

## ORR Draft Determination on Freight Charges

Thank you for the opportunity to comment on the draft determination on freight charges issued on 12<sup>th</sup> June.

2. Freight on Rail, a partnership of the rail freight industry, the transport trade unions and Campaign for Better Transport, works to promote the economic, social and environmental benefits of rail freight to local and central Government.

3. Freight on Rail welcomes the freight charge announcements in the draft determination for PR13 which establish a stable framework which will allow the industry to plan for the future and give investors and customers alike confidence in the viability of the sector.

In particular the following announcements are crucial for the industry to play its full part in re-generating the green economy and protecting existing jobs.

- The decision not to charge a freight specific charge or freight only line on biomass in CP5 safeguards rail's role in this emerging market and demonstrates joined up Government energy policy 3. Biomass can ameliorate our energy problems, especially in the short to medium term as it can be brought on stream quickly unlike most other fuel sources.
- The reduction in the previously announced charges for ESI coal, iron ore and spent nuclear is important to protect business, for example the Scottish coal producers had been under serious threat.
- Retaining charges for intermodal traffic at current rates will allow this key traffic to grow four or five fold over the next 20 years.
- Dropping the proposed 400% increase in capacity charges means that the sector can manage business better and reduce overall risks. The alternative solutions being assessed should be as affordable and simple as possible.
- Increases in the variable access charges for freight will be capped at an average 10 per cent compared to the 23 percent previously announced, although we note that some bulk sectors will still see significant increases.

4. . Re-affirmation of the ongoing funding commitment to the Strategic Rail Freight Network by both the Westminster and Scottish Governments is very welcome. £200m has been allocated for freight in England and Wales and £30m for Scotland in Control Period 5. Other enhancements such as the Electric Spine, which are at an early stage of development, are also confirmed subject to a further review of affordability.

5. However, we would like to stress that transparency and clarity over charging for the control periods after PR13 is also needed to allow the industry to plan longer term. Therefore, the industry looks forward to working with the ORR to secure a longer term vision for rail freight charging to underpin the strong business case for freight. This approach will give customers and investors alike confidence in the sector.. The latest Network Rail Freight Study demonstrates the increased demand for rail freight underpinned by consistent growth in traffic in key sectors in recent years.



6. It should be noted that the CEO (Clemence Cheung) of HPUK showed how key viable rail services are to his industry during the Transport Select Committee Inquiry into Access to ports recently. He stated that rail access was more important for Felixstowe Port than the A14 – less than 3% of containers through the port used the A14 and that improved rail capacity would improve the competitive position of the port relative to ports such as Rotterdam.

7. Rail freight services are an important driver of economic regeneration which can help the Coalition Government meet its transport objective to promote the green sustainable economy with green jobs; affordable rail freight charges are an important component of this transport solution.

Philippa Edmunds -Freight on Rail Manager 27<sup>th</sup> August 2013



*Freightliner*



Freight on Rail is a partnership of many organisations promoting the economic, safety and environmental benefits of rail