

Network Rail Response to DECC Consultation on Provision of Third Party Access to Licence Exempt Electricity and Gas Networks

Do you have any views or concerns on how Government intends to apply third party access requirements to licence exempt distribution networks?

Network Rail is the 'not for dividend' owner and operator Britain's rail infrastructure; our profits are re-invested back into the network.

We distribute traction electricity to the train operating companies that run services on our infrastructure and non traction electricity to the tenants that rent space in our 18 managed stations.

The tenants connected to our distribution networks can already acquire electricity directly from suppliers of their choice by paying for a connection to the local distribution network. Network Rail would welcome our tenants being able to purchase electricity directly from suppliers of their choice by installing an Ofgem approved meter at the point where their premises is attached to the Network Rail electricity network but without the need for Network Rail to become an Independent Distribution Network Operator. The supply would then follow the normal utility industry practices of registering a Meter Point Administration Number/Meter Point Reference for the supply point.

Network Rail distributes traction energy to train operators, provided by British Energy. We work closely with the Association of Train Operating Companies and individual train and freight operators so that they are able to purchase their own energy at the prices they want.

Network Rail believes that it is exempt from any requirements to provide third party access to its customers who receive traction energy from us because of 2002 Electricity Safety, Quality and Continuity Regulations which includes the following railway exclusion;

"distributor" means a person who owns or operates a network, except for a network where that person is an operator of a network within the meaning of Part I of the Railways Act 1993

Meter operator is defined in the regulations as;

"meter operator" means a person who installs, maintains or removes metering equipment used for measuring the flow of energy to or from a network at or near the supply terminals

To allow meter operator equivalent access to the rail network would require the exclusion in the distribution definition to be removed.

We would strongly object to any removal of our third party access requirement exclusion given completely incompatible design and the regulatory conflict such a move would cause.

The railway network is designed using different design principles from those used in the electrical supply industry. The cost of ensuring compliance with the Electricity Safety,

Quality and Continuity Regulations has not been assessed but it would be substantial, as a result of the completely different systems that operate in the rail industry.

Furthermore, Network Rail, is currently regulated by the Office of Rail Regulation (ORR) and placing requirements on the company to provide third party access to customers would subject the company to a conflicting regulatory regime, under Ofgem.

This because charging arrangements for electricity supplied through the traction network are subject to ORR's approval as part of their perspective of the economic forces operating on the industry's various parties. These arrangements are included in the components of, and appropriate rates for, the access charges that operators pay to Network Rail to use the network.

Similarly, decisions on infrastructure investment in power distribution systems are contained within our five year rail regulatory period funding rounds (known as Control Periods) negotiated with government and managed by the ORR.