



ASSOCIATION OF TRAIN OPERATING COMPANIES

[REDACTED]
Department of Energy and Climate Change
Area 4C
3 Whitehall Place
London
SW1A 2HD

22 November 2010

Dear Mr [REDACTED],

CONSULTATION ON THE PROVISION OF THIRD PARTY ACCESS TO LICENCE EXEMPT ELECTRICITY AND GAS NETWORKS

Thank you for the opportunity to respond to the issues raised by the above consultation. ATOC is the trade association for GB passenger train operators and, as the largest single industrial consumer of electricity in the UK. We consume about 3TWh per annum, almost all for traction purposes, and so train operators naturally have a keen interest in any proposals on third party access that could lead to downward price pressure on suppliers.

Overall we are supportive of both the intention to encourage greater third party access to licence exempt distribution systems – such as Network Rail's traction electricity distribution system – and the reasons for doing so. Greater third party access will help to foster competition among suppliers, drive down costs and provide a wider choice for consumers.

Railway electricity supply arrangements have a number of characteristics which potentially make it harder to achieve third party access in the near term. These include the need to establish trading and settlement arrangements which use on-train metering compliant with European and GB railway standards, the nature of the existing supply contract held by Network Rail and the regulation of traction electricity charges by the Office of Rail Regulation (ORR). We are actively working to overcome obstacles to widespread use of on-train meters and believe that in the long term this might be a pathway to retail access to train companies, as the ultimate consumers of electricity.

Overall we remain supportive of the broad policy objectives although we are aware a number of issues remain to be resolved and would therefore encourage DECC to take account of the current GB rail sector arrangements in the drafting of legislation.

We would of course be happy to discuss these issues with you in more detail if you feel this would be helpful.

Yours sincerely

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