

Fourth RAILWAY PACKAGE

ADIF's process to launch the HS open market in Spain

PRIME workshop 19th November 2020



SUMMARY

1. **Context** of the process
2. **Principles** of the process
3. **Allocation** of framework capacity and current **“State of Art”**
4. Principal **conclusions**

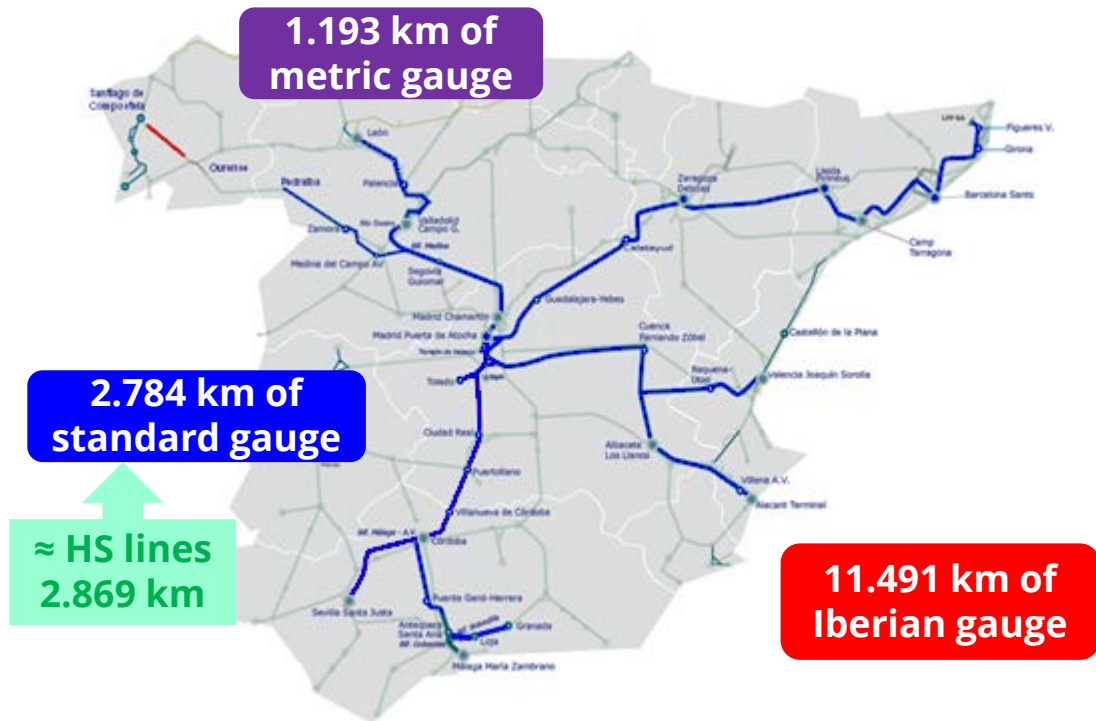




1. Context of the process

- An important development of traffic in almost 30 years of monopolistic HS market.
- ADIF's network: a complex context with many gauges to manage.

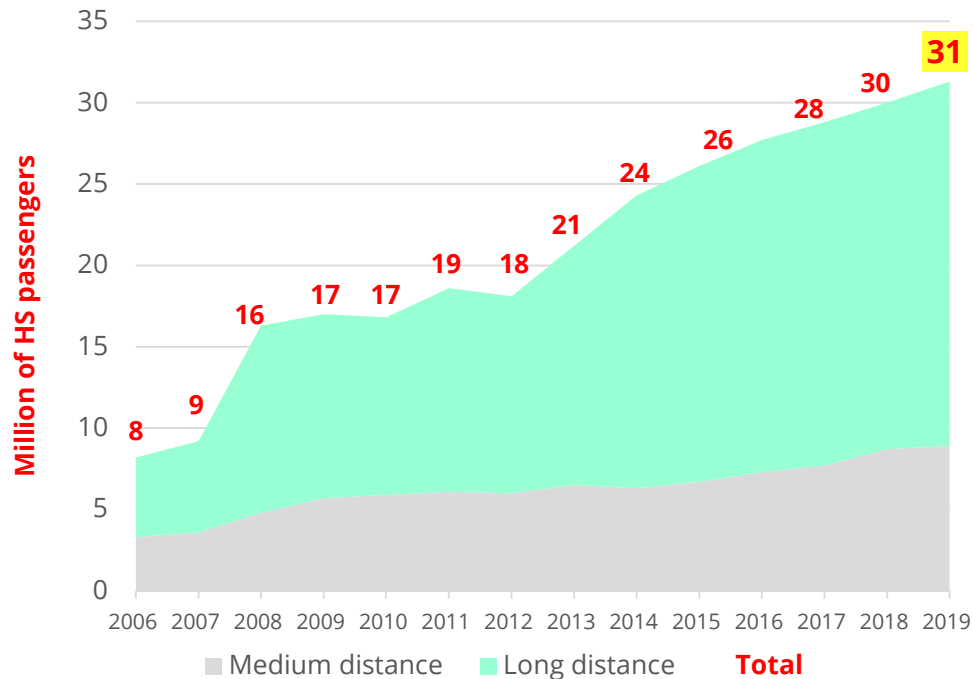
Complex management: network with different gauges



