



OFFICE OF RAIL AND ROAD

Freight Customer Event

**Manchester,
13 November 2019**

“ORR protects the interests of rail and road users, improving the safety, value and performance of railways and roads today and in the future”

Agenda

Welcome/housekeeping	10:30	Dan Brown
Panel session on strategic challenges for the freight industry (60 minutes including audience discussion)	10:35	<p>Dan Brown – ORR Maggie Simpson - RFG Andy Saunders - Network Rail</p> <p>Discussion chaired by Dan Brown</p>
Coffee (15 mins)	11:35	
Network Capacity and timetabling (25 mins)	11:50	Paul McMahon – Network Rail
Discussion (25 mins)	12:15	Discussion chaired by Catherine Williams
Lunch and networking (50 mins)	12:40	
Safety (25 mins)	13:30	Paul Appleton
Discussion (25 mins)	13:55	Discussion chaired by Dan Brown
Competition (20 mins)	14:15	Tom Cole
Discussion (20 mins)	14:35	Discussion chaired by Catherine Williams
Round up and close (5 mins)	14:55	Dan Brown



OFFICE OF RAIL AND ROAD

Panel discussion

Dan Brown – ORR

Maggie Simpson – Rail Freight Group

Andy Saunders – Network Rail

Catherine Williams – ORR

“ORR protects the interests of rail and road users, improving the safety, value and performance of railways and roads today and in the future”

A decorative graphic on the left side of the slide, consisting of a series of vertical blue bars of varying heights, resembling a stylized railway track or a fence.

Network Capacity and Timetabling

Paul McMahon

ORR annual freight customer event

13 November 2019

A decorative graphic on the right side of the slide, consisting of a series of vertical blue bars of varying heights, resembling a stylized railway track or a fence.

Purpose of session

- Summarise the end to end process for track access timetabling
- Explain how freight fits in to capacity planning
- Clarify how the processes for ORR and Network Rail work
- Explain how access rights and timetabling relate
- Summarise what the industry is doing to improve things



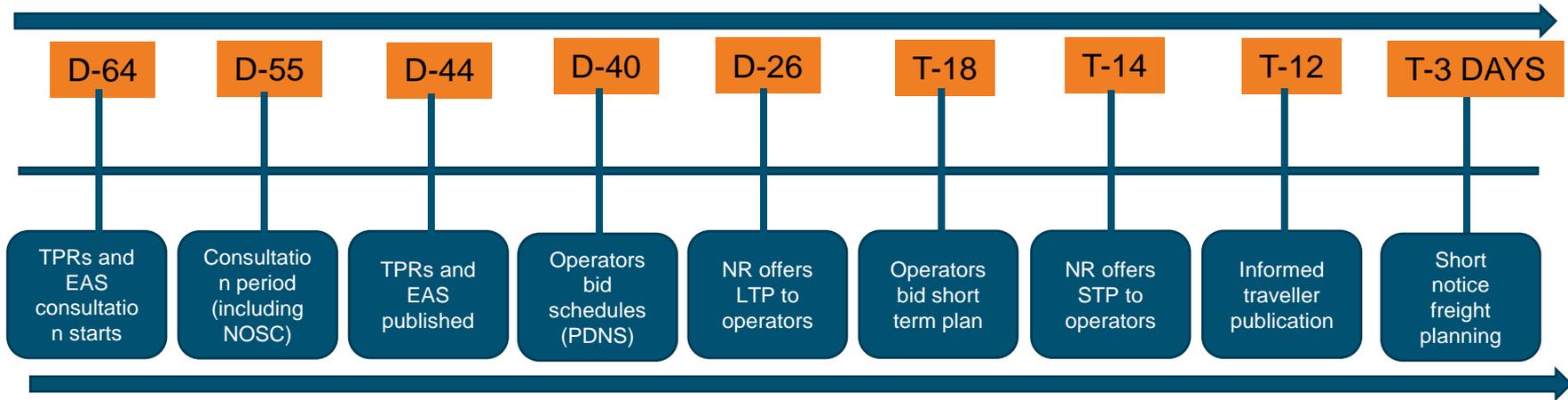
Some key facts

- Network Rail runs around 25,000 trains each weekday
- 6.4% growth in last two years
- 600+ freight trains typically run each weekday (2.5% of total)
- Network Rail employs c400 train planners; c150 work in freight (38% of total)





