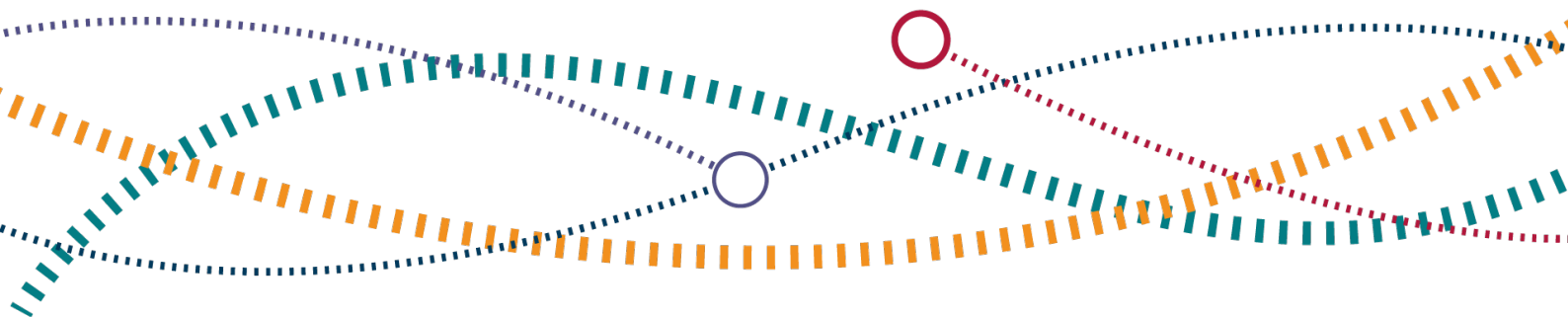




# **PR23 – Review of Network Rail’s access charges**

Further consultation on open  
access airport services

01 August 2023



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# Executive summary

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This consultation sets out our proposal to permit Network Rail to levy an infrastructure cost charge (ICC) on open access services to major airports in Great Britain during control period 7 (CP7). It forms part of our PR23 review of Network Rail's access charges.

Currently, open access services are segmented into two market segments: interurban and other. All open access services pay variable and station charges to Network Rail for use of its track and stations. Additionally, interurban services are liable for a 'mark-up' charge, known as an ICC. This reflects that they have an ability to bear higher charges than other open access services.

As part of PR23, we have said that we will maintain an ICC on interurban services. In June 2023, we published our [PR23 draft determination](#) in which we proposed to set this charge at £5 per train mile for CP7 (in 2023-24 prices).

We also said in our draft determination that we intend to give further consideration to the relevance of a specific mark-up for open access services to airports in Great Britain, subject to further work following the publication of our draft determination.

Having now done so, we consider that it would be appropriate to permit Network Rail to levy an ICC on open access services which run between large stations on the mainline network, and stations serving major airports. We are therefore proposing to:

- Establish a new market segment for open access services to major airports, capturing services for which: (a) at least one station served has average entries / exits above 15 million passengers per year, or is within two miles of a station meeting that criterion; and (b) at least one station (or stations) that directly serve an airport have average entries / exits above 5 million passengers per year<sup>1</sup>.
- Set an ICC of £5 per train mile for CP7 (in 2023-24 prices) for these services, in line with our proposed ICC for the interurban market segment.

The proposals set out above mean that Network Rail would levy an ICC on open access services from major rail stations in Great Britain to four airports: Gatwick; Stansted; Heathrow; and Birmingham International.

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<sup>1</sup> Based on a five-year average of station entries / exits, prior to the Coronavirus (Covid-19) pandemic.

Consistent with our ICC policy for other open access services, the ICC would be phased-in for new open access services in this market segment. Existing services would pay this ICC from the start of CP7.

## Rest of this document and next steps

The rest of this document presents further detail on the proposed ICC for open access services to major airports.

We are seeking responses to this consultation by **31 August**. Responses should be submitted in electronic form to our PR23 inbox [pr23@orr.gov.uk](mailto:pr23@orr.gov.uk). We request that respondents use the proforma which is available [here](#).

