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Economist  
Office of Rail Regulation  
1 Kemble Street  
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Copy,  
Mark Phillips  
Catherine Rowe,  
Adam Golton

25<sup>th</sup> August 2010

Dear Ekta,

**High level review of track access charges**

We have reviewed the papers in relation to the high level access charges review and considered the questions that you have raised.

Franchised train operators in general have very prescriptive requirements set out in the present franchise model that make changing the train plan difficult. The track charges have a very weak effect on the decision making of a franchise and are almost considered a fixed charge. The only charge that has a strong effect is the traction electricity charge where we pay for what we use. National Express East Anglia is the majority user on 2 ESTAs and hence we will aim to use less power where we can. The other variable elements of the track access charges are small in comparison with the total charge which also weakens the economic signals. Variable charges need to be higher to start train operators to change behavior. We also believe that increased flexibility in the franchise model would be needed to allow any change in the behavior of train operators. This would need to be linked to franchise changes so operators can benefit from changes made.

We believe that the franchise charges are relatively simple and would want the charges to remain simple so that economic signals are clear to companies

We do not believe that track access charges need to be structured to promote improved competition as the present franchised structure is not designed for promoting competition. In addition the lack of capacity on the network restricts competition.

Yours sincerely

Phil Barrett  
Head of Operations Development, National Express East Anglia