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4th September 2013

Dear Alice

Periodic review 2013: Consultation on implementation of PR13 :

Section 7 – Indexation - The ‘true-up’ mechanism.

GBRf believes the “true up” calculation for RPI price increases is unworkable. This gives operators no certainty in their costs through a control period, brings unacceptable risk to the customer, and is too complicated to work. The proposal also gives Network Rail no incentive to control costs from its suppliers, as it can simply pass the costs on the operators in the following year. Network Rail should manage its own inflationary prices with good contract management and encourage efficiencies from its suppliers to reduce costs. Simply passing increased costs through to the customer is not an acceptable way to improve its efficiencies.

The “true up” calculation method also goes against the principle of periodic reviews giving as much certainty as possible to operators and their customers over a five year period and, for that reason, cannot be supported by GB Railfreight.

Kind Regards

Lee Armstrong