

OFFICIAL



# Final determination consistent price lists: key assumptions

20 December 2023



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## 1 Summary

### Purpose

- 1.1 The purpose of this document is to set out the key assumptions which underpin the following Network Rail final price lists for Control Period 7 (CP7), that we published on 20 December 2023. These price lists are consistent with ORR's final determination.
- a) Track Usage Price List for CP7 containing:
    - i. Variable Usage Charge (VUC);
    - ii. Electrification Asset Usage Charge (EAUC);
    - iii. Freight Specific Charge (FSC); and
    - iv. Charter Slot Charges.
  - b) CP7 Schedule of Fixed Charges (FTACs);
  - c) CP7 Open Access ICC Rates List (Infrastructure Cost Charge);
  - d) CP7 Station Annual Long Term Charges (LTC)<sup>1</sup>; and
  - e) CP7 Traction Electricity Modelled Consumption Rate List.
- 1.2 This document does not provide an impact assessment for the recalibrated price lists, that specified passenger, freight, open access and charter operators will pay in CP7. ORR has provided impact assessments as part of its [final determination policy position on access charges](#).
- 1.3 As determined by ORR, because these final price lists have been published following a comprehensive consultation process, it will not be possible to re-open them during CP7 to address any errors.

### Background

- 1.4 The price lists are a product of the rigorous periodic review process in advance of CP7, led by ORR with input from and in consultation with, industry stakeholders.
- 1.5 For your convenience, a summary of the major PR23 milestones relating to access charges is illustrated in Table 1.

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<sup>1</sup> Note, in PR18 this was published as 2 separate price lists, Managed and Franchised.

Table 1: PR23 consultation and publication milestones.

Milestone	Description / Document Title	Date published / due
<a href="#"><u>ORR's Initial Proposals</u></a>	Review of Network Rail's access charges - Technical consultation	15 July 2021
<a href="#"><u>Industry responses to ORR's Initial Proposals</u></a>	Combined industry responses to ORR's Initial Proposals	24 September 2021
<a href="#"><u>ORR's Further Proposals</u></a>	Review of Network Rail's access charges - Technical consultation - Further Proposals	14 April 2022
<a href="#"><u>Industry responses to ORR's Further Proposals</u></a>	Combined industry responses to ORR's Further Proposals	1 July 2022
<a href="#"><u>ORR's Conclusions</u></a>	Review of Network Rail's access charges – conclusions on charging framework	20 October 2022
<a href="#"><u>Network Rail's consultation on access charges</u></a>	Network Rail's consultation on regulated access charges in Control Period 7 (CP7)	11 November 2022
<a href="#"><u>Industry responses to consultation on access charges</u></a>	Network Rail's consultation on regulated access charges in Control Period 7 (CP7) – Industry Responses	3 February 2023
<a href="#"><u>Network Rail's conclusions on access charges</u></a>	Network Rail's regulated access charges in Control Period 7 (CP7) - Conclusions on our technical consultation	19 May 2023
<a href="#"><u>ORR's draft determination</u></a>	PR 23 draft determination: policy position – access charges	15 June 2023

Milestone	Description / Document Title	Date published / due
<a href="#">Draft price lists (excl. FTAC)</a>	Network Rail's Draft Determination consistent price lists, excluding FTAC / ICC	27 July 2023
<a href="#">Draft price list FTAC / ICC only</a>	Network Rail's Draft Determination consistent price lists for FTAC / ICC	25 August 2023
<a href="#">Draft determination industry responses</a>	Responses to draft determination and consultation on changes to model access contracts	31 October 2023
<a href="#">ORR's final determination</a>	ORR's final determination: policy position – access charges	31 October 2023
<a href="#">Network Rail's final price lists</a>	Final determination consistent price lists	20 December 2023



## 2 Inflation

2.1 The price base and inflation assumptions, for the following charges:

- a) Passenger operator Vehicle Usage Charge;
- b) Electrification Asset Usage Charge for freight, passenger and charter operators;
- c) Schedule of Fixed Charges; and
- d) Station Annual Long Term Charges;

are consistent with those used in our response to ORR's draft determination, published on 31 August 2023, which uses the Bank of England's (BoE) May 2023 forecast for 2023/24 inflation of 5.28 %.

