

Rail Delivery Group



National Rail



Title	Schedule 4 Defined Service Group Revenue
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Summary	A Methodology statement regarding the calculation of Defined Service Group Revenue for Schedule 4.
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Version comments	V1.0 16/11/18 <i>This document is part of RDG policy development and contains commercial and industrial information. If you would like to share this document wider than the original distribution list or is requested under the Freedom of Information Act please contact Richard Evans, Richard.evans@raildeliverygroup.com</i>

Schedule 4 - Defined Service Group Revenue

Background

Under of Schedule 4 of the model passenger track access contract, operators can claim compensation the basis of actual (rather than formulaic) revenue losses and costs, where “Sustained Planned Disruption” (SPD) is deemed to have occurred. SPD is triggered when an operator’s revenue loss compensation is greater than 20% of “defined service group revenue” over 3 consecutive period or greater than 15% of “defined service group revenue” over 7 consecutive periods.

Purpose

As part of the implementation of PR18, ORR has requested that RDG propose the defined service group revenue figures that will be used in Control Period 6.

Methodology

RDG’s proposed methodology for calculating these figures is as follows:

1. The Network Rail Payment Rates Model for each operator will be used as the base point.
2. The ‘Modelled Peak’ and ‘Modelled Off-Peak’ revenue figures for each service group for 2016 and 2017 will be used where available.
3. A straight average across the data range available for the Train Operating Company, where 2015/16 and 2016/17 data is used to generate the NR Payment Rates in the Schedule 8 recalibration, the average will be based on the revenue figures for these years.
4. Where the model identifies a split of peak and off-peak services within a service group, separate averages will be created for peak and off-peak services.

Industry endorsement

This methodology was finalised and endorsed by industry on 22nd October 2018 during an RDG meeting on the matter. The calculations and submissions for the industry were completed and submitted to the ORR in November 2018.