Request of Banco de España for an opinion of the European Central Bank on a draft Law on climate change and energy transition

Dear Mr. Hernández de Cos,

Thank you for your letter dated 25 February 2020, requesting on behalf of the Spanish Secretary of State for the Environment an opinion of the European Central Bank (ECB) on the draft Law on climate change and energy transition (hereinafter the ‘draft law’).

After careful consideration of the draft law, the ECB has finally decided not to adopt a formal opinion in the present case.

The ECB notes that Article 30(1) of the draft law requires the Banco de España to contribute to the joint preparation of a biennial report on the risks to the financial system that may arise from climate change and on the policies aimed at fighting it. This report is to be jointly prepared by three national authorities – the Banco de España, the National Securities Markets Commission and the Directorate General of Insurance and Pensions – and will be coordinated within the framework of the Macroprudential Authority Financial Stability Council (AMCESFI). The ECB considers that this contribution does not constitute a genuinely new task conferred on the Banco de España.

1 The official ECB letter is addressed in the official language of the concerned Member State.

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13 March 2020

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The ECB understands that Article 29(2) of the draft law requires credit institutions supervised by the Banco de España and the ECB to report annually, as part of their prudential reporting requirements, on the financial impact of their institutions’ exposure to climate change risks and the transition to a sustainable economy. The ECB considers that this requirement does not seem capable of materially influencing the stability of financial institutions and markets or the prudential supervision of credit institutions.

Based on these considerations, the ECB has concluded that the draft law only touches marginally on the ECB’s fields of competence pursuant to Articles 127(4), 127(6) and 282(5) of the Treaty on the Functioning of the European Union, in conjunction with the third and sixth indents of Article 2(1) of Council Decision 98/415/EC. The ECB has therefore decided not to issue an opinion on the draft law.

The ECB appreciates that you have sent the draft law to the ECB for consultation, and remains confident that the Banco de España and the competent Spanish authorities will continue to consult the ECB on future draft legislative provisions that fall within the ECB’s fields of competence under the Treaty on the Functioning of the European Union and Council Decision 98/415/EC.

Yours sincerely,

[signed]

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