



Summary of 2013 ACM Rail Monitor

Plus reactions from ProRail and Keyrail

Under the Dutch Railway Act, the Netherlands Authority for Consumers and Markets (ACM) regulates the Dutch rail transport market. As part of its regulatory activities, ACM has published the sixth edition of its Rail Monitor, which gauges the current state of the rail capacity market. Its purpose is to present a picture of how railway network users experience the Dutch rail capacity market. Based on the findings, an overview is given of potential bottlenecks, which may serve as input for the ACM Agenda in 2015.

The relationship between rail capacity applicants and the infrastructure managers, ProRail and Keyrail, is central in this Rail Monitor. Freight rail undertakings, passenger rail undertakings, maintenance firms, shippers, and rail contractors are all users of the railway network and of rail capacity. For their activities, they apply for capacity with the respective managers of the mixed network and the Betuweroute.

As mentioned, the Rail Monitor gives a picture of the situation on the rail capacity market in 2013, and compares it with an economic target scenario, where possible. The target scenario is a description of a situation where the rail capacity market functions perfectly from an economic perspective.

In this sixth edition of the Rail Monitor, stakeholders were asked in a survey to indicate, on a five-point scale, how they assessed the services of the infrastructure managers, from very dissatisfied to very satisfied. In addition, they also had the opportunity to write down comments. The general conclusions and recommendations have been included below.

The market in general

One major conclusion in general is that there is a stark difference in the level of satisfaction with the rail transport market among freight rail undertakings and passenger rail undertakings. The former group is dissatisfied, while the latter one is largely positive. At the same time however, ACM has established that no formal complaints about unfair treatment and harm have been filed.

ACM has established that, since the previous monitor in 2010, more railway undertakings have become active in the rail transport market. In addition, the number of train-kilometers in the passenger transport market has increased. At a more detailed level, regional passenger rail traffic is growing faster than traffic on the main railway network. The number of train-kilometers by freight rail traffic seems to increase slightly, and this upward trend seems to continue in 2014.

Respondents say that ProRail is not operating independently enough of rail undertakings. With



regard to the aspect of independence, the opinions of freight rail undertakings are negative, while those of the passenger rail undertakings are positive. With regard to Keyrail's independence, rail undertakings are, on average, slightly more positive. However, they believe that Keyrail is operating less independent of contractors.

Capacity allocation: national and international

In the target scenario, capacity is utilized efficiently. The manager's task therein is to have the scarce capacity utilized as efficiently as possible, but also to allocate it in a fair and non-discriminatory manner. Rail undertakings the answers reveal have reduced faith in the non-discriminatory allocation to the various market segments for the entire network. One finding that is striking is that the freight rail undertakings are very dissatisfied with the allocation of capacity between maintenance and transport, and between passenger and freight transport. Freight rail undertakings believe that passenger rail undertakings are given priority, both in the annual timetable as well as in the ad-hoc phase and traffic-control phase. On ProRail's mixed network, infrastructure utilization has increased though. This helps in the realization of the target scenario regarding the efficient utilization of capacity.

Rail undertakings indicate they are well informed about the rules on international train paths, but also that they are not satisfied with the quality thereof. Particularly cooperation of the managers in cross-border rail traffic is a point of concern according to the respondents. It is critical that, in situations where rail undertakings are dependent on the cooperation of managers, such service must be improved. The execution in particular appears to leave much to be desired. As such, the target scenario of effective cooperation and high-quality paths fails to be met.

Infrastructure charge and performance schemes

Satisfaction levels regarding the infrastructure charge differ considerably among freight rail undertakings and passenger rail undertakings. The rail freight undertakings are highly dissatisfied with both the level of as well as the establishment of the infrastructure charge, whereas the passenger rail undertakings are very satisfied with both of these aspects. Differences can also be observed with regard to the performance schemes. The passenger rail undertakings are very satisfied with ProRail's performance schemes. Insofar freight rail undertakings have indicated that they had concluded performance schemes with Keyrail, they assess them as negative. In this monitor, the performance agreements that have been made through access agreements and network statements are apparently not perceived as such. The freight rail undertakings though indicate that they have not concluded any performance agreements with ProRail. On balance, the performance agreements with ProRail are given higher assessments than in the previous Rail Monitor, whereas the agreements with Keyrail fare worse than in the previous monitor.

Network statement

Rail undertakings and other stakeholders are satisfied with the substance of the network statements, as well as with their realization process.



