

Platform of Rail Infrastructure Managers in Europe
16th Plenary Meeting, 18 November 2020, 09:00 – 11:30

Draft Summary Record

Host: European Commission
Digital meeting

1. Welcome

Alain Quinet (AQ; SNCF Réseau) welcomed the participants and provided a brief update on PRIME's achievements since the last plenary session. In particular, AQ stressed the fact that during the ongoing Covid-19 pandemic IMs adapted their services to a very unstable situation and worked with their customers so as to guarantee the continuity of essential transport, thus responding to the challenges of the hour.

The PRIME community has remained active all along, contributing to the crisis management and subsequent policy measures taken by the Commission while also continuing work on the long term issues, such as previously planned.

Elisabeth Werner (EW; DG MOVE) remarked on the recent leap in digitalisation due to the pandemic, both for individuals and for the sector, which has the potential to be a positive long-lasting change. Furthermore, railway has been able to show that it is resilient and an essential mode of transportation.

2. Adoption of agenda and approval of the summary of the 15th meeting

The agenda was adopted and the summary record of the 15th meeting was approved with minor amendments that had been introduced in advance by CER and the KPI subgroup chair.

3. Strategic discussion – developing long-distance cross-border passenger transport

3.1 Introduction

EW introduced the strategic discussion by underscoring the importance of rail services to achieve the climate objectives.

The COVID-19 pandemic poses a large challenge for long-distance passenger rail traffic. In the short term, the crisis has resulted in cross border services being reduced or discontinued. In the long term it may bring more structural changes in mobility patterns.

DG MOVE is launching a study on cross-border long-distance passenger rail services, which will look into barriers to their development, and may subsequently propose related measures. Furthermore, EW stressed the following issues:

- DG MOVE is currently discussing the opportunity for an Action Plan to boost long-distance and cross-border rail passenger services (as announced in the 2021 Work programme).
- This plan will benefit from efforts of MSs, and particularly from the Dutch initiative.
- International passenger services (including night trains) should run on a commercial basis, with public service obligation contracts (PSO) only when the service is not economically viable.

- 2021 will be the European Year of Rail – a special opportunity to show what rail can do.

AQ noted that Europe’s new growth strategy – the European Green Deal – calls for accelerating the shift to sustainable and smart mobility, as transport accounts for a quarter of the Union’s greenhouse gas emissions. To achieve climate neutrality, a 90% reduction in transport emissions is needed by 2050. In this context, the development of long-distance rail travel becomes strategic as:

- international travel faces the challenges of the COVID-19 crisis and its likely sequels;
- long distance rail can be an environmentally friendlier alternative to short haul flights and an efficient link to outbound/inbound long-haul flights;
- the issues of interoperability under commercial, operational, technical and infrastructural aspects need to be addressed to make trans-European travel seamless and competitive.

3.2 Panel discussion

Dariusz Kowsar (DK; SNCF RESEAU) presented the panel (see below) and launched the discussion by posing a set of specific questions: To what extent can capacity allocation (and timetabling) support the development of cross-border long-distance passenger traffic? What other tools, such as charges, could serve as incentives?

Theme	Speaker
Dutch study on improving international rail passenger transport	Mr Jeroen Kok (JK) - Chair of the Rli committee International Rail, Council for the Environment and Infrastructure (Rli)
Capacity allocation in the context of passenger market opening	Mr José Estrada (JE) - Director General for Traffic and Capacity Management – ADIF
Options for differentiated charging schemes for long distance transport	Mr Alain Quinet (AQu)– Executive Director Strategy and Corporate Affairs – SNCF RESEAU
Solidarity Transport Hub Project Poland	Mr. Aleksander Wołowiec (AW) - Deputy Director for Railway Stakeholders, Key Stakeholders and International Cooperation Department – CPK, Solidarity Transport Hub Poland

Jeroen Kok (JK) presented a study called *Changing tracks*, which investigates how barriers to rail passenger traffic can be removed. The report focus is the four layers of the rail transport system: 1) infrastructure, 2) traffic services linked, for example, to the management and use of rail network capacity, 3) rail transport services and 4) mobility services (such as ticketing and information) that facilitate the interaction with passengers and their journey. Of the four layers, the focus tends to be on infrastructure. However, it is important to have an integrated view of all four layers. The report proposes to focus on some important corridors that can be created using existing infrastructure.