We aim to conclude on this issue alongside our decisions on all other charging issues in our final determination, which will be published by 31 October.

We intend to publish all responses to this consultation on our website alongside our final determination in October 2023. Annex A to our proforma document sets out how we will treat any information provided to us, including that which is marked confidential.

# 1. Introduction and background

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- 1.1 Access charges are paid by train operators (passenger, freight, and charter) for use of Network Rail's track and stations. As part of each periodic review, ORR reviews the charging framework which determines how Network Rail – the current infrastructure manager for the national rail network – sets its charges.
- 1.2 Network Rail's charging framework for the current control period 6 (CP6) was set as part of our previous periodic review (PR18). In broad terms, this framework contains two types of track access charge:
  - (a) Variable charges, which recover costs that are directly incurred by Network Rail when train services operate over its network. These charges are paid by all train operators.
  - (b) Infrastructure cost charges (ICCs), which recover a portion of the fixed costs of rail infrastructure, i.e. costs which do not vary with network use in the short-term. ICCs are levied on individual market segments, taking account of their ability to bear charges above directly incurred costs. This reflects the requirements of the [Railways \(Access, Management and Licensing of Railway Undertakings\) Regulations 2016](#) ('the 2016 Regulations') – as discussed in more detail below.
- 1.3 The largest ICC is the Fixed Track Access Charge (or FTAC), which is paid by all passenger operators on concession-style agreements<sup>2</sup>. The FTAC has accounted for more than 99% of Network Rail's income from ICCs during CP6.
- 1.4 In PR18, we also introduced an ICC for open access operators for the first time. This policy aimed to facilitate increased on-rail competition between passenger services over the longer-term, by allowing open access operators to benefit from potentially greater access to the network, while requiring that they contribute towards Network Rail's recovery of fixed costs where they are able to do so. It is also of particular relevance to our statutory Section 4 duty to have regard to Secretary of State funds (and to the expenditure that is to be incurred by Scottish ministers). This is because, all other things being equal, recovering a portion of Network Rail's fixed costs from open access operators reduces the degree of fixed

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<sup>2</sup> We use this term to refer to all operators that are commissioned or directly operated by funders and other devolved rail authorities to provide passenger services.

cost recovery from other passenger operators (through FTACs), which serves to reduce the industry's overall reliance on public subsidy.

- 1.5 To determine the scope and level of this ICC, we firstly undertook a market-can-bear test for open access operators. This involved an assessment of operating surplus (or 'net revenue') of different passenger services. We used this analysis to inform our understanding of the characteristics of different passenger services, and therefore a possible market segmentation of services for CP6. Based on this assessment:
- (a) We segmented open access services into two sub-segments – 'interurban' and 'other' – and concluded that services operating in the interurban market segment would be able to bear an ICC. This was a relatively simple approach, reflecting that we were introducing an ICC for these types of passenger operator for the first time.
  - (b) We defined an interurban service as one for which: at least one station served has average entries / exits above 15 million passengers per year, or the station served is within two miles of a station meeting that criterion; at least one other station served has average entries / exits above 10 million passengers, or is within two miles of a station meeting that criterion; and two of the stations meeting these demand thresholds are at least 40 miles apart.
  - (c) We introduced an ICC payable by new interurban services of £4 per train mile (in 2017-18 prices), to be phased-in over the first five years of the operation of new services. Existing open access operators were given relief from any increases in charges prompted by the introduction of the ICC, for the whole of CP6.

## Legal framework

- 1.6 An ICC is a mark-up charge. The level of mark-up charges must be set according to what can be borne by train services which are liable to pay them. This reflects the requirements of the 2016 Regulations, which state that the effect of levying a mark-up "must not be to exclude the use of infrastructure by market segments which can pay at least the cost that is directly incurred as a result of operating the railway service, plus a rate of return which the market can bear"<sup>3</sup>.

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<sup>3</sup> Paragraph 2(3) of Schedule 3 of the 2016 Regulations.

