



Department for Transport

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Dear Mr Worley,

Thank you for including the Department for Transport in your consultation on the allocation of the Variable Usage Charge for Control Period 5 (2014-2019) and Serco's related work. I am grateful to you for allowing the Department an extension to your deadline of 1 February.

The Government supports the principle, enshrined in European rail transport legislation, that usage charges for freight should be based on the marginal costs to the network. However, as it made clear to the ORR in its Guidance, policies and regulations should not create unnecessary transactional costs or other obstacles to the achievement of a competitive rail freight industry's future growth.

We are sympathetic to Network Rail's proposals for the deferral of this work into the charges review that the industry has committed to carry out during the early stages of CP5, which will in turn inform charges in CP6. It is important that this should be concluded – and, if necessary, further research undertaken – before any final decisions are taken on charges.

Yours sincerely

Nick Bisson

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