JK stressed that international railway needs a stronger voice. It is often not given the same priority as national traffic, sometimes for good reasons, but with negative effect on international traffic. One measure that could relatively easily increase the quality of international railway travel, would be a better alignment/coordination of train paths: The train from Amsterdam to London has to wait in Brussels for 16 min, corresponding to a monetary value of 6bn euro (based on estimates that the European Court of Auditors used in its 2018 report on the European highspeed network).

José Estrada (JE) presented the first steps in the high-speed open market in Spain.

There is full open access on ADIF's entire network from December 2020, but there are three high-speed corridors of more interest for the candidates. By working on the optimization of capacity, notably in nodes, ADIF was able to increase its capacity offer by 50%.

In 2019, six requests from candidates were received. Within the specific framework built by ADIF, three different packages, each of these offering a different level of capacity, were put to the market. The allocation was then granted – for each package – to RUs based on the size of each RU's requests. The result of the allocation was the following: Renfe package A, Ilsa package B and Rielsfera package C.

The main conclusions are that Spain will be one of the most competitive markets in Europe and that despite the COVID-19 pandemic (which is delaying the start of some services), ADIF considers the process a success and an opportunity to further reduce the national air market share. One of the critical success factors is considered to be transforming the "tailor-made" to "prêt à porter" capacity.

Discussion on the presentation

Oliver Sellnick (OS; DB NETZ): Did ADIF have a look at the experience of Italy?

JE: Yes, Italy was a good example. It shows that an open market in high-speed is hard to organize with more than 1-2 companies at the same time. The experience from Italy was that if we were not able to arrange the capacity beforehand we would not be able to offer more capacity.

Alain Quinet presented SNCF Réseau's experience of how high-speed rail can compete with air and car traffic and how different markets have developed in different infrastructure related contexts. The issue of track access charges as applied to high-speed passenger traffic was also introduced, as a dilemma.

AQ believes that in the medium-run, development of HS traffic in EU can really help achieve the objectives in the Green Deal.

A large area around Paris is accessible within 4 hours thanks to an extensive and interconnected high speed network. International railway traffic already makes up for a large share of French HS services: 24% in train kilometers in France are international.

AQ stressed that two different markets and two different developments can be observed in France:

- a "northern" market, including France/northern Europe characterized by extensive and interconnected high-speed lines and an overall mature international market.
- a "southern" market: connections to the Mediterranean, Spain and Italy but also to Switzerland. These connections are not necessarily fully operated on high-speed lines, and this results in potentially longer travel times. Yet, within the new framework made possible by the 4th railway package, new RUs seem keen to enter the southern market based on an economic model that is certainly different from the one applicable in the north.

There is not a single model, a single solution.

Frequency of services, and therefore availability of capacity, are of course key issues for the commercial success of certain links.

As far as track access charges are concerned, the French experience suggests that harmonization of charges, or even the level of charges, may not be a key factor. Charges are comparatively high on the Paris – Lyon line, yet traffic has strongly developed in time, in competition with the airlines. While lower track access charges may be an incentive for development of new services and the arrival of new

non incumbent RUs, higher charges, at an appropriate level, can help ensure the otherwise difficult modernization of lines where high investment is necessary to increase their capacity (i.e. ERTMS,...)

SNCF Réseau has now introduced three-year tariffs to give RUs more planning security. Incentive schemes for new services have also been created so as to boost the development of new services.

Discussion on the presentation

DK: This seems to suggest that there is a market for high-speed / very competitive travel times but also a different international market implying longer travelling times. While the creation of high-speed lines brought a dramatic increase in ridership and had a strong impact on the air / rail share, this alternative This development was not apparent in the first place

Heigo Saare (EE Techn. Regul. Authority) on chat: How was indexed TAC identified? What was the base level you indexed?

