Paris, February 23rd 2023

The Transport Regulatory Authority publishes its opinions on the network statement for the 2024 working timetable

***On 9 February 2023, the French Transport Regulatory Authority (ART) adopted its assent (tariff part) and reasoned opinion (non-tariff part) on the network statement for the 2024 and 2023 (modified) working timetables published by the IM SNCF Réseau on 9 December 2022. ART has thus validated, in their vast majority, the rail infrastructure use charges proposed for the 2024-2026 tariff cycle. ART also made sixteen recommendations to SNCF Réseau to improve the performance of access to rail infrastructure, in a context of ecological transition and the opening up of domestic passenger rail transport services to competition.***

# **THE AUTHORITY VALIDATES THE BULK OF SNCF RÉSEAU'S TARIFF PROPOSAL FOR THE 2024 TO 2026 working TIMETABLES, AMOUNTING TO APPROXIMATELY 7 BILLION EUROS IN RAIL TOLLS PER YEAR OVER THE PERIOD**

In the network statement for the 2024 working timetable, SNCF Réseau published the proposed rail infrastructure charges for the 2024-2026 tariff cycle. These are marked by a dynamic evolution throughout the period, based in particular on an average increase of approximately 8% between 2023 and 2024, which aims to address the inflationary context and the objective of improving the coverage of the full costs of infrastructure management by rail tolls, set by the performance contract between the State and SNCF Réseau for the 2021-2030 period.

The sharp increase planned for the next three working timetables further reinforces the French specificity of a level of tolls that is already among the highest in Europe. In its opinion No.
2022-009 of 8 February 2022 on the draft performance contract, the Authority noted that the dynamic and proactive trajectories of rail tolls provided for in the contract reflected the choice made by the public authorities - which it takes note of - to have network users cover the costs of the infrastructure manager, contrary to what is practised elsewhere in Europe, and thus called on SNCF Réseau to change the structure of the charges for using the rail infrastructure to ensure that they are sustainable for the downstream market.

In this context, SNCF Réseau’s proposal for the 2024-2026 tariff cycle undertakes a thorough overhaul of the structure of rail tolls.

In the light of its analyses, the Authority considers that the changes in the structure of the fare mark-ups applicable to passenger services, which are in line with the recommendations it made in the past, especially in its study on the opening up of domestic rail passenger services to competition in February 2022, clearly improve the relevance of the economic signals sent to users of the rail network and will thus ensure more effective and optimal use of the network, in accordance with the applicable legal framework.

* Firstly, SNCF Réseau has refined, in a proportionate manner, the segmentation of the market for non-public service obligation (PSO) passenger rail transport services, by taking better account of the carrying capacity of trains and the level of service on board, in order to gain a better understanding of the contribution capacity of the various segments of the downstream market.
* Secondly, SNCF Réseau has reorganised the tariffs for public service obligation (PSO) passenger rail transport services around a binomial structure that distinguishes, on the one hand, between flat-rate tariff mark-ups designed to cover the fixed costs of providing capacity on the rail network (a "flat-rate" market fee, paid by the public transport authorities, and the access fee, paid by the State and Ile-de-France Mobilités), and fees applicable to each traffic to cover the cost directly attributable to them. This pricing structure ensures, by construction, that no traffic that can pay at least the cost directly attributable to it is excluded from using the network.

The Authority has also verified that the revenue from rail infrastructure charges would remain well below the full cost of managing the network over the period under consideration, both overall and at the boundaries of the jurisdiction of each public transport authority (PTA), for amounts paid in respect of public service obligation services.

While the vast majority of tolls for the use of infrastructure have been validated by the Authority, two categories of tolls have not been fully approved:

* For six PTAs[[1]](#footnote-1) out of thirteen, the Authority considered that the traffic forecasts for PSO services used by SNCF Réseau to calibrate the amount of part of the fare increases (market fees[[2]](#footnote-2)) were not subject to sufficient consultation with the PTAs and therefore asked SNCF Réseau to ensure this consultation before a new referral, which should be made within three months;
* Regarding the special charges intended to cover the costs of projects specific to certain parts of the rail network[[3]](#footnote-3), applicable only to rail services running on those parts of the network, the Authority issued an unfavourable opinion because of the application of an indexation that was not justified in the light of the evolution of the specific costs of the projects concerned.

