

Dear Mr Herbert

Thank you for the opportunity to respond to your consultation on Connection Contracts.

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Here are our comments. We are raising issues of principle, and we would wish the principles to be aired.

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Apart from the changes you are proposing, we feel the following issues must be considered please.

1. PRINCIPLE OF RENEWAL COSTS

The current concept is for the Adjacent Facility Owner to contribute most, if not all of the renewal cost of the NR Connecting Network when it is due for renewal.

Q. Is that principle correct and fair and just to both parties?.

One can argue that all of the connecting network is only there for the benefit of the Adjacent Facility...however...

Q. Should the traffic over the connecting network and the mainline be taken into account by apportioning the traffic and factoring that into the costs?..

Renewals are driven by time [decay/degradation] and by wear. Wear will reflect the traffic flow on both the mainline and the connection. Usually, the traffic on the main will be much greater than on the connection.

In our case, traffic on the main since last renewal in 1967 has probably been hundreds if not thousands times as great as any traffic on the connection. Currently, the lead is approaching life expiry due to both wear and decayed timbers

The dictionary definition of 'renewal' says 'restore to original condition'.

So, for any connection agreement renewal scheme, we need to consider factors in its present life, not its next life.

Q. In restoring the connecting network to its original condition, surely the costs of wear that has occurred from traffic on the main over its life should be taken into account?

2. SCOPE OF RENEWALS AND ENHANCEMENTS

The proposed MCC section 1.1 has no definition for 'Renewals' or 'Scope of Renewals', nor 'Enhancements'.

We are of the view that any enhancements in terms of increased scope of the renewals, or to a higher standard than existing should be defined as 'Enhancements'.

If NR wish to improve standards -e.g. Concrete bearers, UIC 60 rail, improved signalling, then those extra costs should be to NR.

If NR wish to use higher standards to support new higher axle loads and/or increased traffic, increased linespeed and to give increased life, then these factors need to be taken into account in assessing apportionment of renewal costs between NR and the Adjacent Facility Owner

Given our definition in 1. above, we recommend:

"Scope of renewals" The renewal of Connecting Network infrastructure [as in Schedule 1] to its original condition i.e. to its current scope and standards].

"Enhancements" Any increase in scope and/or standards higher than the existing Connecting Network in Schedule 1. To be funded by Network Rail.

3. LIFE OF RENEWALS

We also raise the issue of life of renewed infrastructure. We understand NR currently use 30 years for track renewals in the Connection Agreements. In our case, the turnout on timbers at renewal will have achieved at least 50 years. Renewal life on concrete bearers should be considerably longer.

The future wear aspect on rails/switches will be down to NR mainline traffic given the very small proportion of traffic flows on the connection.

Q Surely the life of signalling infrastructure is far greater than 30 years?

Q. Should the renewals life of all connecting infrastructure be extended to at least 50 years? and that reflected in annual costs.

NR no doubt has data on the average age of existing infrastructure [both track and signalling] that are the subject of current renewals. This will help inform 50+ years.

4. TIMING OF RENEWALS

This issue is one of timing on immediate renewal costs that appears to be a lottery on when it was last renewed, and the date of the MCC.

If a Model Connection Contract MCC is made at a time when the Connecting Network [CN] {e.g. point renewal} has recently been undertaken, then the next renewal of CN will be at least 30 years away, and the maintenance costs in that next 30 year period are much lower than the renewal costs. But if the renewal costs are likely to be incurred in the next CP, then the higher renewal costs are much more immediate.

Q. Is there a mechanism for averaging out the renewal costs to be fairer to the Adjacent Facility Owner for MCCs made just prior to renewal?

SUMMARY

From the above, we are concerned that there appears to be no arrangement in the MCC for AFOs to have a sound basis for agreeing with NR the scope and hence costs/apportionment of costs for renewal of the connecting network.

Should it really be left with the AFO to negotiate with NR, without the benefit of a basis in the MCC? After all, NR is a large organisation compared with some AFOs!

We have raised questions and made recommendations to help inform this fundamental issue.

We hope that the above can be incorporated into your changes to the MCC, and look forward to your response.

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