AQ: We index the TAC based on expected inflation from the central bank.

Aleksander Wolowiec (AW; CPK) presented the plans of the Solidarity Transport Hub Poland. The transport hub will be a multimodal node, an international airport fully integrated with existing rail and road network. It is considered a stimulus for the Polish economy and will contribute to integration between different regions and serve for modal shift to more sustainable transportation.

Two runways will be constructed by 2027 and investments of 1789 km HS railways are planned. The idea is a spider web, with 10 major corridors radiating from the hub, connecting all major cities in Poland within 2,5 hours from the airport. As part of the Solidarity Transport Hub two new cross-border lines will be established: Praha – Wrocław and Katowice – Ostrava. There will also be urban development of the whole region around the hub.

The system is currently in its planning stage, including preparatory study and analytical works.

3.3 *Conclusions*

AQ and EW concluded the strategic discussion:

EW stressed how important it is for IMs to maximize capacity. One lesson is that we need a stronger coordination amongst IMs. The strategic discussion made it clear that PRIME should continue to look into these issues because there is a clear role for the European coordination.

AQ pointed out that there are several challenges, such as the growth of commuter services in a continent that is more and more urbanized. He highlighted that the development of long distance passenger traffic, whether national or international, will be central in the coming months and years. This will be a new challenge, joining other trends and policies, such as the need to increase and improve the modal share of international freight traffic. AQ concluded that it is an opportunity, but also a challenge since, with the exception of dedicated high-speed lines, the physical infrastructure is shared between passenger and freight traffic.

EW noted that capacity planning and management must include both freight and passenger transport. These must be rightly balanced to allow both sectors to perform well. DG MOVE is currently considering this question in depth in the context of the review of the rail-freight corridor regulation.

Radek Cech (Správa Železnic) proposed a PRIME presentation on the Praha-Vienna-Bratislava connection. EW suggested to send out a presentation on this topic already after the PRIME plenary since the next meeting is only in June 2021.

AQ remarked that development of long-distance traffic also is an issue for train station operators and that these can be very differently organized.

Joachim Kroll (JK; RNE) remarked that IMs are already working on capacity related issues, which are particularly relevant for international traffic, in the context of the TTR project. Important to provide the possibility to book well in advance. In addition, there is a new pilot between Amsterdam and Paris.

AQ noted that the PRIME Subgroups are an appropriate way to deal with a number of the challenges mentioned.

EW closed the discussion and thanked the moderator.

4. COVID impact and response

EW thanked IMs for having kept the Commission well informed from the beginning of the COVID outbreak and asked them to continue to send information to the Commission. EW thanked Rik Corman (ProRail) and Marco Wilfert (DB Netz) for taking over the chairing of the finance subgroup, as well as Julie Buy, who attends the group for DG MOVE. The finance group has delivered important input on taxonomy and ERTMS funding in the past, good that it is active again.

The charging subgroup has equally been an important source of input for the Commission during the COVID-19 outbreak. The Commission adopted Regulation 2020/1429 that allows to waive, lower or defer TACs, initially for a period up to the end of this year. The Commission has received data from the IMs and there is now an assessment of a possible prolongation of this regulation. The assessment is based on data from the IMs, initial input from the charges subgroup, as well as additional data sources.

4.1 Finance Subgroup

Rik Corman (ProRail) gave a short presentation of the Subgroup's plan for 2020/2021:

1. 'Intermediary' between the Commission and IMs concerning financial products and instruments to promote / facilitate rail investments and EU funding programmes
2. ERTMS Funding: proposals for improvement will be made
3. COVID 19: impact and recovery.
4. Sustainable finance: assist the Commission in implementing the guidance on climate and sustainability proofing in the context of EU funding programmes
5. PRIME deep-dive charging and financing

A COVID 19 impact analysis has been started with data from September. The main results are:

Impact on rail traffic varies per country and per segment. Passenger traffic was impacted harder than freight traffic. International traffic was impacted harder than national traffic. Train schedules were back near normal relatively quickly once the first wave of the pandemic came to a slow down. IM's whose total revenues/funding highly depend on TAC face more financial impact than IM's depending on other sources of revenue/State funding.