2.2 The following charges are uplifted to 2023/24 prices using the cumulative 'lagged' indexation factor that has been applied consistent with the approaches as detailed in the corresponding section of operators' Track Access Agreements, unless otherwise noted:

- a) Freight and charter (including the Jacobite and NYMR PLC) Variable Usage Charges;
- b) Charter Slot Charges; and
- c) Freight<sup>2</sup> and open access ICCs.

2.3 The treatment of inflation for the calculation of VUC rates for freight, charter (including the Jacobite) and NYMR PLC is discussed in more detail in paragraph 3.14 of this document.

2.4 The treatment of inflation for the calculation of the Charter Slot Charges is discussed in more detail in paragraph 6.2.

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<sup>2</sup> Freight ICC's have been uplifted to 2023-24 prices using the cumulative indexation factor that has been applied to passenger VUC rates during CP6.

## 3 Variable Usage Charge

### Assurance

- 3.1 Both the Vertical Track Interaction Strategic Model (VTISM) and the VUC model were audited by Arup in the 2018 Periodic Review (PR18). The report can be found [here](#). We worked with external consultants in preparing the VUC model for PR23 and commissioned additional external assurance prior to the preparation of the final VUC price lists. This approach and level of assurance has proven efficient and robust.

### Assumptions

- 3.2 We set out below, the key assumptions which underpin the Variable Usage Charges (VUC) as published in our Track Usage Price List for CP7, consistent with ORR's final determination.
- 3.3 As confirmed by ORR in its final determination, there has been no change to the VUC calculation, cost categories or the underlying track damage formulae that are used to calculate VUC rates.
- 3.4 There have been 18 new VUC rates that have been approved since the publication of the draft price list as detailed in Table 2. These have been added to the PR23 VUC model for inclusion in the VUC rates for CP7. **For the avoidance of doubt, any new VUC rate approved in CP6 after October 2023 will require a separate consent notice in CP7 to supplement the Track Usage Price List for CP7.**
- 3.5 On 24 November 2023, we shared the near final price list and the 'PR23 Vehicle Characteristics v2.2' spreadsheet giving stakeholders one final opportunity to highlight any errors. Where advised and agreed with individual operators, we have made changes to the vehicle characteristics. Changes in VUC rates are largely contained to vehicles whose characteristics have changed, however, due to the interdependencies in the model, there may be very minor changes to other vehicles VUC rates for both passenger and freight operators.
- 3.6 The maximum changes to VUC rates where no changes to the vehicle characteristics have been made, between the price list shared on 24 November 2023 and the published price list, is 0.01 p/vm for passenger operators and £0.0004 kgm for freight operators.
- 3.7 The final VUC price list is based on the vehicle characteristics contained in the excel spreadsheet ('PR23 Vehicle Characteristics v2.3') which has been published alongside this document. This updated list of vehicle characteristics reflects:



- a) the ORR's decision to support the removal of redundant vehicles<sup>3</sup> from the price list;
  - b) any changes that have been advised by and agreed with operators, following four opportunities to review and update their characteristics throughout the PR23 consultation process; and
  - c) any changes required as a result of the detailed assurance work undertaken on the model and the vehicle characteristics.
- 3.8 We have engaged individually with operators where any changes have resulted in a material change to a VUC rate that applies to their vehicles.
- 3.9 In advance of 1 April 2024, the VUC rates published in the Track Usage Price List for CP7 will be uplifted to 2024/25 prices to reflect the impact of inflation for the first year of CP7 as detailed in operators' Track Access Agreements.

### **Passenger Assumptions (including open access)**

- 3.10 Specified passenger and open access operator VUC rates have been published in 2023/24 prices.
- 3.11 VUC rates for specified passenger and open access operators reflect the methodology set out in our conclusions on access charges published in May 2023. The inputs<sup>4</sup> used in the final PR23 VUC model used to calculate the VUCs have been updated to be consistent with our draft determination response. Compared to the draft price list, the changes to the inputs have largely had a decreasing effect on the VUC rates.
- 3.12 VUC rates for specified passenger and open access operators reflect the expected change in the efficiency of Network Rail's spending on maintenance and renewals (M&R) during CP7, as set out in our draft determination response. We have used the forecast efficiency level in the final year of CP7 and applied this to the charge for the whole period. The efficiency targets have not changed following ORR's final determination, therefore they remain consistent with those used in the draft price list.

