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GB Railfreight Ltd. Response to Schedule 8 compensation payment rates in Control Period 5

Dear Joel,

GB Railfreight cannot emphasise enough the importance of ensuring that Schedule 8 payment rates are set at the 'right' level if they are to fulfil the objectives of the regime and incentivise improved performance.

It is also vital that the effects of any Schedule 8 proposals for CP5 are looked at as a 'whole' package, in order to minimise financial risks, particularly as the benchmarks for CP5 have not yet been set.

In respect of your concerns surrounding the London & South Eastern commuting routes we agree to your findings, that the revised rates significantly overstate the sensitivity of passenger demand to variations in performance. On this basis, the rates should be adjusted downwards to reflect these findings. The calculation for the Schedule 8 payment rate for London commuting flows should therefore see the Lateness Multipliers and GJT elasticities remain unchanged from those used to calculate CP4 rates.

In relation to the Schedule 8 compensation payment rates in CP5 consultation question, GB Railfreight agrees with Network Rails proposition as we are led to believe that the outcome will result in a better overall position for freight.

Yours sincerely,

Lee Armstrong
GBRf