

24 March 2014

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Dear David,

2014 High Speed 1 Periodic Review Draft ORR Determination

I am writing in response to the ORR consultation on the 2014 High Speed 1 Periodic Review (PR14) Draft Determination.

Overall, we recognise that there has been a significant shift in the proposed track access charges for freight since the original proposals last year, and we note and support the revised freight access charge of £5.36 per train km compared to a CP1 exit rate of £8.10. We also welcome the open and responsive approach of HS1 in considering these issues, and in making real progress in addressing the issues.

We do have a number of specific points as follows.

Ripple Lane

We acknowledge the helpful changes which have been made in the allocation of costs arising at Ripple Lane. However we consider that, given the mix of traffic using the facility, a better solution going forward is to wholly transfer the sidings from the HS1 concession to Network Rail, and HS1 should be asked to facilitate this. We would expect this to drive efficiency in costs.

We also note the proposals to levy an access charge other users of the facility and the need to establish a process for doing so. We would expect ORR to ensure that any such process is established on an open and transparent basis, and does not act to prevent any other traffic from using the facility on the grounds of affordability or risk.

Freight Discount

We note that the CP2 rate, whilst significantly reduced, is still higher than the discounted rate currently paid. Although this is not a matter for ORR or HS1, we note that operators may choose to revisit the freight discount with DfT.

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Volume Reopener

We note the proposed approach to a volume reopener. We recognise the particular reasons for such an approach on HS1, and consider this is a reasonable compromise position. More generally however we note that such reopeners add considerable uncertainty for operators and customers who are generally less able to handle risk than infrastructure managers. We would be concerned if such approaches were proposed other than on HS1.

Freight Avoidable Costs

We note the ORR's position that it is reasonable to apply the Regulations differently on HS1 and the Network Rail infrastructure. We continue to consider that a consistent application across all regulated networks would be more appropriate, and that ORR should continue to review its approach particularly in light of any measures from the Commission as required by Directive 2012/34.

As the different approaches are justified on the particular and specific circumstances of each infrastructure manager we would not expect the approach on HS1 to set any precedent for regulation elsewhere.

We would be happy to discuss any of these points in more detail. No part of this letter is confidential.

Yours sincerely,



Maggie Simpson
Executive Director

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