

EEI & AGA Executive Accounting News Flash

March 2024

Dear Colleagues:

We hope you are doing well and your 2024 is off to a great start as we anticipate another action-packed year with new rulemaking, standard-setting and of course, many in-person events to provide opportunities for continuous development and networking. This edition of the Newsflash summarizes rulemaking and topics that are most impactful to our industry, including the long-anticipated SEC rule on climate disclosures which is now imminent.

Last week, the SEC announced a public meeting set for **Wednesday, March 6, 2024**, when the commission will vote on a final **Climate Disclosure Rule**. We anticipate the rule to be passed, marking significant new climate-related requirements for all registrants. You can expect separate communications from EEI and AGA shortly after the rule is issued with additional information and learning opportunities.

We want to invite you to our annual EEI, AGA and Deloitte webcast on **FERC** accounting and reporting requirements on **Wednesday, March 13, 2024**. Gain valuable insights into FERC to GAAP differences, audit findings, accounting guidance, and more. [Learn more and register to attend here!](#)

Registration will be opening soon for the EEI-AGA Spring Accounting Conference to be held in Las Vegas, Nevada from May 21-24, 2024 and for the EEI-AGA Accounting Leadership Conference and Chief Audit Executives Conference (joined by the EEI Accounting Standards Committee and AGA Accounting Principles Committee) to be held in Niagara-on-the-Lake, Ontario, Canada from June 23-26, 2024. We hope to see you at these important conferences! As a reminder, there will be no Fall Accounting Conference this year as we expect it to be replaced by committee-focused virtual meetings.

Please do not hesitate to reach out to any of us with questions or observations.

Taylor Jenkins, Industry Accounting Fellow

tayjenkins@deloitte.com or 765-438-5158

Randall Hartman, Senior Director, Accounting – EEI

rhartman@eei.org or 202-508-5494

Victoria Richardson, Senior Director Finance and Accounting – AGA

vrichardson@aga.org or 202-824-7131

Regulator Activity

SEC and PCAOB – Amendments to PCAOB Auditing Standards

As previously reported, the Public Company Accounting Oversight Board issued [Release No. 2023-003](#) which proposes amendments to their Auditing Standards related to a Company's Noncompliance with Laws and Regulations and Other Related Amendments (referred to as "NOCLAR"). If adopted, the proposal would increase auditor requirements to identify, evaluate, and communicate possible or actual noncompliance with laws and regulations, including fraud.

EI and AGA disagree with the proposal for a number of specific reasons which are summarized in our joint [comment letter](#) filed with the PCAOB on August 7, 2023.

The PCAOB recently announced that it is reopening the comment period until March 18, 2024 and hosting a virtual roundtable on the NOCLAR proposal on March 6, 2024.

A [briefing paper](#) on the roundtable includes specific questions to be discussed and additional background. The public may join the meeting in watch-only or listen-only mode – [see Webex information here](#).

FASB – Income Tax Disclosures ASU

On December 14, 2024, the FASB issued [Accounting Standards Update 2023-09 Income Taxes \(Topic 270\): Improvements to Income Tax Disclosures](#). This standard mandates expanded disclosures and disaggregation requirements for the effective tax rate reconciliation, new disclosures for income taxes paid, and elimination of certain existing disclosures related to unrecognized tax benefits. For a complete summary, see [Deloitte's Heads Up publication](#).

The standard is effective for fiscal years beginning after December 15, 2024. There are potential Power & Utility industry-specific considerations for this standard related to the classification of ASC 980-740 rate reconciliation items and disclosures of income taxes paid for subsidiary reporting entities that do not file income tax returns – stay tuned for more information in future communications.

FASB – Income Statement Disaggregation

On July 31, 2023, the FASB issued a [proposed Accounting Standards Update](#) that would enhance disclosures related to disaggregation of income statement expenses. The objective of the proposed ASU is to "address requests from investors for more detailed information about the types of expenses (including employee compensation, depreciation, and amortization) in commonly presented expense captions contained within a new footnote to the financial statements.

