DB SCHENKER

ANNEX

DB SCHENKER'S COMMENTS ON THE SPECIFIC QUESTIONS RAISED IN ORR'S CONSULTATION DOCUMENT

Q3.1: Do you agree that in PR13 we should focus on incentivising delivery of outcomes that customers, wider society and funders value?

Whilst DB Schenker agrees that ORR should focus on incentivising the delivery of outcomes that are important to stakeholders, until Network Rail becomes a world-class infrastructure provider, it is likely that operators and users of the network will maintain a keen interest in inputs and intermediate outputs as the means by which Network Rail's costs can be reduced. The ORR is well aware that issues such as possessions strategy have a significant impact on the ability of operators to meet their customers' requirements. DB Schenker therefore agrees that credible outcomes linked to credible inputs form an integral part of the PR13 process.

Q3.2: Do you agree with our assessment of the outcomes that customers and society value?

DB Schenker remains unconvinced that attempting to incentivise Network Rail with regard to freight customer (by which ORR mean shipper rather than FOC) satisfaction will be effective or represent good value-for-money, primarily as Network Rail's part in the overall supply chain is often relatively small. Rail and in particular individual elements of rail cannot be viewed in isolation.

In addition, the prime commercial relationship is between shippers and FOCs, not between shippers and Network Rail. Incentives should therefore follow the contractual chain. DB Schenker strongly believes that market dynamics offer the best incentive for the relationship between shippers and FOCs. The relationship between FOCs and Network Rail does need incentives and DB Schenker believes that the combination of outcomes plus specified inputs set out in the Initial Industry Plan provides a good framework for this.

Q3.3: How do you see the trade-offs between and within the interests of customers, funders and society? How do you see the trade-offs between current and future customers, funders and society?

With respect to freight, the key point for ORR is not to lose sight of the fact that in virtually all markets, rail is competing with road and other modes. Periodic Reviews are a critical element in determining rail freight's ability to grow and achieve modal shift. Previous Periodic Reviews have assisted that process.

In this respect, the Government's continued commitment to achieve modal shift from road to rail is important and the continuity of the Government's policy and vision for a Strategic Rail Freight Network ('SFN') are vital components for ORR in considering the policy framework for freight.

DB Schenker recognises the pressure on the cost base of the industry from funders, but the recent Logistics Growth Review emphasised the importance of logistics (and rail freight) for economic growth and DB Schenker suggests that the framework by which Government regards rail freight is well established. This should be the framework that ORR takes into account.

DB Schenker suggests that trade-offs have to strike a careful balance between the short and long terms. For rail freight, the SFN process gives a mechanism for stakeholders to do in this in a flexible and market-aware way. Where stakeholders are making key decisions on passenger rail transport, the existing strategic direction and requirements of rail freight must also be taken into account.

Q3.4: To what extent do you think we should measure and monitor the delivery of those outcomes and outputs we incentivise? What metrics should we use? To what extent is it practical and desirable to monitor delivery of outcomes at the local level?

DB Schenker regards it as critical that specified outcomes and inputs are measured and monitored to ensure delivery. That means that the outcomes and inputs have to be relevant, clear and (relatively) easily measured, which is another reason why a subjective outcome such as "freight customer satisfaction" is unhelpful.

It is important that any unintended consequences are quickly identified and if necessary the system is flexible enough to allow an adequate response to these.

It is hard to comment meaningfully on metrics until the outcomes are clear. DB Schenker remains disappointed that the Consultation has not encompassed more of the detailed work done by the industry in the Initial Industry Plan ('IIP'). DB Schenker's views on outcomes and metrics are contained in the freight chapter of the IIP.

Q3.5: What do you see as the key enablers for Network Rail's successful delivery of outcomes in CP5? How should we best measure Network Rail's performance against these enablers? How should we best incentivise these?

Network Rail's devolution process and the development of Alliances suggests that their delivery role in CP5 will be more complex than in CP4 – even assuming they continue to own and operate the entire network and that no concessions are let during CP5.

The changes under way in Network Rail require a huge cultural and organisation transformation to ensure continued cost reduction is achieved without discrimination against secondary operators and the preservation of national network benefits.

It is not clear to DB Schenker how Network Rail will achieve this complex balance between devolution, alliances (with the concentration on the requirements of counterparties), fair treatment of other operators and preservation of national network features. At the very least, each Route must have metrics/incentives that cover each element, that no one metric or incentive must predominate and that any financial incentive scheme (for Network Rail management) must be based on achievement of all (and not just some) metrics.

