



Richard Gusanie
Office of Rail Regulation
1 Kemble Street
London
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2 September 2011

Dear Mr. Gusanie,

Periodic Review 2013 – First Consultation

I am pleased to submit RSSB's response to the consultation document issued by the ORR in relation to the Periodic Review 2013.

RSSB's primary objective is to lead and facilitate the railway industry's work to achieve continuous improvement in the health and safety performance of the railways in Great Britain. It is responsible for developing and maintaining Railway Group Standards, measuring and reporting on safety performance and providing safety intelligence. It also manages the industry's research and development programme, and provides support and facilitation for a wide range of cross-industry activities. This is usually achieved through RSSB's support to cross-industry working groups and committees.

RSSB is a not-for-profit company owned and funded by major stakeholders in the railway industry, but is independent of any one party. As such, this response is limited to commenting on the issues of safety targets and the rail sustainability programme.

Safety Targets

In response to question 11 in the consultation document, the following is consistent with the industry's submission to the Department for Transport in relation to the issue of the proposal for HLOS 2 to contain safety metrics.

For HLOS 1 the DfT established two safety metrics for Control Period 4, based on the outputs of the Network Modelling Framework and consultations with industry. These state that there should be a 3% reduction in the national level of risk for both passengers and workforce over Control Period 4 as measured by the Safety Risk Model.

The European Safety Directive requires that member states at least maintain safety and in line with technical and scientific progress improve when reasonably practicable, taking into account the competitiveness of the rail transport mode.

The RSSB Board has proposed that for Control Period 5 /HLOS 2 safety should be set in the context of the Safety Directive, i.e. the requirement to maintain safety and where reasonably



practicable improve it and the Health and Safety at Work Act (HASAWA), but HLOS 2 **should not include specific safety targets.**

To be consistent with this approach, we therefore propose that there should be no safety improvement target for Control period 5, but a restatement of the general EU objective and a summary of the means by which this will be monitored to reassure the public that the industry continues both to take safety seriously and to seek further improvements. There should be no formula or measure created for the purpose – rather a listing of those metrics that are produced by the industry as part of its current activities.

Examples of the material that are expected to be available to reassure Government and the Public that the industry is delivering on safety during CP5 will include: the Strategic Safety Plan for 2014-2019, Annual Safety Performance Reports (which measure progress against Strategic Safety Plan trajectories), the Safety Risk Model, and metrics derived from it (such as those used in the current HLOS), the Precursor Indicator Model (PIM) and the National Reference Values.

The processes established for the interim monitoring of the safety metrics for HLOS 1 i.e. a data analysis supporting the movement and non-movement accidents and the PIM for train accidents could remain for Control Period 5, but would not be referenced to any targets.

The need for the duty holders to comply with the HASAWA and ensure risk is reduced so far as is reasonable practicable (SFAIRP) will continue to be the primary means by which safety improvement is managed during CP5.

Should the DfT wish to address specific aspects of safety within Control Period 5 these should be addressed by specific requirements and targeted funding (for instance by investing in taking a slice of risk out of level crossings through a targeted investment that is not justified on ALARP principles) and any such risk reduction that is targeted in this way could then be specifically monitored through existing reporting channels (such as the Safety Risk Model).

Sustainability

As you are aware the industry is working with ORR and the Department for Transport (DfT) and Transport Scotland (TS) to support HM Government in achieving its sustainability aims, and in particular respond to the UK's ambitious carbon reduction targets. The "Sustainable Rail Programme" (SRP) has been established to identify and drive forward improvement in the sustainability performance of rail. RSSB acts as technical, administrative and programme support to SDSG which provides a strategic steer for the SRP on behalf of the industry.

Background

Transport accounts for almost a quarter of domestic carbon emissions in the UK and thus reducing transport emissions is critical to achieving the transition to a low carbon economy that is required. Whilst rail is already a low carbon transport mode the industry recognises that there is significant scope to reduce carbon emissions further.



We are pleased to see reference to the Carbon Management Framework, within the consultation (Section D95 Annex), which looks to address the key barriers to achieving a carbon and cost efficient railway. The Framework will incentivise energy efficiency and a longer term view of cost and carbon.

The following Framework objectives relate specifically to the consultation:

- Incentivising an increase in the metering of traction energy by CP5, through EC4T, to ensure that operators pay for what they use and reap the benefits of efficiency savings. (Section F32 A/C Annex)
- Incentivising Network Rail to efficiently reduce electrification system loss, using appropriate financial mechanisms, according to its relative ability to manage the risk (Section F32 D/E Annex)
- A more robust approach to measuring and monitoring carbon emissions. (Section F32 Annex)

Whilst outside the scope of this consultation, it is worth noting that these objectives should be underpinned by a requirement for operators to report actual and normalised energy consumption, including diesel fuel, for their operations as part of future franchise agreements with DfT.

Response to: Q1 Do you agree with our proposed objective for the review? If not, what issues would you add or subtract?

We specifically support ORR's proposed objective for the sustainable delivery of specified outcomes and outputs requirements by Network Rail and its partners. However, there is a need for this to be defined, which is not currently reflected within the consultation document. In this context, it's worth noting that contributing to the achievement of SD is one of ORR's statutory duties.

Such definition should include the agreed Industry's Sustainable Development Principles (Appendix 1) developed by industry (including ORR). These principles represent core values of the rail industry that are fundamental to the delivery of a sustainable railway. They aim 'to inform and to become an integral part of the industry's culture and decision making processes taking into account of whole system and whole life approaches'.