Great interest of many candidates in the Spain's open access



EVOLUTION OF THE MONOPOLISTIC PERIOD



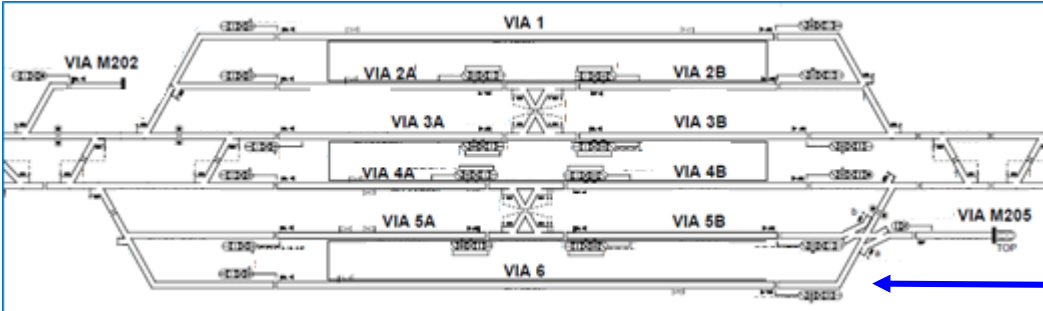
GOOD FEELING FOR AN OPEN MARKET

- **High quality :**
 - ✓ infrastructure
 - ✓ punctuality
- **Independence** of ADIF from the incumbent (2005)
- **Potential** for new passenger increases
- **Available** capacity in line

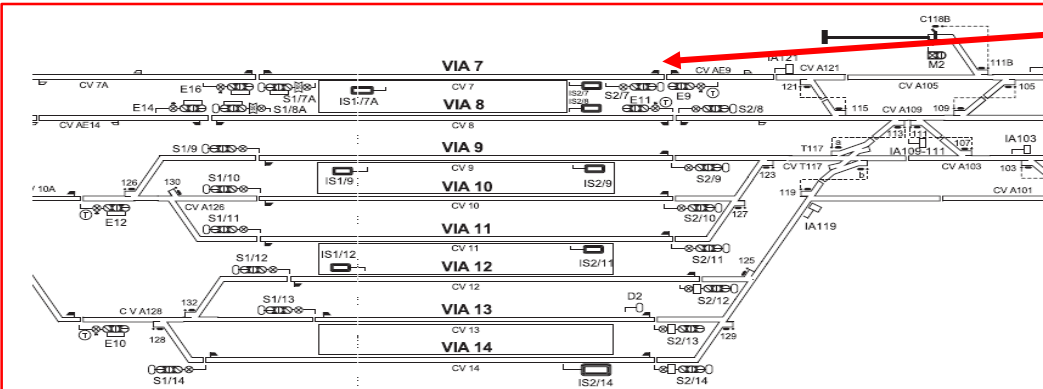
Different gauges in stations : a Spanish specific bottleneck for the capacity



Standard
gauge (HS)



Iberian gauge
(Commuters)



