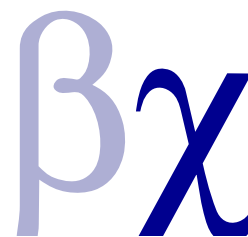


**Head of Rail Strategy
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Date:
1 February
2013

Ben Worley
Senior Regulatory Economist
Network Rail
Kings Place
90 York Way
London
N1 9AG

Dear Ben

PERIODIC REVIEW 2013 – NETWORK RAIL CONSULTATION ON THE ALLOCATION OF THE VARIABLE USAGE CHARGE

Thank you for the opportunity to respond to this consultation.

Transport Scotland notes the conclusion from the Serco research that less account should be taken of the speed of trains when setting charges, and more of their axle weight, as this is considered to be a more material factor in track damage than previously assumed. Given that charges are cost-reflective, such a change would result in higher costs to the freight industry.

The freight network is important to Scotland's economy. Given the recent ORR conclusions around freight charges we are concerned over the potential impact of any further changes to the charging regime. Accordingly, Transport Scotland welcomes Network Rail's commitment to further validation work and to defer potential changes to heavy axle load vehicles to Control Period 6.

We are broadly content with the intention to include a minor change to the apportionment of signalling and civils costs to high axle load vehicles, thus reducing track damage and whole industry costs.

The concept of default rates for passenger vehicles is supported in principle, as is the proposal to revise the rates for modified vehicles mid Control Period as this will support the case for upgrading vehicles.

We would also add a general comment that the table of individual freight vehicle rates is very long, with many categories that appear to have little or no use. Network Rail may therefore wish to consider the scope for potential rationalisation. This may support the introduction of more cost reflective, less complex charging regimes in the future.

I can confirm that Transport Scotland does not require any of this response to remain confidential.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Steven McMahon', written in a cursive style.

STEVEN McMAHON