### **Freight, charter (including the Jacobite) and NYMR PLC assumptions**

- 3.13 As set out in ORR's final determination, VUC rates for freight and charter operators (including the Jacobite services and North Yorkshire Moors Railway) will continue to be capped in CP7. Specifically, ORR has proposed that these rates should increase during CP7 along the same real terms trajectory as set in PR18, to reach cost-

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<sup>3</sup>Vehicles which have not operated on the network in the last 6 years, and have not been explicitly identified by operators as potentially returning to operation in CP7.

<sup>4</sup>Including inputs into VTISM, whose outputs are an input to the PR23 VUC model.





reflective rates calculated in PR18<sup>5</sup> by the final year of CP7, instead of increasing to the new cost-reflective (i.e. uncapped) rates as recalibrated as part of PR23.

- 3.14 To derive this phasing-in profile, we uplifted the uncapped VUC rates calculated in PR18 (in 2017/18 prices) for inflation to 2023/24 prices, using the cumulative indexation factor that has been applied to freight and charter VUC rates during CP6<sup>6</sup>. This indexation factor is lower than total forecast inflation for the period 2017/18 to 2023/24, based on both November 2022 OBR inflation forecasts and the Bank of England forecast for May 2023 used in the calculation of the majority of the other regulated access charges. This is because VUC rates are indexed during CP6 using a 'lagged' inflation factor, which, for freight operators, is based on average CPI rates over the previous 12-month period from January to December, and for Charter operators, is based on the CPI as published in November of the preceding year.
- 3.15 We then calculated rates for years 1 to 4 of CP7 to achieve a straight-line glide path between rates in year 5 of CP7 and the rates that are currently paid in year 5 of CP6. This means that the real terms increase in the VUC rate for a given vehicle / commodity type is the same in each year.
- 3.16 For information, we also published the PR23 uncapped rates for freight and charter operators derived as part of the PR23 recalibration process (based on the same methodology used to calculate passenger VUC rates), as set out in our conclusions on access charges published in May 2023. Consistent with our approach to other charges, these rates are expressed in 2023/24 prices based on inflation assumptions set out in section 2 of this document.
- 3.17 These rates are published separately on our website. For the avoidance of doubt, these VUC rates do not represent the rates that will be paid by freight and charter operators in CP7 – they are provided for information purposes only.
- 3.18 The final price list reflects the removal of redundant freight vehicles, as advised by operators during the previous consultations in September 2022 and November 2022 and as supported by ORR in its final determination.

## **New VUC rates and amended VUC names**

- 3.19 Table 2 below details 18 vehicles that have been added to the final PR23 VUC model since the publication of the draft price list, following the consent by ORR to supplement the CP6 Track Usage Price List.

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<sup>5</sup> Reflecting the efficiency of Network Rail's spending on maintenance and renewals (M&R) during CP6

<sup>6</sup> For vehicles introduced since PR18 as supplements to the price list, corresponding rates are calculated using information from the CP6 VUC calculator used in the VUC application process.



Table 2: Vehicles that have been added since the draft price list was published.

Passenger / Freight	Vehicle	Commodity
Passenger	701/T	N/A
Passenger	701/0/M1	N/A
Passenger	701/0/M2	N/A
Passenger	701/5/M1	N/A
Passenger	701/5/M2	N/A
Freight	FEAG (L)	Domestic Intermodal
Freight	FEAG (T)	Domestic Intermodal
Freight	FEAG (L)	Industrial Minerals
Freight	FEAG (T)	Industrial Minerals
Freight	FEAG (L)	Other
Freight	FEAG (T)	Other
Freight	IFAM (L)	Domestic Intermodal
Freight	IFAM (T)	Domestic Intermodal
Freight	IFAM (L)	Other
Freight	IFAM (T)	Other
Freight	IIAC (L)	Coal Other
Freight	IIAC (T)	Coal Other
Freight	IIAC (T)	Industrial Minerals

3.20 Three vehicles have had their names amended to appear in a consistent format with other vehicles on the list; these are listed in Table 3.

Table 3: Vehicles whose names have been amended since the draft price list was published.