BARCELONA SANTS



Underground station



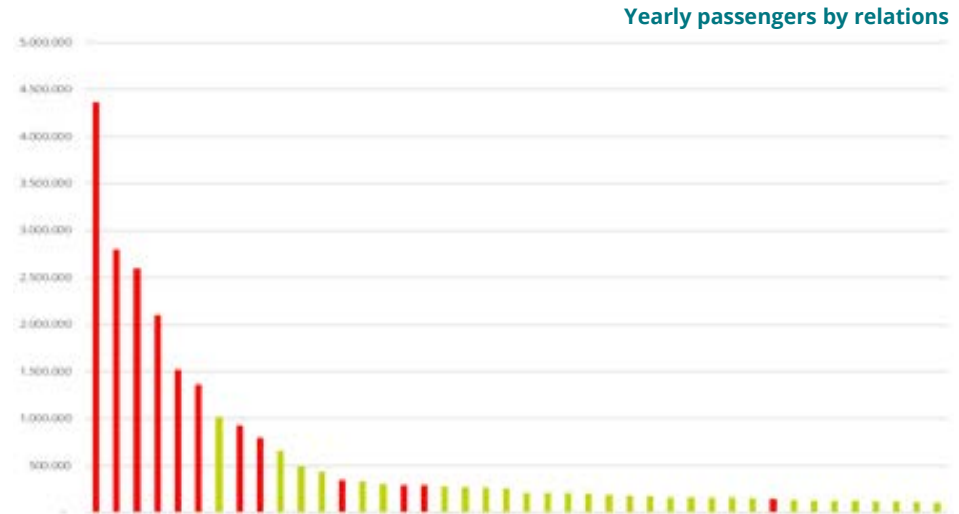
2. Principles of the process

- Establish transparent and non-discriminatory conditions
- Provide facilities for a competitive market:
 - ✓ among railway undertakings
 - ✓ for the railway as transportation mode

Basic principles of the process: three main corridors with special interest

We have **full open access** in the whole ADIF's network from December 2020 **BUT...**

... there are three corridors of most interest for the candidates



... nevertheless we go on promoting the open market in **more corridors**.

Basic principles of the process: **transparency, a priority**



We have applied all the European and national legal resources from...

- ✓ Directive (EU) 34/2012 (RECAST)
- ✓ Regulation (EU) 545/2016 (Framework Agreements)



- Framework Agreements (FA) to ensure a **legal certainty to the RU**
- FA of **10 years** to promote the purchase of **new trains**
- **Clear and objective priority rules** in the Network Statement (NS) (art. 47 D 34/2012)
- **Framework Capacity (FC) statement** in the three main corridors
- Considering **optimum effective use** of the capacity (art. 6 R 545/2016)

Basic principles of the process :

additional capacity after optimization process

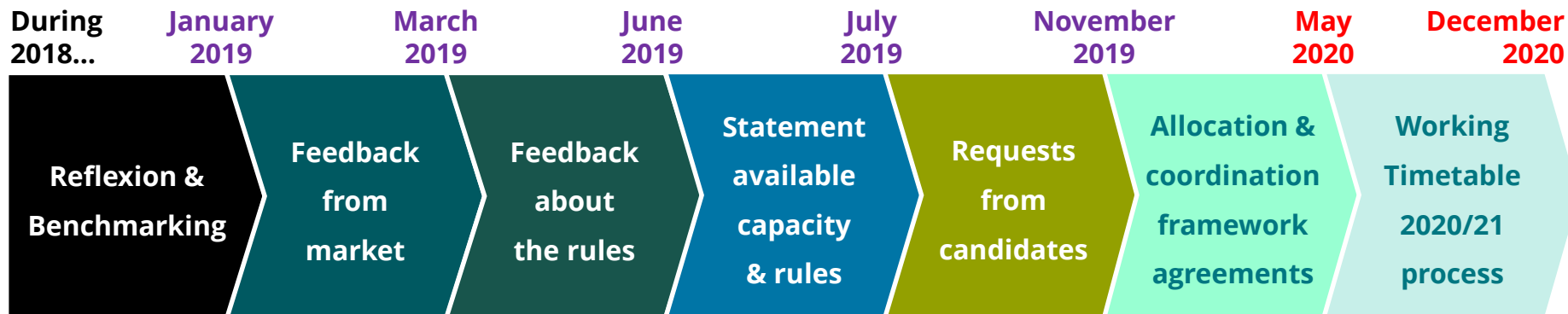


Services	Current (before COVID)	Offered	Increase
Madrid-Barcelona	60	106	76%
Madrid-Valencia/Alicante	74	104	40%
Madrid-Sevilla/Málaga	78	112	44%
Total	212	322	52%

The additional capacity allowed us to **ensure**:

