

of competition.

Having repeated those fundamental points, I now move on to the options put forward by ORR for allocating costs and charges for freight-only lines.

On cost allocation CoalPro supports ORR's preferred option of using modelled line-by-line costs and then allocating them across market segments using train per kilometre.

With respect to charges for freight only lines, CoalPro also supports ORR's preferred option of a variable charge across the whole network.

CoalPro considers that ORR's preferred options will result in final charges to users which will be the least discriminatory and have the least distorting effect in the implementation of a principle which is, however, basically discriminatory and distorting in its overall impact.

There is one other issue that CoalPro wishes to raise. There is a good deal of uncertainty about Network Rail's cost estimates and it is understood that railfreight operators have questioned them. In the circumstances, CoalPro considers there should be a mechanism for reviewing, and if necessary reducing, the charges for freight-only lines within the five-year control period.

Regards

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Director General

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