Services

It is striking that satisfaction levels among users (rail undertakings and rail contractors) about the rail-related services and facilities (BDVs) of infrastructure managers ProRail and Keyrail have, generally speaking, risen sharply compared with the previous Rail Monitor. Back then, about half of the users was satisfied with these BDVs, whereas today over three out of four rail undertakings are satisfied. In that context, ProRail's offerings are rated slightly better than those of Keyrail, and passenger rail undertakings' opinions on this are, generally speaking, slightly more positive than those of the freight rail undertakings. However, it is difficult to draw any definite conclusion about how the various BDVs are rated, because each individual BDV is rated very differently, and also, the passenger rail undertakings and freight rail undertakings rate them differently (sometimes even very differently). There are BDVs such as the service Overhead Lines with which most users are satisfied (or somewhat satisfied). On the other hand, there are users, particularly freight rail undertakings, who are negative about the tariff for using the railyards and switchyards of both managers, and about access to Keyrail's loading docks.

Summary of the main conclusions of the monitor:

- Satisfaction levels about the rail transport market differ considerably between freight rail undertakings and passenger rail undertakings;
- Since 2010, more players have become active, rail utilization has risen, and the number of train-kilometers has increased;
- Freight rail undertakings believe that the actual allocation of rail capacity between management activities (maintenance works) and transport activities does not take place in a non-discriminatory manner;
- Freight rail undertakings believe that the actual allocation of rail capacity between freight rail traffic and passenger rail traffic does not take place in a non-discriminatory manner;
- Rail undertakings have no faith in the ability of infrastructure managers on both sides of any border to make proper arrangements about connecting international cross-border paths;
- Respondents believe that infrastructure manager ProRail is not independent enough;
- Among freight rail undertakings, a high level of dissatisfaction exists about both the level of as well as the establishment of the infrastructure charge, whereas the passenger rail undertakings are very satisfied with both aspects;
- Most are satisfied with the network statement;
- Satisfaction levels about the delivery of services by the managers have, generally speaking, risen, apart from some exceptions.

Reactions from ProRail and Keyrail

ACM has presented infrastructure managers ProRail and Keyrail the findings of this Rail Monitor, and asked them for a reaction.

In its reaction, ProRail has said that the assessments that the railway undertakings had given of the various aspects largely mirror the picture that ProRail already had based on its own



anonymous customer satisfaction surveys. Since the findings of this Rail Monitor are not factual, not detailed enough, and also anonymous, ProRail is unable to take any specific actions. That is why ProRail does not find it useful to individually address each conclusion in the Rail Monitor. ProRail is more than willing to cooperate with any follow-up survey by ACM, and if ACM decided to do one, it would await the outcome of such with confidence.

In a somewhat lengthy reaction, Keyrail noted that the Rail Monitor gives a good picture of how its customers appreciate or criticize its services. In addition, it appreciates that ACM, too, has clearly explained its target scenarios and analyses. In general, Keyrail agrees with the conclusions and recommendations. Among other aspects, it recognizes the picture that freight rail undertakings are dissatisfied with Keyrail's tariff levels. It suggests ACM to include in the Rail Monitor a comparison with the tariffs that are used in the most relevant European countries. Keyrail is convinced that the tariffs and their system on the Betuweroute do not fundamentally differ from the tariffs in, for example, Germany. In addition, Keyrail believes that the picture that is given in the Rail Monitor of freight rail undertakings about the maintenance scheduling does not match its own observations. Keyrail tries to schedule the maintenance works (necessary or otherwise) outside of peak hours as much as possible. The most critical window for maintenance is scheduled for weekends (Saturday to Sunday), and utilization of this maintenance window is virtually 100%.

Furthermore, several train-free periods are scheduled on sections of the Betuweroute for maintenance during the week. Together with its service companies, Keyrail has optimized these train-free periods to such an extent that, starting September 2014, a reduction of 30% of the train-free hours during the week has been realized compared with the previous period.

Finally, Keyrail draws to ACM's attention the fact that it only serves freight rail undertakings on the Betuweroute. In the Rail Monitor, some conclusions that apply to passenger rail transport on the mixed network are compared with the picture of freight rail undertakings on the Betuweroute. According to Keyrail, such comparisons cannot be made, thus creating a distorted picture.

In addition, both ProRail and Keyrail gave different comments (some of them nuanced), varying from corrections to the chosen phrasings to comments about the drawn conclusions. ACM has incorporated all of these comments into the text as much as possible.