

PROJECT HISTORY

Contact: Gwenda Jensen (gwendajensen@ipsasb.org)

September 2015

The IPSASB provided further direction for development of the Emissions Trading Schemes (ETSs) consultation paper (CP). The IPSASB noted the on-going relationship between this project and the International Accounting Standards Board's (IASB's) "Pollutant Pricing Mechanisms" project, which also addresses accounting for involvement with ETSs. Staff for each board are working collaboratively, although IPSASB staff focuses on the ETS administrator side of transactions, while IASB staff focus on the participants' side. The IPSASB discussed the desirability of developing a coherent accounting approach that reflects the economic substance of transactions from both perspectives; administrator and participants. The IASB discussion paper is now scheduled for approval in 2016, and the IPSASB paper will follow the same timeline.

The IPSASB reviewed a draft description of ETS public policy objectives, which also discussed policy intervention choices and the costs that could result from different interventions. The administrator's public policy objectives provide important context for ETSs and insights into their economic impact and accounting treatment. The IPSASB directed staff to revise the draft description and develop it into a background paper. The IPSASB then reviewed five alternative accounting approaches for ETS administrators. These were evaluated against the Conceptual Framework's definitions of assets and liabilities. The IPSASB discussed the different ways in which participants receive emission allowances and different ideas about what an emission allowance represents. ETS accounting treatments should cope with the variety of different schemes that exist worldwide and their evolution over time.

A further issues paper will be developed and discussed by the IPSASB in December. Staff will also revise the description of public policy objectives, and transform it into a background paper.