



TOC Re-calibration Working Group Meeting 2

**Monitoring point weightings
and cancellation minutes**

10th March 2017

Introduction

- In the first meeting of the re-calibration working group, NR and operators suggested that work could start early on reviewing monitoring point weightings and cancellation minutes.
- In line with ORR's role in setting out the principles of the regime, we have set out our views on what these elements of the regime are for to help structure the approach to re-calibrating them.

Monitoring point weightings – for discussion

- We see the main purpose of the monitoring point weightings as ensuring that the measure of lateness (i.e. AML) takes into account the impact on passengers of delay at different points along a service.
- With that in mind, we suggest that the monitoring point weightings for a service should be set broadly in line with the following principle:

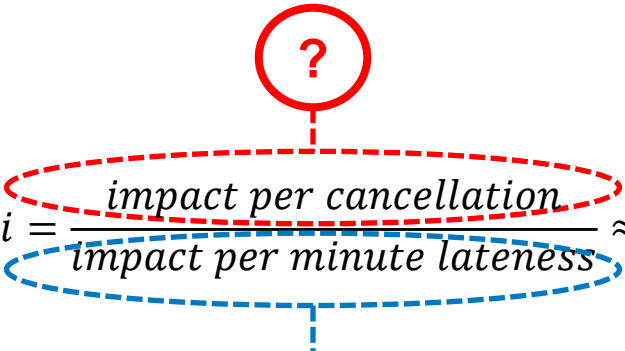
$$\textit{Weighting for Monitoring Point } i = \frac{\textit{passengers alighting at monitoring point } i}{\textit{total number of passengers on service}}$$

- Does this match your understanding?
- If so, what needs to be done to estimate these?
- If not, where does your understanding differ?

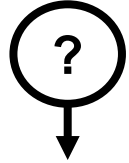
Cancellation minutes – for discussion

- We see the role of cancellation minutes as enabling cancellation incidents to be accommodated within wider Schedule 8 framework of payment rates set on the basis of AML.
- In order to do this, the financial impact of a cancellation needs to be converted into the number of delay minutes that would cause the equivalent level of delay.
- If that is the right principle, the calculation minutes should be set on the following basis:

$$\text{Cancellation minutes for service } i = \frac{\text{impact per cancellation}}{\text{impact per minute lateness}} \approx 1.5 \times \text{service interval}$$



This is the NR payment rate...



Is this still a good approximation?

- Does this match your understanding?
- If so, what needs to be done to estimate these?
- If not, where does your understanding differ?