

Our Ref: PA/SA
Your Ref:

03 August 2011

Network Rail
National RUS Manager
Kings Place
4th Floor, Section Q
London
N1 9AG

Dear Sir/Madam

ROLLING STOCK RUS CONSULTATION RESPONSE

The Passenger Transport Executive Group (**pteg**) represents the six English Passenger Transport Executives (PTEs) which between them serve more than eleven million people in Tyne and Wear ('Nexus'), West Yorkshire ('Metro'), South Yorkshire, Greater Manchester, Merseyside ('Merseytravel') and the West Midlands ('Centro'). The PTEs plan, procure, deliver and promote public transport in some of Britain's largest city regions, with the aim of providing integrated public transport networks accessible to all. As co-signatories to the Northern rail franchise, the five northern PTEs are responsible for funding and specifying most local rail services. **pteg** therefore welcomes the opportunity to respond to the present consultation document.

While **pteg** is supportive of the general direction and high level strategy proposed by Network Rail there are a number of important issues we feel are not addressed in sufficient detail in the consultation document.

1. Rolling stock capital rental

The consultation document provides sensible recommendations to deal with supply and procurement of new rolling stock units. However, it has not addressed the equally fundamental issue of lease costs and the role of the ROSCOs. Lease costs are dependent on a number of factors such as the cost of production, cost of capital and indifferent pricing in comparison with other available stock or potential new build options. The fact that ROSCOs are able to price rolling stock on the basis of "opportunity cost" rather than the cost of the asset means that any reductions in the cost of production achieved through more efficient procurement will not necessarily lead to a reduction in the charges paid out by TOCs and other end users. We appreciate that this is a difficult and sensitive issue, but we feel that it should at least be acknowledged.



2. Cost efficiencies in providing peak capacity

On heavily peaked urban networks, the availability of low-mileage rolling stock can offer a cost effective means of catering for peak demand. We would therefore encourage further consideration of the costs and benefits of this type of approach. The availability of older (and hopefully cheaper) rolling stock can also be useful to allow market testing of new train services without needing to commit to a long-term high-cost operation.

2. Flexible train formation

pteg welcomes the discussion about the benefits of a flexible formation rolling stock fleet, which would allow services to be operated by a variety of train lengths, and not just in fixed multiples of existing unit types. The ability to tailor a train formation to meet actual demand is critical for achieving value for money, but also in developing business cases for train lengthening.

2. Station dwell times

On urban rolling stock, one of the most significant determinants of both journey time and overall fleet requirements is station dwell time, which in most instances is not determined by passenger usage but by the door cycle time. This has been extended in recent years by ever more onerous operating requirements, often arising from RVAR/PRM-TSI issues. We would like to see the industry challenge these requirements wherever possible in order to keep station dwell times to a minimum, and actively specifying trains that reduce this to a minimum. This could deliver journey time benefits for passenger, network capacity benefits, timetable benefits at some stations (particularly on mixed used lines) which might be able to receive a service that otherwise wouldn't be possible, and potentially cost savings from reduced rolling stock requirements from more efficient diagramming.

pteg believes that the benefits of reducing station dwell times would be substantial across urban rail networks and therefore need to be looked at in more detail. A high level business case which, for example assessed the benefits of reducing all station dwell times by, say, 15 seconds, could be a useful start in this process.

2. Devolution and rolling stock procurement

The consultation document suggests that a more uniform spread of rolling stock orders over time could ultimately reduce production costs. We welcome the recognition that more thoughtful planning of future service levels and investment needs can affect industry costs. However, no link is made between this aspiration and the emerging devolutionary agenda, where franchisees and other stakeholders may take a greater role in the specification and procurement of rolling stock. Effectively, this could lead to more discrete and disjoint rolling stock procurement in the future. We would be interested to understand how Network Rail feels this issue could be addressed, in particular, who it is felt is best placed to ensure there is some coordination between the actions of different stakeholders.

In addition, we would underline the PTEs' intention to play an increasing role in the specification of local rail services. Given the failings of the current system in delivering enough capacity to meet the unprecedented growth in rail demand

observed in the city regions over the past decade, rolling stock procurement is and will continue to be one of our main areas of interest.

3. Electrification strategy

pteg recognises the importance of linking the rolling stock procurement strategy with a firm electrification strategy. The PTEs believe that large scale electrification of urban commuter networks would deliver substantial benefits and is critical in supporting the continued growth of rail demand in our areas.

pteg would be keen to work with Network Rail and other industry stakeholders to further develop industry thinking on the issues highlighted above.

Yours sincerely,

Matt Brunt
Assistant Director, **pteg** Support Unit