

Price Lists & Simplification – GBR's Charges Scheme

*Industry Engagement ahead of Funding Period 1
(2029 to 2034)*

Please note, these slides will be published online and will be available, [here](#).

Introduction and purpose

– Caitlin Scarlett

Workshop purpose

- This is the fourth of our workshops exploring options for GBR's future charges scheme: today we will focus on the publication of Price Lists and ways of simplifying the charges scheme.
- Part one of today's workshop will provide an overview of why Price Lists are published, and when we intend to do this in future. The main priority for this is to seek stakeholder views on why Price Lists are important, the decisions they support, and the trade-offs with early visibility of charges rates – **we ask that stakeholders come prepared to explain what decisions price lists inform and to discuss trade-offs.**
- Part two will explore Simplification proposals. We will start by summarising **our current early-stage thinking** about the potential options for simplifying the presentational aspects of the Price List, as well as outlining the trade-offs and implications of simplification.
- The main priority for this workshop is to seek stakeholder views on potential options for simplifying the Price Lists in Funding Period 1. There will be time in the workshop for stakeholders to share their ideas – **we ask that stakeholders come prepared to discuss potential proposals and future options.**
- Caveat: the focus of simplification today will be presentational simplification, as opposed to methodological simplification. However, we can arrange follow-up discussions with stakeholders if desired.

Part one: Publishing Price Lists

– Conor Murrells

Context: the purpose of published price lists

How did the current process work for PR23?

As part of Periodic Review 2023, Network Rail published its Draft Price Lists in July/August 2023 and its Final Price Lists in December 2023 (both were Year 4 of CP6).

The purpose of the Draft Price Lists is to provide early visibility and transparency about charges rates. Final Price Lists provide stability and predictability for a Control Period. The Price Lists also have incentive properties allowing operators and end-users to plan their business.

Why is the publication of price lists important for GBR?

Published price lists provide transparency and predictability, enabling operators to understand the charges they face. They will also provide clear demonstration that charges are applied consistently.

TRADE-OFF: EARLY VISIBILITY VS. STABILITY

- Publication of Draft Price Lists is beneficial to stakeholders as it provides early visibility of charges rates.
- However, where there are material changes between Draft and Final Price Lists this creates uncertainty, reduced stability and undermines stakeholder confidence.
- This is exacerbated by input changes during this time (e.g., cost assumptions as part of the periodic review or changes in traffic forecasts).
- Clearly, there is a trade-off between early visibility which could lead to inadvertent volatility where there is change or false expectations, and later publication which guarantees stability but could delay long-term planning decisions.
- We are exploring ways in which we can reduce changes and provide stability.

Workshop discussion points

Consistency and industry reform

In the context of reform, how can GBR improve the current approach to publishing Price Lists, and what parts would you most like GBR to retain?

Supporting planning and investment

What decisions do users make using the price list? And what are the consequences or risks if GBR does not publish a Draft Price List?

