

Signal

the European Rail Traffic Management System

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Your latest issue of *Signal* focuses on Commission proposals to put in place a more favourable legal framework for the development of rail in Europe. The sector will benefit fully from these efforts only if they are accompanied by significant progress in terms of technical interoperability – which is why, as explained on pages 3 and 4, moves to accelerate the deployment of ERTMS/ETCS also form an important part of the proposals.

The Signal team

Towards an improved legal framework for rail in Europe: new Commission proposals

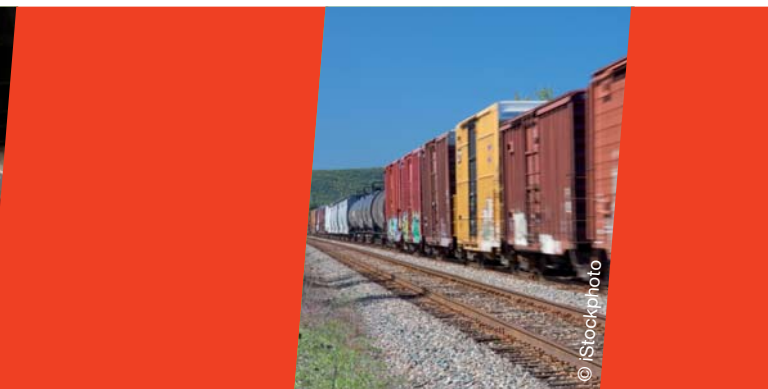
The EU railway market has been unable to gain greater transport market shares during the last decade and continues to suffer from:

- lack of competition due to persisting market barriers;
- inadequate regulatory oversight by national authorities and;
- low levels of investment, leading to the decline of infrastructure quality and the services in several Member States.

Full implementation of the existing legislation will contribute substantially to resolving these problems. The European Commission has therefore moved to ensure that the existing legislation is enforced by bringing infringement procedures against Member States which have incorrectly or incompletely transposed it.

However, there are shortcomings in the current regulatory framework which need to be addressed to meet fully the initial objectives of the legislation. To meet these challenges, the Commission proposed on 17 September 2010 to simplify, clarify and modernise the existing legislation on access the rail market in the EU adopted since 1991 (all in all nine directives, one decision and two acts of accession). The Commission's proposal – that will now be discussed with the Council and the European Parliament – addresses three main issues.

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Increasing competition through more transparent market access conditions and easier access to rail-related services

Today, unclear market access conditions, possible conflicts of interest or, conversely, collusion between infrastructure managers and railway undertakings as well as discrimination in access to rail-related services represent significant market barriers. The Commission proposal seeks to address these obstacles: if adopted, it will set out clearly the information that has to be made available to all operators by infrastructure managers and will reinforce the existing provisions on the necessary separation of accounts between the various types of activities (freight and passenger transport, with or without subsidies for public service obligations...) carried out by railway undertakings. The objective is to avoid cross-subsidisation and increase the independence of infrastructure managers' functions, in particular concerning the collection of charges, from railway operators. The revised rules would also do away with conflicts of interest in the management of rail-related services and increase their availability for operators entering the market.

Strengthening regulatory oversight

An adequate supervision of the market is indispensable to guarantee the absence of discriminatory practices, prevent conflicts of interest and thereby ensure fair competition. This is why the Commission proposal intends to ensure that regulatory bodies are in a position to carry out their duties effectively. The revised rules will in particular provide additional guarantees for the independence of national regulatory bodies, extend their competencies and make sure that they have the necessary means at their disposal (for instance in terms of audit and sanctions).

Developing a harmonised regulatory environment encouraging public and private investments

Under the proposals Member States will be obliged to publish medium- to long-term railway sector development strategies that make it possible to meet future mobility needs and that are based on sound and sustainable financing of the railway system. This will stimulate the long-lifecycle investments on which the rail industry relies. Long-term commitments are necessary for attracting new actors to the market and for developing new services. The new rules will also provide more transparency in the charging systems and should lead to lower infrastructure access prices in several Member States. The new charging principles should also stimulate the deployment of greener and interoperable technologies.





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Commission proposals and ERTMS: lower infrastructure access charges for ETCS-equipped trains

For cross-border rail transport to become more efficient and competitive in Europe it is imperative to equip lines and trains as swiftly as possible with a compatible control system, namely the European Train Control System (ETCS). Signal takes a closer look at what the Commission's proposals to recast existing EU rail legislation (see pp.1-2) envisage for ERTMS/ETCS.

What does the Commission propose?

The proposal foresees reduced infrastructure access charges for trains equipped with ETCS. For freight trains this reduction would be 5 % for 2015-2020, then diminishing gradually to zero by the end of 2024. For passenger trains the reduction of 5 % would apply to the period 2020-2024.

Why reduce access charges?

ETCS is in the process of being installed on numerous trans-European axes. This will facilitate international transport, and will do so from as early as 2015 on axes like Rotterdam-Genoa, Antwerp-Basel, or Barcelona-Lyon-Turin-Budapest.

However, these big axes are also used by national or regional trains. Indeed they can often account for most of the traffic on these lines. The owners of these trains often hesitate to equip with ETCS because they also have to retain the national system(s). As long as most trains are not equipped with ETCS, the infrastructure manager cannot withdraw the national system and must therefore maintain the two systems. Not equipping trains with ETCS thus generates additional costs on the ground and makes operations more complex.

It is therefore in the interests of the infrastructure manager to ensure a rapid transition to ETCS, through its swift installation on all trains.

Why not apply the reduction only on lines equipped with ETCS?

A strategy foreseeing a reduction only on those lines equipped with ETCS would risk penalising the Member States which pursue ETCS and would not provide any incentive to less ambitious Member States to accelerate deployment: the more equipped lines a Member State would have, the more significant the reductions would be. The logic of the measure is rather to accelerate the equipment of the trains so as to provide greater economic justification for equipping the rest of the network.



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How has the reduction been calculated?

The idea is to ensure a return on investment for rail businesses over a period of around five to seven years. The proposed 5% discount would make it possible to realise this medium-term return on investment while representing only a moderate part of the payments received by the infrastructure manager.

Does not the scheme risk leading to a situation where trains are equipped that would never run on lines equipped with ETCS?

According to the plans notified by the majority of Member States, a substantial part of the European network will already be equipped with ETCS by 2020. The main lines of most Member States and even certain national networks in their entirety will be equipped by 2025. The risk is thus very limited.

Furthermore, once most of the trains running on a line are equipped with ETCS, the infrastructure manager will rapidly replace the national system with ETCS so as not to have to support the cost of maintaining the former.

ETCS evolves and new versions will be developed: Will investments made in 2015 still be useful in 2020 and beyond?

A new version of the system will see the light of day in 2012. Trains equipped with this new version will be able to run on all lines. Moreover, several initiatives, such as the inclusion of standard clauses covering the maintenance and the upgrade of equipment over long periods of time, have been launched with the sector. These initiatives ensure that clients will be able to control the costs of potential upgrades.

ERTMS diary

- 27 September and 29 November 2010: Brussels ERTMS MoU Steering Committee
- 18 October and 6 December 2010: Brussels ERTMS Corridor Group
- 19 and 20 October 2010: Brussels Committee on the Interoperability and Safety of the European Railway System (RISC)
- 21 October 2010: Brussels ERTMS Member States Working group

Please send us your dates!

For further information on ERTMS, see: http://ec.europa.eu/transport/rail/interoperability/ertms/ertms_en.htm
 To view previous editions of *Signal*, click: http://ec.europa.eu/transport/rail/interoperability/ertms/newsletter_en.htm
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