

CP7 Access Charges - Price Lists



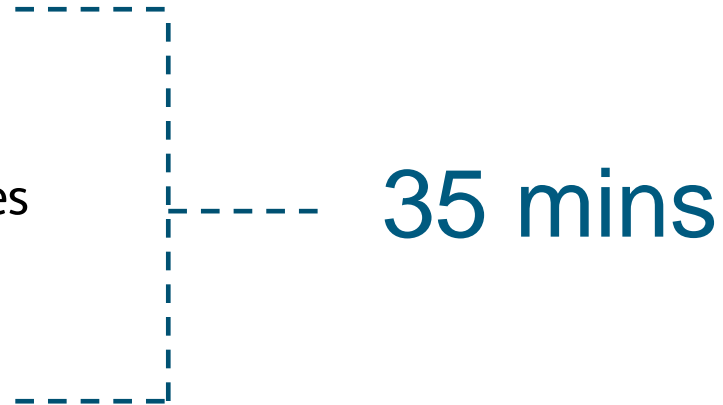
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Session overview

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PR23 overview and price lists

As part of the Periodic Review process, Network Rail's access charges, and the methodologies for calculating them for the start of each control period, are reviewed to understand if they remain appropriate and consulted on by ORR and Network Rail.

The process covers the following charges, with the corresponding draft CP7 price lists published on the [Network Rail website](#) on 27 July 2023:

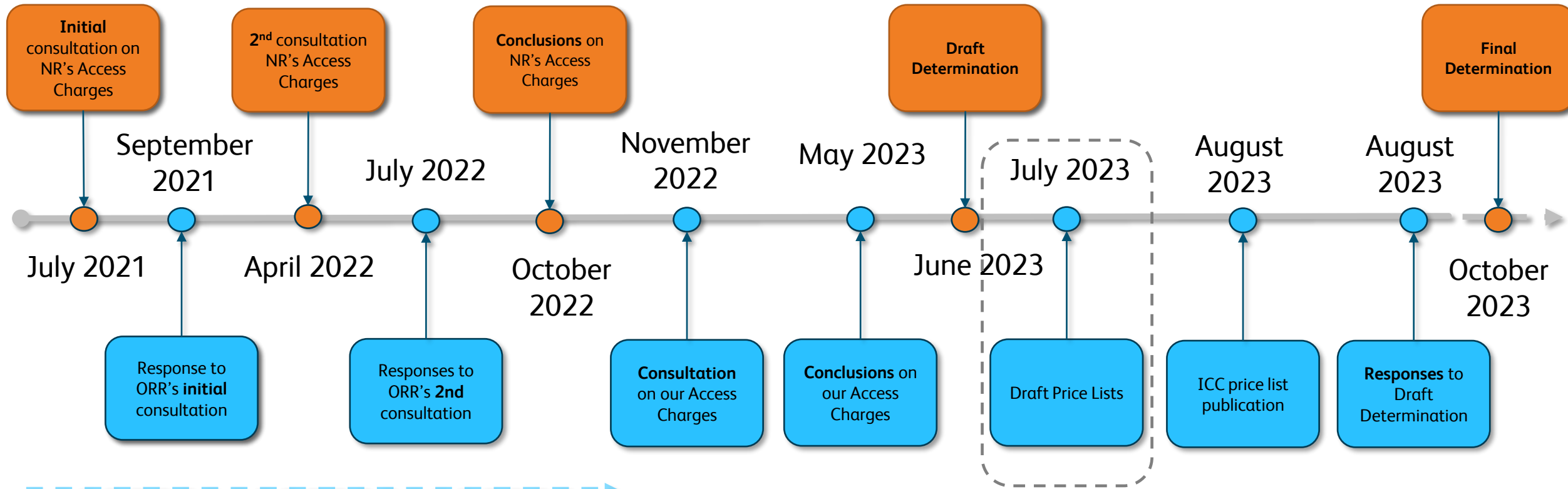
- Variable Usage Charge (VUC);
- Electricity Asset Usage Charge (EAUC);
- Long Term Charges (LTC);
- Bespoke charter charges;
- Electric Current for Traction (EC4T);
- **Fixed Track Access Charge (FTAC); and**
- **Infrastructure Cost Charge (ICC).**

The FTAC and ICC price lists were not included in the draft price list publication. These will be published separately, in August.



