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**Network Rail Consultation on the Coal Spillage Charge (CSC) and the Coal Spillage Reduction Investment Charge (CSRIC)**

The Confederation of UK Coal Producers (CoalPro) represents member companies who produce over 90% of UK coal output. CoalPro is pleased to respond to this consultation.

**Q1: What is your view on potentially recovering coal spillage costs through any new freight-specific charge, rather than a separate CSC?**

CoalPro sees merit in this proposal, provided the market can bear it, and provided any new freight-specific charge is levied on a per tonne lifted basis, and not as currently proposed on a tonne/km basis.

Any coal spillage costs are related to the volume of coal moved, and not to distance, as coal only spills once. The CSC should be recovered separately for industrial coal as this is not covered by the freight-specific charge.

**Q2: What is your view on the methodology and assumptions that have applied in order to initially estimate coal spillage costs?**

CoalPro has serious doubts about the methodology and assumptions. The Network Rail cost estimate is three times higher than the Halcrow estimate. This suggests the assumptions and methodology should be revisited, and compared and reconciled with the Halcrow estimate.

**Q3: Do you have any comments on our initial list of coal loading and unloading points set out in Annex B?**

Certain power stations (e.g. Didcot and Cockerzie) will close before the commencement of CP5. There is also likely to be an overall fall in coal demand and movements from a range of supply points. The Network Rail forecasts need to reflect these developments.

**Q4: What is your view on our proposal to discontinue the CSRIC in CP5?**

Agreed. Any moneys remaining when the Scheme ends should be refunded proportionately.

**Q5: What is your view on the appropriate size on an annual investment fund assuming that it was considered appropriate to retain the CSRIC for CP5?**

See response to Question 4.

**Q6: What is your view on how we have initially estimated the CP5 CSC rate?**

It has become clear that coal spillage is related to the volume of traffic. As and when volumes decline, therefore, spillage instances and the related costs will also decline. The CSC for CP5 must take this into account.

**Q7: What is your view on our proposal to cease adjusting the CSC rate annually in CP5 based on the number of coal related points failures?**

If the CSC is included in the freight-specific charge, it would not seem possible to make annual adjustments.

**Q8: What is your view on our proposal that if the CSRIC were to be levied in CP5 there would be considerable merit in setting the level of the charge for the duration of the control period?**

CoalPro sees no reason to levy a CSRIC in CP5.

**Q9: Do you have any other comments?**

If present Government energy policies are not changed, the ESI coal tonnage figures in Figure 1, p.17 will fall much further and much more rapidly from 2018 onwards. Network Rail's cost estimates need to be adjusted to reflect this fall.

Further consideration needs to be given to ways of reducing coal spillage, for example including provisions within terms and conditions of contracts between Freight Operating Companies and their customers.

Regards

David Brewer  
Director General