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Periodic review 2008: Charge to recover the costs of freight-only lines

Dear Tim,

We welcome the opportunity to comment on the issues raised in this consultation. This response reflects the views of RWE npower and the UK based business of RWE Trading GmbH. In the UK we operate a portfolio of power stations which use coal, gas, oil and renewable energy as their fuel source, therefore the methodology used to implement the above charges will have an impact on our companies.

We noted that in your document, the new charge to recover the costs of freight-only lines needs to be consistent with your charging aims, being

- To promote the aims of our duties under section 4 of the Railways Act 1993 and be consistent with the wider aims and guidance from funders;
- To provide incentives for Network Rail, train operators, train manufacturers, rolling-stock companies and funders to make sure the network is used and developed efficiently;
- Not to discriminate between users of the network;
- To be practical, cost-effective and fair;
- To be consistent with relevant laws, including the EU Directive 2001/14/EC;
- To reflect efficient costs caused of using infrastructure (both to Network Rail or otherwise); and
- To make sure charges allow Network Rail to recover (but not over-recover) it's allowed revenue requirement.

It is not explicitly mentioned in the document but we would also expect the proposed charges to reflect the principles of good regulation which were first published in 1998 and updated in 2000, these being

- Proportionate: Regulators should only intervene when necessary. Remedies should be appropriate to the risk posed, and costs identified and minimised.
- Accountable: Regulators must be able to justify decisions, and be subject to public scrutiny.
- Consistent: Government rules and standards must be joined up and implemented fairly.
- Transparent: Regulators should be open, and keep regulations simple and

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user friendly.

- Targeted: Regulation should be focussed on the problem, and minimise side effects.

The reason for highlighting your charging aims and the Better Regulation principles in this case is one of transparency. The charges to be introduced whilst levied on train operators will inevitably be passed through to end users such as ourselves. It is therefore important that whatever methodology is introduced it must be simple and transparent to end users such that the charges can be identified for what they are. We appreciate that part of this process falls to the train operators but if it is not simple and transparent in the first place it could be more difficult for the end users to identify as a specific cost.

We hope you find these comment useful and should you wish to discuss them my contact details are attached.

Yours sincerely

Alan McAdam
Economic Regulation Manager