Passenger / Freight	Vehicle	Update detail
Passenger	221/HB/TR/M	New VUC rate for 221s with Tilt Removed (TR) – included on the draft price list as 221HB/TR/M
Passenger	455/M/AC	Characteristics are for the AC variant of 455s, introduced as a supplement during CP6. All vehicles have been converted to the AC variant. Included on the draft price list as 455/M



Passenger	455/T/AC	Characteristics are for the AC variant of 455s, introduced as a supplement during CP6. All vehicles have been converted to the AC variant. Included on the draft price list as 455/T
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## 4 Electrification Asset Usage Charge (EAUC)

### Assurance

- 4.1 The PR23 EAUC model was developed in collaboration with external consultants and has been assured by Network Rail internally. This approach and level of assurance has proven efficient and robust.

### Assumptions

- 4.2 This section sets out the key assumptions which underpin our EAUC price list, consistent with ORR's final determination.
- 4.3 The EAUC rates have been published in 2023/24 prices. In advance of 1 April 2024, the rates will be uplifted to 2024/25 prices to reflect the impact of inflation for the first year of CP7 as detailed in operators' Track Access Agreements.
- 4.4 The EAUC rates reflect the methodology set out in our conclusions on access charges published in May 2023.
- 4.5 All EAUC rates reflect the average expected change in the efficiency of Network Rail's spending on maintenance and renewals (M&R) during CP7, as set out in our draft determination response. The efficiency targets have not changed following ORR's final determination, therefore they remain consistent with those used in the draft price list.
- 4.6 The inputs to the final PR23 EAUC rates have been updated to be consistent with our draft determination response and the latest traffic forecasts for electric traction.



## 5 Freight Specific Charge or Infrastructure Cost Charge (ICC) for freight services

### Assumptions

- 5.1 This section sets out the key assumptions which underpin our Infrastructure Cost Charge (ICC) price list for freight services<sup>7</sup>, consistent with ORR's final determination.
- 5.2 In its final determination, ORR has determined that Network Rail can continue to levy an ICC on freight services carrying **iron ore, spent nuclear fuel, electricity supply industry (ESI) biomass and ESI coal**.
- 5.3 The rates set out below have been published in 2023/24 prices. In advance of 1 April 2024, the rates will be uplifted to 2024/25 prices to reflect the impact of inflation for the first year of CP7 as detailed in operators' Track Access Agreements.
- 5.4 There has been no change to the rates, initially published in our draft prices lists in August 2023, following ORR's final determination.
- 5.5 No adjustments have been made to the ICC rates to reflect efficiency targets; this is because the ORR caps the rates based on each commodity's ability to bear the charge.

### ESI coal

- 5.6 ORR has decided to keep the overall level of cost recovery broadly constant across variable and infrastructure cost charges. Therefore, the ICC for ESI coal is set at **£1.25 per kg<sub>tm</sub>** (in 2023/24 prices).

### Iron ore

- 5.7 ORR has decided to keep the overall level of cost recovery broadly constant across variable and infrastructure cost charges. Therefore, the ICC for iron ore is set at **£1.28 per kg<sub>tm</sub>** (in 2023/24 prices).

### Spent nuclear fuel

- 5.8 ORR has determined that the final ICC rate for spent nuclear fuel should be set at **£21.23 per kg<sub>tm</sub>** (in 2023/24 prices).

### ESI biomass

- 5.9 ORR has determined that ESI biomass can continue to bear its current ICC, in real terms, for CP7. Therefore, the ICC is set at **£1.74 per kg<sub>tm</sub>** (in 2023/24 prices).

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<sup>7</sup> Referred to as Freight Specific Charges in freight Track Access Agreements and in our CP7 Track Usage Price List.



## 6 Charter Slot Charges

### Assumptions

- 6.1 This section sets out the key assumptions which underpin our price list for the charter slot charges.
- 6.2 The rates set out in Table 4 below are in 2023/24 prices, calculated using the cumulative indexation factor that has been applied to charter VUC rates during CP6. In advance of 1 April 2024, the rates will be uplifted to 2024/25 prices to reflect the impact of inflation for the first year of CP7 as detailed in operators' Track Access Agreements.
- 6.3 Consistent with the methodology set out in our conclusions on access charges published in May 2023, charter bespoke charges comprise a single slot charge for diesel services, a single slot charge for steam services and a repeat business slot charge.