- 1.7 The 2016 Regulations require us to firstly evaluate the relevance of a mark-up for a specific set of market segments set out in paragraphs 2(5) and 2(10) of Schedule 3. In addition, paragraph 2(7) of Schedule 3 of the 2016 Regulations states that the infrastructure manager may consider further market segments, according to commodity or passengers transported.
- 1.8 Any mark-up which is levied on a particular market segment must be set on the basis of efficient, transparent and non-discriminatory principles, whilst guaranteeing optimum competitiveness.

### PR23 review of ICCs for open access services

- 1.9 As part of PR23, we have been reviewing Network Rail's access charging framework – including the ICCs that it levies on train operators.
- 1.10 In respect of open access operators, we proposed in our [April 2022 consultation](#) to maintain the existing market segmentation that underpins the scope of the ICC for open access services (as set out in paragraph 1.5 above). This proposal was informed by an updated analysis of net revenues for CP7, undertaken by consultants Steer during late 2021 and early 2022<sup>4</sup>. This analysis involved forecasting net revenues for passenger services in year 1 of CP7, taking account of changes in costs and revenues since PR18 (as well as forecasting how passenger demand is likely to recover from the Coronavirus (COVID-19) pandemic)<sup>5</sup>. It covered most passenger services operating in 2019-20 – both open access services and those on concession-style arrangements – but did not explicitly consider airport services.
- 1.11 We considered, based on this analysis, that the existing market segmentation of open access services continues to broadly identify those services which are likely to be able to bear an ICC – and there was no sufficiently compelling evidence to amend the existing definition of an interurban service that is liable to pay an ICC.
- 1.12 Having considered responses to our April 2022 consultation, we provisionally concluded in our [October 2022 conclusions document](#) that we would maintain the existing market segmentation of open access services, under which there are two market segments: interurban and other. We said we would only revisit this decision if there were major changes in the passenger market during the rest of

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<sup>4</sup> Steer's study was published alongside our April 2022 consultation [here](#).

<sup>5</sup> Net revenue was calculated as passenger fare revenue minus operating costs (staff; rolling stock; fuel; corporation tax; financing costs; and other expenditure recorded in ORR Rail industry finance data).

PR23 that we considered clearly affect the basis for this decision on market segmentation.

## Open access airport services

- 1.13 We have not previously considered the relevance of a specific mark-up for open access services to airports. This is because there have been no open access operators providing airport links other than Heathrow Express – an operator running services between London Paddington and Heathrow airport – which has been operating under a bespoke track access agreement (rather than a model track access agreement covering the normal suite of regulated access charges)<sup>6</sup>. There has also been little indication of prospective interest in operating such services from potential entrants.
- 1.14 Since publishing our October 2022 conclusions document, Network Rail has issued its CP7 Strategic Business Plan. This notes that Heathrow Express may be moving onto a model track access contract with Network Rail, from the start of CP7<sup>7</sup>. We understand that both parties are still discussing the future of this contract. Under a model contract, it would pay the normal suite of regulated access charges that are set through the periodic review.
- 1.15 The potential change in Heathrow Express' contractual position has highlighted whether open access services on airport rail links could bear a mark-up. For the reasons explained above, we have not previously considered these services in detail for the purposes of levying a mark-up. However, rail services to major airports serve a specific journey purpose and passenger type. They are therefore likely to have some distinct characteristics to other types of passenger services, particularly in terms of the revenues earned (through the prices that passengers are willing to pay) and the requirements for service quality. As such, they may comprise a distinct market segment which can bear some form of mark-up.
- 1.16 To the extent that this is the case, we consider that there would be benefits from permitting Network Rail to levy an ICC on these services. Specifically:
- (a) It would lower Network Rail's overall reliance on public subsidy, by ensuring that these services contribute to the recovery of Network Rail's fixed costs. This is relevant to our duty to have regard to Secretary of State funds.

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<sup>6</sup> Other airport services are run by operators on concession-style agreements (which pay the FTAC).

