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Rupika Madhura
Manager, Licensing and Network Regulation
Office of Rail Regulation
One Kemble Street
London
WC2B 4AN.

Rail Division
3rd Floor, E Block
Macmillan House
Paddington Station
London W2 1FG
Tel: 020 7922 4291
Fax: 020 7313 1424

Dear Rupika

AMENDING VARIABLE USAGE CHARGES TO REFLECT REDUCED TRACK WEAR

Thank you for the opportunity to comment upon the proposals to facilitate changes to variable track usage charges. I apologise for the slight delay in replying. This letter draws together the response of all FirstGroup's rail operations, including ScotRail, First TransPennine Express, First Capital Connect, First Great Western and Hull Trains.

We welcome the initiative that ORR is taking to facilitate investment in rolling stock to reduce the impact of rolling stock on the Network, particularly the proposals to reduce rolling contact fatigue.

The proposals in CP4 seem a sensible approach which no more than allows correction of the current charges to take account of the proposed improvements.

The proposal to at least maintain the differentials in CP5 would provide, if adopted, the certainty of return on investment which is necessary.

Providing this undertaking to maintain the price differential is maintained through into CP5 and variable track usage charges are altered to reflect the known savings which accrue to Network Rail from the changes to rolling stock, we agree that this sends an appropriate economic signal and hopefully bespoke deals will not be necessary. It is though important that any measure which seeks to change behaviours in a desirable way through economic means is monitored. If desired investment in measures to reduce rolling contact fatigue does not take place then we expect ORR will consider whether further incentives are desirable and appropriate.

Yours sincerely



Dave Gausby
Finance Director, Rail