

Pedro Abrantes
Head of Analysis and Rail Economics

22 November 2018

Dear Freight and Charter Recalibration Working Group,

Schedule 8 Recalibration: Approval of CP6 Schedule 8 parameters in the freight and charter regimes

1. In your letter of 29 October 2018 you requested our approval of the freight operator payment rate and the charter operator payment rate.
2. In a separate email of 29 October 2018, you requested our approval of the bespoke recalibration of parameters for the Schedule 8 regime in West Coast Railway Company's 'Jacobite'– track access contract. the train operator benchmark;
 - the Network Rail benchmark;
 - the train operator payment rate; and
 - the incident cap access charge supplement (ACS).
3. Moreover, in your letter of 1 November 2018 you requested our approval of the incident cap ACS in the freight and charter regimes and the cancellation threshold in the freight regime.
4. In addition, in your letter of 8 November 2018 you requested our approval of the Network Rail benchmark in the freight regime.
5. We note that, through the Working Group, operators and Network Rail have had the opportunity to review and challenge the recalibration of each of the parameters referred to above. In particular, we note that, as set out in your letters to us, no party has objected to the proposed recalibration of any of the above parameters.
6. Moreover, we note that the recalibration has been independently audited by Steer, and that it has confirmed that it has no concerns that need to be addressed.
7. Thus, in light of the above, and having reviewed both the methodology and audit report for each parameter, we approve the recalibration of all the parameters listed in paragraphs 2, 3 and 4 above for use in CP6.

Yours sincerely,

Pedro Abrantes