<sup>7</sup> See 'Other costs and income' chapter of Wales and Western's CP7 Strategic Business Plan.



(b) Furthermore, for prospective open access services to airports, the forecast revenues from an ICC would make it easier for a prospective open access operator seeking to run airport services to pass the Not Primarily Abstractive test. In this way, an ICC can also support our duty to promote competition.

1.17 For these reasons, and reflecting the relevant legal requirements, we have considered in more detail the ability of airport-based open access services to bear a mark-up in CP7. Our review indicates that there is sufficient evidence that these types of service differ from other open access services, in terms of relevant characteristics, and that it may therefore be appropriate to define a distinct market segment capturing these types of service.

1.18 The rest of this document sets out: our specific proposal for the scope of an ICC for these services, i.e. a market segmentation of airport-based open access services (Chapter 2); and our proposal for the level of an ICC that Network Rail could levy on these services in CP7, based on our assessment of ability to bear (Chapter 3).

## 2. Market segmentation

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- 2.1 This chapter sets out our proposals for defining a market segment for airport-based open access services.

### Market segmentation criteria

- 2.2 The existing open access market segmentation is based on two criteria: station demand and straight-line distance between stations. These criteria were identified in PR18 because they are simple; objective; and are likely to capture services with broadly similar characteristics.
- 2.3 We have used these criteria as the starting point for considering a definition of an airport market segment (in addition to the criteria that a service must call at a station which directly serves an airport).

### Station demand

- 2.4 We consider that it would be appropriate to use a station demand threshold to define a market segment for airport services, rather than including any open access service which serves an airport. This is because we expect that ability to bear an ICC is likely to be most clearly located around those flows serving major airports where passenger numbers are highest. This approach would also mitigate the risk that, by levying an ICC on all airport links, we deter the development of smaller open access propositions to serve areas of currently more limited connectivity (e.g. a new link to a regional airport).
- 2.5 We consider the higher station demand threshold of 15 million entries / exits, as used to define interurban services, remains appropriate for defining one station within an airport market segment. We have then considered the most appropriate lower threshold (for the inclusion of airport stations) by looking at some simple candidate thresholds, based on a five-year average of station entries / exits from 2014-15 to 2018-19 (or years for which data is available), i.e. the last five full years prior to the pandemic<sup>8</sup>. This shows:

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<sup>8</sup> ORR's [station usage estimates](#). We note that our assessment of ability to bear – discussed in Chapter 3 – takes account of changes in the passenger market since 2018-19. However, for the purposes of defining the market segment, we have used these years as this approach is consistent with how the interurban market segment has previously been defined in PR18, and is likely to identify the most utilised airport stations over the medium term.

- (a) There is only one airport station which has recorded more than 10 million annual entries / exits on average (Gatwick) in recent years.
- (b) If we widened the threshold to capture stations directly serving airports with more than 5 million entries / exits per year on average, this would capture services to three additional airport stations: Stansted; Heathrow; and Birmingham International<sup>9</sup>. These airports are three of the largest airports in terms of passenger numbers. Furthermore, [§<]. This indicates that these services share characteristics which are relevant for the purposes of further segmenting the open access market.
- (c) There are some smaller airport stations that recorded between 1 million and 5 million average entries / exits in recent years, but this includes some stations with significantly fewer passenger numbers, and the evidence on net revenues generated by rail services to these airports is more varied.

2.6 On this basis, we consider that a lower station demand threshold of 5 million annual entries / exits would be the most appropriate threshold to define this segment. We consider that this would broadly identify those airport services which are most likely to be able to bear some form of mark-up.

2.7 We recognise that this threshold is lower than the equivalent threshold that is used to define interurban services (which is 10 million entries / exits). However, this reflects the different circumstances of these segments. For airport services, setting a threshold of 5 million entries / exits would only capture services to three additional airports, and so would not materially increase the risk associated with levying an ICC that some services cannot bear. In contrast, our previous analysis of interurban services indicates that lowering the station demand threshold for the interurban market segment to 5 million entries / exits would capture more services which do not generate high net revenues, and therefore may not be able to bear an ICC. This reflects that there are many more potential routes captured by an interurban market segment, compared to one which is purely focused on airports.

