ECMT workshop
28-29 October 2004

Infrastructure Charging in the Netherlands

Hinne.Groot@minvenw.nl

Tel.+31.70.3511678
AGENDA

1. Transport Market in the Netherlands
2. Institutional setting
3. Current Charging system
4. New Railway Act
Rail Transport Market

2020 Transport Scenario railways:
- Rail passenger: 15-20% growth, mainly around Amsterdam, Rotterdam, Den Haag, Utrecht. Around 90% domestic services. Modal share app. 8%;

- Freight: plus 100-200% growth, particular East-West. Around 90% international services. Modal share app. 3-4%;
Transport Market (passenger)

Developments:
- Suburban transport main cities increasing;
- Other segments stable / negative growth;

1991: Invoering OV studenten kaart
Transport Market (freight)
Transport Market (freight)
Network utilisation

Legend
Aantal reisjaren per gemiddelde werkdag in 2002 (Scheidingspaal)
- 40.000 of meer (in 2002 rood) tot maximaal
- 25.000 - 40.000
- 10.000 - 25.000
- 5.000 - 10.000
- 0 - 5.000 (in 2002 en later reisjaren en korte termijn)
Geodemenstrekt - Spoor buitenland

Ministerie van Verkeer en Waterstaat
Rail Reform in Netherlands (brief)

1995, NS independent railway undertaking, with daughter companies for railway infrastructure management;

2000, introduction infrastructure charging

2003, New Railway Act adopted and published, due to come into force 1 January 2005 in parallel with concessions for Passenger Transport and Infrastructure Management
Institutional structure railway sector (2005)
Institutional setting (2005)

Ministry of Transport: sets framework for charging, issuing concessions for passenger transport and infrastructure management

IVW, division of Ministry: Safety Inspectorate;

NMa: national competition authority, rail regulatory body, including appeals for infrastructure charges;

Prorail: Infrastructure Manager, fully state owned company under private law, access contracts with railway undertakings;

Passenger transport: on the basis of exclusive concessions, main network directly awarded to NS, regional passenger networks gradually tendered out

Freight Transport: full open access, 8 railway undertakings active in the market,
Current charging framework

Introduction of Infrastructure Charging in 2000, need for phasing in is recognized

Charges for costs directly incurred by the train service

Transparency of costs

Framework renewed with new railway Act, 2005
Current charging framework

Legislative act 1999 (staatsblad 1999, nr.457)

- Ministry sets yearly the exact charging levels;
- Based on ProRail budget proposal t+1 for marginal costs;
- Whole Infrastructure ProRail. No infrastructure charges levied to regional decentralized passenger rail services
Current charging framework

Cost elements included in the charge (passenger and freight):
A Maintenance costs for handling disturbances
B Maintenance costs points
C Organizational costs ProRail A and B
D Traffic control for train movements

Cost elements included in the charge (only passenger):
E maintenance, cleaning and energy costs of stations
Current charging framework

Gradual introduction of size of costs to be taken into account:

For 2000 15%
For 2001 30%
For 2002 45%
For 2003 60%
For 2004 80%
For 2005 100%
## Current charging framework

Market parameters to ease in introduction of infrastructure charge of freight transport

<table>
<thead>
<tr>
<th>Year</th>
<th>Freight</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>0.3</td>
</tr>
<tr>
<td>2001</td>
<td>0.4</td>
</tr>
<tr>
<td>2002</td>
<td>0.5</td>
</tr>
<tr>
<td>2003</td>
<td>0.6</td>
</tr>
<tr>
<td>2004</td>
<td>0.7</td>
</tr>
<tr>
<td>2005</td>
<td>0.8</td>
</tr>
<tr>
<td>2006</td>
<td>0.9</td>
</tr>
<tr>
<td>2007</td>
<td>1.0</td>
</tr>
</tbody>
</table>
Current charging framework

Formula passenger:

\[(Pkm \times A) + (Ps1 \times B1) + (Ps2 \times B2)\]

- Pkm: tariff per trainkilometer
- A: trainkilometers
- M: market parameter
- Ps1, Ps2: Price station type 1/2
- B1, B2: number of stops at station type 1/2
Current charging framework

Formula freight:

\[(Pkm \times C \times M)\]

- Pkm: tariff per trainkilometer
- C: trainkilometers
- M: market parameter
# Current charging framework

<table>
<thead>
<tr>
<th>Costs 2004</th>
<th>Parameter value</th>
<th>Reduction</th>
<th>Tariff passenger trains</th>
<th>Tariff freight trains</th>
</tr>
</thead>
<tbody>
<tr>
<td>158 mln Euro</td>
<td>130 mln train km</td>
<td>0,2</td>
<td>0,96 per train km</td>
<td>0,67 per train km</td>
</tr>
<tr>
<td>16,4 mln Euro</td>
<td>3,44 mln stops cat I</td>
<td>0,2</td>
<td>3,8 Euro per stop</td>
<td>n.a.</td>
</tr>
<tr>
<td>11,9 mln Euro</td>
<td>10,5 mln stops cat II</td>
<td>0,2</td>
<td>0,85 Euro per stop</td>
<td>n.a.</td>
</tr>
</tbody>
</table>
Current charging framework

Other elements:

ProRail reimburses railway passenger undertakings up to 50% of their compensations to passengers for delayed trains
Charging framework under new Railway Act (planned 2005/2006)

- Based on directive 2001/14/EC
- Infrastructure Manager sets the charges, within 200/14/EC framework;
- Minister has the right to issue secondary legislation with more detailed charging rules;
- 2005 and 2006 for phasing in in order to avoid undesirable market effects;
- Regulatory body act as appeal body if railway undertakings considers the charges not in line with the legal framework
Charging framework under new Railway Act (planned 2005/2006)

Services offered by the infrastructure manager ProRail that are included in the charge:
Package 1 and 2 from Annex 2001/14/EC

NS is entitled in the public service contract to take increases from the infrastructure charges into account for its fare levels

ProRail and railway undertakings conclude access contracts and make arrangements to increase utilization of the network and improve quality
### Charging framework under new Railway Act (planned 2005/2006)

Indicative overall charging levels (National Budget 2004)

<table>
<thead>
<tr>
<th>Year</th>
<th>Charges (€mln)</th>
<th>Total cost ProRail excl Invest.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>38</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>58</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>86</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>132</td>
<td>989</td>
</tr>
<tr>
<td>2005</td>
<td>136</td>
<td>958</td>
</tr>
<tr>
<td>2006</td>
<td>200</td>
<td>1096</td>
</tr>
<tr>
<td>2007</td>
<td>203</td>
<td>1083</td>
</tr>
<tr>
<td>2008</td>
<td>203</td>
<td>1062</td>
</tr>
</tbody>
</table>
Charging framework under new Railway Act (planned 2005/2006)

ProRail is reviewing various elements of the charging system:
- Possibly differentiation cost drivers (trainkm and tonnage)
Charging framework under new Railway Act (planned 2005/2006)

Studies on market effects infrastructure charging increases carried out:

– Infrastructure charge passenger transport is related to provisions public service contract;
– Space for infrastructure charge increases rail freight transport is related to projected efficiency gains
Conclusions

More freedom for infrastructure manager

Market effects increases infrastructure charge for freight is considerably dependent on development infrastructure charging in other countries

Need for contracting quality of train paths