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13 January 2012

Dear Gabriela,

## **PROPOSAL FOR CHANGES TO THE EC4T METERING RULES - NETWORK RAIL CONSULTATION**

This letter constitutes the response by DB Schenker Rail (UK) Limited ('DB Schenker') to the consultation letter entitled '*Proposal for changes to the EC4T Metering Rules*' issued by Network Rail on 2 December 2011. DB Schenker notes that both the EC4T Metering Rules and Schedule 7 of the model freight track access contract will be consulted on again by Network Rail prior to any formal submission to ORR for amendments to a specific track access contract to include provisions for on-train metering.

### Introduction

DB Schenker supports the movement towards the fitment of meters to electric traction to measure and charge for the use of electricity more accurately, as this should incentivise operators to make their consumption more efficient. However, for operators with relatively small fleets of electric trains that traverse many different routes with both ac and dc supply (such as DB Schenker), the overall benefits of opting for metered consumption may be less clear cut when considered against the initial costs of fitment, the ongoing costs of maintenance of the equipment and the complexity and cost of managing and transmitting the data generated.

With this in mind, DB Schenker is currently evaluating whether or not it will wish to opt for metered electricity with effect from 1 April 2013. A key factor that will inform DB Schenker's final decision will be the rules, terms and conditions that will apply to the metering of freight locomotives and other traction units. DB Schenker, therefore, welcomes being given an opportunity to comment on Network Rail's proposals in these respects, both through this consultation and its ongoing participation in the industry EC4T Metering Steering Group.

### Comments on Network Rail's Proposals

Freight operators are currently levied charges for their traction electricity use based on three modelled rates expressed in pounds and pence per thousand gross tonne miles

('per kgm'). The three rates are aligned to commodity groupings as follows and are levied nationally across the network irrespective of Electricity Supply Tariff Area ('ESTA') and time of day:

Bulk	£2.37* per kgm
Intermodal	£2.48* per kgm
Mail/Parcels	£2.72* per kgm

(\*2010/11 prices)

If DB Schenker is to be encouraged to opt for on-train metering, it is crucial that the current charging regime is changed to enable the charges levied to be based on actual use both by ESTA and by time of day, otherwise the benefits of installing on-train meters on its fleet of electric locomotives/multiple units will be greatly reduced. For example, many freight services operate overnight when electricity is usually much cheaper than at other times of the day. DB Schenker is, therefore, pleased to note that Network Rail recognises this key issue and has proposed that actual pricing arrangements similar to those in place for passenger operators should also apply to freight operators in respect of their metered trains.

DB Schenker considers that it is crucial that any new charging regime for metered freight trains also takes into account any electricity returned to the supply system through the use of regenerative braking.

DB Schenker appreciates that in cases where metered readings are unavailable, pre-agreed data needs to be provided to infill the missing periods of time and understands that such data would be expressed as a 'kw/h' value to be used for each missing 5 minute period. DB Schenker has considered Network Rail's proposals in this regard and believes that whilst they provide a workable solution, further accuracy could be attained through the use of average values by Train Service Code, rather than Service Group, as well as specifying separate values for loaded, empty and light engine movements within each Train Service Code. DB Schenker is convinced that these refinements to Network Rail's proposals would ensure a greater granularity and more accurate average values reflecting the great variety of freight services.

In respect of the default scenarios when infill data is required, Network Rail's proposals seem appropriate. However, whilst DB Schenker is content in the majority of cases for Network Rail's proposed assumption to be adopted that "*all locomotives in a freight consist are assumed to be driving*", it believes there are a number of key exceptions. These include where such consists contain more than one Class 92 locomotive or where the consist is a light engine movement as DB Schenker believes that in both of these scenarios there will only be one locomotive drawing power.

#### Other issues

The proposals do not seem to recognise the possibility of electrically-hauled freight services operating under unregulated track access contracts. Such freight services

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invariably tend to be 'network services' (i.e. those operating on behalf of Network Rail conveying infrastructure materials in connection with infrastructure engineering work or inspection, recording and measurement of the network). Traction electricity used in such circumstances is paid for by Network Rail itself and not by the freight operators concerned.

The proposals should also reflect the scenario of electric-hauled freight services moving or operating 'off-network'. For example, DB Schenker has freight services that operate for parts of their journeys on HS1 or through the Channel Tunnel (both 'off-network') and parts of their journeys 'on-network'. Electricity used for such 'off-network' sections is charged for separately by the infrastructure manager concerned and should, therefore, not be included in any billing from Network Rail.

DB Schenker hopes that these comments have been helpful.

Yours sincerely,



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