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David Reed.  
Access Executive,  
Office of Rail Regulation,  
One Kemble Street,  
London, WC2B 4AN.

4<sup>th</sup> April 2014

Dear David,

### **2014 High Speed 1 Ltd. Periodic Review Draft ORR Determination**

GB Railfreight Ltd. (GBRf) is grateful for the opportunity to respond to the 2014 High Speed 1 Ltd. Periodic Review Draft ORR determination.

GBRf has been involved in the 5YAMS process with HS1 Ltd. and has welcomed the approach HS1 Ltd. has taken leading up to the PR14 review.

We welcome the proposed rates and also the mechanism to reduce the rates further should volumes increase. We believe reducing the unit price, to keep freight on HS1, is a logical step and recognise that this is a bespoke solution for a bespoke problem.

Notwithstanding this, GBRf still believes that the approach to the pricing mechanism being proposed by HS1 Ltd. is inconsistent with the pricing review approach for Network Rail. We strongly believe that freight services should only be charged the variable cost elements and not the fixed costs part. Avoidable costs should also not be included in the proposed freight rate.

EU directive 2012/34 applies to the UK rail network and, in line with this, Network Rail and HS1 Ltd. should apply it consistently and comply with the regulations.

GBRf welcomes HS1 Ltd. and the DfT working towards solutions for continuing a subsidy to support growth in the use of freight on HS1. Although the rate proposed for CP2 freight on HS1 is now lower than the CP1 rate, it is still higher than the CP1 discounted rate. We would welcome the continuation of the discounted rate. The mechanism for adjusting the rate for increased volume would allow the DfT to support freight traffic to the foreseen volumes but if freight traffic increases the DfT discount would be reduced or no longer required.

GBRf welcomes further involvement from the ORR and the DfT to seek alternatives to Ripple Lane Exchange Sidings operations. If the site could be transferred to Network Rail the overall cost of maintenance could be reduced.

Yours sincerely,

**Lee Armstrong**  
**Head of Strategic Planning.**