



40 Melton Street
London
NW1 2EE
Tel: +44 (0) 20 7557 8642
Fax: +44 (0) 20 7557 9108

John Thomas
Director of Competition and Regulatory
Economics
Office of Rail Regulation
One Kemble Street
London
WC2B 4AN

13 March 2008

Dear John

Re: Review of possessions compensation regime

I wrote to you at the end of January 2008 on behalf of the cross-industry Schedule 4 policy group, forwarding a recommendation regarding proposed changes to the arrangements for compensating operators for the effects of disruptive possessions. In that letter, I mentioned that we intended to write to you separately on a small number of outstanding issues, as set out below:

- Sustained Planned Disruption – levels of trigger
- Treatment of possession overruns (with regard to cost compensation)
- Restrictions of Use resulting from changes of law
- Transitional arrangements

I am pleased to now forward you a recommendation on the above issues, as well as legal drafting showing the proposed changes to Schedule 4 for passenger operators and to Part G in connection with these follow-up recommendations, that is to say, all further changes since my letter to you of 6 February.

These follow-on recommendations are again the product of the cross-industry Schedule 4 policy group established by the Industry Steering Group (economic and contractual framework) to address the remit which you set out for the industry in January 2007 for review of the existing mechanisms for compensating disruptive possessions.

I am copying this to the other members of the Industry Steering Group and the Schedule 4 policy group.

Yours sincerely

Ian Marlee
Head of Regulation and Contract Services