



5th Floor,
50 Eastbourne Terrace
Paddington
London
W2 6LG

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

Dear Ekta,

FirstGroup wishes to apologise for the late response to this consultation but important legal issues have been raised in respect of the Scottish issue, which has caused us to reflect in detail on your proposed position.

In general we agree with your overall approach to allocating the FTAC amount, given the fact that the whole structure of charges is going to be re-examined by an RDG sub-group with a view to implementing a radical change for CP6. The question of the appropriateness of the whole charging regime has also been recently discussed in the Brown report.

The Scottish proposals in your consultation are something we would query. Given the devolution agenda and the need to have absolute clarity between the funding situations in Scotland and England, we do not think it is legally safe for you to propose charging a Scottish TOC for lines over which it does not operate any trains.

If the charging regime is altered in any way and the balance between Grant/FTAC/VTAC therefore changes, then there will have to be a rebalancing of funds between Scotland and England. We feel that should be avoided by using an existing mechanism based on route mileage by operator rather than having to start from scratch. In other words, we wish to see Scotrail services paying FTAC for their usage of the E&W part of the network in CP5 and the converse for E&W operators.

We welcome the move to analyse the RAB by route as this could become an important building block in any future review of the structure of charges. We note the position such items as franchise remapping and Open Access charging and agree with your assumptions.

We have no other comments to make on your consultation.

Yours sincerely

Hugh Clancy
Commercial Director, Rail Division