

1 December 2011

Joe Quill
Office of Rail Regulation
1 Kemble Street
London WC2B 4AN

Dear Joe,

The potential for increased on rail competition

This letter sets out TfL's response to the consultation on the potential for increased on rail competition. ORR's research shows that competition for rail services can deliver passenger benefits in excess of the cost to government and TfL supports that objective.

In London, services are dominated by social rather than commercial rail operations and these services are unlikely to attract competition from open access operators. In addition, track capacity is limited and few paths are available at peak times, limiting the scope for increased competition. However it is important that, in reviewing open access applications, ORR continues to take account of the social and financial impacts of open access operations on other operators' services. Social impacts should continue to be taken into account even under a new franchising model with more commercially focused franchises.

ORR's duty to promote competition in the provision of railway services must be balanced against duties to have regard to funds available to the Secretary of State. Although DfT is the main franchising authority in England and Wales, TfL and other public bodies such as Merseytravel also let rail franchises or concessions. TfL is already the concessioning authority for London Overground and will in future be responsible for the Crossrail concession. If devolution of rail services takes place in England, TfL and other authorities may take a greater role in funding rail services and could be impacted by competition from open access operations. In promoting competition, ORR should therefore have regard to the financial position of TfL and other funding bodies as well as DfT and the Secretary of State.

ORR also considers introducing overlapping franchise boundaries so that more than one operator can provide services on a given route. This would be consistent with TfL's proposal for devolution of accountability for some inner suburban rail services in London to the Mayor which could result in separate provision of inner suburban and longer distance services on certain flows.

We are content for this response to be published.

Yours sincerely

Carol Smales

**Forecasting and Business Analysis Manager
TfL Rail Planning**