PR23 - Access charges milestone timeline

ORR Publications



Network Rail Publications



ORR PR23 key DD policy decisions for Passenger Access Charges

Infrastructure Cost Charges

Support simplification of Fixed Costs Model

Maintain approach to setting ICCs for Freight and Open Access interurban services

Reviewing position on Open Access services to major airports – update in early August

VUCs

No change to methodology for recalibrating VUCs

Supports Network Rail policy to shorten the period for which VUC rebates can be applied



ORR PR23 key DD policy decisions for Passenger Access Charges

Charter bespoke charges

Support the Network Rail proposal to Simplify Steam Slot Charge

EC4T & EAUC

Removal of New Modelled Consumption Rates

Removal of Generic Consumption Rates

No change to EAUC methodology

Long Term Charge

No major change to methodology other than move to 'Large' (station specific) and 'Non-large' (category average)

Acknowledge the move from Routes to Regions

Extension of new station discount between control periods



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Variable Usage Charge (VUC)













CP7 Draft VUC Price List

Network Rail draft price lists including consumption rates

Search files and folders

Network Rail draft price lists including consumption rates

-  **CP7 Draft Price Lists (July 2023).xlsx**  122 KB
-  **CP7 Station LTC Draft Price Lists (July 2023).xlsx**  406 KB
-  **CP7 Traction Electricity Modelled Consumption Rates List (July 23).xlsx**  46 KB
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-  **PR23 Vehicle Characteristics v2.0.xlsx**  652 KB



1. Passenger Variable Usage Charge

Vehicle	Pence Per Vehicle Mile
25/3	75.29
31/1	102.92
33/2	75.96
37/4	98.66
43/0	80.30
47/4	125.36
47/7	122.23
57/0	118.86
57/3	119.25
57/6	119.25
67/0	120.60
67/0 (110)	109.87
68/0	80.72
73/2	76.14
73/9	77.88
90/0	98.18
91/1	103.15
92/0	126.59
98/4	77.71
98/5	115.10
98/8	131.66
1	8.71
2	9.58
3	13.05
3 (100)	12.25
4	23.10
4 (110)	21.38
4A	14.31
5	10.68
5A	9.87
V	20.54
VA	22.55
W	24.30



Variable Usage Charge

PR23 Impact

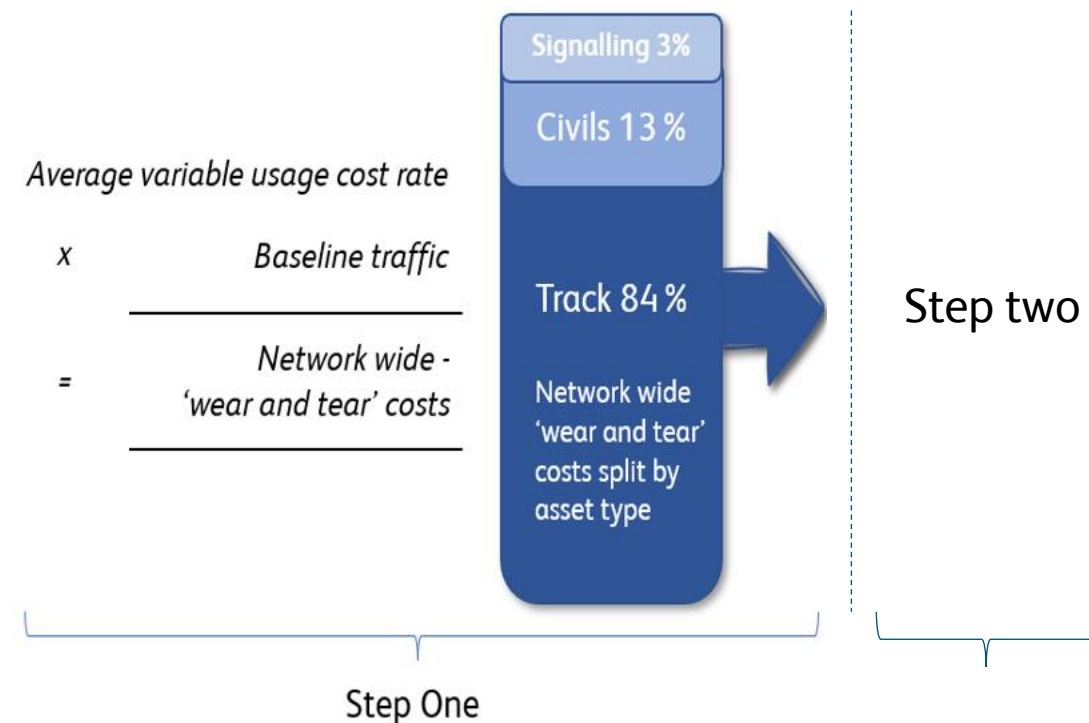
Average passenger VUC increase - 7 %
(real terms)



Variable Usage Charge

How is it calculated - Individual VUC rates are calculated by the VUC model using a 2 step approach