Table 4: Charter slot charges for CP7.

Description of service	Charge, 2023/24 prices (£ / bid)
Loaded train or ECS train hauled by diesel or electric equipment or consisting of EMU or DMU	425.2604
Train hauled throughout or in part by steam driven equipment	1025.5772
Repeat Business Slot Charge	76.0101

## 7 Schedule of Fixed Charges (FTACs)

### Assurance

- 7.1 Network Rail's CP7 fixed costs model and FTAC model have been externally audited by CEPA. The report can be found [here](#).

### Assumptions

- 7.2 This section sets out the key assumptions which underpin our FTAC price list, consistent with ORR's final determination.
- 7.3 The rates have been published in 2023/24 prices. In advance of 1 April 2024, the rates will be uplifted to 2024/25 prices to reflect the impact of inflation for the first year of CP7 as detailed in operators' Track Access Agreements.
- 7.4 FTAC income has been allocated to specified train operators based on their share of avoidable fixed costs, which are calculated using the fixed cost model.
- 7.5 The allocation of FTAC income is performed separately (a) for England and Wales, and (b) for Scotland, in line with the current funding arrangements between Department for Transport (DfT) and Transport Scotland (TS), which reflect the fact that DfT specifies and funds the England and Wales network, and TS the Scottish rail network, and:
- a) FTAC income for England and Wales is allocated based on each non-TS specified operator's relative share of the total avoidable fixed costs of England and Wales.
  - b) FTAC income for Scotland is allocated based on each TS-specified operator's relative share of the total avoidable fixed costs of Scotland<sup>8</sup>.
- 7.6 The total FTAC income of £6,657m (in 23/24 prices) reflects the funding decisions set out in ORR's final determination in relation to the level of FTAC, the Network Grant in CP7, and income, including any additional income challenges set by ORR.
- 7.7 The Core Valley Lines have been removed from the fixed cost allocation model and are not reflected in FTACs following the divestment of the infrastructure to Transport for Wales.
- 7.8 Train operators' FTAC allocations reflect the traffic forecast consistent with the CP7 draft determination response.
- 7.9 Train operator names in the Schedule of Fixed Charges have been updated to be consistent with their contractual names as they appear on their Track Access Agreements (available [here](#)).

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<sup>8</sup> The TS-specified operators being ScotRail and Caledonian Sleeper.



## 8 Open Access ICC Rates List or Infrastructure Cost Charge for open access services

### Assumptions

- 8.1 This section sets out the key assumptions which underpin our Infrastructure Cost Charge (ICC) price list for open access operators, consistent with ORR's final determination.
- 8.2 ORR has concluded that Network Rail can levy an ICC on interurban services<sup>9</sup> and can also levy an ICC on open access services to major airports<sup>10</sup>. The addition of the airport services market segment to the ICCs in CP7 is confirmed in ORR's final determination.
- 8.3 For completeness, all open access operators currently operating on the network appear on the price list, regardless of whether they meet the threshold to be charged an ICC and are assigned a £0 charge. Of the open access operators, only Lumo will be charged an ICC in CP7.
- 8.4 Following a review of its contractual arrangements, it has been confirmed that Heathrow Express will not be transferring onto a model track access contract and will remain on its bespoke Track Access Agreement; it will therefore not be charged an ICC in CP7.
- 8.5 All ICC rates have been published in 2023/24 prices. In advance of 1 April 2024, the rates will be uplifted to 2024/25 prices to reflect the impact of inflation for the first year of CP7 as detailed in operators' Track Access Agreements.
- 8.6 Consistent with PR18, an ICC may only be levied on a service if it has the ability to bear the charge. As such, all other open access operators (those which are not interurban or services to major airports) will not be charged an ICC in CP7.
- 8.7 No adjustment for efficiency has been made when calculating CP7 open access ICC rates.
- 8.8 New open access services subject to an ICC will be phased in as shown in Table 5.

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<sup>9</sup> As defined in ORR's draft determination policy position, page 11. This is a continuation of the policy set out in PR18.

