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Dear Richard

Periodic Review 2013 Consultation on Incentives

Eversholt Rail has read the ORR's consultation paper on Incentives with interest. We were grateful for the invitation to attend the industry workshop on this matter on 9th January, and are keen to take an active part in the periodic review process.

In practice, there is little in the consultation paper that impacts directly on the Rolling Stock Owning Companies ('ROSCOs'), with Network Rail and the Train Operating Companies ('TOCs') the parties principally affected. However, there are some aspects of the proposals which could have consequential implications for us, and we are keen to understand the extent to which the ORR has considered these implications in developing its proposals.

The consultation paper expressly considers how Network Rail might be better incentivised to make access charges and capacity utilization in a number of areas including possessions and performance. Many of these decisions will have implications for the supply chain upstream from the Network Rail/TOC interface, where the ORR's proposals are designed to take effect. Changes to the existing regimes will have knock-on effects for rolling stock demand, asset management and leasing.

For example, your clause 6.24(c) contemplates the need for bespoke arrangements to facilitate a situation where Network Rail finances a rolling stock redeployment to reduce track damage as an issue to be negotiated between Network Rail and the TOC, ostensibly without any consultation or commercial agreement with the ROSCO. Surely the owner should have a material say in any negotiation which will result its rolling stock becoming displaced or re-deployed irrespective of Network Rail 'financing' it?

We are keen to establish how the ORR sees these issues being commercially negotiated. We support this approach, but we are concerned to make sure that the ORR has fully assessed the consequential effects that a range of possible changes might have on the supply side of the industry.

We would be happy to meet to discuss these issues in more detail and I look forward to hearing from you.

Yours sincerely

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Chief Executive

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