

MODIFICATION PROPOSAL FORM			
<b>Proposer</b> (Company)	<b>Date of receipt</b> (assigned by System Operator)	<b>Type of Proposal</b> (delete as appropriate)	<b>Modification Proposal ID</b> (assigned by System Operator)
EirGrid / SONI	2 <sup>nd</sup> September 2025	Standard	CMC_17_25
<b>Contact Details for Modification Proposal Originator</b>			
<b>Name</b>	<b>Telephone number</b>	<b>Email address</b>	
Aodhagan Downey		Capacitymarket@sem-o.com	
<b>Modification Proposal Title</b>			
<b>Drawdown of Performance Security</b>			
<b>Documents affected</b> (delete as appropriate)	<b>Section(s) Affected</b>	<b>Version number of CMC used in Drafting</b>	
Capacity Market Code	Section J.7	V.12	
<b>Explanation of Proposed Change</b> (mandatory by originator)			
<p>Section J.3 of the Capacity Market Code ('CMC') outlines that the purpose of the Performance Security is to provide credit support for any Termination Charges which may become payable by the Participant in respect of Awarded New capacity.</p> <p>Section J.7 of the CMC currently provides two avenues for payment of Termination Charges:</p> <ol style="list-style-type: none"> <li>1) Payment in full of the invoice issued by the System Operators ('SOs') by the Defaulting Participant, within the invoice payment period.</li> <li>2) Where an invoice issued by the SOs has not been paid in full by the Defaulting Participant within the invoice payment period, the SOs shall call / serve demands to draw down the Defaulting Participant's Performance Security to satisfy the invoice charges outstanding.</li> </ol> <p>This modification proposes to amend the CMC to provide an additional option, by providing that a Defaulting Participant may authorise the SOs to draw down the Participant's Performance Security without waiting for an issued invoice payment period to elapse, thus avoiding the need for the SOs to make a formal call / demand to draw down on the Participant's Performance Security.</p> <p>The proposed option is elective and would reduce the administration and time required for a Participant to satisfy Termination Charges due by authorising the SOs to draw down their Performance Security cash Reserve Account.</p>			
<b>Legal Drafting Change</b> (Clearly show proposed code change using <b>tracked</b> changes, if proposer fails to identify changes, please indicate best estimate of potential changes)			
<b>J.7 TERMINATION CHARGES</b>			
J.7.1.4 An invoice issued by the System Operators shall:			
<ol style="list-style-type: none"> <li>(a) set out the calculation of the Termination Charge(s) which the Defaulting Participant is liable to pay, in such detail as will readily show the Defaulting Participant how the calculation has been made; and</li> <li>(b) specify the date by which it is to be paid, which shall be not less than two Working Days after the date on which the invoice is issued; and</li> </ol>			

(c) specify the account into which the payment shall be made, which, to avoid doubt, may be an account in the name of the Market Operator at the SEM Bank.

J.7.1.5 The Defaulting Participant shall pay the amount invoiced under paragraph J.7.1.4 to the System Operators in full without deduction, set-off or counterclaim by:

- (a) depositing the amount into the specified account no later than the payment due date; or
- (b) authorising the System Operators to draw down the Defaulting Participant's Performance Security, where the Defaulting Participant's Performance Security is partially or fully in the form of a cash deposit in a Reserve Account(s) with the SEM Bank and where that cash deposit is sufficient to pay the amount invoiced under paragraph J.7.1.4.

#### **Modification Proposal Justification**

*(Clearly state the reason for the Modification)*

This modification proposes to provide an additional option for a Defaulting Participant to fulfil Termination Charges due after an invoice has issued by the SOs. Under the proposal, a Defaulting Participant may authorise the SOs to draw down the Participant's Performance Security without waiting for the invoice payment period to elapse, thus avoiding the need for the SOs to make a formal call / demand to draw down on the Participant's Performance Security.

