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28 November 2011

Dear Geoff,

## **HS1 LIMITED – CONSULTATION ON DISCOUNT POLICY**

This letter constitutes the response of DB Schenker Rail (UK) Limited ('DB Schenker') to the High Speed 1 consultation document entitled "HS1 Limited – Discount Policy" dated 3 October 2011.

### **Introduction**

DB Schenker supports the proposal by HS1 Ltd to publish a discount policy offering discounted access charges on its network. In expressing its support, DB Schenker believes that in order to avoid anti-competitive practices any discount policy must offer railway undertakings operating trains serving the same origins and destinations the same discounts. Therefore, HS1 Ltd's intention to offer discounts on a fair, transparent and non-discriminatory basis is especially welcomed.

DB Schenker acknowledges that discounts will only be offered on the Investment Recovery Charge element of the access charge and that this policy will not affect the current discount offered by HS1 Ltd to freight operators in respect of the Operations, Maintenance and Renewal Charge element.

In considering any discount policy, DB Schenker would also expect it to conform to relevant legislation regarding the setting and levying of access charges by infrastructure managers. In this respect, DB Schenker is therefore pleased to note that ORR has already expressed its view that the proposed HS1 Ltd discount policy and related decision process complies with the relevant provisions of the Railways Infrastructure (Access & Management) Regulations 2005.

### **Principles and decision process for the application of discounts on HS1**

DB Schenker notes that the proposed discount policy is based on a set of principles that will be taken into account by HS1 Ltd when offering discounts to railway undertakings. These principles appear reasonable and appropriate. DB Schenker is particularly pleased to see that the first principle specifies that discounts will be offered on a fair, transparent and non-discriminatory basis. In this respect, HS1 Ltd's intention to publish its discount

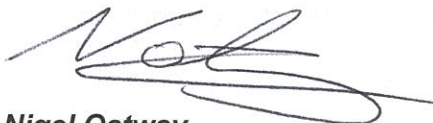
policy together with the terms of any agreed discount schemes in its Network Statement is a key element in ensuring transparency is maintained.

DB Schenker understands that when HS1 Ltd receives an application for a discount from a railway undertaking, that it will apply a number of sequential tests to ascertain whether a discount scheme can be offered. DB Schenker's supports the proposal that should an application pass the first test (i.e. that the rail service that the discount is being sought for is substantially similar to an existing discounted service) it would bypass tests 2 to 6 which again demonstrates HS1 Ltd's intention to ensure discount schemes are offered on a non-discriminatory basis.

**Process for applying for discounts**

DB Schenker has considered the proposed process by which HS1 Ltd considers applications for discount schemes and finds it to be reasonably straightforward and clear. DB Schenker looks forward to using this process for discussing discount scheme proposals with HS1 Ltd in respect of its own services should it consider that any such services may reasonably qualify for discounted track access.

Yours sincerely,



**Nigel Oatway**  
**Access Manager**