

## Strategy and Investment

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Tim Griffiths  
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Your ref:  
Our ref: NRS07-074

Date: 20 August 2007

Dear Tim

### **Periodic review 2008: Charge to recover the costs of freight –only lines**

Transport Scotland welcomes the opportunity to comment upon the Office of Rail Regulation's consultation concerning a charge to recover the costs of freight only lines. Our response is not confidential and can therefore be published.

Transport Scotland is committed to supporting rail freight; a key objective of Scottish Ministers' is to secure modal shift from roads. In terms of access charges for freight operators on the rail network it is important that the level of charges should be stable and thus set at appropriate and efficient long-term prices.

We continue to advocate that these charges should be robust, transparent and cost reflective. The administration of these charges should be equally transparent and cost efficient.

In terms of ORR's preferred approach of adopting a variable charge based on train kilometres spread across all ESI and Nuclear Fuel freight operators, we would offer the following comments;

- It is Transport Scotlands' experience that gross tonnage is a strong short term driver of freight line operation, maintenance and renewal costs and that robust assessment to ensure that the freight charges are indeed being set at the long term efficient price - should an alternative metric be adopted - will be needed to support the ORR's conclusions.
- Transport Scotland supports a variable form of charge and the use of the ICM as the basis for cost identification. A charge spread across operators which do not incur the associated costs does not appear consistent with the principle of cost-reflective charging and a stronger argument for the advantages of spreading the cost needs to be made, if this is the approach that the ORR believes appropriately balances the impacts and interests of users and funders.

Yours sincerely

*Jonathan Pugh*

*Head of Rail Regulation & Standards Team*