

Dear Emily,

Thank you for the opportunity to comment on ORR's proposed policy on variable usage charges for modified vehicles. Overall, ATOC is content with your proposed policy for CP4 and CP5: it follows the general approach which has been discussed in the industry meetings which you refer to in paragraph 5. ATOC retains some concerns about your reluctance to support bespoke deals as an alternative to changing the usage charge as this is likely to reduce flexibility and to slow down our response to new opportunities. Notwithstanding this, the proposed policy is clear, logical and will be understood by all.

Specific comments are:

Paragraph 5 The involvement of the Vehicle/Track System Interface Committee (V/T SIC) in usage charges is a relatively new aspect of industry co-operation. There was no such involvement when the development of the charging regime for CP4 was lead almost exclusively by Network Rail. ATOC would wish to see a far richer and more effective, cross-industry process in the lead up to CP5.

Paragraph 9 Train operators, ROSCOs and manufacturers use the ORR-endorsed spreadsheet to calculate track access charges for modified vehicles. ATOC believes that this spreadsheet complies with the requirements of paragraph 9. However, it is not clear that the Network Rail billing team use the same set of calculations. ATOC would welcome ORR's assurance that there is just one single process for the calculation of VUCs.

Treatment in CP4, paragraphs 6 to 12 ATOC believes that, with the exception of comments on paragraph 9, these paragraphs provide an accurate description of the CP4 process. ATOC does not believe that there is a problem with "undue discrimination"

Treatment in CP5, paragraphs 13 and 14 ATOC welcomes the proposed policy described in these paragraphs as this provides an assurance which is highly important in underpinning business cases over a seven, eight or more year period.

Bespoke deals, paragraphs 15 to 20 ATOC notes the position of ORR that any bespoke deal involving matters which relate to track access contracts must have ORR approval and that such approval, in the context of track access charges, is most unlikely. This is disappointing because it reduces flexibility and the responsiveness of industry. We suggest that the transparency associated with placing such agreements, once agreed by all parties, into the public domain in a similar fashion to published VUC rates would go a long way towards reducing ORR's concerns

Consultation, paragraph 21

- a) ATOC believes that the process for calculating access charges in CP4 was not as well developed as it should have been. ATOC anticipates that Network Rail will work closely with other industry stakeholders under the guidance of V/T SIC for CP5 to improve the process and to make use of recent scientific developments.
- b) ATOC welcomes ORR's clear proposal for retaining VTAC benefits agreed in CP4 through to CP5
- c) As described above, ATOC regrets the proposed policy on bespoke deals for usage charges

Yours faithfully,

Neil Ovenden

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