2.8 We note that the time period used to set this threshold would not materially affect the market segmentation exercise, other than for flows to Manchester airport (where annual station entries / exits exceeded 5 million in the last year of this period, but not on average between 2014-15 and 2018-19). On balance, [§<], we consider it is appropriate to take a conservative approach to defining this segment.

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<sup>9</sup> Data for Heathrow airport stations is only available for 2019-20, so we have used the number of entries / exits from this year.

As such, our proposed threshold would exclude prospective services to Manchester airport from this market segment, for CP7.

## Straight-line distance between stations

- 2.9 Unlike the interurban market, we do not consider a distance threshold is so relevant to defining this market segment. This is because one of the reasons we chose a minimum distance threshold for our interurban market segment was to exclude shorter distance passenger flows between major cities, and commuter flows where ticket prices are regulated and often subsidised. Given the impact on net revenues of competing with operators whose fares are regulated / subsidised, it would be harder for open access services to profitably enter these parts of the passenger market in the presence of a mark-up.
- 2.10 This consideration is less relevant to airport services, where fares are generally unregulated. This would mean there is greater scope for open access operators to run profitable services over these smaller distances; in other words, the addressable market for shorter airport services has different characteristics to other rail services of a similar distance (such as commuter services).

## Proposed market segment definition

- 2.11 Based on the considerations set out above, we propose establishing a market segment for open access services to major airports, capturing services for which:
- (a) at least one station served has average entries / exits above 15 million passengers per year, or is within two miles of a station meeting that criterion; and
  - (b) a station (or stations) that directly serve an airport have average entries / exits above 5 million passengers<sup>10</sup>.
- 2.12 This definition would capture open access services from major GB rail stations to four major airports: Gatwick; Stansted; Heathrow; and Birmingham International. Annex 1 sets out a full list of combinations of origin and destination stations that would be captured by this market segment.

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<sup>10</sup> Based on a five-year average of station entries / exits from 2014-15 to 2018-19, or years for which data is available.

2.13 Heathrow Express is the only existing open access operator that runs services that would be captured by this definition<sup>11</sup>. This is because rail services to the other airports are currently served by operators on concession-style agreements, which are in a separate market segment to open access services, and which pay the FTAC. However, any *prospective* open access operator that applied for access rights to run a service that meets the above criteria would be captured by this definition, and would therefore be liable for an ICC that is applicable to this market segment.

### Consultation question

**Question 1:** Do you have any views on our proposed definition for a market segment capturing open access services to major airports?

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<sup>11</sup> Though, for the purposes of levying an ICC, this would only be relevant if Heathrow Express moved onto a model access contract before the start of, or during, CP7.

## 3. Level of ICC

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- 3.1 This chapter sets out our proposal for the level of an ICC for open access services in the market segment as defined in Chapter 2.
- 3.2 As explained in Chapter 1, the level of mark-up charges must be set according to what can be borne by train services which are liable to pay them. This reflects the requirements of the 2016 Regulations. We have considered what level of ICC would be consistent with these requirements, based on the available evidence.

### Assessment of ability to bear

- 3.3 Our assessment of ability to bear for open access interurban services was based primarily on an analysis of net revenues, which we consider provides an indication of the mark-up that can be borne by these services, while continuing to profitably operate. We have taken the same approach to assessing ability to bear for an airport services market segment.
- 3.4 As explained in Chapter 2, this market segment would capture open access services from major rail stations in Great Britain to four major airports: Gatwick; Stansted; Heathrow; and Birmingham International. We have considered the available evidence on ability to bear for these services.
- 3.5 Steer's analysis of net revenues for passenger services includes a forecast of net revenues for services to three of these airports. These forecast net revenues are towards the higher end of the distribution of net revenues for interurban services (for which we have proposed to permit Network Rail to levy an ICC of £5 per train mile in CP7, in 2023-24 prices)<sup>12</sup>. This suggests that there is broad scope for an open access operator entering this market segment and providing services to these airports to bear an ICC set at or around £5 per train mile.
- 3.6 Heathrow Express was not included in Steer's PR23 assessment of net revenues. We have therefore considered the likely impact on Heathrow Express of an ICC which is set at or around this level, if Heathrow Express moves onto a model access contract with Network Rail (and therefore becomes liable for an ICC) before the start of, or during, CP7. We have had particular regard to this impact,