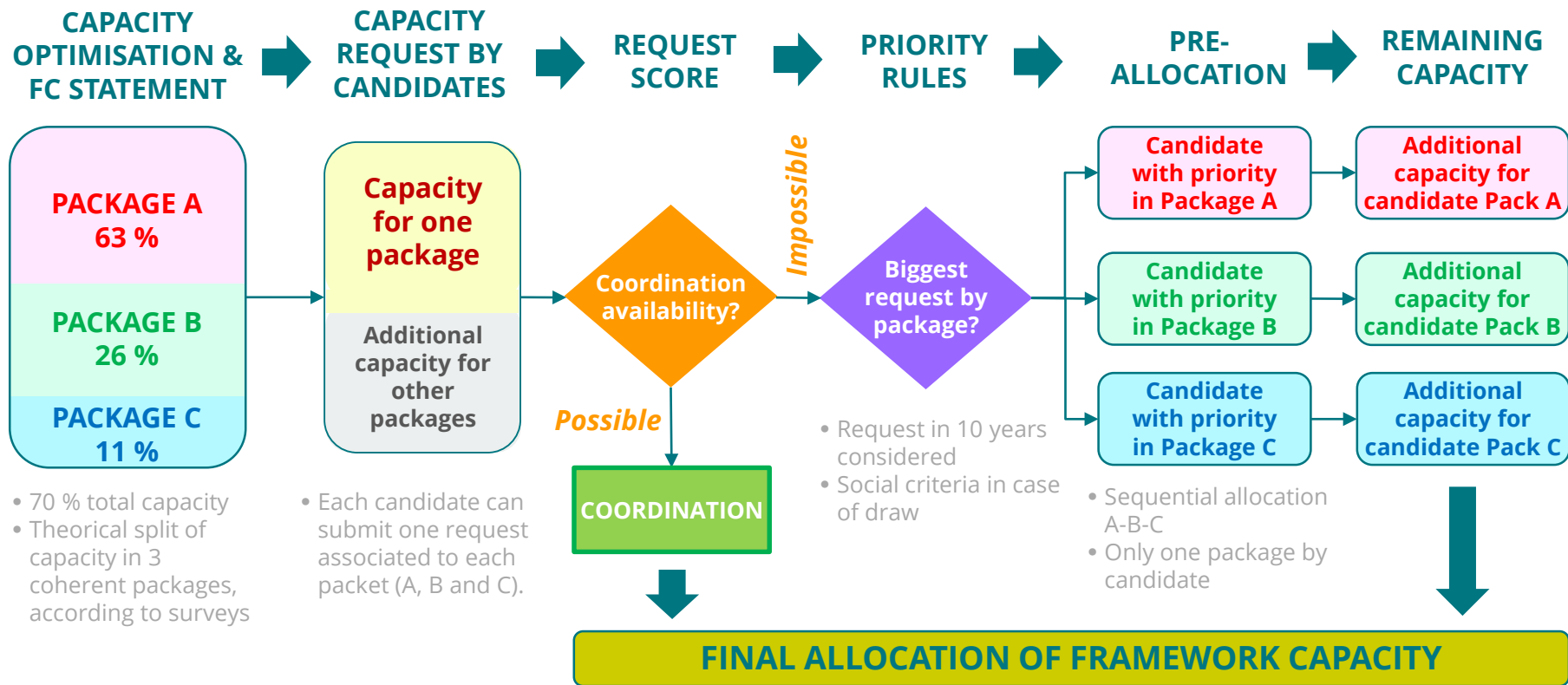
- access to **newcomers**,
- continuity of the **existing services**.

Process phases and milestones



- | | | | | | | |
|---|---|---|---|--|---|---|
| <p>Benchmarking:</p> <ul style="list-style-type: none"> • Italy, • Sweden. | <p>Survey sent to potential RUs.</p> <p>Confidential.</p> <ul style="list-style-type: none"> • Corridors, • Service number, • Commercial stops, • Other aspects about liberalization. | <p>Draft NS and FC statement:</p> <p>Allegations from:</p> <ul style="list-style-type: none"> • Potential Rus, • CNMC (Spanish regulatory body). | <p>Publication of NS and FC statement.</p> | <p>Six requests from candidates, including RENFE.</p> | <p>The process has been achieved, even during the pandemic.</p> <p>Supervision from de CNMC (Spanish regulatory body).</p> | <p>Capacity allocated for the first WT of the open market.</p> |
|---|---|---|---|--|---|---|

Allocation process and priority rules





3. Allocation of framework capacity and current “State of Art”

- The process continues, even during the pandemic period.
- The railway need to be ready for the competition, after the end of the COVID-19 crisis.
- There will be effectively new operators in 2021 in Spain.

