PRIME
Platform of Rail Infrastructure Managers in Europe

PRIME Plenary 16

19th November 2020

Subgroup Charging

Overview of COVID-19 impacts on charging

In March 2020 the European Union acknowledged the situation of pandemic in the whole community territory. From that moment on, the different actors in the field of rail transport, among others, set up different mechanisms to deal with the coming crisis.

To this end, being aware of the urgency of the situation, PRIME Charges Subgroup held a COVID-19 Seminar meeting on the 4th of July, where the European infrastructure managers and the Commission shared their views on how the pandemic could affect the rail sector and different measures that were taken to soften it. This seminar also discussed the charging measures that some managers had implemented or those that others were working on so that they could be implemented as soon as possible. A presentation was made from the European Commission's point of view on the direction work was being conducted regarding charges, as well as the legislative framework that was being drawn up to help alleviate the effects that the health crisis was going to have on the railway sector. This presentation was welcomed by some managers who found timely the Commission's support in implementing exceptional measures for charges aimed at revitalizing rail transport.

On the 12th of October 2020, **REGULATION (EU) 2020/1429 OF THE EUROPEAN PARLIAMENT AND THE COUNCIL of 7 October 2020** was published in the OJEU, **establishing measures to promote a sustainable rail market, in view of the outbreak of COVID-19.**

This legislative framework enables managers to respond quickly through a series of measures relating to charges. This regulation provides for the following measures:

1) Authorize infrastructure managers to reduce, exempt or defer such payments for a specified pandemic-related period (reference period). To this end, Member States should therefore be able to authorize infrastructure managers to adopt measures.

2) Member States should therefore have the possibility of authorizing infrastructure managers to reassess the capacity of market segments to bear surcharges, for the purpose of a possible reduction in the amounts due in relation to the reference period. They should also be able to authorize infrastructure managers not to charge for the reservation of capacity that has been allocated, but not used during the reference period.

3) With regard to TAC, collection of surcharges and reservation charges, Member States could authorize their reduction and, based on this Regulation, the loss of revenue to the infrastructure manager should in principle, be compensated.

Given the difficulty of predicting the future development of the COVID-19 outbreak and its subsequent impact on the rail transport sector, the Commission must continuously analyze the effects of the pandemic on the sector, and may adopt delegated acts to amend the reference period, which may not be extended beyond 14 April 2022.

In this new legislative framework, the measures carried out by the infrastructure managers include the following:

Regarding TAC, most of the IMs have not charged for reservation capacity or path cancellation if train has not finally ran. In some cases they have coded this cancellation as "force majeure" case, in some others, they have had the opportunity to reschedule their train paths requested to the new scenario. Another measure implemented has been to release thresholds to measure cancellation charges avoiding the need of penalization.

A widely implemented initiative has been the deferral or postponement of charges payments by many IMs.

As complementary support to sustainable rail market in the face of the COVID-19 outbreak, some Member States have injected funds to allow IMs to waive charges during the crisis and the recovery period.

As examples of the above mentioned measures you can find:

France, with a plan to help rail freight companies with two measures implemented by the government, based on the recovery plan of the French economy and focused on funding **SNCF Réseau**:

- Compensation of 100% of TAC for rail freight companies from July to December 2020.
- A reduction of 50% of TAC for freight companies from 2021

Italy, with public support via funding **RFI** for the loss of revenue caused by the waiver of mark ups and the reduction of TAC under Direct Costs.

Germany, has implemented a package of measures based on funding **Deutsche Bahn AG** to compensate the loss of profit. Additionally, to foster rail traffic the Federal Government has bailed out an extra fund to the public rail group.

Spain has implemented measures to allow RUs reschedule the reservation capacity ordered and the deferral of charges payment. Adif has also promoted rail traffic with a bonus on additional traffic above agreed threshold with RUs.

The Netherland has also implemented a support package to the rail sector due that public transport has had to operate with 100% capacity in order to comply with the '1,5 m society' with still a limited number of passengers (and income).

Switzerland, has cushioned by law the losses of the rail sector with aids targeted to regional passenger traffic, rail freight traffic and local transport.