



Core Valley Lines

Access

Charges

Review

consultation

Amey

SEILWAITH
INFRASTRUCTURE



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1 Introduction and summary

- 1.1. The purpose of this consultation is to set out Seilwaith Amey Cymru / Amey Infrastructure Wales Limited (AIW) proposed approach to setting charges for access to its network from the 1st April 2024 until the 31st May 2029. Access charges are paid by all train operators - passenger, open access, freight and charter - which use the Core Valley Lines (CVL) network.
- 1.2. The CVL Charging review is aligned with the Network Rail Access Charges Review process. The CVL IM has a contractual requirement to conduct a charging review with each Train Operator on the CVL Network. The Charging review is necessary to fulfil the legal requirements under the Railways (Access, Management and Licensing of Railway Undertakings) Regulations 2016 (the Regulations).
- 1.3. Since the CVL Network was divested from Network Rail's network, the access charges have remained the same as Network Rail's. AIW is proposing to continue to use Network Rail's charges which are currently being established by the Office of Rail and Road (ORR) through its CP7 review.
- 1.4. As a result of changes to Network Rail's Track Access Contracts (TAC's) through the CP7 review, AIW will need to make changes to CVL TAC's for existing Train Operators who have access to the CVL Network. These changes will be progressed by way of a S22 Application to the ORR.
- 1.5. AIW is seeking stakeholders' views on its proposed approach to access charges and how it intends to implement the requirements for the following:
 - The Variable Track Usage Charge (VUC)
 - The Electrification Asset Usage Charge (EAUC)
 - Electric Current for Traction (EC4T)
 - Schedule 4 and 8 arrangements
 - Station Charges

2. The Legal Requirements

2.1. AIW as the CVL Infrastructure Manager (IM) is required to conduct a Charging Review under each of its TAC's. At the time of divestment this was set by the Office of Rail and Road (ORR) to be aligned with the ORR Periodic Review of Network Rail's charges. Each Track Access Contract contains the following provision:

“The Track Charges will be reviewed and adjusted by the CVL IM on 1 April 2024 and thereafter charges will be reviewed and adjusted on a five-yearly basis and the parties acknowledge and agree that such review and adjustment shall:

- (a) comply with relevant applicable law; and*
- (b) be consistent with the charging framework published by ORR in respect of the CVL.”*

- 2.2. The charging framework established by the ORR requires AIW to only charge in accordance with the Regulations for activities listed in Schedule 2¹ of the Regulations.
- 2.3. In addition, the charging framework allows any Access Charges permitted by the Regulations to be levied by AIW.
- 2.4. The Regulations and the Commission Implementing Regulation (EU) 2015/909 of 12 June 2015 on the modalities for the calculation of the cost that is directly incurred as a result of operating the train service (the Modalities Regulation), set out what AIW can charge for.
- 2.5. AIW and each existing Train Operator will need to amend Access Contracts in order for the charging review to be implemented.

¹ Schedule 2 relates to the Services to be supplied to railway undertakings.

3. Variable Usage Charge (VUC) proposal

- 3.1. Since the divestment of the CVL network from Network Rail, the VUC used for the CVL Network are the same rates as used by Network Rail. The Track Access Contracts of Train Operators refers to *“the Track Usage Price list published by Network Rail on or about 20 December 2018”*.
- 3.2. AIW’s approach to the calculation of the CVL VUC has been to carry out a comparison (a benchmarking exercise). This benchmarking exercise was to have taken the costs used in the Network Rail VUC calculation and compared the same costs for the CVL network. If the costs between the two networks were similar then AIW would have proposed to align its VUC to the Network Rail VUC.
- 3.3. The benchmarking exercise was carried out between April and May 2023. This identified that the data available could not be directly compared.
- 3.4. Discussions with the ORR around the benchmarking exercise identified that the two network IM’s data could not be compared to make a reliable decision about traffic based directly incurred costs.
- 3.5. The ORR stated: *“Considering the complexity of this exercise, it is not clear that a cost benchmarking exercise could – in the time available to complete this review – allow for a more accurate and robust estimate of the directly incurred costs of operating trains on the CVL network. We also recognise that it is only three years since the CVL network was divested from Network Rail. In light of this, and on this basis, we consider that it would be reasonable to consult with industry on a proposal to maintain current arrangements for this charge for the next five years”*
- 3.6. AIW is therefore proposing to continue to use the same VUC rates as Network Rail will use for CP7.
- 3.7. In order to implement the changes to the CVL VUC rates, AIW will require Train Operators who hold a TAC with AIW, to agree to a supplemental track