Score of the candidate's capacity requests



IMPOSSIBILITY OF COORDINATION

ALLOCATION BASED ON PACKAGES (priority rules)

Package	A	B	C
Number of Candidates requesting	2	5	3
% requested over offered (10 years)	91%	252% In Mad-Bcn 302%	275%
Candidate with more request	86%	70% In 2030: 85%	100%

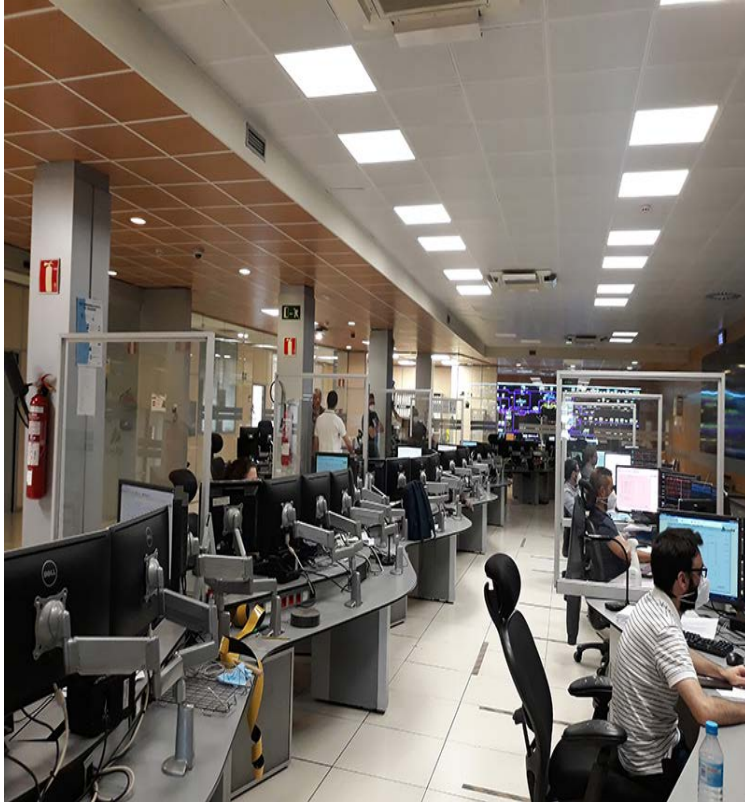
PACKAGE A	PACKAGE B	PACKAGE C
Renfe 86 %	Ilsa 70 %	Rielsfera 100 %
RU 1 6 %	RU 2 65 %	RU 2 89 %
	Rielsfera 54 %	RU 3 86 %
	RU 3 43 %	
	RU 1 12 %	

The three candidates who have obtained framework capacity



	Candidate	Shareholders	
PACKAGE A			
PACKAGE B			
PACKAGE C			

Despite the COVID-19, ADIF's operation continues at 100 % ...



... and also the liberalization process goes on even during the pandemic...

Framework Capacity

- / **05/2020**: Framework Agreements **signed** with the candidates, without considering the COVID effects
- / **08/2020**: **Remaining Framework Capacity** update in NS three months after the signature, according R 545/2016

Working Timetable 2020/21

- / **07/2020**: **Request** for the Working Timetable
- / **10/2020**: Working Timetable capacity **allocated**



Signature of Framework Agreements

by Mrs Isabel Pardo de Vera,
ADIF's President (**May 2020**).

... and of course the three candidates are launching their products!



Isaías Taboas - Renfe's President



Alain Krakovitch - DG Sncf Voyageurs
Hélène Valenzuela - CEO Ouigo España



Victor Bañares - General Manager Ilsa
Fabrizio Fabara - CEO Ilsa

- **New Renfe's low cost product**
- Beginning of operations: **conditioned to the COVID's evolution**

- **Low cost product**
- Fleet: **14 trains** (from Sncf)
- **10.000 tickets to 1 €**
- Beginning of operations: **March 2021**

- **High frequency product**
- Fleet: **23 new trains**
- Beginning of operations: **During 2022**



4. Principal conclusions

- Spain will be one of the most competitive market in Europe.
- Even with COVID-19, ADIF considers the process
- a success and an opportunity.
- We can't miss the current context to further reduce the national air market share.

One of the critical success factors:

Transforming the “*tailor-made*” in “*prêt à porter*” capacity



- ✓ **CUSTOMER** vision
- ✓ **Capacity VISIBILITY**
 - Framework capacity Statement
(according RE UE 545/2016)
- ✓ **Capacity AVAILABILITY**
 - Optimisation of the use of capacity (stations)
 - Additional capacity for newcomers
 - Low turnarounds times

Spain: one of the most competitive rail market in Europe



The liberalization, an opportunity for the rail in Spain



Spain is **ready** for a real competition as of **2021**.

From then on, we hope to encourage **modal shift** from **air** to **rail**.



Thank you for  your attention!