



Ekta Sareen
Senior Regulatory Economist
Network Rail
Kings Place, 90 York Way
London, N1 9AG

Andrew Whittington
ORR
1 Kemble Street
London WC2B 4AN

CC. James Carter, London Midland

Tuesday 26 February 2013

Dear Andrew

London Midland's majority endorsed proposal to ORR for an EC4T Metering Rules Change – Proposal to disaggregate the AC losses mark-up by ESTA.

The purpose of this document is to submit, on behalf of London Midland (LM), an endorsed proposal to change the EC4T Metering Rules¹ for ORR's approval. London Midland is proposing to amend the EC4T Metering Rules so that the AC losses mark-ups are disaggregated by ESTA reflecting the latest AC losses report issued by Network Rail. It is proposing that these changes come into effect within fourteen days of any approval notification provided by ORR.

Background

On 19 December 2012, London Midland wrote to Network Rail, to exercise its right, under Section 11 of the EC4T Metering Rules to make a 'Proposed Metering Rules Change' to disaggregate the AC losses mark-ups by ESTA. We then formally issued an industry-wide consultation on behalf of London Midland, which closed on 30 January 2013.

Responses were received from:

- First ScotRail (FSR);
- First Capital Connect (FCC); and
- Network Rail.

FSR and FCC supported London Midland's proposed approach - we opposed the proposal on the grounds that the values were unstable as were ESTA boundaries in CP5. Full consultation responses and subsequent responses from London Midland are attached to this letter, and can also be found on our website². There were no requests to modify London Midland's proposed approach.

Following the consultation, we invited metered operators (including those operators which have opted in for on-train metering from the start of the next financial year) to cast a vote by email,

¹ Network Rail (May 2012), 'EC4T Metering Rules', accessible here:
<http://www.networkrail.co.uk/WorkArea/DownloadAsset.aspx?id=30064781316>.

² All correspondence in regards to LM's Proposed EC4T Metering Rules Change can be found on our website:
<http://www.networkrail.co.uk/using-our-network/on-train-metering/>



either in support, or against London Midland's Proposed EC4T Metering Rules Change. Voting commenced on 13 February 2013 and closed on 20 February 2013.

The following stakeholders voted in favour of London Midland's proposed approach:

- First Capital Connect;
- First Scotrail;
- Virgin Trains;
- First ScotRail;
- Southeastern Rail;
- London Midland; and
- Southern Rail.

We received a single vote against London Midland's proposed approach from:

- Network Rail.

In summary, there is a majority endorsement from stakeholders to London Midland's Proposed EC4T Metering Rules Change. London Midland is now formally submitting its proposal to ORR for its consent. The exact details of the changes to the EC4T Metering Rules that London Midland is seeking is outlined in its letter, dated 19 December 2012.

Next steps

London Midland is content for the requested amendments to the EC4T Metering Rules to come into effect within 14 days of any ORR decision. If approved, London Midland also proposes that the revised AC loss values are applied retrospectively to the EC4T charges for the 2012/13 financial year.

We look forward to receiving your response to this proposal. We will notify all stakeholders of your decision.

If you have any questions or would like clarification on any of the issues raised in this letter, please contact Jashim Uddin (Jashim.Uddin@Networkrail.co.uk) or myself. This letter will also be available to download from our website³ shortly.

Yours sincerely,



Ekta Sareen

Senior Regulatory Economist

³ On-Train Metering webpage: <http://www.networkrail.co.uk/using-our-network/on-train-metering/>.