Q3.6: What do you see as the key features of the transmission mechanism? How do Network Rail's customers respond to changes in Network Rail's behaviour and how does this translate into the experience of end-customers and society? How should we take this into account in the design and implementation of our incentives?

For rail freight, an important starting point has to an aligned view of how Network Rail fit into the wider supply chain. For example, should the prime commercial relationship remain between shipper and FOC? On occasion, this apparently simple point becomes blurred (e.g. where Network Rail has a direct contractual relationship with the shipper for a Connection Agreement or Freight Customer Access Agreement).

Proposals such as Network Rail undertaking a commodity and flow level freight Market Study (as part of the proposed Long Term Planning Process) risks duplication with the efforts of FOCs and will result in confusion in the market place. Shippers are often concerned at the complexity of rail freight; consequently, an important objective has to be not to add further complication or uncertainty into the access framework and if possible take active measures to reduce it.

DB Schenker believes Network Rail's role for rail freight should be clearly linked to the inputs suggested within the IIP and measurement against these is sufficient to translate into the Network Rail element of the supply chain.

Q3.7: How do you think industry reform would affect the transmission mechanism? How do you think changes to franchise agreements would affect the transmission mechanism?

For rail freight, the key elements of industry reform relate to trust and transparency and include:

- Network Rail governance – where any changes to the Industry Member category would need counterbalancing by ensuring there are sufficient Members (or replacements) with knowledge of rail freight and credibility amongst the rail freight community.
- Alliances – where it is hard to comment meaningfully until there is more transparency in the process, but as a starting point FOCs must be no worse off or disadvantaged from where they are today.
- PR13 – where the rail freight industry needs a) simple, predictable and national access charges and conditions that positively enable competition with road and b) the preservation of national network benefits and characteristics such as access and possession planning. The development of an effective System Operator role is a key element for rail freight.

DB Schenker recommends that the Strategic Rail Freight Network and Strategic Rail Freight Interchanges documents should form part of the mandatory documentation for potential Franchisees to consider and take account of in their tender responses.

Q4.1: What are your views on our proposed principles for efficiency sharing arrangements between Network Rail and train operators? To what extent to do you think they will improve the incentives on train operators to work with Network Rail to reduce its costs?

DB Schenker supports the principle of efficiency sharing arrangements between Network Rail and train operators. Freight operators have always been incentivised to work with Network Rail as lower costs/track access charges and efficient use of capacity have a commercial benefit.

It is a disappointment that the current EBS scheme has never paid out. To DB Schenker, the primary lesson from this is that the definition of efficiency must be clear at the start of the process.

There also needs to be clarity as to how different views on efficiency between different operators will be handled – for example a piece of infrastructure that might be regarded as an efficiency target by a passenger TOC might be core to a freight operator. It is crucial, especially where there is a "Deep" Alliance in place between

Network Rail and the dominant passenger operator on each Route for the decision process to be fair, transparent and non discriminatory and must take account of the interests of national operators such as freight. There also needs to be greater common ground about the nature of infrastructure cost causation. Recent work on freight variable costs has highlighted that relatively little progress in this area has been made since PR08 – which is disappointing.

Q4.2: What are your views on our proposed design of a route-based efficiency sharing mechanism, as described in chapter 4 and in Annex B? To what extent to do you think they will improve the incentives on train operators to work with Network Rail to reduce its costs?

DB Schenker has serious reservations about compulsory route based EBS schemes.

- For a national operator such as DB Schenker, compulsory membership of 10 schemes will pose an unrealistic administrative burden.
- If DB Schenker is not able to resource what ORR or other participants regard as sufficient effort in any or all of these, then any rewards might be reduced or non-forthcoming. In extremis, would an operator potentially be in breach of their Licence (assuming Licence Conditions were the means used by ORR to ensure compulsory participation)? This would seem to DB Schenker to potentially be disproportionate.
- From the work carried out on freight charges so far in PR13, DB Schenker is not convinced that Network Rail has adequate or sufficient data to make route based consideration of freight costs sensible.
- Equally, DB Schenker is not yet convinced that there is sufficient understanding of infrastructure cost drivers at Route level to link performance (out or under) to Route based decision making.
- It is not clear to DB Schenker how cross-Route efficiencies or efficiencies linking to national network benefits will be managed. It would be perverse if Routes were incentivised to behave in ways that undermined and damaged these.