Finally, the Authority issues 17 recommendations to SNCF Réseau for the next tariff cycle 2027-2029, aimed at continuing to improve the tariff structure and refining the methods for evaluating and allocating the full cost of infrastructure management.

# **IN ITS REASONED OPINION ON THE OPERATIONAL CONDITIONS FOR ACCESS TO THE INFRASTRUCTURE AND SERVICE FACILITIES MANAGED BY SNCF RÉSEAU, THE AUTHORITY ISSUES 16 RECOMMENDATIONS AIMED AT IMPROVING THE PERFORMANCE OF NETWORK ACCESS**

In order to contribute to improving the quality of access to the network and service facilities, which is a necessary condition for the smooth operation of the railway system, the Authority issues sixteen recommendations to SNCF Réseau, which can be summarised in four main messages:

1. In the context of the quadrupling of the tariffs for traction electricity purchased by SNCF Réseau on behalf of some railway undertakings, the Authority recommends that SNCF Réseau grant these undertakings the possibility of terminating their commitment without delay under reasonable and facilitated conditions, when the expected financial gains for these undertakings appear to be ten times greater than the penalty that the infrastructure manager could face by reducing its contractual electricity purchases.
2. SNCF Réseau must ensure that railway undertakings are given fair and non-discriminatory conditions of access to the infrastructure and service facilities. In this respect, the Authority asks SNCF Réseau to guarantee, as soon as possible, equal treatment of all railway undertakings for the issue of badges allowing access to the secure rights of way of the national railway network.
3. While SNCF Réseau has committed itself to several projects to transform and modernise its industrial processes (overhaul of the preparatory phases of capacity allocation, modernisation of operational traffic management, etc.), the Authority considers that these projects should be the subject of more in-depth consultations with the sector and careful monitoring to ensure that they are effectively implemented.
4. In order to ensure that significant progress in improving the performance of network access will be implemented by the infrastructure manager in the short and medium term, the Authority asks SNCF Réseau to commit to a work programme at the highest level of the company, structured around operational actions, specific deliverables and required implementation deadlines.

**For further details (in French)**

* Opinion No. 2023-008 of 9 February 2023 on the setting of charges for the use of the national rail network infrastructure for the 2024 to 2026 working timetables
* Opinion No. 2023-010 of 9 February 2023 on the network statement for the national rail network for the 2024 working timetable
* The press release

**About the French Transport Regulatory Authority (ART)**

Since 2010, the French railway sector has had an independent authority to accompany its gradual opening to competition:
the Autorité de régulation des activités ferroviaires (Araf). Law 2015-990 of 6 August 2015 on growth, activity and equal
economic opportunity extended the regulator's powers to road activities - coach transport and motorways.
On 15 October 2015, Araf became the Autorité de régulation des activités ferroviaires et routières (Arafer), with the mission
to contribute to the proper functioning of public service and competitive activities for the benefit of rail and road transport
customers.
With competence for the regulation of airport charges since 1 October 2019, Arafer became the Transport Regulatory
Authority (ART) on that date. Lastly, Law No. 2019-1428 of 24 December 2019 -mobility act- extended the Authority's
powers and missions to the opening up of mobility and ticketing data, as well as to the regulation of infrastructure
manager activities and security activities carried out by RATP in Île-de-France.
Its opinions and decisions are adopted by a college of five independent members chosen for their economic, legal or technical skills in the field of digital services or transport, or for their expertise in competition matters. It is chaired since 4th August 2022 by Philippe Richert, Vice-President and Acting President.

1. Bourgogne-Franche-Comté, Bretagne, Centre-Val de Loire, Grand Est, Hauts-de-France and Sud-PACA [↑](#footnote-ref-1)
2. The amount of market charges for PSO rail passenger services is just over €1.1 billion [↑](#footnote-ref-2)
3. The total amount of specific fees is approximately EUR 10 million. [↑](#footnote-ref-3)