



PKP POLSKIE LINIE KOLEJOWE S.A.

Zarządca narodowej sieci linii kolejowych



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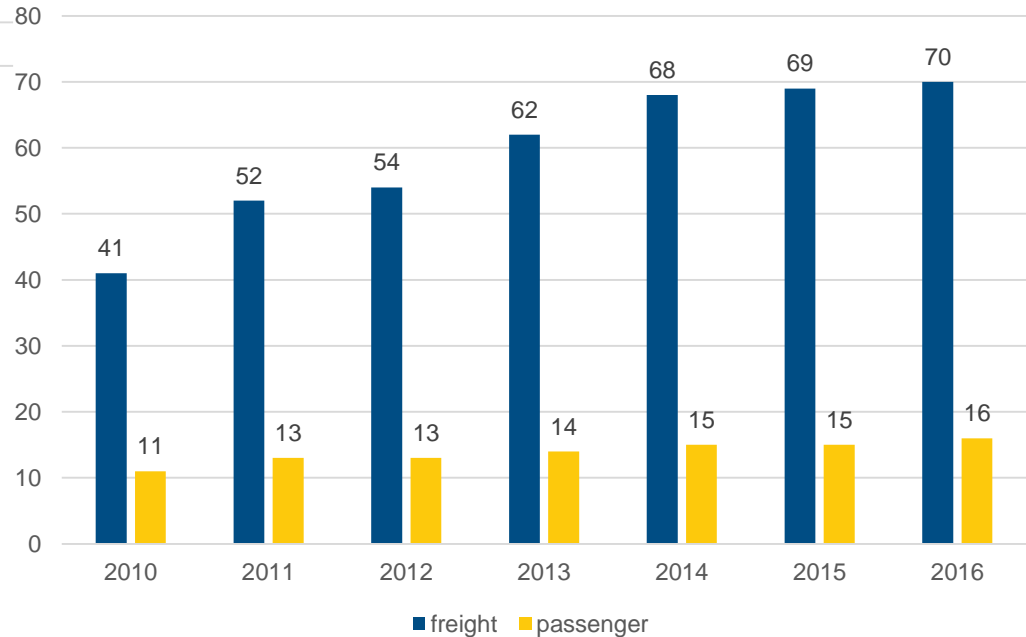
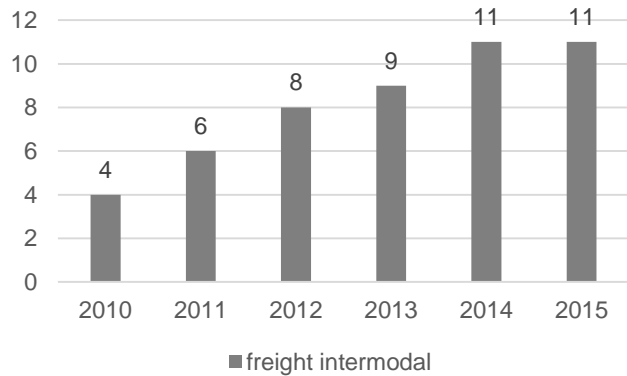
Developing mark-ups in PL – main challenges for IM

Brussel, 3 February 2017

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Progress in market liberalization

- number of active railway undertakings operating on PLK network



New legislation - framework for charging

- Directive 2012/34/EU of the European Parliament and of the Council of **21 November 2012** establishing a single European railway area (recast)
- Judgment of the European Court of **30 May 2013** European Commission vs. Republic of Poland in Case C-512/10
- Regulation of the Ministry of Infrastructure and Development of **5 June 2014** on conditions concerning access and use of railway infrastructure
- Commission implementing regulation (EU) 2015/909 of **12 June 2015** on the modalities for the calculation of the cost that is directly incurred as a result of operating the train service
- Amendment to Railway Act of **16 November 2016**



PLK milestones

New **cost model** developed by external consultant applied since timetable 2013/2014 – new cost classification according to ETS judgement

New **depreciation model** developed by external consultant in 2016 – to be applied from timetable 2017/2018

Market survey – developed by external consultant, completed in December 2016 – results to be used from timetable 2018/2019 (most probably)

Main consequences for charging in PL due to ministerial regulation of 5 June 2014 on conditions concerning access and use of railway infrastructure