DB Schenker is also uncomfortable with the proposal to share both outperformance and underperformance as:

- Freight operators, such as DB Schenker, operate on margins that are far tighter than the 6% assumed by ORR in Annex B of the consultation document, and this might make participation in any scheme extremely risky.
- The sheer difference in scale between Network Rail and an operator such as DB Schenker at route level exacerbates the feeling of risk and uncertainty. What is a small risk or uncertainty to a “Goliath” is on an altogether larger (and less acceptable) scale to a “David”.
- It is not clear how Network Rail Routes will balance the views and inputs of different operators, especially when some have a large footprint on the Route and others do not.
- Both Network Rail and passenger franchisees are effectively explicitly underpinned by public subsidy and the potential impact of any EBS scheme will be factored into these settlements. Freight Operators such as DB Schenker have no such opportunity.

The incentive on freight operators, such as DB Schenker, comes from a commercial environment where :

- Efficiencies have hitherto flowed back into PR settlements of freight track access charges which, until PR13, have reduced and not increased.
- There is the potential to share in the PR08 EBS scheme. It is a great disappointment that ORR and Network Rail still cannot define efficiency to allow this to pay out - and this does not augur well for any new EBS schemes in the next control period.

Passenger TOCs need similar incentives, however phrased, to encourage them to participate – but incentives have to be "carrots" and not "sticks". In this vein, DB Schenker is wary of ORR's proposal to make membership compulsory for all operators. DB Schenker believes that any EBS scheme for freight should be national in nature, and that ORR/Network Rail and FOCs should work out how the FOCs working together (e.g. via RFOA) could make the necessary sector contribution to Regional EBS schemes and workstreams. To DB Schenker, that is a practical way forward for freight.

Q4.3: What are your views on our assessment of the role of bespoke arrangements? In what circumstances do you think bespoke arrangements are likely? What advantages and disadvantages might they bring? How should we best assess them? What are your views on the scope for excluding some of Network Rail's costs from the default efficiency sharing mechanism?

DB Schenker's principal concern relates to the relationship between a bespoke arrangement between Network Rail and the principal passenger TOC on a Route and how this will relate to arrangements with all others operators on the same Route. It, therefore, questions:

- What will be left to apply a Route-based EBS scheme to, especially where there is a "Deep Alliance"?
- Who will trade – off competing ideas/schemes between the route scheme and the bespoke scheme?
- Who can form a neutral view of efficiency when another, probably smaller party, regards it as a proposal for an adverse capability or capacity reduction?

Bespoke arrangements where there are no such crossovers with third parties seems less problematic – e.g. for station management.

DB Schenker suggests that ORR's starting point for bespoke arrangements/Alliances is that third parties should be no worse off, nor feel disadvantaged, by any such arrangements. As such, unless affected third parties formally agree, they should not proceed. We accept that affected third parties should be under some obligation not to unreasonably oppose such arrangements and must be able to justify any concerns.

In many ways it is the nature of the costs themselves that are important and DB Schenker has concerns about any costs being included that need to be attributed or where causation is not directly attributable solely to the activities of the parties involved.- UNLESS all affected parties agree. The railway system is a multi-customer and multi-user network, and DB Schenker would be concerned at any attempts to weaken existing safeguards to allow non-agreed cost reductions to be forced through without the consent of all affected parties. DB Schenker would also want to understand how ORR will ensure that any bespoke schemes do not distort competition between operators in any particular market.

Q4:4 What are your views on our assessment of potential impacts of a route-based efficiency sharing mechanism, as described in chapter 4 and in Annex B?

DB Schenker has many e have many concerns about the high-level modelling in Annex B of the consultation document. It has already stated that FOC margins are normally less than 6% (this is a matter of fact that can be verified by reference to FOC accounts lodged at Companies House). DB Schenker does not understand the standard deviations, nor the assumptions made on Network Rail's costs "worst case" scenario. It would expect ORR to include Operators in any work to develop this into a more detailed proposition and would particularly want to understand how ORR will model the effects of a mix of:

- Bespoke EBS schemes
- Network Rail/TOC Alliances, especially "Deep" Alliances
- The proposed compulsory scheme with both upside and downside risk.

Q4.5: What are your views on our preliminary proposal for exposing passenger and freight operators to changes in Network Rail's fixed costs in subsequent periodic reviews?

