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Friday, 2 September 2011

Dear Richard,

Re: Network Rail response to Periodic Review 2013: first consultation

Please find attached Network Rail's detailed response to ORR's Periodic Review 2013: first consultation, which was published on 25 May 2011.

In our response, we consider the opportunities and challenges for the review as a whole, and address the specific questions and points of detail raised by ORR in its consultation.

This is an exciting time for the industry and our response outlines, particularly in the context of current industry reform, the importance of making appropriate changes to the regulatory and contractual framework which we believe will support this change. We believe, in particular, that CP5 should be mindful of the following:

- the need to provide the necessary **shared incentives** to drive the right behaviours to deliver the full scale of cost savings identified in the Rail Value for Money Study;
- allowing the industry to operate in a **more commercial** way;
- delivering cost savings by **developing partnerships** built on mutual success; and
- giving **greater flexibility** to train operators and Network Rail to determine the most cost-effective way of driving up revenue.

We look forward to engaging in much greater detail with ORR and industry on all areas of the review as it progresses.



We are in the process of preparing a short summary document of our response, which will follow shortly. We are content for this, and our longer response, to be published in full on your website.

In the meantime, should you wish to discuss any aspect of this response, please do not hesitate to contact me in the first instance.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Peter Swatridge', with a stylized, cursive script.

Peter Swatridge
Head of Regulatory Economics