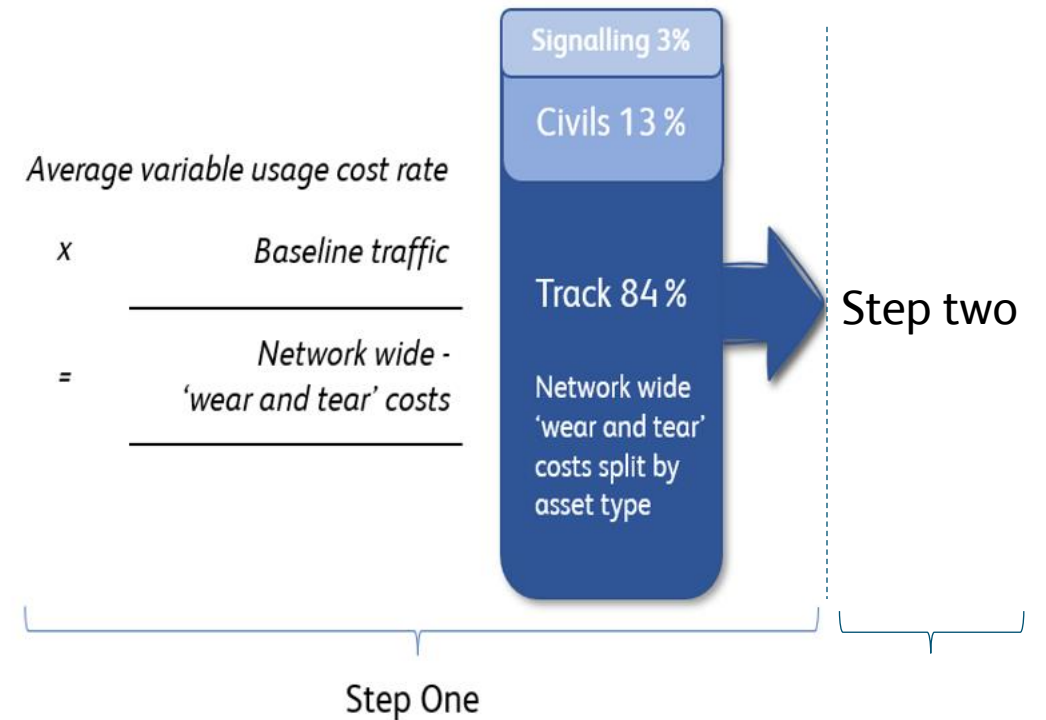
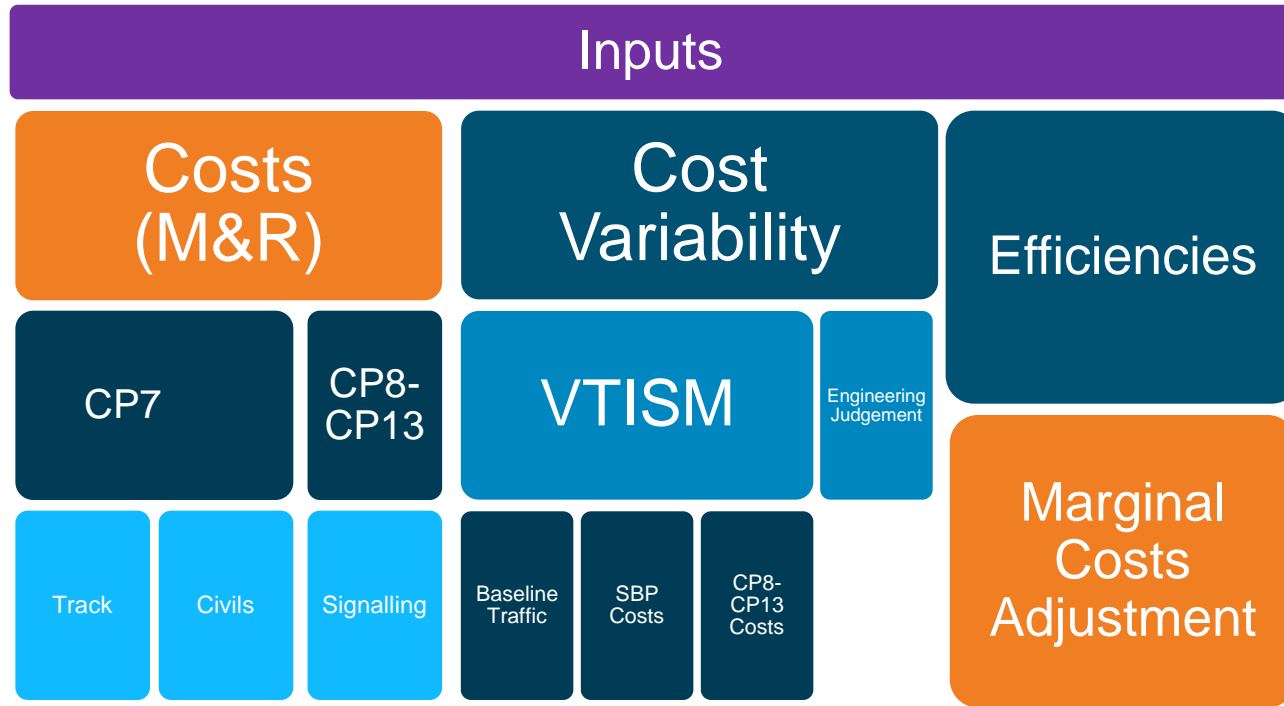
Step one – Estimating Network Rail’s total variable usage costs. These are the proportion of **direct maintenance** and **renewal costs** which are incurred as a result of **movement of traffic on the network**. This stage involves estimating a single national average variable usage cost for both passenger and freight traffic, on a £ per 1,000 gross tonne mile basis. And are permitted to form part of VUC in line with the 2016 Access & Management Regulations and the European Commission Implementing Regulation 2015/909