Timetable preparation and publication (key activities)



Abbreviations

TPRs – Timetable Planning Rules
 EAS – Engineering Access Statement
 NOSC – Notice of Significant Change
 PDNS – Priority Date by which a bid is made
 LTP – Long term plan
 STP – Short term Plan

Access Rights and the Timetable

- Passenger services need rights within their TAC to operate on the network
- Freight operators can operate with just a timetable offer, prior to rights being approved
- TAC rights give an operator higher priority and more guarantee of getting the path it wants
- Network Rail and operators negotiate access rights via its Route Customer teams and Sale of Access Rights process, before applying to ORR
- ORR makes the final decision (approval or direction)
- Freight operators tend to apply for rights after new traffic has started running
- Freight end customers can hold access rights in their own TAC



What determines if operators can get access rights and trains timetabled?

- Access rights
 - Is there capacity?
 - Are there competing aspirations?
 - What are the performance impacts / mitigations?
 - Other factors
- Timetable
 - Compliance with process, TPRs, etc
 - Does the timetable bid conflict?
 - Rights priority
 - Decision Criteria
- Strategic Capacity
- Dispute mechanisms



Improvements

- Earlier approval of access rights
- Improving capacity planning resources
- Network Rail's devolution programme
- Review and alignment of sale of access rights process in line with Network Rail devolution
- Definition of available capacity





OFFICE OF RAIL AND ROAD

Health and Safety

ORR Freight Customer Event

Paul Appleton, HM Deputy Chief Inspector of Railways

Patrick Talbot, HM Principal Inspector of Railways

“ORR protects the interests of rail and road users, improving the safety, value and performance of railways and roads today and in the future”

Overview

- Introduction
- GB Rail Safety Performance
 - Key challenges
- Work with FEUs
- Collaboration

Introduction

- HM Deputy Chief Inspector of Railways

- Responsible for all inspection work at ORR
 - Network Rail and contractors
 - TOCs
 - Heritage
 - Light rail and Metros
 - Freight

GB Rail Safety Performance 2018-19

■ Key Headlines

- Britain's railways remain one of the safest in Europe
- However... this rate of improvement is slowing
- Two workers tragically lost their lives on Britain's railways

■ [ORR Annual Health and Safety Report](#)

GB Rail Safety Performance 2018-19

- Harm on the mainline to passengers rose—seven of the 13 passenger fatalities were at platform-train interface
- Underlying SPAD risk has increased since Autumn 2018—Increase in the number of SPADs given a “potentially severe” ranking
- Objects on the line
- Infrastructure operation and signaling errors and irregularities
- Trespass

Industry Challenges

- Responding to increased pressure on the system arising from disruption across the network, more trains and ageing assets
- Managing the effective introduction of new technology while taking human interactions into account
- Supporting our people who are often the last line of defence in preventing a major failure

Freight End User Safety

- Management of risks at a key interface- risks can be imported from and to the mainline network
- Proactive inspection work focussing on infrastructure maintenance at intermodal sites

Collaboration

- Legal duty of co-operation
 - ROGS

- Collaboration amongst duty holders has already resulted in considerable improvements in health and safety risk control
 - Cross Industry Freight Derailment Group
 - National Freight Safety Group

Collaboration

- Freight End User Safety Day
 - Organised by Network Rail FNPO
 - ORR will be attending