<sup>10</sup> As defined in ORR's [PR23 further consultation on open access airport services](#) (published 01 August).



Table 5: Phasing in of ICCs of a new open access services liable for an ICC in CP7.

Year of operation of new service	Year 1	Year 2	Year 3	Year 4	Year 5
% of ICC set for CP7	0 %	0 %	25 %	50 %	100 %

### Interurban Services

8.9 ORR has determined that the ICC for interurban open access services is set at **£5 per train mile** (in 2023/24 prices).

8.10 The ICC will only be applicable to new interurban open access services that were introduced after PR18, i.e. after 1 April 2019, and will be applied on the phased basis as shown in Table 5. Therefore, other than Lumo, only open access operators that commence a new interurban service before April 2027 would be charged an ICC during CP7 due to the phasing profile.

8.11 The definition of an interurban service is the same as that defined for CP6, i.e. a service for which:

- a) at least one station served has average entries / exits above 15 million passengers per year, or is within two miles of a station meeting that criterion (ORR station usage data).
- b) At least one other station served has average entries / exits above 10 million passengers, or is within two miles of a station meeting that criterion.
- c) two stations meeting these demand thresholds are at least 40 miles apart.

### Open access services to major airports

8.12 ORR has determined that the ICC for open access services to major airports is **£5 per train mile** (in 2023/24 prices) for CP7, in line with their ICC for the interurban market segment. This was confirmed in ORR's final determination, following the outputs from the fixed cost allocation recalibration and the conclusion of their [consultation](#) on major airport services which closed on 31 August 2023.

8.13 The definition of a major airport service would capture services to/from a station that directly serves an airport, and whose annual passenger entries/exits at the station exceeds 5 million.

8.14 Under the above definition, there are currently no operators that would be subject to the major airports ICC. This is because all of the airports that fall within the



definition are currently served by operators on concession-style agreements (i.e., not open access) and which pay the FTAC.

- 8.15 The ICC for major airport services would be phased in, as detailed in Table 5, for new open access services in this market segment; this is consistent with the ICC policy for new interurban services.



## 9 Station Long Term Charge (LTC)

### Assurance

9.1 The PR23 Long Term Charge (LTC) model was developed in collaboration with external consultants and has been assured by Network Rail internally and further validated by ORR's externally commissioned consultants. This approach and level of assurance has proven efficient and robust.

### Assumptions

9.2 This section sets out the key assumptions that underpin the CP7 LTC price lists.

9.3 The LTC price lists have been published in 2023/24 prices. In advance of 1 April 2024, the rates will be uplifted to 2024/25 prices to reflect the impact of inflation for the first year of CP7 as detailed in operators' Track Access Agreements.

9.4 The LTCs reflect the methodology set out in Network Rail's conclusions document, which is consistent with ORR's final determination. Therefore, and for the avoidance of doubt, there has been no change to the calculation methodology as a result of ORR's final determination.

9.5 All LTC rates reflect the expected change in the efficiency of Network Rail's spending on maintenance and renewals (M&R) during CP7, as set out in our draft determination response. We have used the forecast efficiency level in the final year of CP7, inclusive of headwinds, and applied this to the charge for the whole period. The efficiency targets have not changed following ORR's final determination, therefore they remain consistent with those used in the draft price list.

9.6 Stations in the following categories are not charged an LTC and therefore do not appear on the LTC price list:

- a) The Isle of Wight Island Line stations as they, along with all of Network Rail's Isle of Wight railway assets, are under a separate lease to South Western Trains Limited. That lease includes its own separate suite of charges and is unregulated.
- b) The Tyne & Wear Metro stations are not owned by Network Rail.
- c) Stations that are on Full Repairing and Insuring (FRI) leases. The Station Facility Owner (SFO) of the station takes on the responsibility and cost for the maintenance, repair and renewal (MRR) activity.

9.7 The following stations have been removed from the LTC price list since the CP6 price list published in PR18<sup>11</sup>:

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<sup>11</sup> These stations were also removed from the current CP6 LTC price list (2023/24 prices).



