



Press release

ARAF asks SNCF Réseau to commit to a bidding schedule for revising its pricing schedule for the use of its rail network.

Paris

16 February 2015

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The French Railway Regulatory Body, Autorité de régulation des activités ferroviaires (ARAF), issued its Opinion on the Rail Network Statement (NS) drawn up by SNCF Réseau (formerly RFF) concerning the upcoming working timetable. This is an essential document for railway companies (SNCF Mobilités and new operators) and transport regulating authorities because it sets out in detail all technical, contractual and pricing information required to run trains on the national rail network.

SNCF Réseau releases the document annually, a year before it comes into force: this Opinion by ARAF thus concerns the NS applicable in 2016.

After interviewing SNCF Réseau and the entities representing railway network users (1), and observing that certain important recommendations contained in its previous Opinions on the DRR had not been followed, on the 3rd of February, ARAF issued:

- A binding Opinion with conditions (binding on SNCF Réseau) concerning the pricing of charges for the use of the French national railway network;
- A reasoned Opinion (on an advisory basis) concerning the technical and contractual conditions for accessing the French national railway network.

(1) Union des transports publics et ferroviaires (UTP), Association française du rail (Afra), Association des régions de France (ARF)

Reasoned Opinion on the technical and contractual conditions to access the network

In its opinion, certain recommendations on pricing for use of the network had not taken into account by SNCF; ARAF therefore rendered an Opinion subject to conditions, giving SNCF three months to accomplish the following:

- Explain the impediments preventing it from implementing the required improvements before the 2018 working timetable (SNCF Réseau holds that it is technically impossible to make the improvements ARAF demands by such date);
- Undertake to revise pricing of the network in time for the 2018 working timetable;
- Propose a revised schedule of charges for the use of electric traction facilities.

In addition, ARAF required more information from SNCF Réseau on its proposed increased freight tolls by 2016. The contemplated 6.27% increase must offset the lower subsidies announced by the Government to cover the "variable" cost of freight traffic (cost of a train running on the network).

However, ARAF noted that the gap between the announced subsidy and the amount actually disbursed by the State had been widening for the past two years (€135 million went unpaid in 2013), and that SNCF Réseau was moreover unable to discern any trends in charged fees after 2016, lacking visibility on the future State subsidies granted for freight activities.

ARAF therefore is asking SNCF Réseau to explain, within three months, its assumptions concerning subsidies, through a formal commitment from the State, or to bear the consequences with respect to its charges.

In any event, ARAF considered that making the Railway Undertakings (RUs) bear the brunt of the French State's funding cuts by immediately revising toll charges would be unwarranted, as such a move would have substantial effect on those RUs financial stability.

SNCF Réseau had three months (until the beginning of May 2015) to modify its propositions and produce the justifications required by the Regulator.

Reasoned Opinion on technical and contractual conditions for network access

Every year, ARAF also submits an advisory Opinion on the technical and contractual conditions for accessing the railway network. The Authority's main recommendations for this section of the DRR for 2016 are presented below:

- **Traction units:** for the 2016 working timetable, the Regulatory Body again is requesting SNCF Réseau to publish an infrastructure register that RUs can consult to verify compatibility of their traction units with the French national rail network. For entering into service on the network, such traction units must obtain an authorisation from Etablissement public de sécurité ferroviaire (EPSF), and SNCF Réseau must complement such authorisation by verifying the compatibility between the traction unit and the infrastructure (verification of gauge, adherence to curves, and so forth). These verification procedures are long and costly for RUs and can create entry barriers for new entrants.
- **Allocation of train paths:** The Regulatory Body acknowledged improvements in the allocation of train paths: for the 2015 working timetable, the number of paths allocated increased by 2% for passenger trains and by over 3% for freight trains. Concurrently, the percentage of unallocated paths had dropped to 3.9% (versus 5% in 2014).

The Regulatory Body remained watchful however concerning "paths under study"; due to potential conflicts with works on the rails, these paths are either confirmed or rejected by SNCF Réseau only a few weeks before the authorised circulation date. Such uncertainties are a hindrance for Railway Undertakings in planning their transport schedules.

As the Regulator is aware of the magnitude of the programme for rail tracks upgrading and network development, it has asked the Infrastructure Manager (IM) to improve the anticipation of scheduling works in order to minimise consequences for RUs. It also has requested that SNCF Réseau use appropriate indicators to optimise the use of paths allocated for works, a subject repeatedly drawing criticism from RUs.

The Rail Reform that came into force on 1st January 2015 and merged all the infrastructure manager's functions - joint information systems and sole supervision of works and schedules, should improve this process.

Lastly, further to the joint consultation process begun in 2014, the Regulator acknowledged the implementation, starting in March 2015, of a new incentive system for the allocation of train paths: under this system, SNCF Réseau is penalised for eliminating allocated paths and RUs for any over-booking of train paths.

SNCF Réseau was duly notified of these Opinions, and is available for consultation on the ARAF website.

ARAF will issue further binding Opinions in the coming weeks on the 2016 pricing for service facilities (refuelling facilities, freight terminals, sidings, combined rail/road transport site), in accordance with its new remit as mandated by the Rail Reform Act of 4 August 2014.