- 28 November, The Wesley Hotel- London, Euston



ORR's approach to competition policy in the rail freight industry

Freight Customer Event

November 2019

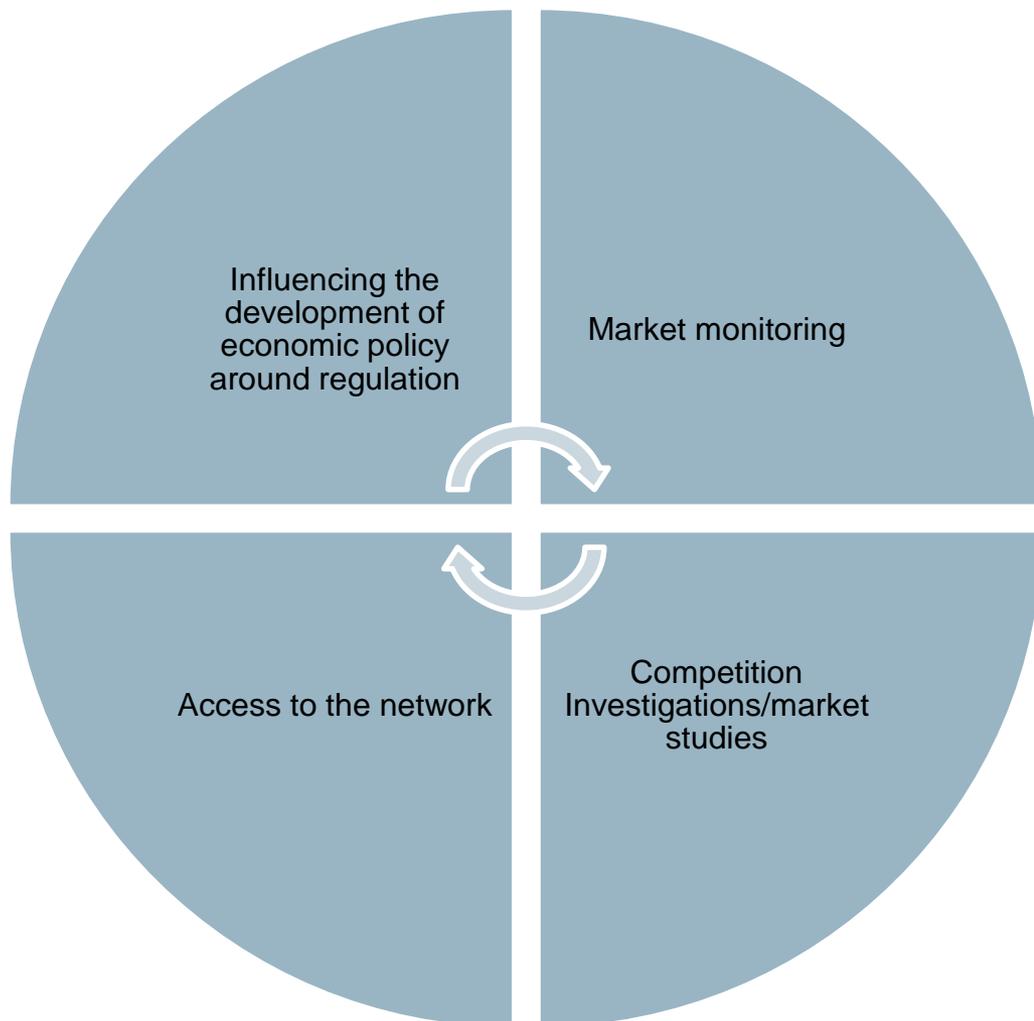
Agenda

- ORR's competition role
- Rotherham Depot
- Siemens/Alstom merger
- Going forwards



ORR's competition role

ORR's competition role



We use competition policy (and where necessary our powers) to optimise competitiveness and create conditions for innovation, efficiency and growth

Our powers

Enforcement – against:

- Agreements between businesses which restrict or distort competition (e.g. price fixing, market sharing, bid rigging)
- Abuse of a dominant position in a market (e.g. customer reservation, excessive pricing)

Market studies

- To investigate markets and develop remedies to improve competition and outcomes for consumers

Regulatory access powers

- Regulation 34 provides ORR with the power to issue directions to correct discrimination against applicants for access to the rail network, market distortion; or undesirable developments in relation to the competitive situation in the rail services markets

We always seek to address issues in the most proportionate way possible and are led by our prioritisation principles when deciding if/what power to use



Rotherham Depot

Overview

- We received a complaint from an intermodal freight customer threatened with eviction from the Rotherham 'Steel' Depot
- Importantly it was supported by evidence appearing to demonstrate that the depot owner may have been acting to protect its own 'downstream' commercial interests, rather than make best use of/carefully balancing the interests of users of the site
- Protection of competition in the intermodal market has been continuing priority of ORR following its earlier competition investigation



ORR's actions



- Undertook a site visit
- Liaised with all parties involved (customers, freight operating companies, and depot owners)
- Used evidence and data to take a view on balancing needs of users of the site
- By giving a regulatory 'steer' able to ensure an 'access' resolution which balanced needs of users of the site and improved competition in the intermodal market

Outcome

Keeping freight competition on the right track

4 February 2019

By Tom Cole, ORR Head of Competition.

