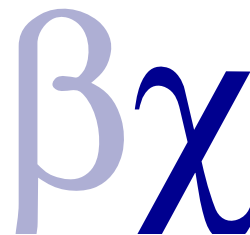


**Steven McMahon, Head of Rail Strategy  
Rail**

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Date:  
12 October 2012

Ekta Sareen  
Senior Regulatory Economist  
Network Rail  
Kings Place  
90 York Way  
London  
N1 9AG

Dear Ekta

**Periodic Review 2013 – Network Rail consultation on traction electricity & electrification asset usage charges in CP5**

Thank you for the opportunity to respond to this consultation.

Transport Scotland supports the intention of the ORR to use traction electricity charges to better incentivise Network Rail and train operators to use energy efficiently. This is consistent with the Scottish Ministers' ambitions for a greener Scotland and the associated requirements as specified in their High Level Output Specification for Control Period 5 (CP5).

During Control Period 4 Network Rail and the wider rail industry have made progress to better understand the usage of EC4T. However, Transport Scotland is strongly of the view that further improvements in the measurement of consumption and charging of traction power will be required to allow for a more responsible usage of traction power in CP5 and beyond. Further progress is also required to better understand the benefits from regenerative braking and for these to be reflected appropriately in the charge.

The objective of the charging regime should be to fully reflect usage by individual train operators. As such Transport Scotland continues to support the introduction of metered billing through CP5 with the objective of full metering being substantially in place for the start of CP6.

It is vital that the industry is aware of any changes proposed now or in the future so early dialogue between Network Rail and operators is essential. A simplification of all relevant processes and documentation would help to increase transparency and understanding of the charging regime and help drive action to lower energy consumption across the industry.

I am happy for this response to be made public.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Steven McMahon'.

**STEVEN MCMAHON**