



## Keeping Customer Promises

### RU position on Commercial Conditions

Railway Undertakings (RUs) – organised by FTE, ERFA and ALLRAIL – believe that customer-oriented capacity management is key to rails success. This requires motivation support, stimulating market oriented, capacity friendly behaviour at the involved actors.

With commercial conditions on Railway Undertakings being well established and considered effective to stimulate RUs behaviour, Railway Undertakings wish to highlight the lack of such mechanism for the IMs. In most cases of the IM changing already committed paths (usually due to any TCRs late or in time according to Annex VII), the RUs and their customers have to take all the burden (e.g. in terms of lost customer commitments, passenger right compensations, replanning and extra resources).

The current situation gives little incentive to IMs to provide reliable and timely information about their TCR planning, execute TCRs according to plan and consider the information in the path offers. Provision of alternative routes by IMs is sometimes referred to as already existing incentive. However, it is a necessity but not a suitable incentive. In addition, in many European territories, rail infrastructure itself does not allow to provide any relevant alternative path in case of partial or total line closure.

Moreover, the alternative path offers are in many countries provided only days or weeks before the train run, which undermines the business stability, passenger satisfaction and ability to plan resources.

To provide the right incentives to all partners in capacity management, the Railway Undertakings ask for market-oriented and harmonized reciprocal commercial conditions. The goal of these to:

- To ensure that any change – on both RU and IM sides – on an already allocated path **is processed as early as possible and therefore avoid undue** blockages of capacity;
- to steer IMs to **carry out TCR planning before the path allocation** and limit later changes to the absolute minimum.

Any change from IMs on already allocated paths trigger major difficulties for RUs to maintain their transport plan, considering their commercial activities and production resources are aligned with allocated paths. Path alterations and path suppressions are likely to incur major supplementary costs and financial loss for RUs. Therefore, incentives are required to ensure that any modification or suppression will be limited to unavoidable cases and processed as early as possible.

With TCRs on the rise on already scarce infrastructure capacity and current pressure to keep TCR average costs as low as possible, such reciprocal Commercial Conditions are needed at very short term and thus are already considered a necessity before the implementation of TTR.

As a guiding principle, the Commercial Conditions should provide an incentive for all parties, RUs and IMs, to stick to commitments made, by following these principles:

- **European harmonised timeline and mechanism** (for domestic and international trains) that shall support the unified process and the business needs
- **Reciprocity**, meaning RUs and IMs pay incentive fees when cancelling/ modifying/ altering at these common timelines. The value of the fees must be determined in accordance with the economic capacity and with the level of prejudice.
- **Bearable fees**, fees should stimulate capacity friendly behavior and at the same time avoid economic downturns. Respecting different starting levels, alignment of fee levels might be done over several years. Timelines and fees shall steer the behavior of the different business models.
- **Simple, fair and transparent**; meaning the mechanism should be universal (national and international, no matter the segment or product). Mechanisms should take into consideration that some non-use of paths will be outside the control of railway undertakings. Especially changes and/or delays due to one network should not lead to incentive fees on another network. Changes by IMs should not lead to higher charges at RUs.

Railway undertakings in FTE have continuously asked IMs to jointly develop such Commercial Conditions with RUs and IMs – as this would allow for all perspectives to be handled. However, with RNE being constantly unavailable for such common work, RUs organized in FTE, ERFA and ALLRAIL are also addressing DG Move and IRG Rail for support in that topic.