These principles should be used to test all outcomes and outputs to ensure they are sustainable. This is an area where the SRP can provide support to ORR.

We recommend that the SD principles are used to test all outcomes and outputs for CP5 to ensure they are sustainable and value for money

Response to: Q30 What are your views on the proposals to improve incentives to reduce traction electricity consumption?



ORR's proposal to incentivise better management of electricity (Section 6.62 D Main Document, F28 Annex) are welcomed and aligns with the Carbon Management Framework objectives outlined above.

The suggestion by some operators of a partial approach, through extrapolating meter consumption from sample vehicles, will help reduce the overall capital cost and provide more accurate billing (F33 Annex).

Whilst this approach will, to some extent, support improved energy efficiency, there should still be an aspiration towards more robust measurement in CP5 to facilitate an improved level of understanding around efficiency interventions with associated cost benefits. This is particularly important where efficiencies are delivered through behavioural changes such as eco driving, where individual vehicles need to be measured.

There is a need for greater incentivisation, beyond that currently suggested in the consultation, to overcome the capital burden on operators related to the purchase of on board train meters. In particular this applies to DC operators due to higher fitment costs. This could take the form of further funding for those operators where there is an uncertain business case, which for instance could be due to change of franchisee.

It is noted that industry's EC4T Metering Steering Group is providing a more detailed response on the charging mechanism.

We recommend, in support of the Framework objectives on metering and robust measurement, that ORR, through the charging regime, incentivises full operator metering of existing and new rolling stock on AC and DC networks in CP5

We agree that operators should bear some responsibility for systems losses. However, it is important to ensure there is a correct and common understanding between what is considered 'an efficient level of system losses' and that the loss levels associated with these should be reduced over the course of CP5.

We support the proposition of shared responsibility between Network Rail and unmetered operators, according to ability to manage wash up and transmission losses. Again, there will need to be some clarity from ORR on how this will be worked out. If it is agreed for the extrapolation of partial metering to whole fleet then ORR will also need to make clear how these operators will be treated in relation to shared responsibility for losses.

And in respect of this we support ongoing work that Network Rail is undertaking, in partnership with operators, to determine actual transmission losses and work to understand where the greatest opportunities are for reducing transmission losses which provide value for money.



We recommend, in support of the Framework objective on transmission losses, that

- **ORR provides clarification on what constitutes an “efficient system loss”, the trajectory for transmission losses that it is proposing and how it will work out shared responsibility with unmetered operators**
- **NR is required, within the regulatory framework, to produce a clear plan and timescales for delivery of improvements, including within CP5, on infrastructure**

Response to: Q18 Are there further new incentives which you believe should be introduced and what would the benefits be?

We strongly support an incentive to reduce carbon. One of the barriers to the delivery of carbon reductions is an industry-wide drive to reduce capital cost investment (capex) preventing investment in energy reduction and gaining potential longer term, whole life savings.

The Carbon Management Framework recognises, as one of its objectives, the inclusion of whole life energy (implicitly whole life carbon) and cost savings as criteria in investment decisions, such as the GRIP process, and project criteria.

We recommend, in support of the Framework objective on whole life energy and cost considerations, ORR introduce an incentive for carbon.

Our main comments are based on the current railway and discussions within the SRP on the implementation of a carbon management framework for the delivery of carbon reductions. In particular, we note advances made in the automobile sector and believe there is significant potential for carbon reductions for the rail industry as the backbone of an integrated transport network within GB.

Currently we do not think this is being considered at a strategic level to the long term detriment of the railway, and as part of industry strategy and SRP we would encourage more strategic thinking and innovation in this area.

ORR should play a major role in such an initiative and we will support you in this respect.

Please do not hesitate to contact me if you wish to discuss any aspect of this response.

Yours sincerely

Anson Jack
Director of Policy, Research and Risk



1 Appendix 1 – Sustainable Development Principles

The Sustainable Development Principles represent core values of the rail industry and are fundamental in delivering a sustainable railway at the centre of the transport system that meets the travel needs of society without compromising future quality of life.

Their purpose is to inform and become an integral part of the industry's culture and decision making processes taking account of whole system and whole life cycle approaches. It is recognised that the Principles will need to be balanced to achieve a sustainable transport system that contributes to prosperity, the wellbeing of people and the health of the planet. It is the responsibility of rail industry companies to adopt and implement these principles within their own organisations.

Customer-driven Embed a culture where dialogue with customers puts them at the very heart of the railway, and where they are able to make optimal travel and logistics choices.

Putting rail in reach of people Position rail as an inclusive, affordable and accessible transport system through the provision of information and accessible facilities.

Providing an end to end journey Work together with all transport modes to provide an integrated, accessible transport system.

Being an employer of choice Respect, encourage and develop a diverse workforce, support its wellbeing and actively consider and address the challenges of the future global labour market.

Reducing our environmental impact Operate and improve the business in a way that minimises the negative impacts and maximises the benefits of the railway to the environment.

Carbon smart Pursue initiatives to achieve long term reductions in carbon emissions through improved energy efficiency, new technology and lower carbon power sources and facilitate modal shift, helping others make more carbon efficient journeys.

Energy wise Maximise rail's energy efficiency for traction and non-traction use.

Supporting the economy Boost the productivity and competitiveness of the UK, at a national and regional level, through the provision of efficient passenger and freight services and by facilitating agglomeration and catalysing economic regeneration.

Optimising the railway Maximise the rail system's capability and build on its strengths to deliver a transport system that is efficient and offers good value for money.

Being transparent Promote a culture of open and accountable decision making and measure, monitor and report publicly on our progress toward sustainability.