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By email to geoff.jones@highspeed1.co.uk

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Dear Geoff,

HS1 Ltd Consultation on Discount Policy

Thanks for the opportunity to comment on the consultation on HS1's discount policy.

Discount calculation.

The policy of only offering a discount on IRC assumes that there is a totally linear relationship between vehicles operated and OMRC. This is not correct as many items that require maintenance or renewal will do so on a time basis rather than a usage one.

Clearly OMRC should be recovered for the costs that are genuinely variable for individual services but after that the primary factor for deciding the discount level should be a market based pricing approach. This will require HS1 to work with train operators to determine a discount of all applicable charges in order to make a service financially viable.

To be clear we believe that HS1 should offer discounts on both IRC and OMRC.

Discount application.

As well as taking into consideration "train services" and peak and off peak services, HS1 also needs to take into account specific days of operation. The Government does not specify a train service to operate on Christmas Day or Boxing Day in the Integrated Kent Franchise Agreement.

There is a passenger demand for such a service on Boxing Day (particularly post the opening of the Westfield shopping centre at Stratford) but simply not charging IRC is not sufficient to make such a service viable owing to the very high level of OMRC charges levied to use HS1.

Commercial viability

As stated above we believe that the pricing of access charges should be determined by the overall business case making sure that HS1 true marginal costs are recovered. We would like to see a mechanism where HS1 and the Train Operator could share the commercial risk / reward of operating new train services.

This would mean that access charges could be reduced or increased in line with revenue generated; this is particularly important in view of the uncertainty that exists around revenue forecasts for new services.

We would be happy to engage in further discussion on the matters raised in this consultation with you.

Yours sincerely

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