



URBAN TRANSPORT GROUP

Consultation response

**Network Rail's consultation on
regulated access charges in Control
Period 7 (CP7)**

January 2023

Jonathan Bray

Urban Transport Group

Wellington House
40-50 Wellington Street
Leeds – LS1 2DE
0113 251 7445
info@urbantransportgroup.org



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1. Do you agree with Network Rail's proposal to simplify its fixed cost model? If not, please provide a detailed justification.

In principle we welcome an approach to simplify the fixed cost model. However, we fundamentally disagree with the model that has been selected to allocate costs between rail operators. The introduction of the current model in 2018 saw costs for regional operators increase dramatically (northern rail by over 50%, Merseytravel by 66%), which long distance operators saw similar levels of reductions (East and West Coast services were reduced by 58%). It is therefore concerning to see further efforts to shift the cost of the railways away from long distance services and onto regional services.

We have concerns around the rationale for allocating further costs to services which in many circumstances do not cause the costs to exist. A 9-car intercity Azuma train travels at significantly higher speeds and is six times heavier than a standard regional rail train, such as a class 158. Whilst some of this is picked up through variable costs, costs such as the enhanced signalling need for high-speed services, straighter track alignments, etc. would fall under fixed costs. Where a track is shared by regional and intercity operations it seems highly unlikely that the regional train contributes the same level of cost to the high-speed line as the intercity train.

Our previous analysis of 2012/13 suggested that regional rail operators contributed 30% of fixed track access charges, were allocated 32% of Network Rail's overall financing costs, but received a disproportionately small amount of investment in return (this was previously set out in our report, "[A heavy load to bear](#)"). Since this point there was a further shift in 2017 towards regional rail operators covering a higher proportion of costs.

We have serious concerns that necessary rail services will be viewed as expensive to run, meaning that enhancements are not provided, and in a worse case situation services disappear. Ultimately the allocation of railway costs is a political decision, which under this methodology is reducing the cost to inter city services which take profit out of the network and thus reducing the opportunity for cross-subsidy within the railway. The approach taken here contrasts with many European railways which adopt a prime user methodology to allocate costs. This approach sees costs allocated to those with the greatest ability to pay, in this case inter-city operators.

2. If you have any further changes to advise in relation to vehicle characteristics in advance of Network Rail's VUC recalibration, please do so in response to this consultation as there will be no further opportunity to do so.

No response

3. Where an operator hasn't already signified otherwise, do you agree with the removal of redundant vehicles from the CP7 price list? Do you have information as to why any of the vehicles which Network Rail propose to remove from the CP7 price list should instead be retained?

No response



4. Do you agree with Network Rail's proposal to limit refunds back to the start of the financial year in which a new or modified VUC rate is agreed? Please provide justification for your answer.

No response

5. Do you support Network Rail's proposed areas for review in advance of the next review of charges?

No response

6. Do you agree with Network Rail's proposal to continue to base charter and North Yorkshire Moors Railway (NYMR) VUCs in CP7 on the same typical train formations as were assumed for CP6? If not, please provide any evidence that you have of a more appropriate assumption.

No response

7. Do you agree with Network Rail's proposal to simplify the steam slot charge by introducing a single steam slot charge? Do you agree that a single steam slot charge should be calculated based on the proportion of journeys classified as 'steam under 250 miles' and 'steam over 250 miles'?

No response

8. Do you agree with Network Rail's continued approach for setting passenger Default Consumption Rates? If not, please provide a justification for your response.

No response

9. Please provide evidence and justification for Network Rail's consideration if you do not agree with Network Rail's proposal to remove Generic Consumption Rates for passenger operators in CP7.

No response

10. Do you agree with Network Rail's proposal to remove freight Generic Consumption Rates and replace them with freight Default Consumption Rates, aligning nomenclature and methodology with passenger operator consumption rates? If not, please provide a justification for your response.

ANY INPUT ON THIS?

11. Do you agree with Network Rail's proposal to recalibrate DLSFs using the same methodology used at CP6? If not, please provide justification to support your position.

No Response



12. Do you agree with Network Rail's proposal to retain the existing CP6 Regenerative Braking Discounts for CP7?

No response

13. Do you agree with Network Rail's decision to adopt the cost variability assumptions previously determined at CP6 to recalibrate the EAUC rates? If not, please provide supporting evidence for any alternative suggestions

No response