

POSITION PAPER

Scarcity charging in rail

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COMMUNITY OF EUROPEAN RAILWAY AND INFRASTRUCTURE COMPANIES - COMMUNAUTÉ EUROPÉENNE DU RAIL ET DES COMPAGNIES D'INFRASTRUCTURE - GEMEINSCHAFT DER EUROPÄISCHEN BAHNEN UND INFRASTRUKTURGESELLSCHAFTEN



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EXECUTIVE SUMMARY

Scarcity charging should only be applied after other mechanisms to solve conflicting path requests have failed and only on sections that have been designated as congested by the infrastructure manager.

The maximum peak-time total level of the charge (so including the direct cost, the scarcity charge, and any mark-up in line with Article 32 of Directive 2012/34/EU) should not exceed what the market can bear. It may be advisable to also formulate a maximum permissible size for the scarcity surcharge, e.g. as a percentage of direct cost.

The Member State should have the right to decide that the additional revenue from scarcity charging is earmarked for infrastructure investment projects aiming at relieving capacity constraints.

1. INTRODUCTION

Paragraph 4 of Article 31 of the Recast Directive states the following:

“The infrastructure charges referred to in paragraph 3 may include a charge which reflects the scarcity of capacity of the identifiable section of the infrastructure during periods of congestion.”

Differentiating the price of access to a network as a response to congestion is typically done on either or both of the following grounds:

1. Increasing the use of the network: one could accommodate a higher level of use if users could be incentivised to modify their pattern of use in space and/or time, or through other means such as the use of double-deck trains or reductions in waiting times at given points on the network
2. Increasing the revenue accruing to the infrastructure manager (IM): differentiation of charges would help to extract more surplus from the users, potentially reducing the need for state funding

In the case of rail, CER has concerns about the possibilities of scarcity charging to function as a mechanism for redirecting traffic, due to the general lack of redundancy in terms of railway routes which limits the possibilities for alternative routes that customers would accept, especially for passengers and (to a lesser extent) for freight.

Therefore, CER considers that, wherever possible, the infrastructure manager should seek to coordinate and solve conflicting train path requests with applicants. Only where path request conflicts remain unresolved, and after the infrastructure manager has declared a section to be congested according to Article 47 (1), should scarcity charging be considered as a possible measure. One should therefore not seek to introduce scarcity charging on sections where capacity is not a problem.

Scarcity charging, if applied, should respect the principles of non-discrimination, effective transmission of incentives, reliability, and predictability for railway undertakings (RUs). Regarding time periods, it is suggested that scarcity charging could apply not only at specific times of the day, but also on identified days of the week (at designated times).

2. COMPUTATION OF THE LEVEL OF THE CHARGE

CER recommends an approach based on an ex-ante determination of the scarcity charge. In this approach, the IM computes ex-ante the level of the extra charge and the modalities of its application, and announces all relevant information in the network statement. This approach is the standard in the sector and has the advantage of being rather easier to implement than possible alternatives.

Given that scarcity charging is likely to result mainly in raising revenue and not so much in an optimisation of traffic flows, CER would welcome the introduction of a ceiling on the scarcity charge in order to protect the market. Conceptually, the maximum peak-time total level of the charge (so including the direct cost, the scarcity charge, and any mark-up in line with Article 32) should not exceed what the market can bear. However as the latter concept is not precisely defined in legislation, it may be advisable to also formulate a maximum permissible size for the scarcity surcharge, e.g. as a percentage of direct cost.

3. USE OF REVENUES

In the general case the infrastructure manager is free to dispose of the revenues from charges provided that they are used to fund its business, see Article 31(1).

For the specific case of scarcity charging, CER considers that the Member State should have the right to decide that the additional revenue from such charging is earmarked for infrastructure investment projects aiming at relieving capacity constraints in general.

Disclaimer

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