#### **Code Objectives Furthered**

*(State the Code Objectives the Proposal furthers, see Sub-Section A.1.2 of the CMC Code Objectives)*

- (a) to facilitate the efficient discharge by EirGrid and SONI of the obligations imposed by their respective Transmission System Operator Licences in relation to the Capacity Market;
- (b) to facilitate the efficient, economic and coordinated operation, administration and development of the Capacity Market and the provision of adequate future capacity in a financially secure manner;
- (g) through the development of the Capacity Market, to promote the short-term and long-term interests of consumers of electricity with respect to price, quality, reliability, and security of supply of electricity across the Island of Ireland.

#### **Implication of not implementing the Modification Proposal**

*(State the possible outcomes should the Modification Proposal not be implemented)*

Currently, the CMC does not provide Defaulting Participants with the option to authorise the SOs to draw down on their Performance Security to satisfy an issued invoice relating to Termination Charges. Where a Participant is ultimately satisfied for their Performance Security to be used to pay Termination Charges due, the current provisions of the CMC create additional administration by way of the SOs having to wait for the issued invoice payment period to elapse, serving a formal demand on the Defaulting Participant and then commencing drawdown of the Participant's Performance Security.

This can result in Termination Charges not being satisfied in a timely manner, the non-payment of which ultimately is underpinned by the socialisation charge.

#### **Impacts**

*(Indicate the impacts on systems, resources, processes and/or procedures)*

No system changes would be required, with minimal changes to process envisaged.

**Please return this form to the System Operators by email to [CapacityModifications@sem-o.com](mailto:CapacityModifications@sem-o.com)**

### Notes on completing Modification Proposal Form:

1. If a person submits a Modification Proposal on behalf of another person, that person who proposes the material of the change should be identified on the Modification Proposal Form as the Modification Proposal Originator.
2. Any person raising a Modification Proposal shall ensure that their proposal is clear and substantiated with the appropriate detail including the way in which it furthers the Code Objectives to enable it to be fully considered by the Regulatory Authorities.
3. Each Modification Proposal will include a draft text of the proposed Modification to the Code unless, if raising a Provisional Modification Proposal whereby legal drafting text is not imperative.
4. For the purposes of this Modification Proposal Form, the following terms shall have the following meanings:

CMC / Code:	means the Capacity Market Code for the Single Electricity Market
Modification Proposal:	means the proposal to modify the Code as set out in the attached form
Derivative Work:	means any text or work which incorporates or contains all or part of the Modification Proposal or any adaptation, abridgement, expansion or other modification of the Modification Proposal

The terms "System Operators" and "Regulatory Authorities" shall have the meanings assigned to those terms in the Code.

In consideration for the right to submit, and have the Modification Proposal assessed in accordance with the terms of Section B.12 of the Code, which I have read and understand, I agree as follows:

1. I hereby grant a worldwide, perpetual, royalty-free, non-exclusive licence:
  - 1.1 to the System Operators and the Regulatory Authorities to publish and/or distribute the Modification Proposal for free and unrestricted access;
  - 1.2 to the Regulatory Authorities to amend, adapt, combine, abridge, expand or otherwise modify the Modification Proposal at their sole discretion for the purpose of developing the Modification Proposal in accordance with the Code;
  - 1.3 to the System Operators and the Regulatory Authorities to incorporate the Modification Proposal into the Code;
  - 1.4 to all Parties to the Code and the Regulatory Authorities to use, reproduce and distribute the Modification Proposal, whether as part of the Code or otherwise, for any purpose arising out of or in connection with the Code.
2. The licences set out in clause 1 shall equally apply to any Derivative Works.
3. I hereby waive in favour of the Parties to the Code and the Regulatory Authorities any and all moral rights I may have arising out of or in connection with the Modification Proposal or any Derivative Works.
4. I hereby warrant that, except where expressly indicated otherwise, I am the owner of the copyright and any other intellectual property and proprietary rights in the Modification Proposal and, where not the owner, I have the requisite permissions to grant the rights set out in this form.
5. I hereby acknowledge that the Modification Proposal may be rejected by the Regulatory Authorities and that there is no guarantee that my Modification Proposal will be incorporated into the Code.