

Ben Worley  
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Date:  
1 March 2013

Dear Ben

## **PERIODIC REVIEW 2013 – NETWORK RAIL CONSULTATION ON THE PHASING OF THE FREIGHT-SPECIFIC CHARGE IN CP5 AND OTHER ISSUES**

Thank you for the opportunity to respond to this consultation. Before dealing with some of the specific issues that you raise around implementation I will set out some general concerns that we have around this new charging regime.

Transport Scotland's response to the ORR's consultation on freight access charges for CP5 made clear the importance of the freight network in Scotland and the Scottish Ministers' policy objectives for the sector.

Despite some concessions being made in terms of the level and phasing of charges we remain concerned that the changes could potentially have a disproportionate impact in Scotland. The decision to levy both a freight-only mark-up and a freight specific charge on ESI coal and to use distance-based charging presents serious risks to Scottish businesses, particularly those in the energy sector, and we have requested further clarification from the ORR on the processes and rationale underlying their decision.

Transport Scotland expects that the implementation of any new charging regime should allow businesses adequate time to adapt and allow them to remain competitive in their key markets. Consequently, within the constraints of ORR's decision, we are broadly supportive of the phasing suggested by Network Rail which would defer the full charge until the last year of CP5.

In terms of the freight-only line charge, we assume that this is not applicable to Scotland as we do not believe we have any nuclear freight only branches, but would like your confirmation.

We note Network Rail's initial calculations for freight-only line charge rates and the methodology applied appears sensible. We would, however, welcome an updated list of the freight lines used to inform these calculations.

Iron ore is not a traffic that passes in Scotland so we have no comment to make on these charges. Biomass does not impact Scotland at the moment but could have significant

implications in the future. Detailed comments will be issued as part of the specific ORR consultation on biomass.

I can confirm that Transport Scotland does not require any of this response to remain confidential.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Steven McMahon', written in a cursive style.

**STEVEN McMAHON**