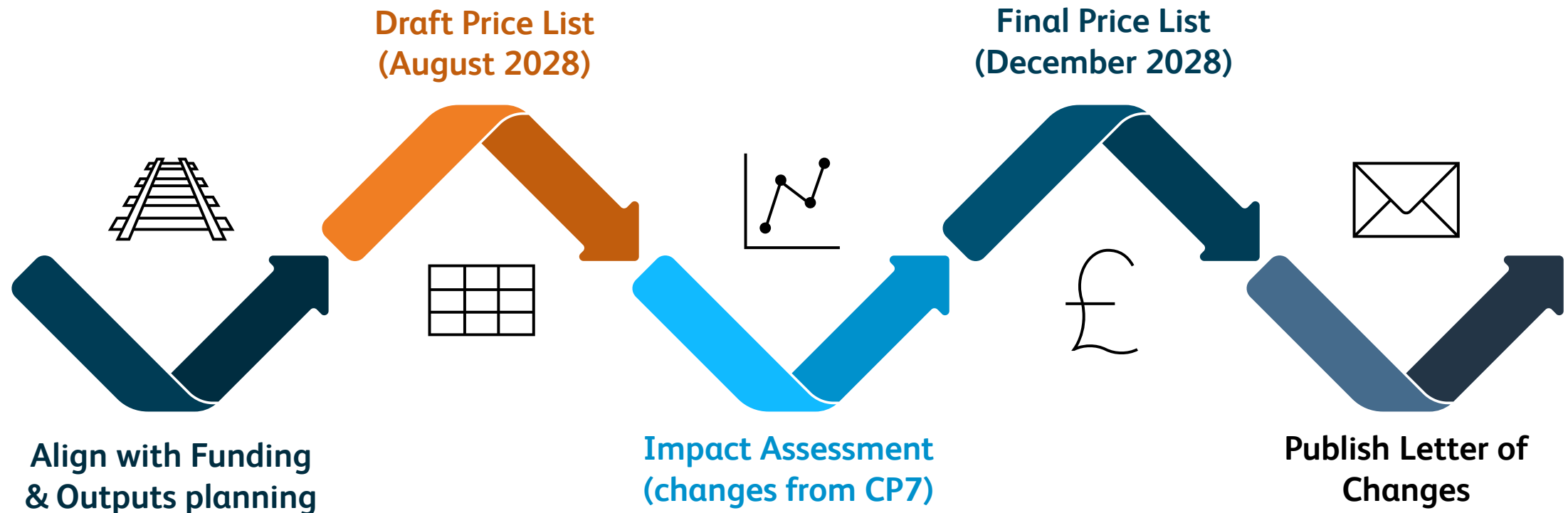
Transparency and understanding

Why is it important that stakeholders get early visibility of price lists? What can GBR do to better explain changes in rates between published Price Lists?

Stakeholder priorities

What is more important to your business: early visibility of charges rates or stability in charges rates even if this means later publication?

Overview of our current thinking: publication timelines



Workshop discussion point: Reflecting on this timeline and our initial thinking, is there any feedback or concerns that you would like to raise?

Part two: Price List Simplification

– *Conor Murrells*

Simplification: overview of our current thinking

– *Conor Murrells*

Simplification: understanding the implications and trade-offs

01

Improved high-level transparency. Fewer headline rates can improve high-level transparency by making the overall structure and scale of charges more immediately visible.

02

Improved clarity. Fewer rates can improve the clarity and readability of Track Access Charges for operators and customers.

03

Reduced barriers to entry for new and marginal users. Simpler Price Lists can reduce informational and procedural barriers to entry, particularly for new, or infrequent users.

04

Clearer communication and engagement. Simplified rate structures may support clearer communication between GBR and stakeholders, enable more focused engagement on key drivers of change.



BENEFITS



DRAWBACKS

01

Cost reflectivity. Averaging rates across vehicle types risks undermining cost reflectivity, particularly where charges are intended to reflect differential 'wear and tear'.

02

Complexity remains. While headline rates may appear simpler, the underlying calculation of the VUC is often no less complex, and averaging inevitably creates distributional effects ('winners and losers').

03

Distortion of price signals. Moving away from vehicle-specific rates may weaken incentive properties, reducing the ability of charges to signal efficient investment or behavioural responses. Ultimately, averaging charges may reduce incentives for operators to invest in track-friendly rolling-stock.

04

Loss of comparability. Averaged or banded charges make comparison harder.

Stakeholder discussion – Simplification Ideas

– *Conor Murrells*

(1): Remove Motor and Trailer Rates, replace with formations

Presenting VUC rates as fixed formations – our current thinking to help shape discussion

Rationale: Present VUC rates in terms of common rolling-stock formations (e.g. Class 801 – 5-car), rather than motor and trailer vehicles, to better reflect how operators deploy fleets in practice.

Overarching principle: Rates should be intuitive and operable for users, while remaining consistent with cost causation and existing wear-and-tear incentives.

Delivery: Two potential approaches could be explored: (1) a presentational change that aggregates existing motor and trailer rates into formation-based prices; or (2) a more fundamental shift to calculate VUC directly at the formation level using combined vehicle characteristics.

Caveat: This is a presentational simplification, not a methodological one: the complexity of how VUC rates are derived remains unchanged and would still need to be explained transparently.

How this could look on the price list...

