



15-25 Artillery Lane,
London E1 7HA.

Telephone: 020 7983 5174

Facsimile: 020 7983 5171

Mobile: 07818 421220

E-mail: ian.kapur@gbailfreight.com

Ben Worley.
Network Rail,
King's Place,
90 York Way,
London, N1 9AG.

8th February 2013

Dear Ben,

**GB Railfreight Ltd. response to the Network Rail PR13 Consultation
on the Coal Spillage Charge (CSC) and the Coal Spillage Reduction
Investment Charge (CSRIC):**

General Comments:

This Network Rail consultation presents no evidence to back up the various assertions in this document or the many proposals being discussed for raising the coal spillage charge in CP5. There is little transparency throughout, with many of the views being merely subjective and non-evidence based. This is unacceptable, especially when Network Rail is dealing with such large sums of money.

At the very least, the detail of this consultation needs to be subject to audit and peer review before any of the figures can be used for proposing changes to charges for CP5. GB Railfreight believes that the lack of presented evidence means this report will not stand up to scrutiny.

The lack of transparency and evidence applies to asset life reduction of S&C, asset life reduction of plain line and trends of coal related points failures to name but a few.

GB Railfreight is disappointed that such a document has been put out to consultation.

Responses to Specific Questions listed in Annex A:

***Q1:** What is your view on potentially recovering coal spillage costs through any new freight-specific charge, rather than a separate CSC?*

GB Railfreight believes that, if there are to be revised charges for coal spillage in CP5, they need to be charged separately from the Freight Specific Charge as coal spillage would need to be charged on a "tonnes lifted" basis and not based on distance, or kgmt as there is no real correlation between any spillage of coal from wagons and distance of journey. However, GB Railfreight is not convinced of any of the figures that Network Rail is proposing for coal spillage charge increases and a more evidence-based report would be required for consultation before this were to occur.

Q2: *What is your view on the methodology and assumptions that we have applied in order to initially estimate coal spillage costs?*

GB Railfreight is not convinced, in any way, of the methodology used to inform revised coal spillage costs. Nowhere in this report does it discuss, in any detail, *why* coal spillage decreases the life of S&C and plain line by the % stated and by how much these % might change with amounts of coal spilt. This is basic information that ought to be detailed in a consultation such as this.

Once again, there is no evidence supplied for the assertions being made, either for actual costs or comparisons of wear and tear and asset life. Far too much of the methodology shown is based on assumptions on top of even more assumptions.

Q3: *Do you have any comments on our initial list of coal loading and unloading points set out in Annex B?*

To be up to date, the list needs altering as follows: Didcot Power Station needs removing (closes in March 2013); Butterwell Opencast has closed and Potland Burn, close by, replaces it; Widdrington (Steadsburn) has ceased supplying coal about two years ago.

Q4: *What is your view on our proposal to discontinue the CSRIC in CP5?*

GB Railfreight agrees that the CSRIC has been useful in CP4, with many of the coal loading points having been fitted wagon cleaning equipment, and it should be discontinued at the start of CP5.

Q5: *What is your view on the appropriate size of an annual investment fund in the event that it was considered appropriate to retain the CSRIC for CP5?*

For the reasons shown in the footnote on page 15 of the consultation, £70K per year seems a bit too high now, as many primary and secondary locations have had cleaning equipment already fitted. There are few sites left, requiring wagon cleaning equipment to be fitted, to justify £70K a year during the life of CP5.

Q6: *What is your view on how we have initially estimated the CP5 CSC rate?*

The estimate is not based on any supplied evidence and the assumptions are too subjective to be used to propose such a large increase. This large increase, proposed to be over 120%, makes GB Railfreight believe there are some incorrect assumptions being made.

Network Rail's forecast for coal tonnage (Figure 1), per annum, shows a gradual decline during CP5, although other CP5 coal forecasts that are informing CP5 track access charging (e.g. MDS Final Market Study) show a more steep decline in coal volumes throughout CP5. The steep decline in coal volumes in CP5 should lead to a similar steep reduction in coal spillage and, therefore, points failures supposedly caused by coal spillage.

Q7: *What is your view on our proposal to cease adjusting the CSC rate annually in CP5 based on the number of coal related points failures?*

Through CP4, there has been little hard evidence produced to justify the large increase in the number of points failures in Year 3 of CP4, especially as the amount of coal being carried has declined and the positive effects of fitted coal cleaning equipment have now come through. The trend of points failures from Year 2 to Year 3 seems illogical and needs to be explained more carefully.

With that in mind, GB Railfreight does not have much confidence in the annual review of the CSC rate but thinks the process of annual review should continue, however, far more detailed evidence on all points failures needs to be supplied in any future debate.

***Q8:** What is your view on our proposal that if the CSRIC were to be levied in CP5 there would be considerable merit in setting the level of the charge for the duration of the control period?*

GB Railfreight does not believe there's a requirement for the CSRIC to continue through CP5 but, were it to continue, the charge should probably be fixed for the whole period.

Yours sincerely,

Ian Kapur.
National Access Manager.