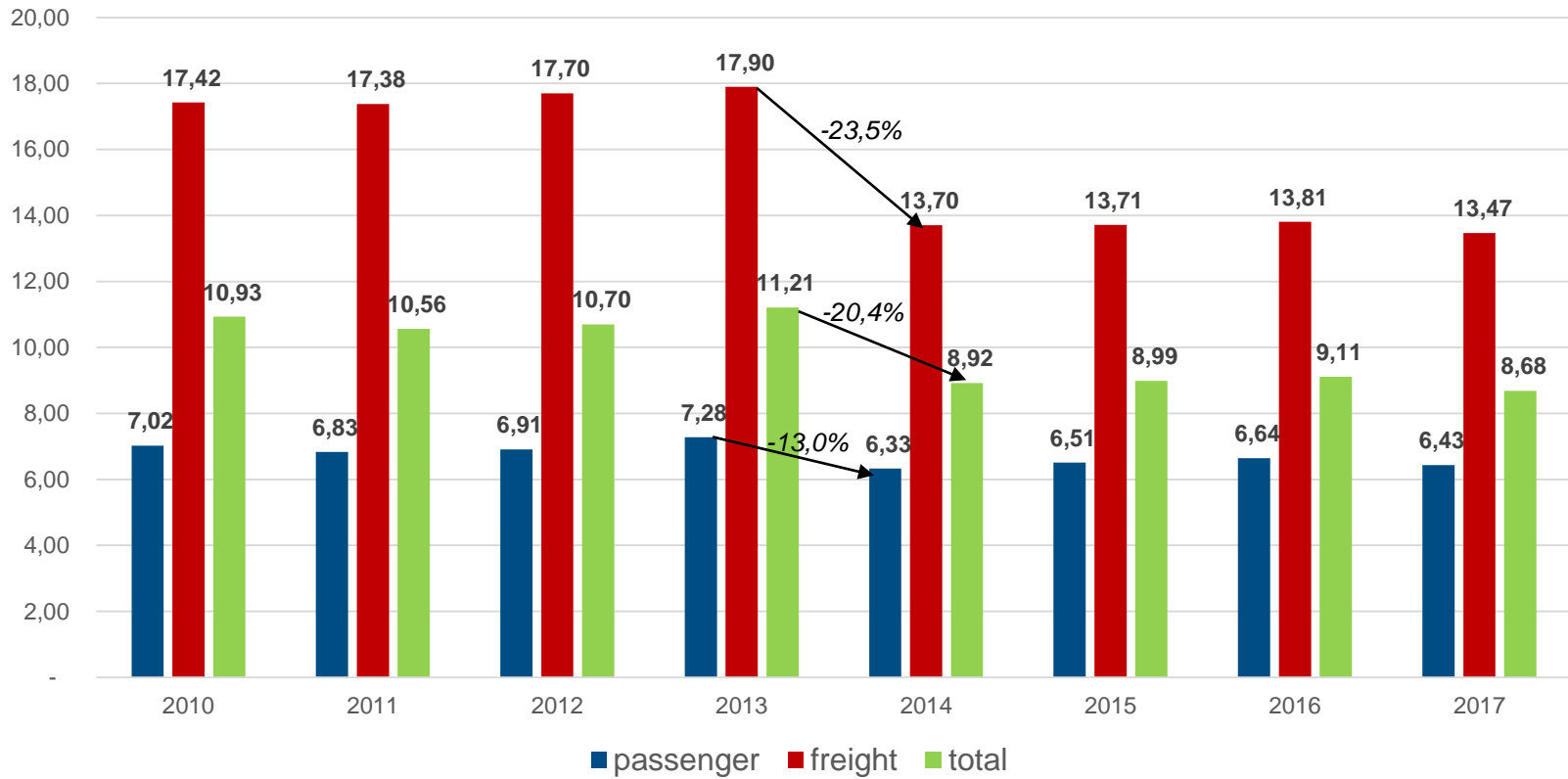
Eligible cost: maintenance and renewal, railway traffic operation, depreciation – in part directly incurred as a result of operating the train service

Non-eligible cost: administration, security, financing, indirect cost

Mark-ups – component of TAC (determined by IM) allowed only for non-PSO traffic if:

- ✓ IM conduct market survey every 3 years (for pairs of services defined in Annex VI (1) Directive 2012/34/EU)
- ✓ IM demonstrate (on the basis of the survey) that mark-up would not cause any transfer of passengers/freight transport volume to road transport
- ✓ New mark-up would not cause any increase of unit TAC [price/train-km] over those approved by RB since last 3 years

