



**Title:** Response to consultation: Network Charges – A consultation on how charges can improve efficiency

**Author(s):** Dr Adam Bevan – Head of Enterprise, Institute of Railway Research, UoH  
Ross Bradley – Head of Innovation, Knorr-Bremse Rail Systems (UK) Limited  
Nigel Day – Head of Engineering, VTG Rail UK Limited

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**Contact details:** ✂

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## **General comments on ORR consultation: Network Charges – A consultation on how charges can improve efficiency**

The current consultation is related to improving efficiency of the railway system through an improved charging structure. We broadly agree with the issues identified, in particular the need to improve decision making by provided further incentives to help reduce whole-system costs. Evidence has shown that previous changes to VUC have resulted in positive improvements in vehicle design (new vehicle procurement or modifications to existing rolling stock) to reduce the impact to the network (through a reduction in wear and tear costs). However, the structure of the current charging regime provides limited ability for operators/vehicle manufacturers to further drive down whole-system costs efficiently.

There are a number of options, such as enhancing the charging structure to provide a more cost-reflective structure, where operators are charged the actual costs that they impose on the infrastructure, which will further incentivise the industry to help reduce costs through better operational and rolling stock decisions. To implement such a change further understanding and transparency of the actual costs and the factors which influence these costs is required.

Particular areas for consideration by ORR include the following:

- A better understanding of the damage mechanisms (e.g. RCF, wear, ballast settlement) and costs covered in the current charging regime and the characteristics which drive these costs.
- Identification of additional cost drivers (and damage mechanisms) which are not covered in the current charging structure, where changes in rolling stock operational and design characteristics could help support a reduction.
- An example might include the impact of high dynamic track forces (such as those generated from wheel tread damage or poor vehicle ride) and wheel burns on track damage and maintenance. Dynamic forces are monitored using wheel impact load detectors, but their influence is not well understood or directly included in the existing charging structure (or other industry costing tools such as VTISM). Further incentives to

reduce the occurrences of high dynamic forces through improvements in vehicle design and the use of novel WSP systems could provide system-wide benefits.

- This could have particular relevance to freight operators; where wheel flats and cavities are relatively common, accounting for approximately 30% of wheel reprofiling activities and 50% of wheel life, but the use of WSP is limited.