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Dear Ekta Sareen,

Review of arrangements for establishing access charges for CP4

London TravelWatch represents transport users within the Greater London area. Our comments on the arrangements for access charges are on the basis of the impact on users of passenger rail services. In general terms London TravelWatch is satisfied by the track access structure that has been implemented in CP4. However, we have the following specific points about the access charge components, which are as follows:

1. Variable Track Access Charges

London TravelWatch supports the rejection of route or geographic usage charging systems. The effect of implementation of geographic pricing would be to cheapen the price per km of busy routes and vice versa on less used routes. We do not believe that this structure would be to the advantage of passengers because it might lead to the retrenchment of more lightly used areas of the network.

2. Fixed Track Access Charges

The fixed component of track access charges accounts for the largest proportion of the access charge income for Network Rail. The fixed charge is in essence the net residual revenue requirement after the variable and other income streams have been subtracted from the gross revenue requirement after the network grant.

In CP4 consideration was given to moving towards an avoidable cost approach rather than a simple network average. London TravelWatch suggests that the fixed element of the track access charges should be more closely tied to usage.

As part of the review on access charges, careful consideration needs to be given as to how to integrate Open Access operators. This is partly a question of access charging structure and also one of path allocation. The latter is being separately considered by the ORR but London TravelWatch urges that Open Access operators are more effectively integrated within the access charging structure, as well as the path allocation process.

3. Capacity Charges

London TravelWatch supports the current structure of capacity charges in principle. However, as part of the review being under taken for the policies on path allocation could clear pricing

signals be considered in order to complement the path allocation criteria?

4. Electric Charge for Traction

The electric charge for traction according to PR 08 does send an effective pricing signal to operators. It is related to usage and is not a straight pass through cost to the DfT. Operator can find ways to reduce electricity consumption.

While the CP4 charges now more accurately reflect the impact of regenerative braking, London TravelWatch wonders if the costs of electricity usage during stabling could be assessed in order to further incentivise operators to save energy while the trains are not in use.

5. Other Charges

The European Directive 2001/14/EC which governs arrangements for charging permits a number of other charges to be levied as part of the charging regime. Of these charges, an environmental charge is an area which was considered and not implemented as part of the Periodic Review 2008. London TravelWatch recommends that this position is kept under review, particularly in relation to the potential to complement electrification of the railway network.

London TravelWatch supports the use of investment charges, such as those for Evergreen 3, but, providing that they do not reduce the potential for other train operators to run services which are not primarily revenue abstracting.

6. Network Availability

London TravelWatch believes that the availability of the network should be explicitly prioritised in the track access charging system. The incentive should be both for the infrastructure manager and for franchised passenger operators. The structure for increasing network availability should therefore put pressure on the TOCs to in turn exert their influence on Network Rail to come up with arrangements for engineering work which result in the least disruption to passengers.

7. Performance Scheme

London TravelWatch suggests that consideration is given to the performance regime to provide more positive impacts for passengers. For example, the net effect of penalties for delay minutes could be used specifically for railway network investment. On this basis both Network Rail and Train Operators would be regulated by the ORR to invest any proceeds from delay minutes in schemes to the benefit of the network.

Yours sincerely,

Rufus Impey – Senior Policy Officer