AGA and EI submitted their joint [comment letter](#) to FASB on October 27, 2023. No timeline has been announced for an anticipated final standard.

FASB – Treatment of Land Lease Costs Incurred During Construction

At the September 2023 Liaison meeting with FASB, Chief Accounting Officers' leadership solicited feedback on the potential of filing an agenda request specific to the treatment of land lease costs incurred during construction. As a result of the informal discussion, EEI and AGA jointly submitted an [Agenda Request](#) on November 8, 2023 proposing amendments to either ASC 842 or ASC 970.

Such changes would ensure the accounting for costs of assets constructed on land leased from others, which is increasingly common in our industry (particularly for construction of renewable generation sources), better reflect the underlying economics of these types of transactions. We are anticipating a FASB response to the Agenda Request later this year.

FERC - USofA Order 898

On July 28, 2022, the FERC issued a Notice of Proposed Rulemaking (NOPR) to update the Uniform System of Accounts (USofA). The final [Order 898](#) (Accounting and Reporting Treatment of Certain Renewable Energy Assets) was issued on June 29, 2023. The rule is effective on January 1, 2025.

Within this Order, FERC establishes new subfunctions and accounts for a variety of renewable generating assets, energy storage, environmental credits, and computer hardware and software, among others. The Order also codifies an accounting treatment for environmental credits.

The FERC Accounting Liaison Committee is continuing to evaluate the final rules. This topic is on the agenda for EEI's Let's Talk Accounting scheduled for April 23, 2024.

AGA submitted a Notice of Inquiry ("NOI") to the FERC staff December 22, 2023 to review the Uniform System of Accounts for renewable natural gas assets and environmental credits, hydrogen and carbon capture. The FERC Staff acknowledged receipt of the NOI and we anticipate questions from the FERC in the coming months.

For a complete list of active technical projects and task forces, see the schedule attached. Please let us know if you would like to get involved with any of these projects.

Upcoming Events

Additional details are available on the websites of EEI and AGA as they become available. Check with Randall Hartman, Victoria Richardson, or Dave Dougher for more information.

Date	Location	Event
March 13-14, 2024	Dallas, Texas	Accounting EAC and EEI Committee Leadership Strategic Planning Meeting Attendees: Accounting EAC Members and Accounting Committee Leaders
March 13, 2024	Virtual	FERC Reporting Refresher, Sponsored by EEI, AGA & Deloitte Attendees: Registration open to all
March 22, 2024	Virtual	ALC and AGA Leadership Strategy Meeting Attendees: AGA Accounting Leadership Council and AGA Staff
May 21-24, 2024	Las Vegas, Nevada	EEI/AGA Spring Accounting Conference Save the Date! Registration to open soon!
June 23-26, 2024	Niagara-on-the-Lake, Ontario, Canada	<ul style="list-style-type: none"> - EEI/AGA Accounting Leadership Conference - EEI/AGA Chief Audit Executives Conference - EEI Accounting Standards Committee Meeting - AGA Accounting Principles Committee Meeting - EEI Accounting EAC Summer Meeting - AGA Q2 Accounting Leadership Council Meeting Save the Date! Registration will open soon!
July 22-23, 2024	EEI Offices, Washington D.C.	EEI/AGA FERC Accounting Liaison Committee Meeting with FERC Staff Attendees: FERC Accounting Liaison Committee
August 26-29, 2024	Atlanta, Georgia	AGA/EEI Utility Internal Auditor's Training Course

		AGA/EEI Introduction to Public Utility Accounting and Advanced Public Utility Accounting Training Courses
September TBD	Virtual	FERC Accounting and Reporting Training, Sponsored by EEI, AGA & Deloitte
September 4, 2024	FERC Offices Washington, D.C.	AGA/EEI FERC, SEC and FASB Liaison Meetings Attendees: Accounting EAC Members and AGA Accounting Advisory Council Members
September 4, 2024	SEC Offices Washington, D.C.	
September 5, 2024	FASB Offices, Norwalk, Connecticut	
Fall TBD	Virtual	Fall Accounting Committee Meetings Attendees: EEI Accounting, Reporting, and Automation Committee AGA Corporate Accounting Committee EEI Property Accounting & Valuation Committee AGA Property Accounting & Valuation Committee

