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Distributed to: Metering Steering Group, train and freight operating companies

Opting in for on-train metering – our decision

1. We wrote to you on 28 May 2010¹, setting out our proposals for increasing the flexibility of the process by which operators can opt-in for on-train metering.

2. We would like to thank those that responded to our consultation. The responses were generally supportive of the principle; however, there were a number of concerns about the practicality of the proposals.

Consultation responses

3. Our consultation letter was issued to all train and freight operating companies, and wider industry stakeholders. We received responses from:

- ATOC
- c2c Rail
- First Group
- London Midland
- National Express
- Network Rail
- Northern Rail
- South West Trains
- Transport Scotland

¹ Our consultation letter of 28 May 2010 can be found on our website at: <http://www.rail-reg.gov.uk/upload/pdf/opting-in-for-on-train-metering-280510.pdf>



INVESTOR IN PEOPLE

Page 1 of 3

4. Five of the nine respondents considered that calculating the annual volume reconciliation (wash-up) at any time other than at the end of the year would be sub-optimal. ATOC stated that it could only support increased flexibility once it could understand the extent to which operators may incur risks as a result of mid-year opt-ins. National Express could support an opt-in at one point in the year only if Network Rail were able to do this.
5. Three of the nine respondents, First Group, London Midland and Transport Scotland, supported the increased flexibility, to allow opt-in at the beginning of each billing period.
6. Network Rail considered that an appropriate balance between additional flexibility and higher costs would be to move to 6 monthly opt-in dates i.e. in April and September each year. It considered that, irrespective of the number of annual opt-in dates, there should continue to be a single year-end wash-up process. Network Rail also suggested that to minimise costs and complexity, operators wishing to move to on-train metering should do so for entire fleets at the same time.
7. Consultation responses can be found on our website at <http://www.rail-reg.gov.uk/server/show/ConWebDoc.10137>.

Decision

8. After careful consideration of the responses received, we think that it would be appropriate to retain the current policy which states that operators can opt-in for on-train metering at the beginning of each financial year. The intention for our proposal to increase flexibility was to assist operators. Overall, it appears that most of the operators that responded considered that the risks, in terms of the wash-up, outweighed the benefits of increased flexibility.
9. The key issue leading us to this decision is that increasing the flexibility of opting in for on-train metering would result in operators moving away from the wash-up at different times throughout the year. We are persuaded that this could have a disproportionate effect on the practicality of the wash-up, and the associated cost. We do not consider that it would be appropriate to carry out multiple wash-ups throughout the year, but accept that seasonal variations² may introduce considerable complications and volatility for the single

² Many respondents highlighted that consumption is traditionally higher in winter than in summer. This is usually due to the increased demand for on-board heating and lighting. The impact of the seasonal swings is only really captured in the final year-end wash up, where the demand balances out.



INVESTOR IN PEOPLE

Page 2 of 3

annual wash-up which would need to account for those operators which have switched within the year.

10. We also proposed that operators should provide early notice to Network Rail prior to opting in for on-train metering. Those respondents who commented on this agreed with our proposal. Therefore, **we will expect any operator planning to move to on-train metering to formally notify Network Rail at least 90 days prior to its proposed opt-in date** i.e. 90 days before year end.

11. In addition to this, we would like to use this opportunity to encourage operators, as far as is practicable, to opt in for on-train metering for an entire fleet at a time. This can allow the process to be more efficient and effective, and reduce additional complexity caused by changes in train formation on a given route.

12. We continue to fully support the move to on-train metering, and the wider industry objective for all operators on the network to move to on-train metering. This is important not just in improving the accuracy of traction electricity charge bills but also to enable train operators to manage energy efficient improvements with more certainty about the benefits that can be received. We expect for this policy to hold for control period 4 (CP4³), with the intention to revisit this as part of our wider review of traction electricity and on-train metering issues for control period 5 (CP5⁴).

13. If you would like to discuss any aspects of this letter, please do not hesitate to contact me.

Yours faithfully,

Ekta Sareen

³ This is the period from 1 April 2009 – 31 March 2014

⁴ We expect this period to be from 1 April 2014 – 31 March 2019



INVESTOR IN PEOPLE

Page 3 of 3