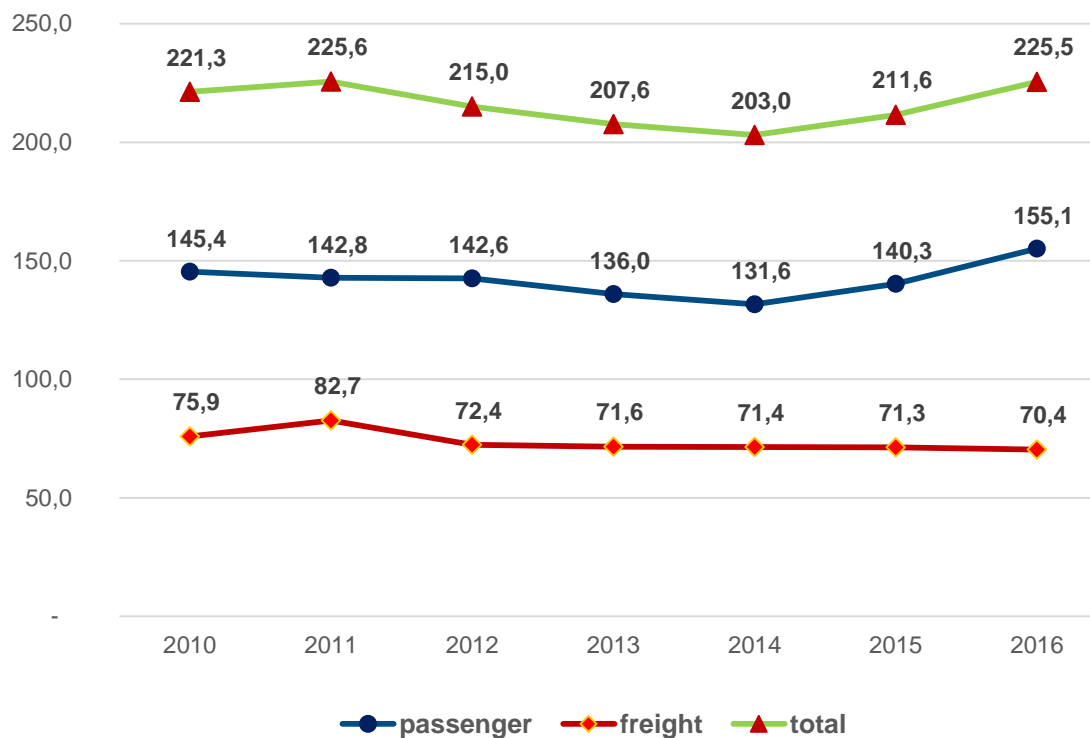
Average track access charges [PLN/train-km]



Traffic volume [Mio train-km]

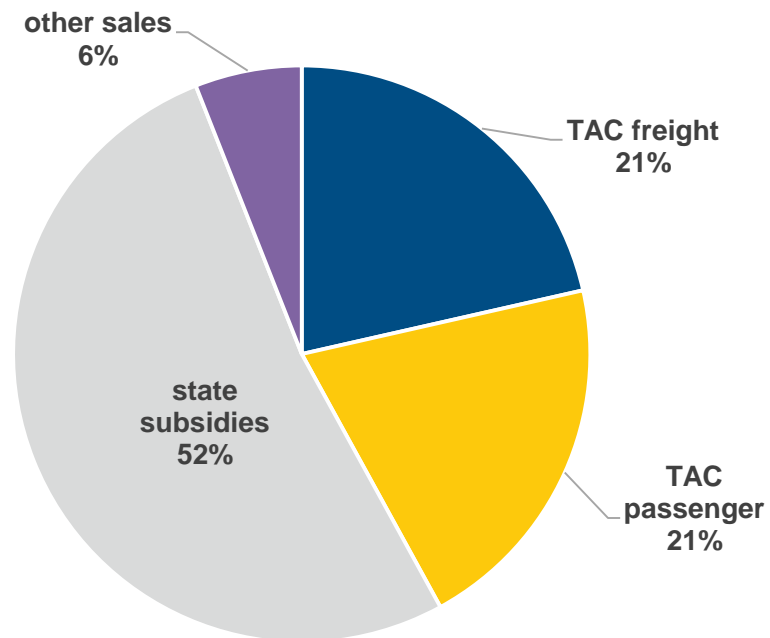
Significant reduction of freight TAC 2014/2013 (-23,5%) did not increase freight traffic volume, however it improved financial condition of freight operators

Rapid growth of passenger traffic since 2015 is rather result of completion of several big investment projects in PL (i.e. Warszawa – Gdańsk, Warszawa – Łódź, Kraków – Rzeszów) and significant improvement of infrastructure quality (speed, capacity) as well as introducing modern rolling stock by passenger operators than TAC reduction (-13,0%)



Distribution of PKP PLK income [2015] – importance of freight traffic for IM

Because in PL passenger PSO traffic is excluded from mark-ups, they can be applied to freight traffic and to small part of non-PSO passenger



National law more restrictive than European

National law [PL]

Mark ups allowed only for non-PSO service, on condition that loads would not be taken over by road transport

In practice – no possibility to recover infrastructure fixed cost from TAC, they may be recovered only from public funds

European law [EU]

Mark ups are allowed on the basis of efficient, transparent and non-discriminatory principles, while guaranteeing optimal competitiveness of rail market segments.

Possibility of full cost recovery from mark-ups

Market survey

Contractor: Warsaw School of Economics (Univerisity SGH)

Duration: April – December 2016

Scope:

- diagnosis*
- benchmarking of European TAC systems*
- development of survey methodology*
- quantitative survey (45 personal interviews),*
- market segmentation*
- qualitative survey (price elasticity)*
- proposal of mark-ups*

Challenges:

- lack of commercial data from freight sector – operators are not legally obliged to provide data to IM*
- lack of comparative data of IM from the past for modelling purpose*



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Thank you