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<sup>12</sup> [X]

as Heathrow Express is the only existing open access operator that would be captured by our proposed market segment for airport services.

- 3.7 Heathrow Express's track access payments to Network Rail under its bespoke track access agreement have been significantly higher than the charges it would otherwise pay under a model track access contract. In recent years, Heathrow Express has been paying around £10 million per year to Network Rail for its use of a 12-mile stretch of the Great Western Main Line, between London Paddington and the Airport Junction<sup>13</sup>. Under a model access contract, we understand that its access charges payments to Network Rail would be considerably less than this [X].
- 3.8 These historic charging arrangements indicate that Heathrow Express could bear some form of mark-up, over and above variable charges, if this agreement was terminated and Heathrow Express moved onto a model contract.
- 3.9 However, as the ICC is set on a forward-looking basis for the duration of CP7, we have considered Heathrow Express's future ability to bear a mark-up over this period, in the same way that we have done when reviewing the existing ICC for interurban services. To do this, we have sought to forecast Heathrow Express's net revenues for the first year of CP7 following a similar approach used by Steer for its PR23 analysis. Specifically:
- (a) We have used data on Heathrow Express's fare revenues and operating costs from 2018-19 (i.e. a pre-pandemic baseline)<sup>14</sup>, to derive a baseline estimate of the net revenue generated by this service.
  - (b) We have then reflected the impact of the pandemic on net revenues, by applying an adjustment factor which is based on the latest industry work to forecast passenger demand recovery over the medium-term. This is consistent with Steer's approach to forecasting net revenues<sup>15</sup>.
  - (c) We have also adjusted the data to take account of likely changes to track access payments in CP7. This includes the removal of existing track access payments under its bespoke track access agreement, as well as a forecast of regulated charges payments, taking account of Network Rail's recalibration of

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<sup>13</sup> See page 27 of Heathrow Express Operating Company [Annual report and financial statements](#).

<sup>14</sup> Based on fare income and total expenditure (staff, fuel, rolling stock and other expenditure) as reported in ORR's [rail industry financials](#) (see Table 7233c).

<sup>15</sup> In particular, a separate demand adjustment factor for different journey types (commuter / business / leisure) is incorporated. Further details about how Steer applied its growth forecast can be found at paragraph 3.17 of its April 2022 [report](#).



variable and station charges (under which charges are set to increase in real terms in CP7)<sup>16</sup>.

- 3.10 Our analysis indicates that Heathrow Express's net revenues under a new model contract would exceed £5 per train mile (2023-24 prices). Our central case estimate of net revenue in year 1 of CP7 is significantly above this benchmark.
- 3.11 We have also considered other relevant factors that may affect this assessment. In particular:
- (a) The potential impact of the opening of Crossrail, which has introduced direct competition for train services operating between London Paddington and Heathrow Airport. We consider that our assessment is robust to this potential impact for a range of plausible scenarios.
  - (b) Additionally, a change in Heathrow Express's track access contract with Network Rail may, in addition to reducing its access charges payments (notwithstanding any ICC), result in some changes to its access rights, including relating to the performance regime as well as protections relating to timetabling and platform access. If these changes affect the profitability of the Heathrow Express service, this could affect its forward-looking ability to bear an ICC in CP7.