Variable Usage Charge

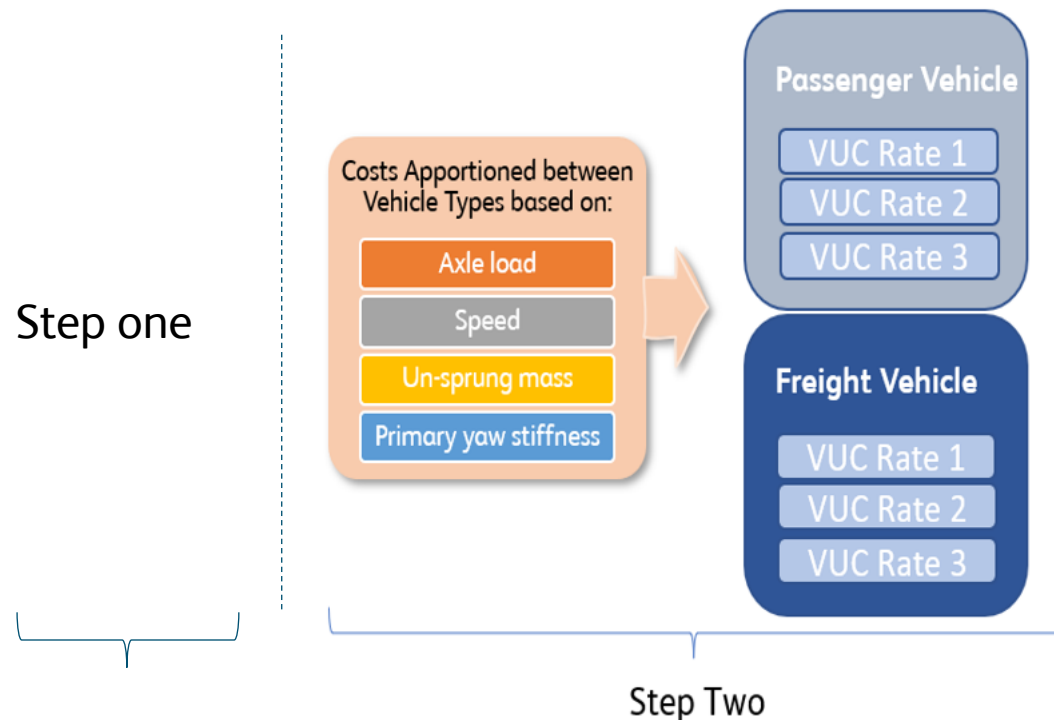
How is it calculated - Individual VUC rates are calculated by the VUC model using a 2 step approach





Variable Usage Charge

How is it calculated - Individual VUC rates are calculated by the VUC model using a 2 step approach

