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To: Traction Electricity Steering Group (TESG)

November 2015

Information: Cumulative financial value of OTM Incentive Charge – February 2016 update

Purpose

The purpose of this is to present information on the cumulative financial value of the OTM Incentive Charges that Network Rail has received from metered operators under Paragraph 7 of the Traction Electricity Rules.

Background

As set out in our November 2015 letter regarding the billing period 1 April 2015 – 19 September 2015, there was at the time an unresolved issue which meant that the figure quoted in that letter could change following further analysis. The issue was related to infill data in periods 4-6. Part of an operator's fleet was incorrectly listed as metered in their contract and therefore there was confusion about levels of infill data.

This issue has now been resolved and we can confirm that the figure quoted in our November 2015 letter has not changed as a result of this issue.

A separate issue has, however, subsequently emerged. An operator had their metered usage incorrectly billed for four days in period four. This has now been corrected and has resulted in the operator's usage of infill data falling below the threshold percentage.

The correction of this issue has resulted in a change to the cumulative financial value of the OTM Incentive Charge.

Cumulative financial value of the OTM Incentive Fund

The table, below, shows the cumulative financial value of the OTM Incentive Charges received by Network Rail from metered train operators, as per Paragraph 7.1 of the Traction Electricity Rules.

This value has changed since our November 2015 letter, which referred to the same billing period. In our November 2015 letter, the figure quoted was £115,062.54. The reasons for the change in this value are described above.

We can confirm that the correct figure is the one shown in the table, below.

Cumulative financial value of OTM Incentive Charge	Billing Period
£ 110,715.36	1 April 2015 – 19 September 2015



All numbers are in real prices. These figures are intended for information purposes only.

Next steps

As outlined in our letter of 28th April 2014, we will publish this information at the end of each financial quarter. The next update of this information will be in February 2016 when the data for 1st April 2015 to 12th December 2015 will be published. This letter will shortly be available to download from our OTM website¹.

If you have any questions, please do not hesitate to contact me on my details, above.

Yours sincerely,

Aaren Healy

¹ The Network Rail On Train Metering (OTM) website can be accessed here: <http://www.networkrail.co.uk/using-our-network/on-train-metering/>