Simplification and burden reduction measures for energy trading firms

Proposals to be included in MISP

July 2026

Extension of mandatory delegated reporting under EMIR and SFTR

Problem

- Current EMIR and SFTR regime requires dual-sided reporting
- **Non-financial energy companies (NFCs) face high compliance costs and administrative burden, even when reporting is delegated** as they remain responsible for data provision, data quality, and reconciliation obligations
- **ESMA identifies in its interim report[1)] removing dual-sided reporting as a major cost-saving opportunity** and a way to align with international standards

Proposal

Introduce mandatory delegated reporting for all derivative contracts (incl. ETDs) and all counterparties for EMIR and SFTR, as proposed by ESMA and supported in MEP Ferber's MISP draft amendments:

- Assign sole reporting responsibility and liability to the more sophisticated counterparty (e.g., financial counterparty, trading venue, CCP)
- The reporting hierarchy (waterfall approach) should ensure complete market coverage and legal certainty across all counterparty combinations. For transactions between two non-financial firms, agree the reporting entity bilaterally
- Remove reconciliation and reporting obligations for the non-reporting counterparty

Benefit

- ✓ **Substantial administrative burden and cost reduction** due to elimination of transaction reporting reconciliation duties
- ✓ **Clear accountability for data quality**
- ✓ **Alignment with global standards**

1) Link to ESMA Interim Report

Streamlining the process of intragroup reporting exemption under EMIR

Problem

Current EMIR intragroup reporting exemption process is complex, time-consuming, and costly:

- Groups operating across several EU Member States must obtain approvals from multiple national competent authorities (NCAs)
- Different NCAs apply varying procedures, timelines, requirements, and fees
- Significant resources are needed for documentation, submissions, follow-up, and regulatory engagement for each entity pair

Proposal

Streamline the intragroup reporting exemption framework under EMIR 3:

- Replace multiple NCA notifications with a **single, standardized central notification** submitted to ESMA or the group's national home regulator
- Allow parent companies to **submit one consolidated list of EU and non-EU subsidiaries** covered by the exemption
- **Permit use of the exemption from day one**, subject to supervisory oversight and compliance with EMIR requirements

Benefit

- ✓ **Significant reduction in administrative and compliance burden** through the elimination of duplicate notifications and approvals
- ✓ **Alignment with** more efficient **international practices**
- ✓ **More proportionate and risk-sensitive** treatment of low-risk intragroup transactions

Legal certainty for joint venture and hedging structures for renewable energy projects

Problem

- **Renewable energy projects increasingly rely on joint ventures and long-term hedging arrangements** (in particular virtual PPAs) to secure financing
- **Current EMIR rules do not adequately reflect these financing structures**, creating legal uncertainty and regulatory burden:
  - Virtual PPAs (vPPAs) may count toward EMIR clearing thresholds potentially triggering NFC+ Status, discouraging energy firms from offering them despite their importance for renewable energy financing
  - Existing EMIR group definitions for hedging purposes are unclear regarding joint ventures and entities consolidated “at equity”
  - ➢ This ambiguity limits the ability of project participants to use hedging exemptions and manage risks efficiently.

Proposal

- **Clarify in EMIR Level 1 that vPPAs do not count toward the EMIR clearing threshold**
- **Clarify that joint ventures and equity-accounted entities can be treated as part of the group for hedging purposes**

Benefit

- ✓ **Strengthened investment framework for renewable energy** and **improving competitiveness** vis-à-vis other jurisdictions
- ✓ **Improved legal certainty** for long-term hedging
- ✓ Financial regulation aligned with modern corporate and financing structures