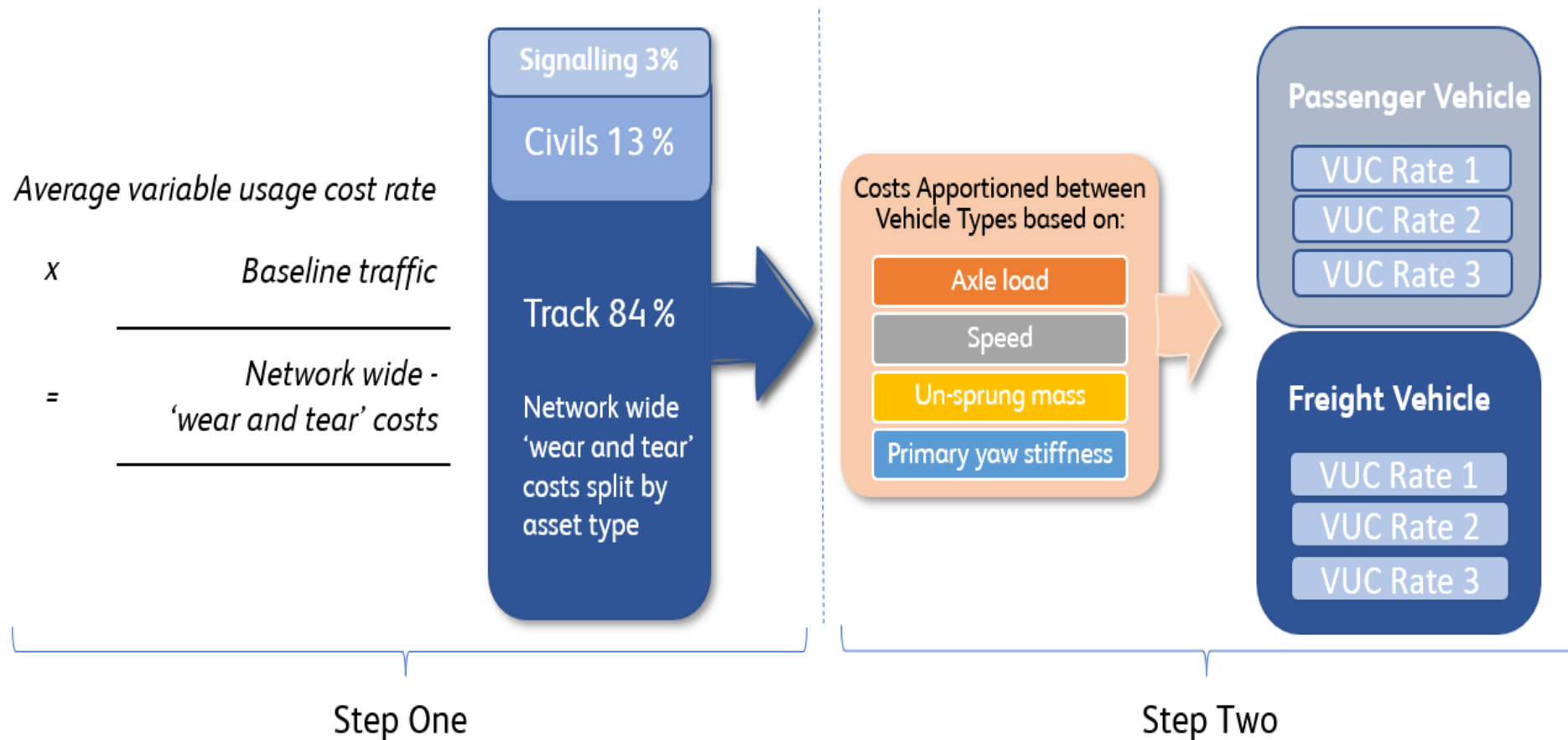


Step two – Adjusting the national average rate to generate rates specific for each vehicle type. This is carried out using formulae designed to estimate the relative 'wear and tear' impact of different types of vehicles based on their individual characteristics (e.g. weight, speed and un-sprung mass).



Variable Usage Charge

How is it calculated - Individual VUC rates are calculated by the VUC model using a 2 step approach





Variable Usage Charge

CP6 vs CP7 – Main changes – Track Maintenance

Forecast track costs used in the PR18 VUC model, uplifted for inflation, was **£1,365m** compared to the PR23 value of **£1,415m (post efficient)**, which is a real terms increase of **4%**.

Track costs make up **84%** of the Step one costs inputs.

Therefore this increase in track costs flows through to VUC rates.



Maintenance

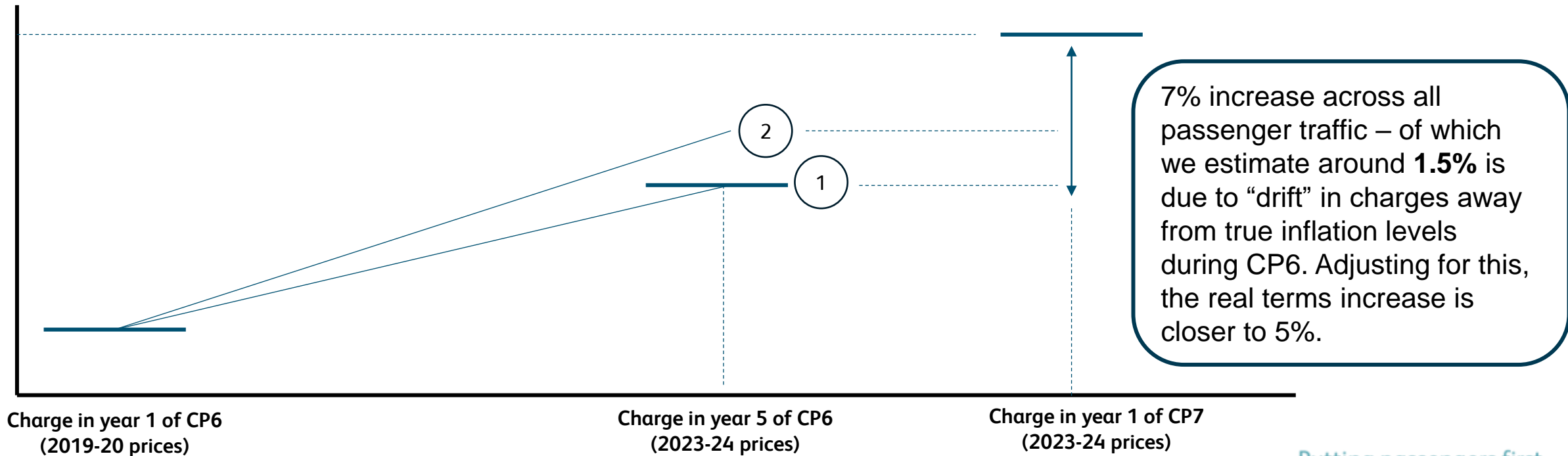


Variable Usage Charge

CP6 vs CP7 – Main changes – inflation drift

A proportion of the increase in VUC rates between year 5 of CP6 and year 1 of CP7 is to correct for the difference between lagged and actual (forecast) inflation during CP6.

