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**By email:** Ekta.Sareen@orr.gsi.gov.uk

Dear Ekta

**Re: Consultation on review of arrangements for establishing access charges for CP4**

Thank you for the opportunity to comment on your consultation published on 25 November 2009 which set out a review of the arrangements for the charging proposals for CP4 and considered the approach for CP5. This letter sets out Network Rail's response.

We are content with your suggestion that Network Rail should retain our current responsibility for developing proposals for changes to existing charges and the general technical implementation of charges for CP5. We are keen to undertake this role and consider that we are well-placed to do so, provided that we get the support required from ORR and others. We continue to develop our understanding of cost causation across the network, but recognise that we can learn the lessons from stakeholder consultations in PR08 and improve these for PR13.

Naturally, we intend to continue to work very closely with our key stakeholders through a variety of means. This will include, for example, bilateral discussions, workshops and written consultations.

We consider it essential that there is a full consideration of the case for radical reform of charging. We are not at this stage proposing such reform, but we believe it is essential that there is early agreement on what it is we are collectively seeking to achieve and what this means for charges. It should be recognised that even if there is a decision only to fine tune the

current regime, this can become very complicated and wide support is essential. In this context I also note that the approach to charging has to be considered in conjunction with consideration of competition, access policy and franchising.

We therefore welcome your plan to hold an industry workshop in March 2010 to provide the industry with an opportunity to discuss key policy issues at an early stage in the process. We consider that one useful output from this workshop could be to understand what appetite there is for considering 'radical' options as described above. A further task will be to understand what further information is required to provide the evidence base for eventual decisions about the Structure of Charges in CP5 (and beyond). Again, it is helpful to debate this at an early stage as some of the outstanding questions may require significant research efforts. The timing of these will need to be factored into the process.

We note that one of your key principles refers to the requirement to not discriminate between users. We assume that this means differences in charges should be 'objectively justified'?

Please do not hesitate to contact me if you have any queries or it would be helpful to discuss this response in greater detail. We do not require any of this response to remain confidential.

We look forward to collaborating with you in the review.

Yours sincerely

Peter Swatridge  
**Head of Regulatory Economics**