

[electronic mail]

Periodic Review 2008: Train operator compensation for possessions - Consultation on changes to the compensation regime for passenger operators and part G of the network code for all operators

Please find below DRS' response to the above document:

1. 1. DRS support the view that there should be no differentiation between the disruption caused through a possession taken for a renewal or a possession taken for an enhancement, both of these have the same net effect on DRS' ability to deliver rail services to the end customer.
2. 2. DRS agree that Network Rail should be incentivised to manage possessions effectively and efficiently.
3. 3. The current compensation arrangements for train cancellations and diversions in respect of possessions taken for renewal are completely inadequate and in no way reflect the true and demonstrable cost to DRS of the disruption caused.
4. 4. The current application of Part G for reimbursement of all costs in respect of disruption from network change possessions is currently adequate however, Network Rail's ability to pay these claims in a timely manner is poor, particularly in Scotland.
5. 5. DRS support a compensation regime that does not differentiate between renewals and enhancements and reflects the true costs to the operator and the end customer of the disruption caused.
6. 6. The costs referred to in the compensation mechanism will differ dependant on market sector. For intermodal customers there is a clear and demonstrable cost in transporting goods by road when they are unable to travel by rail because of a network disruption. In this case a compensation regime similar to bus miles on the passenger regime maybe appropriate.
7. 7. Any compensation regime must reflect the level and scope of costs which are currently included in Part G of the network code.
8. 8. Recovery of money through access charge supplements must be carefully considered again by market sector as the ORR has already acknowledged that additional Network Rail costs in the intermodal market would cause a significant shift from rail back to road.

In conclusion whilst DRS supports a compensation regime for any network disruption the level of such compensation should reflect the commercial considerations of the particular market sector in order to ensure that application of a one size fits all solution does not have a negative impact on certain key growth sectors in the rail industry.

Whilst the document mainly focuses on passenger proposals, DRS wishes to be fully involved in the development on any freight compensation regime.

Kind Regards

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