- 1 123.9% - based on lagged indexation formula in TACs
- 2 125.7% - based on forecast inflation (November 2022 OBR forecast) over the same period





Variable Usage Charge

CP6 vs CP7 – Main changes – baseline traffic

PR18 baseline traffic kgt km	PR23 baseline traffic kgt km
205,982,052	180,848,919

The baseline traffic used in the PR23 modelling is lower when compared to the PR18 model inputs.

c12% decrease

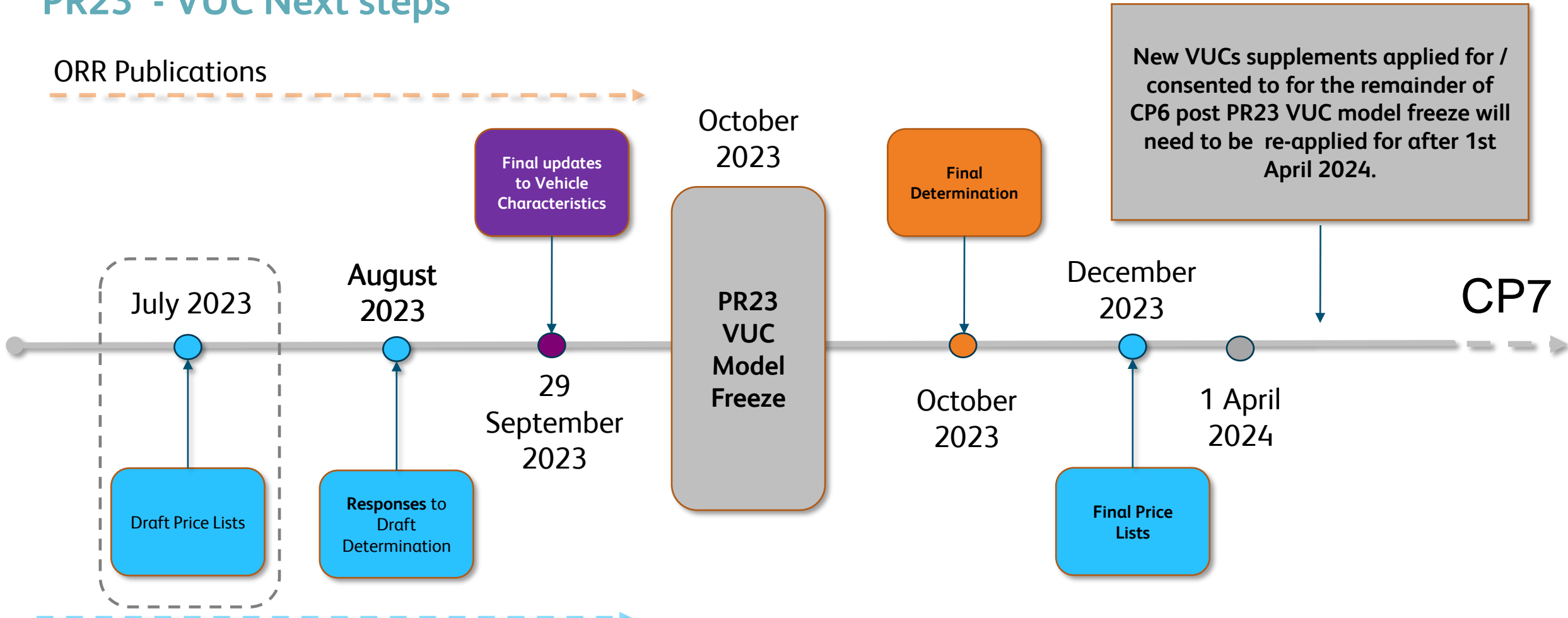
We understand that traffic levels do have a second order impact on wear and tear, we estimate it accounts for most of the remainder of the increase in the VUC.

Important to note that this works both ways and when traffic increases between control periods it has a reducing effect on the VUC.