access contract. This supplemental TAC will amend the definition of the Track Usage Price List. The current definition states:

"Track Usage Price List" means the document entitled "Track Usage Price List" published by Network Rail on or about 20 December 2018 which, for the purposes of this contract, shall be deemed to incorporate any supplements to that document consented to or determined pursuant to paragraph **Error! Reference source not found.** of Part 2 of Schedule 7 to this contract;"

3.8. AIW are proposing to amend this definition to read:

"Track Usage Price List" means the document entitled "Track Usage Price List" published by Network Rail on or about 1st April 2024 which, for the purposes of this contract, shall be deemed to incorporate any supplements to that document consented to or determined pursuant to paragraph 9.10 of Part 2 of Schedule 7 to this contract;"

3.9. For clarity, the Variable Usage Charge for trains crossing between the CVL Network and Network Rails network will be the same. These are to be the same prices determined by the ORR for Network Rail's Network for CP7.

4. Electric Current for Traction (EC4T) proposal

- 4.1. From October 2023 onwards the CVL Network will be electrified as part of the Welsh governments Transformation Project².
- 4.2. The Core Valley Lines (CVL) overhead line electrification at 25kV AC utilises permanently earthed sections (PES), beneath restricted structures, and several catenary free sections, designated “smart electrification” (discontinuous electrification). As a consequence, all electric trains operating on the on the CVL network must be capable of interfacing with the electrification system via the Track link III infrastructure APCO beacons via train borne readers and have a secondary source of power e.g. batteries or diesel traction.
- 4.3. Transport for Wales Rail (TfWRL) is currently the only train operator proposing to use electric traction. Therefore until the point that another train operator proposes to use electric traction, EC4T will be procured directly by TfWRL for use on its services from April 2024. AIW will have no role to play in the procurement or supply of EC4T while TfWRL remains the only user.
- 4.4. In the event that another Train Operator wishes to use EC4T, then AIW will take over the supply of power from TfWRL. AIW has developed a multi operator model which is based on the same methodology for the supply of power as is used in the rest of the rail industry.
- 4.5. The EC4T arrangements with TfWRL have been consulted and are to be introduced by October 2023. As part of this introduction there will also be a set of CVL Traction Electricity Rules. It is the intention that the CVL Traction Electricity Rules will be approved by the ORR by October and then published by AIW.

² <https://tfw.wales/projects/metro/south-wales-metro/work-progress>

5. The Electrification Asset Usage Charge

- 5.1. AIW will introduce an Electrification Asset Usage Charge (EAUC) from October 2023 for Train Operators wanting to use Electric Current for Traction (EC4T).
- 5.2. The Electrification Asset Usage charge for the CVL Network will be the same as the one published by Network Rail. .

