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Dear Kevin

Schedule 8: Our approval of the baseline annual train mileages for charter operators

1. We refer to your email of 12 April 2024, in which you asked us to approve the charter operators' Baseline Annual Train Mileage for Control Period 7 (CP7), which runs from 1 April 2024 to 31 March 2029. This letter sets out our approval of the Baseline Annual Train Mileage for charter operators in respect of the Schedule 8 regime for CP7. It also contains our approval of the Baseline Annual Train Mileage for West Coast's 'Jacobite' services. For the remainder of this letter, we refer only to the charter operator Schedule 8 regime, however the same terms apply to Jacobite services. Capitalised terms used in this letter are defined in the charter operator track access model contract.

Background

2. In the charter operator Schedule 8 regime, charter operators and Network Rail have reciprocal annual caps on the net annual liability they face under the Schedule 8 performance regime. The purpose of the annual caps is to provide certainty to charter operators and Network Rail on their maximum Schedule 8 liability for any year.
3. Paragraph 8.2 of Schedule 8 in the charter operator track access model contract sets out that each charter operator's Baseline Annual Train Mileage will, each year from 1 April 2025, be compared to the Annual Train Mileage in that financial year. The Baseline Annual Train Mileage for each charter operator is the actual train mileage it has been billed for in the last financial year of CP6, i.e. (2023-24). If the difference between a charter operator's Annual Train Mileage and its Baseline Annual Train Mileage is equal to or greater than 2.5% of the Baseline Annual Train Mileage, the reciprocal annual caps will be reviewed and Network Rail can propose a new annual cap. In

order for this to apply, charter operators would need to have a Baseline Annual Train Mileage or Annual Train Mileage of 1,000,000 or greater.

4. At the time of ORR issuing the PR23 review notices, Network Rail could not provide us with the Baseline Annual Train Mileage for each charter operator as it required charter operator mileage data up to and including March 2024. As a result, the Baseline Annual Train Mileage specified in Appendix 8A to Schedule 8 of each charter operator’s Track Access Contract shall be that number approved or determined by ORR and which shall take effect from 1 April 2024.

Proposed Baseline Annual Train Mileage

5. The Baseline Annual Train Mileage for each charter operator that Network Rail asked us to approve is set out below in Table 1.

Table 1: Charter operator Baseline Annual Train Mileages

Charter operator	Baseline Annual Train Mileage
First Greater Western Limited	[redacted]
GB Railfreight Limited	[redacted]
Hanson & Hall, Rail Services Solutions Limited	[redacted]
Locomotive Services (TOC) Limited	[redacted]
Rail Express Systems Limited	[redacted]
Rail Operations (UK) Limited	[redacted]
RailAdventure UK Limited	[redacted]
Vintage Trains Limited	[redacted]
West Coast Railway Company Limited (charter only)	[redacted]
West Coast Railway Company Limited (“The Jacobite”)	[redacted]

6. In your 12 April 2024 email, you explained that the Baseline Annual Train Mileages in Table 1 are each charter operator’s train mileage in 2023-24. You explained that each charter operator has been consulted on its Baseline Annual Train Mileage, and that no operator has objected to its proposed figure.



ORR's view

7. Based on the approach you have used to calculate the proposed Baseline Annual Train Mileage for each charter operator, and the engagement you have had with operators, we hereby approve the Baseline Annual Train Mileages shown in Table 1 for each charter operator, which shall take effect from 1 April 2024.

Yours sincerely,

Will Holman