londonmidland
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Ekta Sareen
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8th February 2013

Dear Ekta,

London Midland EC4T Proposed Metering Rules Change

Many thanks for responding to London Midland's (LM's) proposal to change the EC4T Metering Rules. LM are grateful to Network Rail for considering the proposal and for providing a detailed response to the consultation. Whilst we do not intend to amend any part of the original document and re-submit for consultation, LM wish to address a number of points raised in Network Rail's letter that will hopefully provide further clarity (for the benefit of other industry parties) on our justification for making this proposal. LM are therefore content for this letter to be published on the Network Rail website.

Losses by ESTA

As explained in your letter of 1st February 2013, Network Rail's current position is that you do not consider the AC losses figures by ESTA (as included in the AC losses report) as being sufficiently robust to be adopted for billing purposes, yet LM do not understand why the current 5% figure (as preferred by Network Rail) should be viewed as any more reliable than the figures recently investigated and calculated, considering how the 5% figure has been derived as a simple rounded national average? Furthermore, when considering the complexities involved in calculating AC losses accurately (Network Rail admit that a substantial amount of work has been carried out over the last few years), the reasons given by Network Rail for still being unable to quantify an absolute scientific losses figure are probably likely to remain for some considerable time. LM do not therefore believe that this should be used to justify retaining the current AC losses assumptions.

Regenerative braking

LM accept that the AC losses figures are based on 'gross' consumption, however for the purposes of clarity, the average regen percentage for modelled operators is not 18%, as Network Rail has stated. The 18% figure is the mid-point of the three regen rates used for modelled operators. An accurate regen average can be calculated by using the level of regen kWh currently used under each percentage heading. LM's experience of metered regen is that it equates to an average of 16% in total.

ESTA boundaries

When considering the Government's strategy for a rolling forward program of electrification in CP5 and beyond, LM consider that ESTA boundaries & new electrification projects are always likely to represent possible changes in the medium to longer-term, and therefore should not be used as a justification to retain the 'status quo.'

Summary position

Whilst LM fully agree with NR's opinion that the industry needs 'certainty' when it comes to EC4T billing, LM consider that the most appropriate way to facilitate this would be for NR to more accurately charge each operator for the traction electricity directly used. This is the key principle behind LM's application to change the EC4T metering rules, as we consider that the current approach is neither equitable nor in any way incentivises operators to move to metered consumption or use energy efficiently.

Furthermore, in Network Rail's 'Consultation on traction electricity & electrification asset usage charges in CP5', it is noted that Network Rail plans to discuss options for reopening the losses estimates after two years from the beginning of CP5 (to reflect changes in electrification and the availability of more metered data). This would not support the 6-year certainty that Network Rail alludes to.

LM would be happy to discuss any aspect of this letter further with Network Rail.

Yours sincerely

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