6. Performance regimes - Train Operators operating between Network Rail and the CVL Network

Schedule 4 Restrictions of use

- 6.1. Where Train Operators operate over both the Network Rail and the CVL networks, Network Rail operates the Schedule 4 regime as if the CVL network were part of the Network Rail network.
- 6.2. The Schedule 4 arrangements relating to train operators who cross between the CVL and Network Rail networks are dealt with under each train operators Track Access Contract with Network Rail.
- 6.3. AIW are proposing to continue with this arrangement from the 1st April 2024 and over the next five years.
- 6.4. Any changes to the operation of Schedule 4 in the Network Rail contracts is being developed and consulted by the ORR as part of their Period Review process for CP7.
- 6.5. From 1st April 2024 Train Operators are able to choose to opt out of the Schedule 4 regime on the Network Rail network, as per the ORR's PR23 draft decision. AIW are proposing to allow Train Operators the ability to opt out on the same basis as the ORR's draft decision.
- 6.6. As far as the amendments to the CVL track access contracts, we envisage that these will need minor amendments to align with changes proposed as part of the Network Rail PR23 changes.
- 6.7. In respect of changes to the Network Rail Track Access contracts, the CVL IM is not a party to track access contracts between Network Rail and Train

Operators. However, AIW will review drafting changes to the Network Rail contracts to ensure that any changes proposed allow the continued operation of cross network schedule 4 regimes.

Schedule 8 Performance Regime

- 6.8. Where Train Operators operate over both the Network Rail and the CVL networks, Network Rail operates the Schedule 8 regime as if the CVL network were part of the Network Rail network.
- 6.9. The Schedule 8 arrangements relating to train operators who cross between the CVL and Network Rail networks are dealt with under each train operators Track Access Contract with Network Rail.
- 6.10. AIW are proposing to continue with this arrangement from the 1st April 2024 and over the next five years.
- 6.11. Any changes to the operation of Schedule 8 in the Network Rail contracts is being developed and consulted by the ORR as part of their Period Review process for CP7.
- 6.12. AIW is not proposing any changes to the Schedule 8 regime, save for the elements that are being amended as part of the CP7 review of Network Rail by the ORR.

7. Performance regimes - Train Operators operating on the CVL Network only

7.1. In the event that a CVL only Train Operator wishes to commence services, AIW and the new Train Operator would use the CVL only performance regime for schedule 4 and 8. These are the same as the Network Rail regimes.

7.2. There are no CVL only Operators at present.

8. Changes to existing Track Access Contracts

8.1 AIW will engage with all Train Operators who hold an access contract for the CVL Network and will identify the changes required to each contract to reflect required amendments that are necessary resulting from Network Rails periodic review. These changes will relate largely to the definition of Track Usage Price list, Schedule 4 and minor associated changes.

9. Station Charges

9.1. Stations on the CVL Network are leased from AIW to TfWRL. As the station charge is paid for by TfW (who own the stations) to TfWRL to AIW and is then passed back to TfW, this is set at a zero rate. AIW is proposing that this remains unchanged and continues from the 1st April 2024 and over the next five years.

10. Track Access Billing

10.1 AIW will continue to monitor and bill train operators using Network Rail's Track Access Billing System (TABS). There will be no changes to the way in which AIW bills for the use of its infrastructure.

11. Timeline

<p>10th September 2023 to 9th November 2023.</p>	<p>Consultation: Amey publicly consults on approach to setting charges for next five-year period. This will be an industry wide consultation to set the scene for the review and seek views on the issues that stakeholders believe are important. During this time we will optioneer and develop our position with stakeholders.</p> <p>Existing Track Access Contract amendments During this period AIW will review and develop supplemental agreements and Form Ps necessary to submit a S22 application with each Train Operator that reflect the changes to align with the Network Rail CP7 changes and that allow AIW to implement the changes.</p>
<p>10th November – 9th January</p>	<p>Phase 3, Develop and issue conclusions Issue conclusion and progress applications with existing Train Operators as a S22.</p>
<p>10th January 2024 – 1st April 2024</p>	<p>Phase 4 ORR reviews and approves ORR approves changes to contracts</p>

12. Responding to this Consultation

12.1 Please respond to this consultation by 9th November to the following email address : CVLTrackAccess@amey.co.uk.

12.2 If you have any questions please address these to Nick Rowe (Regulatory & Customer Manager) at the above email address.