

*The European electricity industry is striving to achieve a carbon-neutral electricity mix in Europe by 2045 and serve as a solution-maker towards the achievement of the EU climate objectives under the Paris Agreement. A decarbonized power sector is indeed at the heart of the European fight against climate change. In this context, Eurelectric welcomes and supports the consultation launched by the European Securities and Markets Authority (ESMA) on undue short-term pressure on corporation from the financial sector. The collection of evidence on market practices and the views of financial market participants will be key to support the task allocated by the European Commission to the European Supervisory Authorities (ESAs) of developing a report presenting evidence and possible advice on potential advice undue short-termism. Connecting finance to a more sustainable economy is essential to provide clarity and confidence to investors*

*The energy sector needs long term financial investments - which are not always consistent with short term financial strategy - because of the duration of the physical assets. As a consequence, the market-to-market valuation is not appropriate as a fair value for the financial valuation of the physical assets. Indeed, the accounting system for financial investors must reflect the long term strategy in order to facilitate investments in long term industrial assets. Otherwise, there is an outspoken risk that short-term market focus will result in some companies may under-invest in long-term value drivers such as innovation and human capital and overlook environmental and social objectives that require a long-term orientation.*