Inventory of selected technical projects and their status:

Standard Setter	Project	Task Force	Status
Final Standard Implementation			
FASB	Land Lease Costs During Construction	ASC Leaders	Submitted Agenda Request on 11/8/23
FASB	ASC 980 Alternative Revenue Programs – 24-month criterion	TBD	Drafting Agenda Request
FASB	Income Tax Disclosures	AGA TAC EEI TBD	Evaluating final standard
FASB	Segment reporting	Ad hoc/industry fellow	Evaluating final standard
FERC	Order No. 898 – Accounting and Reporting Treatment of Certain Renewable Energy Assets under RM21-11	EEI FERC Accounting Liaison Committee Task Force	Reviewing Final Order; Let's Talk Accounting scheduled 4/23/24
SEC	Cybersecurity Risk Management, Strategy, Governance, and Incident Disclosure	SEC	Reviewing Final Rule
Exposure Draft/NOPR			
SEC	Climate Disclosures	ESG Internal Controls/ASC	Final rule anticipated 3/6/24
SEC	Human Capital Management	SEC	NOPR in 2024
IASB	IFRS – Rate Regulation	IFRS	Redeliberations – std. in 2024
FASB	Disaggregation—Income Statement Expenses	Ad hoc	Submitted comments on 10/27/23
FASB	Hedge Accounting Improvements	Derivatives & Hedging	Member info call w/FASB staff; Board deliberations ongoing
Project Initiation/Preliminary Due Process Document			
FASB	Environmental Credits	Environmental Credits	Ongoing input to FASB; recent meetings w/staff in 4Q 2023; Board deliberations ongoing
FASB	Accounting for Government Grants	Government Grants	Transferable Tax Credits paper to Staff; Board deliberations ongoing
FASB	Software Costs	Software	Member info call w/FASB staff; Board deliberations ongoing
Research Projects			
FASB	ESG-linked financial instruments	ESG-Linked Fin. Instr.	Initial research
FASB	Hedge Accounting Phase 2	Derivatives & Hedging	Initial research

The following are industry accounting task forces:

Task Force	Summary	Chair	Status
Accounting Standards Committee - Active			
Energy Storage Accounting	Published energy storage whitepapers	David Batten, Entergy	Active ✓
Environmental Credits	Provided input to FASB staff	Mike Dixon, National Grid	Active
ESG-Linked Financial Instruments	Awaiting FASB actions	TBD	Active
Government Grants	Awaiting exposure draft	Amin Mohamed, NextEra Energy	Active
IFRS – Rate Regulation	Final standard in 2024	Open	Active
SEC	Standing	Coordinated by EEI Staff	Active
Segments ad hoc group	Final standard issued	Coordinated by industry fellow	Active
Software	Standing	Cindy Grippando, Southern Co., Eric Lundberg, ATC	Active
Disaggregation—Income Statement Expenses ad hoc group	Comments filed 10/2023	David Dougher, EEI	Active
Cross-Committee - Active			
Automation	Technology and Finance	John Crennen, Xcel Energy	TBD ✓
ESG Internal Controls	Developing work plan and deliverables for EAC review	Kristin Susick, FirstEnergy; Tabitha Argent, Southern Company; Steve Busser, Evergy	Active ✓
FERC Order 898 – Accounting for Renewable Assets	Evaluating final rule.	Dave Dougher, coordinating with FERC Accounting Liaison Committee	Active
PowerPlan User Group	Standing	Amber DeLucenay, FPL	Active ✓
Workiva/Systrends ad hoc group	Standing	Dave Dougher	Active ✓
Accounting Standards Committee - Inactive			
Benefits Accounting	Standing	Open	Inactive
Derivatives and Hedging	Standing	Open	Inactive
Simplification Standards	Standing	Open	Inactive
			✓ EEI-only