

# Centrica plc

Modification 0678 Workgroup – Modification  
0678B Overview

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# Common Features with Modification 0678

Modification 0678B has much in common with National Grid's original 0678 Modification:

- The Reference Price Methodology is based on a Capacity Weighted Distance approach.
- Transmission Services Revenue Recovery Charges are capacity-based.
- The treatment of Existing Contracts in the derivation of Reference Prices is the same, i.e. they are excluded from certain calculations.
- Multipliers for firm capacity products are at a value of "1" and a discount of 10% is provided for interruptible capacity.
- A storage discount of 50%.
- Categorisation of costs to Transmission Services and Non-Transmission Services is the same.

# Key Differences between 0678B and 0678

- An Optional Capacity Charge is introduced to replace the current Optional Commodity Charge. The solution is broadly similar to “Idea 1” that is under discussion in Review Group 0670R. Invoicing and transition rules are included.
- The Transmission Services Revenue Recovery Charge will not apply to any Existing Capacity. The charge may be updated no more than once during a Gas Year.
- The Forecasted Contracted Capacity Methodology will be incorporated in the UNC. This methodology is currently being developed via workgroup.
- Rules for Capacity Trades are included.
- It is recommended that charges derived from this methodology first take effect from 1 October 2020.

# Interactions with other Modifications

- The inclusion of a solution to replace the Optional Commodity Charge provides for a holistic charging solution and does not rely on the work being progressed via Review Group 0670R and/ or any subsequent modification that may flow from it.
- By not applying the Transmission Services Revenue Recovery Charge to any Existing Capacity, the issues being progressed under Modification 0662 (“Revenue Recovery at Combined ASEPs”) are effectively dealt with.
- Modification 0678B will be assessed and progressed at workgroup with Modifications 0678 and 0678A, and to the same urgent timetable.