- a) Two stations identified as officially closed<sup>12</sup>; these are Folkestone Harbour and Newhaven Marine.
  - b) 55 stations that form part of the Welsh Core Valley Lines transferred from Network Rail to Transport for Wales (TfW) ownership in 2020.
- 9.8 The Station Facility Owner names in the final price list have been updated to be consistent with their contractual names as they appear on their Track Access Agreements (available [here](#)).
- 9.9 Where applicable<sup>13</sup>, forecast costs that feed into the LTC model have been updated since the publication of the draft price list, including inflation assumptions.
- 9.10 The price lists have been published in one excel document as opposed to 2 separate documents, as done in PR18. The Large stations LTCs are listed on a separate tab to the Category Averaged station LTCs.

### Large station assumptions

- 9.11 The 33<sup>14</sup> stations defined by ORR as 'Large' have their LTCs set on a station specific basis, using the same methodology that was applied to Network Rail managed stations in PR18. The Large stations are a mix of Network Rail managed stations and franchised stations. The list includes:
- a) 19 of the 20 Network Rail managed stations (Guildford is not classed as Large).
  - b) 14 franchised stations.
- 9.12 Highbury & Islington is split into two separate stations (High Level and Low Level) which are each charged their own LTC; this is because they are managed by different SFOs. Each of the High Level and Low Level stations are classed as Large and are charged a station specific LTC.
- 9.13 Following consultation, London St Pancras has been reassigned from the Eastern region to the Southern region on the LTC price list.

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<sup>12</sup> A station is 'officially closed' if ORR has issued a closure ratification notice.

<sup>13</sup> Third party SISS maintenance contract costs have not been uplifted since these are agreed via contractual arrangements separate from the periodic review process; therefore, the values have not been amended in the LTC recalibration exercise.

<sup>14</sup> See footnote on page 45 of ORR's PR23 draft determination.



## Category Averaged station assumptions

9.14 The Category Averaged<sup>15</sup> stations have their LTCs set using the same methodology that was applied to franchised stations in PR18, but with the following changes:

- a) The LTCs for Category Averaged stations are set to reflect regional level (as opposed to route level) expenditure forecasts.
- b) An extension to the discount on the Operational Property element of a new station's LTC<sup>16</sup>, which is currently applied to newly opened stations from the opening date (date on which the station opened to fare-paying passengers) to the end of the control period in which the station opened. From the start of CP7, this discount will instead be set for a fixed five-year period from the opening date. This will be applied to any station which has opened during or after CP6.

9.15 The list of Category Averaged stations includes:

- a) One Network Rail managed station (Guildford, not classed as Large).
- b) 2250 franchised stations.

9.16 Since the draft price list was published, four new category averaged stations have been opened and added to the CP7 LTC price list, as follows:

- a) Marsh Barton (04/07/2023)
- b) Portway Park & Ride (01/08/2023)
- c) Reading Green Park (27/05/2023)
- d) Thanet Parkway (31/07/2023)

9.17 The current (CP6) station categories (A-F) for the above new stations have been applied in the CP7 price list. This is because they do not appear in the ORR station usage data that was used to assign the categories to the Category Averaged stations<sup>17</sup> for CP7. This approach has also been applied to Reston and Inverness Airport (Dalcross), both of which appeared in the draft LTC price list.

9.18 The following stations have been removed from the Category Averaged CP7 LTC price list since it was shared with the industry on 24 November 2023:

- a) Headbolt Lane (category C – North West & Central): this station is new as it opened 05/10/23. In the price list shared on 24 November, it was anticipated

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<sup>15</sup> For the avoidance of doubt, where ORR refers to “non-large” stations in its draft and final determinations, it is referring to the stations that Network Rail refers to as “Category Averaged” stations.

<sup>16</sup> It is set at 10 % of that of an existing station in the same region and category (A-F).

<sup>17</sup> ORR estimates of station usage are used as a proxy for station size.



that this station would be charged an LTC. It has been removed from the final price list as there is currently no lease in place.

- b) Abbey Wood (category B – Southern): this station has transferred onto an FRI lease<sup>18</sup>.

9.19 As a result of their removal from the price list, the annual LTC that was originally allocated to each of these stations has been redistributed across the other stations within the same region, such that the forecast maintenance and renewals income for CP7 at a regional level, will remain unchanged. The impact is summarised in Table 6.

Table 6: The difference in CP7 annual LTC for each of the remaining stations in Southern and North West & Central as a result of removing Abbey Wood and Headbolt Lane respectively.