Vehicle	VUC rate (£ per kgtm)
Class 398 (3-car)	~.~.~.~.~
Class 398 (6-car)	~.~.~.~.~
Class 801 (5-car)	~.~.~.~.~
Class 801 (7-car)	~.~.~.~.~

Assumed impact: broadly a similar number of vehicles on the VUC Price List

(2): Introduce “charging bands” to reduce the number of VUC rates

Introducing charging bands– our current thinking to help shape discussion

Rationale: To move from highly granular vehicle-level rates to a more proportionate structure through the use of charging bands.

Overarching principle: The Price List would be presented using a limited number of “charging bands”. Vehicles would be allocated to bands in a way that preserves existing wear-and-tear incentives as far as possible.

Delivery: This could be achieved by either calculating rates and grouping them based on VUC rates or on axle load.

Caveat: This is presentational simplification for users, but not methodological simplification that makes it easier to explain how VUC rates are calculated.

Assumed impact: a complete overhaul of the price list from over 200 rates to indicatively up to 15 charging bands (90% reduction)

How this could look on the price list...

Charging Band (VUC rate)	VUC rate (£ per kgm)
$A \leq x < B$	~.~.~.~.~
$B \leq x < C$	~.~.~.~.~
$C \leq x < D$	~.~.~.~.~

Or...

Charging Band (Axle load)	VUC rate (£ per kgm)
$A \leq x < B$	~.~.~.~.~
$B \leq x < C$	~.~.~.~.~
$C \leq x < D$	~.~.~.~.~

Workshop discussion points

Cost-reflectivity

Noting the distribution effects of simplifications, what are your views on how we should strike a balance between maintaining cost-reflective charges and achieving simpler charges?

Supporting planning and investment

Would there be any unintended consequences to rolling stock investment if we adopted an approach based on charging bands (Option 2)?

Stability

To what extent would you be willing to accept greater volatility in charges if this reflected 'live' rates (in charging bands), in exchange for simpler headline rates (Option 2)?

Stakeholder priorities

What is more important to your business: better understanding of how charges are calculated or presentational simplification?

Next steps

– Caitlin Scarlett

Summary and next steps

- Our current thinking is that the structure of the charges scheme needs to remain aligned to Periodic Reviews.
 - We are committed to providing early visibility of charges rates, and as far as possible reducing changes in charges rates between published Price Lists.
 - We will reflect on stakeholder feedback to ensure our current assumptions for when Price Lists will be published is appropriate.
 - We are exploring proposals to simplify the presentation of Price Lists. We will reflect on stakeholder feedback as we develop a proposal or set of proposals for formal consultation in 2027.
- **Outcome of our engagement in 2026: the information shared and gathered during these workshops will help to shape our thinking on GBR's future approach to publishing Price Lists and how to simplify the charges scheme, which will inform GBR's Charges Scheme Statement in FP1.**

Key dates / Look ahead – upcoming charges workshops

AUP objectives and trade-offs on 13 May – this will be an opportunity to discuss the development of the AUP and to highlight important trade-offs or tensions.

Fixed Charges on 26 and 27 May – this will be an opportunity to explore how GBR may set future mark-ups and its approach to fixed cost recovery through charges.

VUC Phasing-In on 21 July [Freight & Charter] – this will be an opportunity to understand previous decisions to cap or phase-in VUC rates, and discuss potential options for FP1.

For more information on our charges and performance workshops, please visit this link: [GBR's Charges and Performance Schemes](#).

How you can help shape GBR's Charges Scheme and Performance Scheme Statements for FP1

Ways to get involved:

- Technical workshops on important charges and performance scheme topics.
- Targeted engagement with freight, devolved bodies, open access, other infrastructure managers, and funders.

We are committed to:



Early visibility of emerging approaches.



Open feedback and transparent reporting.



Listening to concerns and perspectives.

For more information on our emerging proposals for charges and performance , please visit this link:
<https://www.networkrail.co.uk/industry-and-commercial/developing-gbrs-charges-and-performance-schemes/>

If you have any questions or would like to discuss this further, you can contact the team via our dedicated inbox:
chargesandperformanceschemes@networkrail.co.uk