



STAFF PAPER

July 2022

IASB® meeting

Project	Rate-regulated Activities	
Paper topic	Cover note	
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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*.

Purpose of this meeting

1. At this meeting, we will continue redeliberating the proposals in the Exposure Draft [*Regulatory Assets and Regulatory Liabilities*](#) (Exposure Draft). We have prepared two papers relating to total allowed compensation:
 - (a) Agenda Paper 9A *Components of total allowed compensation*—this paper analyses feedback about whether the proposed components of total allowed compensation appropriately reflect the economics of incentive-based schemes. To address that feedback the paper recommends the application guidance of the final Standard does not specify the components of total allowed compensation, but rather focuses on helping entities identify differences in timing. The application guidance will focus on the most common differences in timing that may arise from different types of regulatory schemes.
 - (b) Agenda Paper 9B *Total allowed compensation—Regulatory returns on an asset not yet available for use*—this paper analyses feedback on the proposed treatment of regulatory returns on an asset not yet available for use and makes recommendations to address that feedback. Assuming the IASB agreed with the staff recommendation to amend the proposed treatment of those regulatory returns, the paper also recommends analysing further whether an entity's

capitalised borrowing costs should affect the amount of regulatory returns reflected in profit or loss during the construction period.

Next steps

2. At future IASB meetings, we will continue redeliberating the proposals.