



ORR's rail freight customer event

November 2015

Summary

This note sets out the main themes and issues arising from the ORR rail freight customer event on 20 November 2015.

Background

In support of our strategic objective to improve the services received by rail freight customers and in response to freight customer feedback, we held our second annual rail freight customer event on Friday 20 November 2015. The event was an opportunity for freight customers to get an overview of our current rail freight work and to hear from our guest speakers from Network Rail and Colas Rail (representing the RDG freight group).

Themes and Issues

ORR's chair, Anna Walker, gave some opening remarks on the importance of on-going engagement with freight customers and introduced some of the external reviews that are currently being carried out in the rail sector. John Larkinson, director of economic regulation and consumers, gave an overview of our current rail freight work and engagement in the sector. He also covered: broader industry issues; enhancement projects; access policy, cases, rights and appeals; competition; Europe; ORR's 2018 Periodic review and our roads role. Information on each of these topics can be found in the [slides that were used on the day](#).

John and Anna were joined on the panel by our two guest speakers, Stephen Haynes (Colas Rail) and Paul McMahon (Network Rail). Stephen Haynes outlined the role of the RDG freight group (RDG-FG) and also gave some background on Colas Rail. RDG-FG is made up of the five major UK Freight Operating Companies (DBS, Colas Rail, DRS, Freightliner, GB Rail Freight) as well as, Network Rail, RDG, ORR and the DfT. Stephen explained that RDG-FG's purpose is to provide leadership for the rail freight sector and to establish the industry position on freight issues. One of the outputs of the group has been to look at the benefit of rail freight and its value to the wider UK economy. Some of current issues that the RDG-FG is looking at include, the

strategic freight network and the digital railway (ERTMS).

Paul McMahon (Network Rail) gave us an update on the following rail freight topics: performance; traffic levels; freight forecasts, and delivering growth. He emphasised that collaboration between Network Rail, DfT, freight operators and close working with the ORR have led to improvements in the sector. Paul also outlined the key ingredients for sustainable market growth in rail freight, including stable and supportive funding and access charging, and clear and strong 'system operator' functions.

The freight customer question and answer session, which followed the presentations, covered the following areas:

- Some freight customers and operators called for a separate discussion, including all parties, on Network Rail forecasts. A review of the forecasts is predicted to take place by September next year. There was also concern that the forecasts were overly pessimistic and didn't factor in the growth of construction. ORR said it would join the planned discussion on forecasts.
- Concerns were expressed that there should be protection for freight in the system operator (SO) role and there was uncertainty whether the SO consultation covered freight issues, particularly in relation to Network Rail's devolution to the routes and the potential impact this may have on freight operators, who operate across routes. Paul McMahon explained that Network Rail were fully supportive of the SO role for freight and Stephen Haynes added that RDG has ensured that freight is represented and will continue to represent freight in its response to consultations. ORR urged those concerned to reflect their comments in response to the SO consultation.
- Regarding initial comments around capacity at Freightliner's Maritime terminal at Southampton, Bill Hammill outlined ORR's recent decision in respect of an application made by DBS for access to Maritime, which had been rejected. This was due to insufficient capacity being available at the terminal.
- A further question was why ORR had not addressed issues around capacity at terminals (in particular Maritime) in its recent consultation on taking commitments in a competition case relating to deep sea intermodal traffic. ORR explained that the commitments focused on its competition concerns which related to the way that Freightliner contracted with its customers. In that respect the commitments released a significant volume of contestable business into the market. ORR confirmed that the initial complaint had not included allegations around capacity and that access issues were raised primarily by stakeholders in the context of the efficacy of the commitments package in enabling competition to occur. ORR's preliminary view was that action under the competition act was unlikely to remedy the concerns raised around access and that it considered the European access regime (in

particular in the case of Maritime) to be (in recast form) a much better tool for the job.

- ORR invited stakeholders to respond to its consultation on commitments should they continue to have unaddressed concerns.