following points are noted:

i. 42V a) "The proportion of renewable electricity covered by the contracts to the total net volume of electricity purchased".

It is unclear how this proportion is determined. Is this the volume as per contract/(total electricity purchased-excess sales), i.e., is it the net volume total purchased, after excess sales? We would suggest that this be clarified.

ii. 42V (c) : "the average market price per unit of electricity in the markets in which the entity purchased electricity":

- It is unclear if this is the price per the market in which the entity operates, i.e., the spot price the entity would have paid if it did not enter into the specific contract for renewable electricity, or if this includes the effect of the contracts the entity entered into for renewable electricity.

- It would be helpful to clarify that the price to purchase power from the central grid would be expected to be the default source of data for this calculation. Furthermore, it should be clarified if this is an average price over the period and across different markets/grids. The requirement refers to markets (in the plural), so it is unclear as to what different markets/grids should be taken into account and how to average the data across those markets.

- In some markets this data may be impracticable to obtain and to audit. For example, it is common in developing markets for energy contracts to be transacted on a bilateral basis, often at bespoke, confidential prices for individual purchasers. In energy scarce markets, large industrial consumers may have been given preferential pricing arrangements in exchange for agreeing to reduce energy usage to assist in stabilising the energy grid. If these entities also enter into renewable energy contracts, challenges arise in applying the requirement to disclose average market price data. If 'market price' is meant to include the average of all such bespoke pricing agreements in that jurisdiction/grid, it would not be feasible to disclose such data due to the lack of visibility into other entities' agreements. If 'market price' is meant to exclude any bilateral agreements and focus only on the prices accessible to the general market, the risk is that this pricing data is irrelevant to a reporting entity that has access to power through bilateral agreements. If 'market price' is meant to talk to the market that the entity can access (the bilateral agreement), then there is a risk that the disclosure requirement would require disclosure of sensitive confidential information. BC48 explains that the basis for the development of the disclosure requirements in 42V were to avoid disclosing sensitive information. However, in the latter scenario outlined, this objective would not have been met.

iii. 42V (d) refers to the 'actual total cost incurred'. It is unclear what this means, and if this includes the effects of sales of excess deliveries.

iv. The amendments will allow own use accounting for qualifying contracts. Therefore, despite expected sales of excess electricity, and the consequential exposure to risk, the contracts will be 'off balance sheet'. Consequently, in addition to the disclosures proposed in 42V, we believe that additional disclosures which explain the impact of the exemption would be useful, for example of:

- The actual impact on profit and loss of excess sales during the period reported
- The ratio of excess sales in the period, to the total amount purchased under the PPA

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?

19. The paragraphs 67A-C mirror the proposed paragraphs in IFRS 7.42T-V. Therefore, our baseline comments on those paragraphs would also apply to the proposed IFRS 19 amendments. For the avoidance of doubt, we do not fully agree with the scoping, or all the disclosures proposed as articulated in our responses to Question 4.

20. Furthermore, in light of the overriding objective of IFRS 19, we are not convinced that the benefit of the current disclosure proposals would outweigh the costs for subsidiaries without public accountability.

21. Additionally, the proposals under IFRS 7.42W, have not been included in IFRS 19. This paragraph is useful in clarifying the level of detail to disclose, in particular, that an entity need not disclose information for each contract separately. If the rest of the amendments to IFRS 7 have been carried forward to IFRS 19, it is suggested that 42W (minus the reference to B3) also be included in IFRS 19.

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?

22. In general, we agree with the proposals, but we note the concerns outlined in the points below.

23. 7.2.51:"However, if an entity applies paragraph 6.10.3 in a reporting period that includes the date the amendments are issued, the entity shall recognise any difference between the previous carrying amount and the carrying amount at the date when the amendments are issued in the opening retained earnings (or other component of equity, as appropriate) at the beginning of that reporting period."

    It is not immediately clear what this paragraph is suggesting, and we would recommend that this be clarified, possibly together with an example of how it is intended to be applied. In particular, it should be clarified what is meant by 'beginning of that reporting period', for instance, whether this is the beginning of the first period for which IFRS results are published. This is particularly relevant for interim reporters where the first time adoption is in a reporting quarter that is not reflected in the annual reporting cycle. If the amendments are finalised in late 2024, would a quarterly reporter with a December year end see the beginning of the reporting period as 1 January 2024 or as 1 October 2024?

24. 7.2.52: "An entity is permitted to change the designation of the hedged item in a cash flow hedging relationship that was designated before the date the amendments are first applied."

i. For updated hedges, it is unclear when the update would need to be made for entities that early adopt the amendments in the year they are issued, i.e., whether this would this be the date the amendments are issued, similar to 7.2.51, or if it could be a later date?

ii. It is noted that the wording for the transitional requirements for the amendments for cross currency basis cost of hedging in IFRS 9.7.2.26(d) refers to the retrospective application only applying to hedging relationships that existed at the beginning of the reporting period in which the amendments are applied. The reference to 'relationships that existed' seems to be clearer than just referring to 'designation'. Although, there is also interpretation around the meaning of what is meant by 'relationships that existed', International GAAP, chapter 48, 12.3.1 says, "We believe that in order for a hedge relationship to 'exist' as at the beginning of the earliest comparative period, it must have met all the hedge accounting conditions in IAS 39.88 on that date, including demonstration of effectiveness". We suggest that it be clarified what hedging relationships will qualify for retrospective application, and what criteria need to be met (and when).

iii. We would also suggest that the IASB also allows an entity to re-assess the option in IFRS 9.2.5 to designate the contract at fair value through profit and loss upon transition to the amended standard if the requirements of IFRS 9.2.5 are met.

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?

25. If early adoption is allowed, it is unclear why such a shortened period until the effective date is needed. By allowing early adoption, those entities who want to early adopt can do so, and by allowing the normal time frame for the effective date, this will give entities that require more time the time needed to implement the amendments.

    Depending on the nature of the final disclosure requirements, a few months' lead time between publication of the amendments and 1 January 2025 when entities would need to start gathering data on average market prices of energy, may be insufficient.

Appendix A

This appendix contains examples of contracts seen in practice. In line with point #1, it is highly recommended that examples be included in the final amendments whereby the scoping of such types of contracts are analysed.

I. A contract where the volume could be fixed, but the time of the delivery is highly dependent on 'nature' then there could be instances intra month whereby excess volume could arise, i.e., the volume is fixed, but there is no control over the timing.

II. The volume in the contract is fixed, and the timing of the delivery is constant, i.e., the same volume is delivered constantly in hourly instalments over a 24-hour period, throughout the week. As this is a nature sourced production, there is no way to 'turn off' the supply in low peak times, so it is delivered, regardless of the purchaser's demand.

III. A contract negotiated with a cap and/or a floor present for the volumes.

IV. A contract where the specified volume is all (or a percentage of) of the power produced from a specific solar plant. The contract contains a guaranteed annual minimum volume. If the volume from the solar plant is too low to meet the minimum guaranteed volume, the seller will then source additional volumes of power from other solar plants controlled by the seller.

V. A contract where the volume purchased today is based on the volume that that was forecasted the previous day.