Rail freight is vital to the economy. It contributes over £800m a year and the more than 600 freight trains that run every day play a big part in reducing congestion on the roads and cutting carbon emissions.

The ORR's role includes ensuring there is fair competition between freight operators. Therefore, when we received a complaint from a rail freight transport customer about plans for its eviction from the Rotherham Terminal we felt it was necessary to take action.

Rotherham's strategic location has contributed to it becoming a key inland hub for the transport of many tonnes of intermodal containers by rail. We considered that the eviction of this key user of rail container transport services could have harmed competition in this important growth market.

We went to work talking to the site's operator, DB Cargo, and GB Railfreight, (who also run trains from the site). We are pleased that this constructive engagement resulted in a future plan for the depot which will both protect competition for container transport, and balance the needs of other users of the site.

The continuing success of rail freight is in all of our interests, so we were delighted to receive co-operation from all of the businesses involved in this issue. In particular, we are pleased that **DB Cargo** took on board our feedback about its arrangements at Rotherham and about its internal processes and controls.

This case was resolved successfully with the assistance of everyone concerned. It should also serve to remind industry that ORR will step in to ensure competition in rail markets is protected.

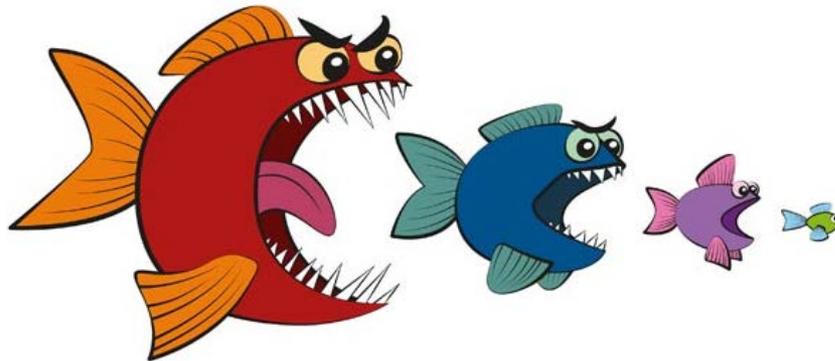




Siemens/Alstom merger

What is merger control?

- Market power is a bad thing for customers. It means high prices, cost inefficiency, and low product quality/innovation.
- Economic regulation seeks to protect customers in situations where significant market power exists.
- Merger control: prevents situations of market power arising **before** harm arises.
- Merger control –CMA in the UK, the European Commission for European mergers have powers to block mergers or clear conditional on remedial action.



Siemens/Alstom

- 26 September 2017: Siemens and Alstom announced a “merger of equals” to create a “European champion in mobility”
- A combined entity would have 62k employees in 60+ countries, with annual revenues in excess of €15bn p.a.



The markets and issues caused

Signalling

- Used by Network Rail to direct traffic.
- Siemens/Alstom collectively supply c 93% of the UK market.
- The other 7% is reliant on Siemens/Alstom technology.

