

**Paul McMahon**  
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12 March 2012

Jonathan Haskins  
Head of Regulatory Compliance and Reporting  
Network Rail Infrastructure Limited  
Kings Place  
90 York Way  
London N1 9AG

Dear Jon

### **Network Rail rebate to the Department for Transport**

I refer to your letter of 12 March seeking ORR's consent to a rebate payment of £40m surplus cash to the Department for Transport. You have also explained that you may also wish to make a similar payment to Transport Scotland at a later date.

After taking due account of your letter, and having had regard to our public interest duties, I hereby consent on behalf of ORR to Network Rail Infrastructure Limited (NRIL) making the payment referred to in your letter and I confirm that this rebate will not be counted under the efficiency benefit sharing mechanism. Our decision is based on our understanding that following the payment NRIL will continue to have sufficient resources available to itself as required by condition 4.14 of the network licence and that you are satisfied that NRIL is complying with the governance matters set out in licence conditions 15.1 – 15.3 regarding permitted business activities.

In principle we have no objection to future rebates but we would want to consider any future rebate each year in light of your actual performance and future plans and sufficiency of resources.

I am copying this letter to Sonia Braybrook and David Bennett at DfT and to Agnes McKeever at TS and will place a copy on our website. If there is anything further you wish to discuss, please contact Gordon Cole ([Gordon.Cole@orr.gsi.gov.uk](mailto:Gordon.Cole@orr.gsi.gov.uk)), telephone number 020 7282 2184.



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Yours sincerely

A handwritten signature in blue ink that reads "Paul McMahon". The signature is written in a cursive style with a large initial "P" and "M".

Paul McMahon