DB Schenker is not convinced that there is sufficient clarity on the cost drivers for Network Rail's fixed costs to make this more than an academic exercise at this stage. DB Schenker would remind ORR that for freight operators, competition is with road haulage – and use of the UK road network is essentially free at the point of use (save VED and fuel duty and a few tolls) with Government treating the network as fixed. Rail freight should continue to be treated in essentially the same way.

Q5.1: Do you think that the current possessions and performance regime broadly help to align incentives between operators and Network Rail in the best interest of customers, funders and society? If not, why not?

Whilst the current possessions and performance regimes are not perfect by any means, they do broadly help to align incentives between operators and Network Rail. Without these regimes, there would be very little incentive for Network Rail to take account of the disruption to train services when planning possessions or ensure that its assets are effectively maintained to avoid a material degradation of performance. Similarly, operators, are incentivised through the performance regime to be 'good neighbours' and avoid causing delays to other operators, whilst the possession regime facilitates the co-operation between operators and Network Rail to ensure that possessions are planned early, efficiently and effectively whilst at the same time aiming to minimise the resulting disruption to services and providing compensation where this is not possible.

Q5.2: Do you think it is appropriate to retain Schedules 4 and 8 as liquidated sums compensation regimes?

DB Schenker is an avid supporter of retaining the Schedules 4 and 8 as essentially liquidated sums regimes. Such regimes are easily understood, applied and managed by both Network Rail and the operators with none of the high transaction costs that are associated with full actual cost regimes (i.e. management time and potential for disputes etc.).

Q5.3 Do you think it would benefit customers, funders and society and encourage greater co-operation if Schedule 8 compensation rates from Network Rail to train operators did not reflect the full impact of possessions on revenue and costs? We also welcome any further views on this issue in relation to Schedule 4.

DB Schenker considers that the liquidated sums regimes in Schedules 4 and 8 should be calibrated to ensure that as far as possible they recognise the full impact on revenue and costs, particularly in respect of Schedule 4. If operators know that compensation for disruption to their services will be artificially lowered, this will adversely impact on Network Rail's ability to plan early, efficient and effective possessions as operators would be much more likely to oppose any possessions that cause material disruption to their services through the industry disputes resolution procedures. The recent decision of ORR to approve a reduction in the level of compensation contained in the current freight possessions regime will no doubt result in freight operators thinking very carefully whether or not they can continue to readily agree to possessions that cause major disruption to their services given that compensation will now be significantly reduced.

Q5.4: Do you think existing incentives are as effective as they can be in ensuring that Network Rail and train operators perform at a level that is economically and socially optimal, and whether they sufficiently drive Network Rail behaviour? In particular, we invite views on whether we should place further incentives on Network Rail to ensure it fully takes into consideration the impact of service disruption on passengers, i.e. disruption above that already reflected in Schedules 4 and 8 compensation payments for loss of fare revenue, and how we could go about doing this.

The total amount of compensation that Network Rail has to pay freight operators under their possessions and performance regimes is relatively small compared to the compensation paid to passenger operators and the costs of undertaking inefficient possessions. Therefore, it is unlikely on balance that Network Rail will significantly change its approach to possession planning, for example, on the basis that it would have to compensate freight operators for any disruption caused to their services. In situations where normal operation is not possible (e.g. pre-planned possessions, day to day perturbation), freight operators would always prefer their services to be retimed or diverted rather than not operating at all (i.e. becoming cancellations). DB Schenker, therefore, considers that in addition to the Schedule 4 and Schedule 8 regimes, Network Rail should be incentivised by ORR to reduce the number of cancellations it causes by ensuring that it maintains a viable and effective diversionary route strategy that can be implemented during periods of disruption whether pre-planned or unexpected. The current CP4 PDI-F measure, whilst intended to be helpful in this respect, is not easily understood nor reflects the actual disruption experienced. Freight operators are currently devising an alternative and more effective measure that could be considered for implementation in CP5 based on cancellations and their proposals in this respect are being discussed with Network Rail.

Q5.5: Do you envisage any barriers to modifying or replacing the Schedule 4 and 8 regimes in cases where both a train operator and Network Rail wish to? What do you see as the advantages and disadvantages of bespoke approaches? Do you agree with our proposal regarding the circumstances when we will approve bespoke Schedule 4 and 8 arrangements?

