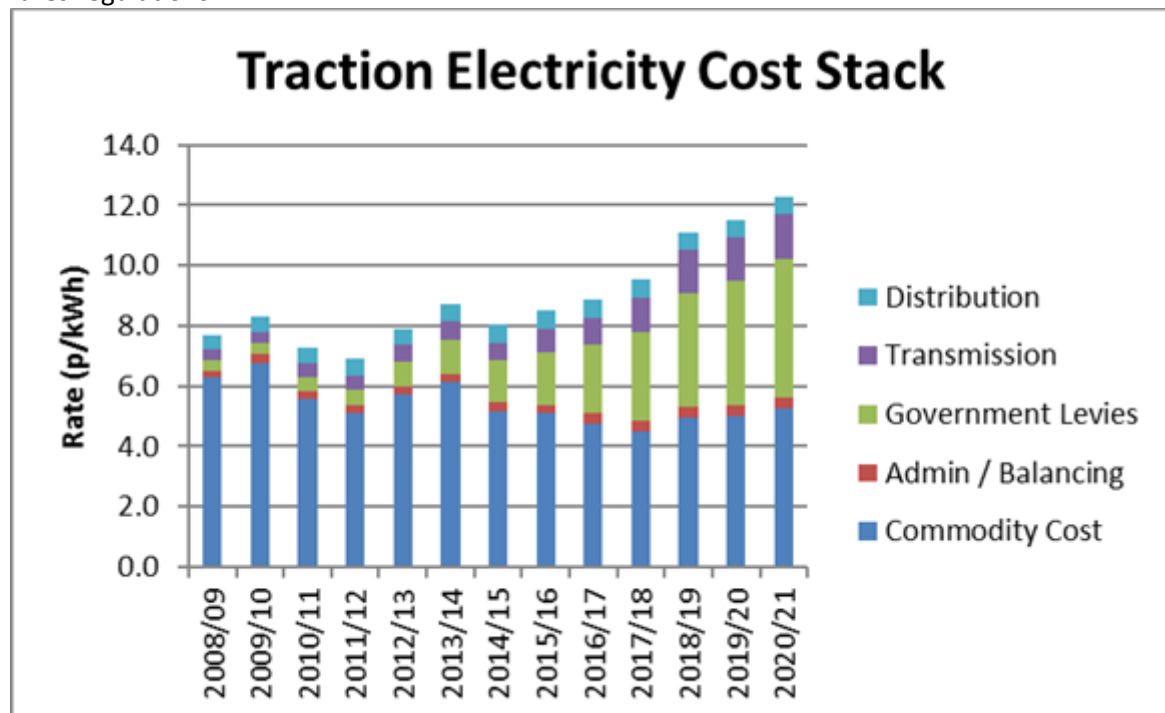


Dear Ofgem

I have been made aware by my contact at Network Rail of a proposal from the Transmission Charging Review. As I understand it, under the most recent proposal, costs for national rail could potentially involve a more than 5 fold increase, increasing the current transmission cost of £36.5m to £190m.

Using capacity as a means of determining charging bands puts us at a disadvantage as some of our capacity will be double counted.

The total traction electricity cost in 2018-19 for national rail was £390m so this would give a 40% increase in our total electricity costs. As illustrated below, the costs of traction electricity have increased significantly in recent years. Train Operating Companies are committed to delivery of their timetable, with limited ability to pass this additional cost onto customers in the short term, due to fares regulations.



I represent Abellio and we currently operate five rail franchises in the UK – Scotrail, Greater Anglia, West Midlands Trains, East Midlands Railway and Merseyrail. Such as a large increase in transmission costs would be a significant hardship for our businesses, alongside other external economic pressures, and I believe that such an increase would be manifestly unfair to the rail industry. As part of government strategy, we are planning to electrify services that are currently operated by diesel trains – this level of charge would significantly hamper delivery of this strategy for government.