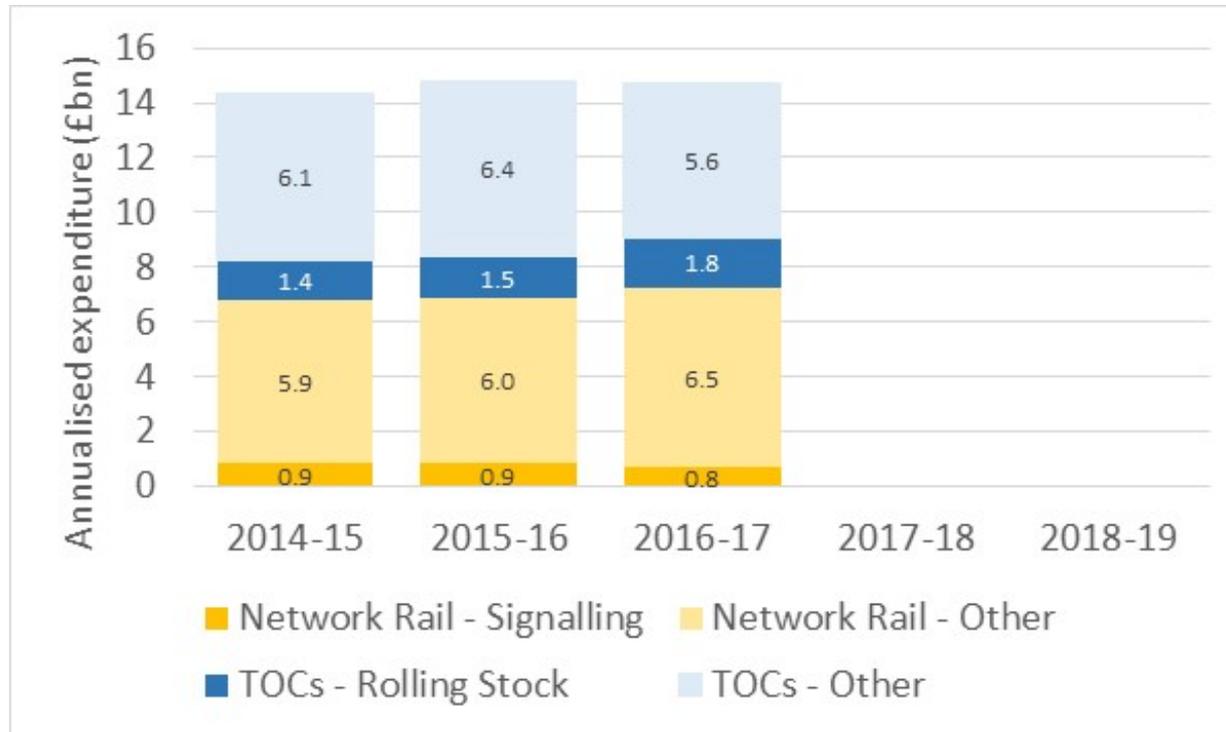


Rolling stock

- Siemens, Alstom not the only players but are perennial rivals for the largest contracts:
 - IEP (2009, £4.5bn)
 - Deep tube (2018, £1.5bn)
 - Thameslink (2011, £1.6bn)
 - HS2 (forthcoming, £2.75bn)



Why this matters



- Increased costs and loss of efficiency brought about by loss of competition in Network Rail's key supply chains is ultimately borne by taxpayers and railway users (including freight customers)

Feb 19: Prohibition

- Only the Commission's 8th prohibition decision in the last decade;
- Decision reflects the seriousness of the Commission's concerns and the shortcomings of the Parties' commitments offer.
- The Commission resisted strong political pressure during the investigation. France and Germany now pushing for reform?.



Joe Kaeser
@JoeKaeser

Follow

Replying to @vestager @nicolabeerfdp @c.lindner

Wer Europa liebt, der sollte seine Zukunft gestalten und sich nicht in rückwärts gerichteten Formeln verlieren. Es muss bitter sein, wenn man technisch recht hat aber für Europa doch alles falsch macht
@peteraltmaier @BrunoLeMaire

Going forwards

- If you experience an issue which could be anti-competitive **contact us:**

<http://orr.gov.uk/rail/promoting-competition/how-to-report-a-breach-of-competition-law>

- Examples of anti-competitive conduct:
 - Issues with getting access to rail facilities
 - Price fixing between freight operators
 - Markets being split by geography or customer by freight operators (customer sharing)
 - Exclusivity requirements by freight operators



OFFICE OF RAIL AND ROAD

Summary and close

Thank you for joining us today

“ORR protects the interests of rail and road users, improving the safety, value and performance of railways and roads today and in the future”