

## CrossCountry Trains response to PR13 Consultation on the Variable Usage Charge

We note that ATOC has responded to the consultation and we support the points made, the below comprises the CrossCountry Trains specific responses. CrossCountry Trains response to the questions is highlighted in orange below.

### Vertical track variable usage costs

Question 1: What is your view on the surface damage percentages estimated for each activity in Appendix 2 and our proposal that 78% and 22% of track variable usage costs should be attributed to vertical and horizontal rail forces respectively?

Noted. There is little by way of supporting evidence for the proposal contained in the consultation and in the absence of independent data/competence it is not possible for CrossCountry to collaborate or otherwise this split. It is noted that the split may be subject to change when SBP cost and traffic data is taken into account.

Question 2: Do you have any comments on the analysis carried out by Serco in order to re-calibrate the existing equivalent track damage equation?

It is noted that the hybrid fit formula provides the best correlation to the VTISM assessment of track deterioration. With VTISM the current best method for evaluation of the wheel/rail interface it follows that there is logic to follow the hybrid fit.

Question 3: Do you consider that for CP5 we should use the revised 'hybrid' track damage formula derived by Serco, incorporating the existing Ct factor in its current format, to apportion vertical track variable usage costs between vehicle classes? Or

Do you consider that the existing equivalent track damage formula should be retained for CP5, alongside a commitment from the industry to, as part of the wider charges review in early CP5, to better understand the Serco analysis for potential implementation in CP6?

Ultimately any decisions on charges for CP5 will, however, be a matter for ORR.

With the intention to lock-down VUC for CP5 it would be a retrograde step not to implement a more accurate method for apportionment of the cost of track damage until 2019. If the only opportunity to enact the change is in advance of CP5 then CrossCountry consider that the application of the hybrid formula the best approach. We note the significant commercial implications of this and questions over the accuracy of the Serco assessment and suggest that if agreement to move to the hybrid formula cannot be obtained a middle position that moves towards the correct apportionment should be followed (e.g. apply some risk/bias).

If it were to be concluded that the existing equivalent track damage equation should be retained for CP5, we would also propose using this equation to apportion the relevant non-track variable usage costs, rather than the revised 'hybrid' track damage formula recommended by Serco.

## Horizontal track variable usage costs

Question 4: Do you have any comments on the analysis in Appendix 3? What is your view on our proposal to update the existing methodology such that it incorporates a new damage calculation methodology (comprised of separate components for grinding, RCF and wear), a coefficient of friction on the flange of 0.1 (to reflect better lubrication), sample track alignment variations and values of  $T_{\text{tr}}$  for the trailing wheelset of a bogie?

It is noted that the horizontal track cost allocation methodology does not include reference to different wheel profiles which are understood to have an impact on horizontal track damage.

Question 5: Would you like to provide any tare and laden vehicle dynamics models in order to facilitate revising an existing, or creating a new, curving class for CP5?

We are interested in providing dynamic models to refine curving classes for CP5 and are exploring this with our maintenance providers/OEMs and would like to understand a). the required timescales to set a CP5 price and b). how the confidentiality of the information can be assured so the IP of our suppliers is protected.

## Non-track (civils and signalling) variable usage costs

Question 6: What is your view on our proposal to retain the existing equivalent structures damage equation for apportioning metallic underbridge variable usage costs but using a modified axle load exponent of 4 rather than 4.83?

No Comment

Question 7: What is your view on our proposal to use the revised equivalent track damage equation for apportioning embankments, culverts and brick and masonry underbridge variable usage costs?

No Comment

Question 8: What is your view on our proposal to apportion the 50% of signalling variable usage costs estimated to be load related using the equivalent track damage formula and the 50% of signalling variable usage costs estimated not be load related based on vehicle miles?

No comment

## Vehicle characteristics that inform VUC rates

Question 9: What is your view on the draft list of vehicle characteristics contained in the spreadsheet attached to the covering email accompanying this consultation? Do you consider that any of these should be amended (if so, please provide supporting evidence where possible)?

We would like the opportunity to check and validate the vehicle characteristics and will respond to this effect in the next four weeks. We also highlight the following points:

1. Tare weight including passengers (assuming this is 100% of seats filled) is not the typical weight of a passenger vehicle. It would be more accurate to include reference to an average load factor.

2. The real operating speed of our Voyager trains (Class 220 and Class 220) is lower than that defined by the formulaic approach (ref. our response to question 12 below).

Question 10: What is your view on our proposal that for existing vehicles, not subject to vehicle modification, VUC rates should 'locked down' for CP5?

Agree in principle but definition of 'vehicle modification' needs to be clarified to ensure it is sufficiently wide so that changes such as re-deployment of stock that makes a change to its operating speed could be accommodated.

Question 11: What is your view on our revised freight operating speed estimates and the methodology used to derive them? Would you like to provide any further information in relation to freight operating speeds?

No Comment

Question 12: What is your view on our proposal that the default approach should be that passenger operating speeds are estimated using the existing CP4 formula unless evidence, based on the timetable, that an alternative operating speed is more appropriate is provided? Would you like to provide any evidence, based on the timetable, that an alternative operating speed is more appropriate?

We believe that timetabled operating speed continues to be an important factor in calculating variable usage charge. The issues in relation to journey time affecting CrossCountry as a cross-boundary operator are similar to freight in that the overall timetabled speeds are often much slower than the maximum speed of the rolling stock because timetabling complexities across boundaries often prevent optimisation of the timetabled paths. This is a particular issue for long distance services operated by CrossCountry using class 220 and 221 Voyager type rolling stock.

Please find attached Working TimeTable derived data as evidence that our actual operating speed is 68.71 mph and should be used for evaluation of variable usage charge, compared to 80.90 mph which is the formulaic result.



WTT Timetabled  
Speed Analysis.xlsx

### Temporary default rates

Question 13: What is your view on our proposal to retain a default rate for freight vehicles and introducing a default rate for passenger vehicles in CP5?

We support this approach.

Question 14: What is your view on our proposed default rate 'bands' and that the respective rate for each of these bands should be the highest relevant vehicle rate on the CP5 price list?

We support this approach.

## **Rates for modified vehicles**

Question 15: What is your view on our proposal to adjust VUC rates during the control period in light of vehicle modifications?

We support this approach but note our response to question 10 in respect to broadness of definition of 'vehicle modification'.