The key advantage of the current passenger and freight possession and performance regimes is that they apply equally to all passenger or freight operators thereby ensuring that Network Rail is not incentivised to favour one operator over another. DB Schenker is concerned that if ORR were to allow bespoke regimes, then this key benefit will be significantly undermined and could result in certain operators being disadvantaged and discriminated against, particularly national operators who do not naturally have such close affinities to any particular Network Rail Route. In addition, having template performance/possession regimes that apply equally to all freight operators ensures that no freight operator can gain a commercial advantage over its competitors by virtual of negotiating with Network Rail higher levels of compensation/lower payment rates in its performance/possession regimes without such benefits being balanced by means of an access charge supplement. This was an important objective underpinning the revised performance/possession regimes when they were devised for introduction at the beginning of CP4. DB Schenker considers that this objective has not changed and, therefore, believes it is essential that the common freight template Schedule 4 and 8 regimes remain in place for CP5 so that no competitive advantage can be gained by any individual operator from the structure of the regimes.

Q6.1: In what circumstances do you think bespoke charging arrangements are likely to occur? What advantages and disadvantages could such arrangements have? How might they work for or against the alignment of incentives?

Given that rail freight operators are in direct competition with each other and that the current freight charging regime is fully reflective of the need to ensure transparency and non-discrimination, DB Schenker is generally opposed to any bespoke arrangements, particularly if they undermine these key principles in enabling one rail freight operator to gain commercial advantage over others by means of being able to secure lower track access charges from Network Rail solely through negotiation without any underlying justifiable reasons why such lower charges should be payable. However, DB Schenker does support the principle that an operator (whether passenger or freight) should expect to benefit from any vehicle modifications they may make that result in reductions in Network Rail's maintenance and renewal costs through appropriate reductions in their variable usage charges. Such bespoke reductions should, after receiving ORR approval, then be made transparent and available to any other operators who make the same modifications to their vehicles.

Q6.2: What protection do you think might be needed for third parties not included in the scope of a bespoke arrangement?

DB Schenker considers that any bespoke arrangements should not unduly affect the 'level playing field' that is inherent in the current charging regime thereby resulting in the operator with the bespoke arrangement gaining an undue commercial advantage over its competitors and/or resulting in cross-subsidy. Therefore, DB Schenker believes that all bespoke arrangements must be consulted upon by the parties (taking into account that some information may need to remain confidential) before being approved by ORR after sufficient justification has been provided to ensure that the undesirable effects mentioned above are not created as a result.

Q6.3 Do you agree that it would be helpful for us to set out a set of principles on the basis of which we would decide whether to approve bespoke arrangements? Do you have any views on what those principles should be?

DB Schenker considers that it is essential, rather than merely being helpful, that ORR sets out its principles on how it will consider approving bespoke arrangements.

These criteria should include as a minimum that that the arrangements are cost reflective, transparent, non-discriminatory and do not result in any cross-subsidy.

Q6.4 How do you think we should treat bespoke charging arrangements that might span Network Rail control periods or change within control periods?

To ensure that the principles set out in its answer to Q6.3 above are maintained, DB Schenker considers that all bespoke arrangements should be reviewed and re-justified before they are permitted either to be changed during a control period or be extended into any following control period.

Q7.1: What are your views, additional to those set out in your response to our May consultation, on our treatment of the following options:

> *(a) The scope of our proposed review of the volume incentive, including disaggregation by Network Rail route and consideration of a down side as well as an upside?*
>
> *(b) That we continue to support the rationale for the capacity charge, and will support Network Rail in its work to revisit and recalibrate the charge for PR13?*
>
> *(c) That we should establish the extent to which infrastructure capacity is under utilised before proceeding to develop one or more indicators by which to monitor capacity utilisation?*

DB Schenker supports the continuance of a volume incentive for Network Rail to accommodate increases in passenger and freight volumes and also concurs with ORR that it may be more effective to disaggregate the incentive by Network Rail route. The potential for the volume incentive to have a downside as well of an upside is an interesting proposition and one that DB Schenker believes ORR should continue to explore although it would obviously need to exclude reductions in demand due to external economic factors beyond Network Rail's control.

DB Schenker considers that the capacity charge for freight operators should be abolished because freight operators have a Schedule 8 performance regime which, unlike its passenger counterpart, is based on the concept of third party delay and is designed to enable Network Rail to recover its additional performance costs that freight services cause on the network. Therefore, DB Schenker would argue that Network Rail is recovering such costs twice from freight operators, firstly through the capacity charge and secondly through the performance regime. In addition, given that the capacity charge tariff applies across the entire network and is not dependent on route and/or time of day, it is arguably an additional 'mark-up' or tax on the variable charge and not an incentive.

