

ORR Procedures for Reviewing Closures

Response from Rail Freight Group

June 2006

1. ORR are consulting on their ratification role under the network modification provisions of the Railways Act 2005. This is the RFG's response to that consultation.
2. RFG has already responded to the DfT consultation on this area and a copy of our response is attached for information. A number of points were raised relating to the approach set out by DfT.
3. We understand that ORR's role is limited to one of ratification and that it cannot alter a decision made under proper and due process. In that context we have no particular comments on the process set out in the consultation document.
4. However we wish to highlight three areas of the DfT document where we would expect ORR to exercise particular care in assessing the work undertaken. These are as follows;
5. *Freight Appraisal* DfT have indicated to us that, generally, they do not have a role in freight appraisal. Whilst generally this is reasonable, closures are one area where they might need to take freight impacts into account. Our response to the DfT's consultation set this out in paragraphs 12-14, which in summary, suggest that there are a number of areas where freight costs need to be included which are not stated in the guidance as drafted.
6. In reviewing closure proposals we would therefore expect ORR to check that freight elements of the appraisal had been properly and thoroughly undertaken.
7. *Freight Only Lines* Since the ORR's consultation on structure of access charges indicates that the full costs of freight only lines will fall to freight operators, closures which *de facto* create freight only lines by removing passenger services should be given particular attention, considering the overall impact on freight charges. (see paragraphs 8&9 of our response to DfT). Whilst small individual cases are unlikely to have a material effect, a programme of such closures could, and the overall impact would need to be monitored.
8. *Freight Consultation* RFG and rail freight customers are listed as optional consultees in the DfT guidance. We expect ORR to check that where appropriate this consultation has been properly undertaken.

Annex – Copy of RFG response to DfT Consultation

Implementation of the Railways Act 2005 Provisions on Closures and Minor Modifications

Response from Rail Freight Group

April 2005

1. DfT is consulting on the implementation of the Railways Act 2005 Provisions on closures and minor modifications.
2. Rail Freight Group (RFG) is pleased to respond to this consultation.
3. Overall, the consultation paper clearly has most significance to passenger operators, and those using passenger services. However, there are potential significant impacts on freight operators and freight customers, many of which have not been covered by the proposals as set out in this document. This is of concern to RFG and its members.

Scope of Policy regarding Freight

4. The document does not make clear what the scope of the policy is with regards to freight traffic. The Act refers to 'network that...has at any time within the preceding five years, been used for or in connection with the provision of services for the carriage of passengers by railway'. This could therefore include lines of shared operation, and lines that had recently become freight only.
5. The final version of the policy must clarify its scope, including
 - a. Can the policy be applied to the closure of freight only line, or a line that becomes freight only as its passenger service is withdrawn?
 - b. Can the policy be used to force closure of a line where freight traffic operates alongside passenger traffic?
 - c. What is the status of freight access rights, connection agreements and land leases for adjoining terminals in the event of closures affecting freight ?
6. Throughout the remainder of this document, we have assumed the broadest possible interpretation of the scope to ensure coverage of all relevant points. Clearly some points will not be relevant if the scope can be narrowed through clarification.

Potential Impact on Freight Services of Passenger Closure

7. The proposals could impact on freight services in a number of ways, both directly, and indirectly. Such impacts ought to be included in proper consideration of the case for closure, recognising that a only a qualitative assessment may be possible in some cases. In addition, there may need to be changes to certain parts of the framework and other regulatory arrangements.
8. *Increase in Freight Only Line Costs* The costs of maintaining freight only lines are borne by the freight operators through access charges. These proposals are likely to increase such charges, by making lines which are currently shared into freight only lines, and in any cases where a passenger service is withdrawn and the line retained without any current freight use. In the latter case (which may be infrequent) there should be a mechanism to prevent the costs falling to the freight operators.
9. Additionally, the cost of maintaining the (now) freight only lines must only reflect the necessary costs for freight traffic, and not the historic maintenance spend. It is not clear that Network Rail can yet accurately price this so effort must be made to ensure the freight industry is only paying for the minimum necessary requirement.
10. *Loss of Freight Services* Any proposal which causes a loss of freight service is of serious concern. As above, we need clarification of the scope of the policy in this respect, as we cannot see that this would be its intent. Where any such closure is considered, the position of both the freight operator and the end customer must be sought.
11. *Loss of Freight Capability* In certain cases, closure could lead to a loss of freight capability – for example, loss of a diversionary route. This should be reflected in the appraisal.

Appraisal of Freight Impacts

12. The document is unclear on how freight impacts should be assessed. Paragraph 66 suggests an approach based on slm, but suggests that this is only applicable to small schemes, which may not always be the case. This requires much greater explanation.
13. Elsewhere, savings in freight operator costs are included in a proposal, presumably where a closure forces a loss of freight traffic. In such cases, the appraisal must surely also therefore cover factors including;
 - d. Any associated cost increase for the end customer, journey time increases etc.
 - e. Revenue loss for the operator
 - f. Any associated loss of traffic (e.g. if loss of one flow makes another flow elsewhere unviable)
 - g. Potential rail terminal closure, job losses

h. Etc

14. Overall, this area requires much greater explanation. A worked example which does not side step the freight appraisal would also assist.

Land Disposal

15. It should be clarified whether land released through closures, and available for Network Rail sale, will be treated as other land disposals under their licence condition 26. There may be cases where freight customers seek to buy land (e.g. to operate as a private siding).

Other Points

16. RFG, and rail freight customers are listed as optional consultees. As set out above, the impact on freight service can be significant, (and not always limited to the actual line in question) and therefore we request that the final policy strengthens the requirement to consult such bodies.
17. We have no particular comments on the proposals for minor modifications.