PR23 - VUC Next steps

ORR Publications



Network Rail Publications



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Electrification Asset Usage Charge (EAUC) and EC4T



CP7 Draft EAUC Price List

Network Rail draft price lists including consumption rates

Network Rail draft price lists including consumption rates

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8. Electricity Asset Usage Charge

Passenger Electrification Asset Usage Charge rates

AC (OLE) pence per electrified vehicle mile*	DC (third rail) pence per electrified vehicle mile*
2.56	1.26

* "electrified vehicle mile" in relation to each railway vehicle in an electric train (including those hauled by an electric locomotive), means a mile travelled by that vehicle on the Network

Freight Electrification Asset Usage Charge rates

AC (OLE) £ per electrified kgm**	DC (third rail) £ per electrified kgm**
0.5455	0.4115

** "electrified kgm" in relation to each electrified railway vehicle, means a mile travelled on the Network, by each tonne of the aggregate weight of the electrified railway vehicle in question divided by 1,000

Charter Electrification Asset Usage Charge rates











AC (OLE) pence per electrified vehicle mile*	DC (third rail) pence per electrified vehicle mile*
2.56	1.26

* "electrified vehicle mile" in relation to each railway vehicle in an electric train (including those hauled by an electric locomotive), means a mile travelled by that vehicle on the Network

CP7 Consumption Rates List

Network Rail draft price lists including consumption rates

Network Rail draft price lists including consumption rates

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TRACTION ELECTRICITY MODELLED CONSUMPTION RATES LIST

Control Period 7 - Draft Determination

The Traction Electricity Modelled Consumption Rates List includes the rates for the following:

1. Passenger Traction Electricity Modelled Consumption Rates for CP7
2. Freight Traction Electricity Modelled Consumption Rates for CP7
3. Charter Traction Electricity Modelled Consumption Rates for CP7
4. Traction Electricity Modelled Default Rates for CP7

1. Passenger Traction Electricity Modelled Consumption Rates for CP7

(for loco^{**}: kWh per electrified kgtm, for MU^{***}: kWh per electrified train mile)

Train Category		Modelled Consumption Rate (for loco ^{**} : kWh per electrified kg tm) (for MU ^{***} : kWh per electrified train mile)		
Passenger Train Operator	Train Service Code	Vehicle type	Loco ^{**} / MU ^{***}	1 Unit
Abellio East Anglia Limited	21770002	322	MU	12.296
Abellio East Anglia Limited	21770002	86/2	Loco	52.03
Abellio East Anglia Limited	21781002	322	MU	12.296
Abellio East Anglia Limited	21781002	86/2	Loco	52.03
Abellio East Anglia Limited	21890002	322	MU	12.462
Abellio East Anglia Limited	21890002	86/2	Loco	52.731
Abellio East Anglia Limited	21890102	322	MU	12.462
Abellio East Anglia Limited	21890102	86/2	Loco	52.731
Abellio East Anglia Limited	21896002	86/2	Loco	52.731
Abellio East Anglia Limited	21910000	315	MU	14.529
Abellio East Anglia Limited	21911000	322	MU	9.424
Abellio East Anglia Limited	21911000	379	MU	11.535
Abellio East Anglia Limited	21912000	315	MU	16.492
Abellio East Anglia Limited	21912000	379	MU	20.005
Abellio East Anglia Limited	21913000	317	MU	13.744



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Station Long Term Charge (LTC)



High level summary of CP7 methodology

The table outlines, at a very high level, the methodologies applied in the development of the draft station Long Term Charges (LTCs).

This is in line with the methodology proposed and confirmed through both ORR's and Network Rail's PR23 access charges consultations and conclusions documents, published over the course of 2022 and 2023.

