

From: Stallard, Philip [mailto:Philip.Stallard@raildeliverygroup.com]
Sent: 12 November 2013 5:05 PM
To: Schmidt, Henning
Subject: FW: ATOC response: PR13 consultation on contractual wording for EC4T cost reconciliation
Importance: High

Dear Henning,

Further to the ATOC consultation response dated 31st October 2013, I can confirm that we give permission for this to be published on the ORR website.

Best Regards,

Phil Stallard
Rail Delivery Group

From: Stallard, Philip
Sent: 31 October 2013 17:25
To: Schmidt, Henning (ORR)
Cc: Chatfield, Jonathan; Davies, Richard
Subject: ATOC response: PR13 consultation on contractual wording for EC4T cost reconciliation
Importance: High

Dear Henning,

With regards to the Consultation published on 2nd October, 2013: (PR13 consultation on contractual wording for EC4T cost reconciliation), please find below the position of **ATOC**.

ATOC notes that taking the proposed formulae in Annex D, Network Rail and ORR has explained that the methodology achieves the following:

That the revised methodology will reconcile discrepancies in energy costs, as defined in the NR Note, at a national level; and will reconcile delivery costs, as defined in the NR Note, at a geographical level.

Additionally, due to the likelihood that the DSLF values set across ESTAs will vary in accuracy, that any errors should be reconciled within their respective ESTA. Further, we recognise and accept that the new methodology will expose Network Rail to a portion of the cost reconciliation.

Without real data or examples containing real data, we are unable to confirm or refute whether the formula achieves this in practice.

With regards to the contractual wording itself, we would like to raise comments on areas which we feel are requiring greater clarity:

- We suggest that the definition of term **ENtmng** would benefit from further elaboration: the term itself refers to 'Energy costs', but is part of the delivery cost element **S2D_{gtw}**, which is somewhat ambiguous.

- On **NRLOSS** we highlight that the cross-reference to paragraph 18.2 (in its entirety) is not sufficiently transparent in itself and requires additional clarity. If it is the case that NRLOSS refers to $(\lambda_g \times A_{gt})$, then the drafting in 18.3 should make this explicitly clear. We also highlight that it is unhelpful that for this consultation the latest version of para. 18.2 was not included in the NR Note as an additional Annex for reference.

With many thanks

Best Regards,

Phil Stallard

Policy Adviser, Traction Electricity & Energy | Rail Delivery Group

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