No uniform TAC approach during COVID-19 pandemic. Some IMs adjusted TACs, e.g. by temporarily suspending TACs and charging lower rates for parking of rolling stock.

Not all IM's benefit from national recovery plan yet. Recovery plans vary from (partially) compensating for lost revenues due to TAC discounts to multi-billion recovery plans for the rail sector. In other cases, details of the recovery plan still need to be worked out.

Most IM's intend to keep investment levels as planned, or even increase; some IM's introduce cost saving initiatives.

Marco Wilfert (DB Netz) presented the Subgroup's next steps: 1) to analyse the rail reforms and investments financed under the national recovery and resilience plans, 2) focus on EC's activities concerning to further detailing of conditions and implementation processes of EU Recovery and Resilience Facility and related plans at the national level. Furthermore, it is of importance for the Subgroup that economic effects of the second wave of the pandemic are taken into account when reliable and consistent data will be available.

4.2 *DG MOVE*

Maurizio Castelletti (MC; DG MOVE) presented the evaluation of economic impacts of COVID, based on data received from IMs under Regulation 2020/1429. Article 5 states that IMs "shall provide the Commission with data on the usage of their networks categorised by market segments ... for the periods from 1 March 2019 until 30 September 2019 and from 1 March 2020 until 30 September 2020". This is important to assess the need for a possible extension of the reference period.

Almost all IMs have provided data and this has been combined with other sources (e.g. Eurostat). The conclusion is that rail has shown a certain resilience and that the impact has been more evident for passenger traffic than freight. There is also a difference between commercial lines and PSO-lines, with commercial passenger services being the hardest hit. The assessment is that the situation is likely to persist. On the basis on this data the Commission is now considering an extension of the reference period. In this case, IMs will be asked to deliver a second set of data in the middle of this prolongation period.

5. **PRIME deliveries - Subgroups activities – Work Plan 2021**

5.1 *Deep dive study on charging and funding*

Frank Zschoche (FZ, Civity Consulting) explained that the objectives of the study are to:

- Describe the existing structures and mechanisms of railway funding and TACs in each member state;
- Understand the reasoning behind these national systems, considering the individual context;
- Highlight the experience made with these systems, both with regards to positive outcomes as well as difficulties encountered;
- Identify learnings and experiences that can be shared to inform policy and implementation; and
- Draw some conclusions that might help stakeholders to review their existing arrangements and provide inspiration for further improvement.

Focus is on the main income streams, TACs and state funding. The project has started and FZ hope to be able to present the first results of the study in the next PRIME plenary meeting. FZ invites the participants to contact him in case of questions.

EW: Deeper understanding of charging is important for broader policy goals. For example, the Commission is currently looking at TAC and noise levels.

5.2 *Digital Subgroup*

Harald Reisinger (HR, RNE) stressed that a rapid digitalisation of the way we work has taken place during the COVID-19 pandemic. Digitalisation is also one of the main enablers for a more competitive railway and harmonised European processes. Increasing railway capacity and efficiency is possible via both building new railway tracks/stations and optimisation and digital solutions. However, even though the latter is cost effective many IMs are underfunded in that area.

The current focus in the subgroup is: Digitalisation of Capacity Management, Digital Train Information and Digital Infrastructure Information. A vision paper on digital opportunities will be developed by mid 2021.

5.3 *Work Programme for 2021*

AQ presented the work programme for 2021 (disseminated to participants in advance) and explained that bilateral discussion with the chairs of each subgroup have taken place during the preparation of the workplans AQ stressed that the work plan can be adjusted depending of the evolution of the COVID-19 pandemic.

The work programme was endorsed with no comments.

6. **Closure of meeting**

AQ and EW thanked the participants and closed the meeting. PRIME Plenary meetings are planned for 24 June 2021 (hosted by Infrabel in Brussels) and 18 November 2021 in Brussels.