

From: North, Mark [mailto:Mark.North@kier.co.uk]
Sent: 10 September 2013 2:07 PM
To: Consultation on draft determination (ORR)
Subject: Kier Minerals Ltd - PR2013;Draft determination of Network Rail's outputs and funding 2014-19 - 10092013

Dear Ms Licata,

I am writing to you on behalf of Kier Minerals Ltd, in respect of the above, and have the following comments in respect of Freight Specific Charges as they relate to the haulage of coal.

- The comments we made to the original consultations still stand and I refer you to our letter dated 3 August 2012 to Joe Quill of the ORR.
- Why we welcome that the maximum cap has been reduced for the coal FSC the new proposed levels still put coal, being hauled from Scotland to English power stations, at a competitive disadvantage to imported coal being hauled to power stations shorter distances from ports, and to coal mined in England. The proposed reduction in the cap levels seems to back the evidence given to ORR that their evaluation of the Scottish coal industry was seriously flawed.
- The Scottish coal industry cannot afford this imbalance of costs placed on it in comparison to its competitors from abroad and producers in England (since the consultation came out two Scottish operators have gone into receivership namely Scottish Coal and ATH).
- A fairer approach would be to charge the FSC on a tonnes lifted basis rather than on the proposed distance travelled basis.

Should you wish any clarification on the above please let me know.

Yours sincerely

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