

The Bristol Port Company response to the ORR consultation on the variable usage charge and on a freight-specific charge.

- 4.50 We do not agree. This is a purely arbitrary selection of costs to apply to a freight specific charge which happens to approximate to the annual charge demanded by government.
- 4.51 We do not agree. As the market develops additional categories will become necessary. There is, for example, an immediate need to consider biomass.
- 4.52 We do not agree. Your proposal will distort the market in favour of gas and oil and against coal and potentially biomass in power generation and this should not be the role of the ORR. If the government wishes to change the usage pattern it already has mechanisms such as carbon tax, climate change levy and ROCs without the need to apply a rail surcharge.

- 4.53 We do not agree. You have simply applied two criteria:-
- a) ability to pay – a false assumption in the case of coal and potentially biomass.
 - b) Inability of the sector to accommodate a modal shift.

In other words penalise a trade that has no alternative to rail.

- 4.54 We do not agree. Road vehicles do not pay a differential usage charge for roads subject to the commodity they are carrying.

If the government wishes to avoid rail traffic moving to road then it should apply a mileage tariff to HGV traffic to create a level playing field.

There is no logic in applying a different charge to rail traffic based on commodity.

It is essential that there is a greater degree of security of costs otherwise we will not see the levels of infrastructure investment necessary in the current economic situation.

The market needs certainty and cannot continue to be faced with major change every five years.

- 4.55 Costs should be allocated on a kilometre/tonne basis irrespective of commodity. This gives certainty and if necessary changes should be made to road access charges to avoid excessive modal changes on containers.
- 4.56 It is not appropriate as you are only concerned with modal shift and not the distortion you will bring to the generation market in terms of choice of fuel. You may not see a significant shift from rail to road but the tonnage of coal and potentially biomass moved will be affected.
- 4.57 If, after your consultation exercise, you still intend to apply a freight specific charge it is essential that the charge is applied on a simple tonnes carried basis.

Were you to use a kilometre/tonne basis you would severely distort both the supply and generation market. Points of origin such as the Scottish mines would not be able to stay viable and inland stations such as Rugeley would further be disadvantaged compared with stations such as DRAX who enjoy a very small mileage from their principal point of supply at Humber International Terminal.