DB Schenker would certainly agree that ORR should establish the extent to which infrastructure capacity is under utilised before proceeding to develop any indicators that could be used to monitor capacity utilisation going forward.

Q7.2: What are your views, additional to those already expressed in your response to our May consultation, on the policy we are considering further to levy a charge to incentivise better use of capacity?

Having considered ORR's comments in the consultation document (including the associated NERA report) together with the comments of other industry stakeholders at ORR's workshop, DB Schenker remains convinced that the disadvantages of introducing a charge to incentivise better use of capacity far outweigh any perceived advantages. DB Schenker, therefore, remains fundamentally opposed to the introduction of such a charge for the reasons it expressed in its response to ORR's first PR13 consultation document and remains in favour of non-financial mechanisms to ensure operators do not retain access rights/paths that they do not need and/or use. In light of the widespread opposition to a scarcity charge and its many disadvantages, DB Schenker questions why ORR intends to undertake further work in this area.

Questions in Chapters 8 and 9

Will be made separately.

Q10.1: Do you agree with our overall proposed approach to incentivising innovation? If not, what do you propose we do instead?

DB Schenker supports the proposal in the IIP for an Innovation Fund. The IIP envisaged such a Fund being managed by the Technology Strategy Leadership Group, but subsequent developments suggest to DB Schenker that such a Fund might be better managed by a more formal body such as the Rail Systems Agency being developed by the Rail Delivery Group.

DB Schenker is concerned that retaining an output-based approach to innovation will risk maintaining the current, rather fragmented, environment. It will also be important to have some consensus on what constitutes "innovation" and what is simply good management (product and market development) which ought to be expected as a matter of course.

Q10.2: What merit do you think there would be in an innovation fund? How should such a fund work? How would we guard against 'crowding out' and ensure the fund did not displace existing expenditure?

Ultimately, the governance rules and due process of any Fund are key to their effective use and the value for money they drive. Transparency of process and transparency of results, together with adequate explanation for the success or failure of applications, will be important.

Q10.3: What merit do you think there would be in an innovation prize? How should such a prize work? Who should be eligible to enter? What sort of prize would best stimulate genuine innovation?

DB Schenker is not convinced an innovation prize is necessary or would be effective.

Q10.4: In relation to the use of output KPIs, what KPIs do you think we should target and why? Should we monitor them only or should they have some incentive attached to them and if so what?

The definition of "innovation" is important here, but it is not clear to DB Schenker that it will be straightforward to neatly segregate activity into categories such as "innovation". KPIs need to be kept simple, relevant, clear and easily measurable - and DB Schenker has serious reservations that attempting to devise KPIs for "innovation" will succeed against these tests.

Q10.5: Do you think that KPIs should be introduced for companies other than Network Rail to monitor innovation across the wider industry?

In part the answer to this depends on the definition of innovation, but DB Schenker is not convinced this would be effective or good value for money.

Q10.6: Beyond any comments that you may have made to us in response to our May consultation, do you have any comments on our overall approach to environmental incentives? Specifically, do you think we should introduce other environmental incentives beyond those that we are proposing? Do you think we should go further in encouraging the rail industry to improve its environmental performance even if this resulted in a shift to other modes?

DB Schenker has little further to add to previous submissions. It agrees with ORR that neither surcharges nor further incentives are necessary and that the industry working together as set out in the IIP offers the best way forward. It also endorses the view that rail's contribution to achieving Government's environmental outcomes is via further modal shift and electrification. With this in mind DB Schenker suggests ORR should focus on:

- Maintaining a track access regime that encourages modal shift of freight to rail, rather than risking the reverse.
- Develops appropriate electrified network connectivity for freight as well as passenger services. Electrification schemes developed on a line of route basis often struggle to maximise the connectivity and wider network benefits by excluding small "connecting" or diversionary routes to save relatively small initial capital outlays.
- Continuing with a fund for Network Rail to be able to contribute to the fitment of on train electrification equipment.

Q10.7: We are keen for the industry to propose methodologies for monitoring emissions and producing improved whole-life, whole-industry business cases. What role do you think the ORR should play in this process?

DB Schenker is not certain that this is an area where ORR's strengths and experiences apply. This seems to DB Schenker to be an area where the Rail Delivery Group (via the proposed Rail Systems Agency) might lead the industry in.

End