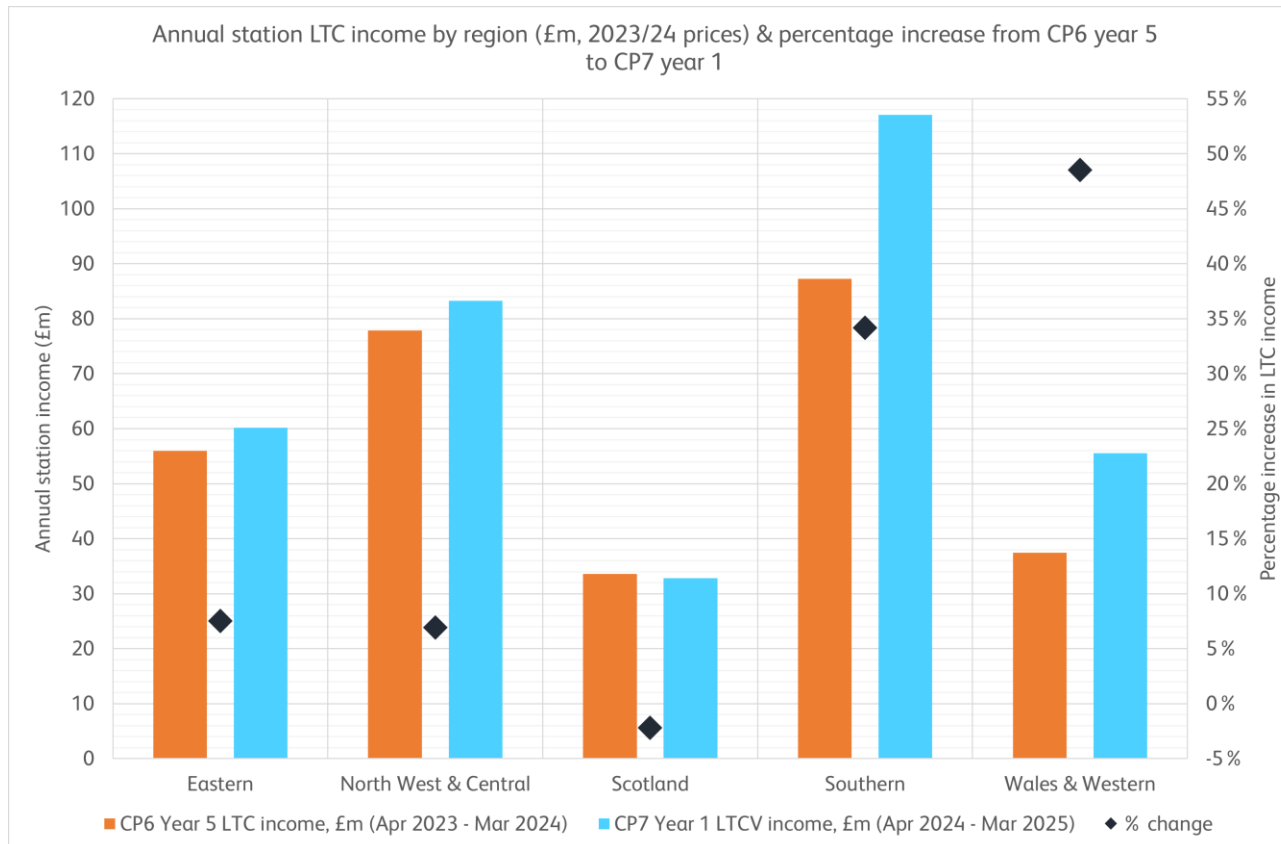
Further detail is available in these documents, and will be fully explained in a guidance document, due to be published before CP7.

Station type	Number of stations	LTC calculation methodology	Changes from PR18 methodology
Large	33	Station specific	None – methodology same as that applied to Network Rail managed stations at PR18 .
Category Averaged	2248	'Category Averaged' (regional forecast allocation)	<p>Largely the same as the methodology applied to franchised stations at PR18, but with two key changes:</p> <ul style="list-style-type: none"> These LTCs are set to reflect regional level (as opposed to route level) expenditure forecasts. This is in line with Network Rail's internal restructuring of its business model in 2019. A discount on the Operational Property element of a new station's LTC is applied and is set for a fixed five-year period. This is a policy decision which was confirmed by ORR.



How the station LTCs have changed in CP7

- The chart shows the sum total of the **LTCs by region**.
- **CP6 year 5 and CP7 year 1** are compared to show how the LTC income will change at the beginning of CP7.
- There are also **markers (◆)** on the chart to show the **percentage increase** from CP6 year 5 to CP7 year 1.
- The **total (GB) LTC** has increased from £292m in CP6 year 5 to £349m in CP7 year 1 (2023/24 prices) – a **19.5% increase**.



Southern and W&W

- Largest increases in Operational Property (Buildings) renewals spend.
- Previous deferrals, life expired assets, increased safety incidents.
- Overall poorest asset condition.

Eastern and NW&C

- Smaller increase in spend.
- Have seen major safety incidents (e.g. building collapse, train shed roof failures respectively).

Scotland

- Slight decrease in spend.
- Will need addressing in CP8.
- Better investment & enhancements in previous Control Periods.



Key elements driving the changes in LTCs in CP7

- There are **3 key drivers of the changes from CP6 to CP7**, each affecting the LTCs at different levels.
- **Where and how they overlap** will determine the net effect on any given station.

Significant increase in Operational Property (Buildings) Renewals in CP7

- The **largest driver of the increase** in LTCs. An increase in spend means an increase in total costs recovered via the LTC.
- Operational Property is the largest element of the LTC.
- Impacts **all stations**, with some regions impacted more than others in CP7:
 - Southern and W&W are impacted the most (see previous slide).

Move from route-based to region-based cost forecasting

- Distributional at a regional level. Does NOT change the total amount being recovered.
- Affects the **Category Averaged stations**, but is **limited to CP7** only.
- Operational Property costs are allocated at region level (5 regions). In CP6 costs were allocated at route level (8 routes).
 - Some regions are a combination of 2 CP6 routes. Where there were differences in total route and category spend at CP6, this has impacted on the level of charge for some stations in CP7.

CP7 only

Stations moving from one station category (A-F) to another

- Distributional at a station level. Does NOT change the total amount being recovered.
- Due to passenger usage at stations changing over the past 5 years, some stations have moved into different categories. This impacts on the distribution of the total regional Operational Property charge.
- This influences the charge set for individual stations within each region and category.



Response deadline reminder

Please provide any comments/queries on the draft CP7 price lists to Nick Prag (Nicholas.Prag@networkrail.co.uk) by:

29 September 2023



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Q&A