

17/09/2025

Capacity Market Code Modification Workshop 45

CMC_17_25 Drawdown of
Performance Security



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- Presently under the CMC, the options available to a Participant to discharge Termination Charges are:
 - 1) Payment of the Termination Charge invoice issued by the System Operators ('SOs').
 - 2) Default on the invoice (failure to pay within invoice timelines) after which the SOs will formally call on posted Performance Security.
- This modification proposes to introduce an additional voluntary option:
 - 3) After the SOs issue the invoice, a Participant may authorise the SOs to draw down on posted Performance Security (cash reserve account) to satisfy Termination Charges due.
- This voluntary option avoids a Participant having to default on an invoice to use their posted Performance Security to satisfy Termination Charges in the first instance, and would reduce the administration / time required for both Parties where this is the preferred approach.

Proposed Legal Text:

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.

