



OFFICE OF **RAIL REGULATION**

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*Dear Paul*

### **Freight Route Utilisation Strategy**

I attach ORR's response to this consultation. This has also been sent direct to your National RUS Consultation Manager.

A handwritten signature in black ink, appearing to read 'John Larkinson', written in a cursive style.

**John Larkinson**



# Freight Route Utilisation Strategy

## Response to Consultation Draft

1. This is the response of the Office of Rail Regulation to Network Rail's consultation on the draft Freight Route Utilisation Strategy (Freight RUS). Our comments are without prejudice to the approach we will take when considering the final RUS, when it is submitted to us.

### Background

2. Network Rail's network licence contains explicit responsibilities concerning establishment of RUSs. In addition, the Guidelines published by the ORR in June 2005 state the purpose of a RUS as:

- *to enable Network Rail and persons providing services related to railways better to plan their businesses, and funders better to plan their activities; and*
- *to set out feasible options for network capacity, timetable outputs and network capability, and funding implications of those options for persons providing services to railways and funders.*

These two elements apply equally to a 'network' RUS such as the Freight RUS, as they do to a RUS dealing with a geographic area.

3. In accordance with the licence obligation and the Guidelines, ORR will want to be satisfied both:

- that the contents of the final RUS are fit for purpose; and
- that the process by which it has been developed is satisfactory.

### General Comments

4. The draft provides a useful picture of the existing freight use of the network, and of the challenges likely to arise as a result of the heaviest increases in freight demand. It also contains a broad spread of infrastructure enhancement options designed to cater for this increased demand. We welcome the use of two alternative methodologies ('Bottom Up' and 'Top Down') for determining the level of future freight forecasts; the fact that the two methodologies have produced very similar results gives encouragement that the final forecasts are robust.

5. We welcome the adoption of two different scenarios for future coal flows, one postulating increased traffic via an Anglo-Scottish axis, and the other postulating similar increases but via East Coast ports. We also welcome the adoption of alternative scenarios for the intermodal market involving abstraction of traffic from Felixstowe/Harwich brought about by the opening of

Shell Haven, also involving the clearance of the Southampton to WCML route to W10 gauge.

6. It is not however clear from the text of the draft what the parameters of the document are, in particular what principles have been adopted in determining which capacity issues are dealt with within the Freight RUS itself, and which are to be dealt with in individual geographic RUSs. Para 2.1 states that the Freight RUS '...will seek to identify key network capacity constraints to carrying the expected freight flows over the preferred routeings...' However in practice, the document focuses almost entirely on the capacity constraints related to the 'key drivers' of ESI coal and intermodal growth. Whilst concentrating on these areas as 'key', and leaving other areas of constraint to the geographical RUSs is one way of dividing the issues between the Freight RUS and individual RUSs, the principle should be explained more clearly at an early stage within the document, perhaps in the Scope and Planning Context chapter.

7. Appendix C lists each key capacity gap with the applicable study in which the gap is to be addressed. A clearer explanation is needed here as to why some key gaps, such as those on the WCML and Settle & Carlisle, appear against the Freight RUS, whilst others are allocated to a geographical RUS.

8. The wording of the Executive Summary and the Scope sections of the document suggests that the Freight RUS sets out to cover all commodities and all routes. That it does not in fact do so needs to be adequately explained, so that the reader is clear from the start as to what is included and what is excluded from the document.

### **Requirements for the Final RUS**

There are a number of requirements we would expect to see fulfilled in the final RUS. These are set out in paragraphs 9 to 16 below, and divided into 'Strategic Issues' and 'Detailed Issues'.

#### Strategic Issues

9. The options set out for dealing with the forecast increased traffic levels should be developed and costed to form a coherent overall strategy. The strategy should properly inform decision-makers and funders as to the most efficient and economic way of catering for freight growth of the level and type forecast.

10. A complementary set of options should be outlined showing how the strategy for intermodal traffics (growth drivers 2, 3, 5, 6) would vary were the forecast demand figures for this traffic not to be reached. The important factor within this would be identification of the trigger point for each infrastructure enhancement.

11. Routeing strategies for freight are not addressed within the draft Freight RUS, routeing being taken as that preferred by FOCs. The potential routeing

strategies for freight should be addressed within the Freight RUS as this is able to take a pan-Network view. In particular, the major question of the optimum balance of routes for future intermodal traffic to/from the Haven Ports, between routes 'via London' and routes 'via cross-country', needs to be more clearly addressed; as it stands it is not obvious, within the data presented on future capacity use, what assumptions have been made about routeing of this traffic.

12. An associated strategic issue for freight, again one for which the Freight RUS is the appropriate vehicle, is that of the availability of diversionary routes across the network, particularly for gauge-dependent traffic. It is disappointing to see (section 2.1) that engineering access, and the implications of this in terms of route closures / alternative routeings, has been specifically excluded from the draft RUS. The freight market is increasingly seeking six or seven day per week service from its transport operators, and it is essential that the issue of how/whether the network can provide for this is properly addressed on a UK-wide basis. This is particularly relevant for intermodal traffic from which much of the future freight growth is expected. If the issue of diversionary routes is not to be addressed within the Freight RUS, then the RUS needs to indicate where it will be addressed.

13. The option of catering for growth in certain market segments, or on certain routes, by substantial increases in train length, train weight, or wagon axleload (RA) is one that deserves careful consideration, and this option should be more fully explored in principle in the final RUS. Most of the current geographic RUSs are looking to 'longer trains' rather than 'more trains' to cater for passenger growth, and it would be appropriate for the basic pros and cons of a similar policy for freight trains (in terms of weight and axleload as well as length) to be set out here.

#### Detailed Issues

14. In order to provide similar information in the Freight RUS regarding freight operators to that provided in geographic RUSs concerning passenger franchise timescales, it would be helpful to amplify section 3.1 with details of freight track access agreements in force, with expiry dates.

15. We note that section 7.2 includes within the aims of options, the impact of options on performance and engineering access. This seems to conflict with section 2.1, where both these issues are stated as specifically excluded from the Freight RUS.

16. Several of the maps show possible numbers of additional trains over various routes on the network, giving the impression that certain routeing decisions have already been taken. Elsewhere the document says that generally such routeings simply reflect customers' stated preferences and that further work may well identify different solutions for handling additional traffic. This point could be drawn out more clearly in both the captions and supporting text.

## **Consultation Process**

17. The Freight RUS notes the additional work that will be carried out over the next few months, and you will also need to reflect consultation responses. During this stage the consultation process is, as you know, very important. We will need to be satisfied that the process has been effective, and that the requirements as set out on Licence Condition 7 (3A.3) have been properly met.

## **ORR Consideration of the Final Freight RUS**

18. Network Rail is required to submit the final Freight RUS to ORR, and it will become established provide that ORR does not give notice of objection within 60 days. In considering our decision we will take into account the requirements of the Network Licence and the RUS Guidelines. We recognise the need for Network Rail to develop, through experience, a fully effective approach to the production of RUSs. We will be mindful that the first two RUSs to be produced by Network Rail, regarded as pilots, have only recently been established, and that that you have not yet completed the 'lessons learnt' exercise. Nevertheless, we expect Network Rail to demonstrate that it is continuing to improve the standard of RUSs with the Freight document.

19. We refer above to the potential variation in the freight forecasts. To the extent that these create uncertainties for actions proposed in the final RUS, this will have implications for how it is maintained fit for purpose and the time at which it may next be appropriate to review it more widely.

**Office of Rail Regulation**

**23 November 2006**