Region	Median difference in CP7 annual LTC charge (£) by category (A-F) in Southern and NW&C compared to the price list as at 24 November					
	A	B	C	D	E	F
NW&C	5,271	4,373	- 9,536 <sup>19</sup>	926	462	151
Southern	332	9,315	42	50	28	27

9.20 There are a very small number of figures which are not yet available (e.g. the Operational Property renewals estimate for a new station which is yet to be surveyed); in these cases, a reasonable estimate has been made based on similar existing stations.

9.21 The ORR estimates of station usage (annual entry and exit figures) from April 2021 to March 2022<sup>20</sup> are used to calculate the daily number of entries to each station, which are in turn used to place the Category Averaged stations into categories (A-F). This methodology is consistent with that used in PR18. The station category boundaries, shown in Table 7, were applied such that the proportion of stations (at a national level) in each category, remains constant from CP6 to CP7.

<sup>18</sup> Station moved onto FRI lease on 15 October 2023.

<sup>19</sup> Due to the more complex methodology required as part of the CP7 LTC policy update (outlined in our consultation on access charges 11 November 2022) it is possible for the removal of a station from a region to increase or decrease the LTC for the remaining stations in the relevant category.

<sup>20</sup> Published [here](#) on 24 November 2022.



Table 7: Daily entry criteria for station categories A – F in PR23.

Category	Daily passenger entries criteria
A	6,302 +
B	3,058 – 6,302
C	1,528 – 3,058
D	765 – 1,528
E	189 – 765
F	0 – 189

## 10 Traction Electricity Modelled Consumption Price List

### Assumptions

- 10.1 This section sets out the key assumptions which underpin our Traction Electricity Modelled Consumption Price List for CP7, consistent with ORR's final determination.
- 10.2 The price list contains modelled and default consumption rates for electric traction not fitted with on-train metering (OTM) and is published in conjunction with the final price lists to reflect the changes that are consistent with ORR's final determination.
- 10.3 Consistent with ORR's final determination, the existing passenger Generic Traction Electricity Modelled Consumption Rates have been removed from the Traction Electricity Modelled Consumption Price List.
- 10.4 The following Generic Traction Electricity Modelled Consumption Rates for freight modes – currently published as part of table 2, Freight Traction Electricity Modelled Consumption Rates – have been removed:
  - a) Generic heavy haul;
  - b) Generic inter-modal;
  - c) Generic (Multiple Units): parcels/mail; and
  - d) Generic (Locomotive & coaches): parcels/mail.
- 10.5 In 'Table 4 - Traction Electricity Modelled Default Rates for CP7' - contained in the Traction Electricity Modelled Consumption Price List, a new category, 'Freight / Passenger', has been added along with the new Freight Default Consumption Rates consistent with ORR's decision to calibrate new Default Consumption Rates for the same freight modes as those removed at paragraph 10.4.
- 10.6 Since the draft CP7 Traction Electricity Modelled Consumption Rates List was published alongside the draft access charges price lists, 10 new modelled rates have been added to the CP7 rates list; these are summarised in Table 8.



Table 8: New modelled consumption rates that have been added since the publication of the draft CP7 consumption rates list.

Passenger Train Operator	Train Service Code	Vehicle type	Loco / MU
Arriva Rail London Limited	21235001	710/4	MU
Arriva Rail London Limited	21237001	710/4	MU
Arriva Rail London Limited	21921000	710/4	MU
Arriva Rail London Limited	22216000	710/4	MU
Arriva Rail London Limited	22216000	710/5	MU
Arriva Rail London Limited	22216001	710/4	MU
Arriva Rail London Limited	22216001	710/5	MU
Arriva Rail London Limited	25234001	710/4	MU
Arriva Rail London Limited	25252001	710/4	MU
First MTR South Western Trains Limited	24672104	458/5	MU

10.7 In accordance with ORR's final determination, which confirmed the removal of the ability to apply for any new modelled rates from the beginning of CP7, only consumption rates that fall under one of the below groups will have the opportunity to be added to the CP7 supplements list:

- a) Rates that are consented to before the end of CP6.
- b) Rate applications that are already in progress prior to the end of CP6 but are still awaiting consent from ORR.

**End**