However, these access rights are under discussion and so there is significant uncertainty over the materiality of any such impact at this stage. We note that any new contract between Network Rail and Heathrow Express would be entered into through the ORR's standard application and approval process, and we would assess any application against our stated policies. Furthermore, under a model access contract, significant protections would be available for Heathrow Express. For example, Heathrow Express would continue to receive certainty through the Network Rail Network Code Timetabling Decision Criteria.

- 3.12 Overall, based on our assessment and all the considerations set out above, we consider that the ability to bear a mark-up for the airport market segment is at least as high as that for interurban services, and that both existing and prospective open access services captured by this segment could bear an ICC set on an equivalent basis, i.e. £5 per train mile.

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<sup>16</sup> The recalibration of these charges remains ongoing. See our PR23 draft determination [policy position document on access charges](#) for further details of this.



- 3.13 There is some evidence that a higher ICC could potentially be borne by these services, without excluding services from operating on these parts of the network. However, we consider it would be appropriate to set the ICC conservatively for CP7, given that it is the first time we would be introducing an ICC for these types of services; and this would affect an existing operator in the market, for which there is some uncertainty over future net revenues for the reasons set out in paragraph 3.11. Aligning the ICC rates across market segments would also serve to maintain simplicity in the overall charging framework for CP7.
- 3.14 Taking everything in the round, we consider that an ICC of £5 per train mile would be consistent with the 2016 Regulations underpinning mark-up charges, and would appropriately balance our duties. **We therefore propose to set an ICC for open access services in a market segment for airport services (as defined in Chapter 2) of £5 per train mile (in 2023-24 prices).**
- 3.15 As with other regulated charges, this ICC would be updated by CPI inflation annually during CP7.
- 3.16 We note that the ICC levied on any operator should not exceed its total traffic-avoidable fixed cost allocation, which represents the upper bound for any mark-up paid by operators. Based on initial outputs from Network Rail’s recalibration of fixed cost allocations from PR23, we are confident that an ICC of £5 per train mile would be below the avoidable fixed cost allocation (on an equivalent basis) for existing airport services. However, once Network Rail has completed its recalibration of its fixed cost model, we will review this aspect of the analysis.

## Phase-in arrangements

- 3.17 We propose that this charge would be subject to the same phase-in arrangements for new services entering airport markets that are currently in place for the ICC for new interurban services, as set out in Table 3.1 below. This reflects that new entrants generally require time to build up their business, and face greater risks in the early years of operation than those faced by existing operators.

**Table 3.1: Transitional arrangements for new services liable for an ICC in CP7**

Year of operation of new service	Year 1	Year 2	Year 3	Year 4	Year 5
% of ICC set for CP7	0%	0%	25%	50%	100%

3.18 Existing services (i.e. Heathrow Express) would be subject to the full ICC from the start of CP7.

## Implementation of ICC

3.19 As with the interurban ICC, we expect this ICC would only apply to the part of a service that falls within the airport market segment as defined above. This means that a service that does not start and finish at a relevant station, but stops at an airport station during the journey, would be liable for the ICC only on the part of the service that meets the market segmentation criteria for an airport service.

3.20 For Network Rail's billing purposes, we recognise that this may result in an ICC being pro-rated to take into account the proportion of the service within the airport market segment (rather than only being levied on a subset of train miles)<sup>17</sup>.

3.21 The ICC would also only apply to train miles operated on Network Rail's network.

### Consultation question

**Question 2:** Do you have any views on our proposed ICC that Network Rail would be permitted to levy on open access services to major airports (as defined in Chapter 2)?

**Question 3:** Do you have any views on the proposed phase-in arrangements for this ICC for new operators?

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<sup>17</sup> For example, if a service calls between two relevant stations for 50% of its journey, the ICC rate for that service for billing purposes would be 50% of the full ICC rate i.e. £2.50 per train mile.

## 4. Next steps

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- 4.1 We are seeking responses to this consultation by 31 August. This is the same deadline as for responses to our [PR23 draft determination](#), which we published in June 2023.
- 4.2 Responses should be submitted in electronic form to our PR23 inbox [pr23@orr.gov.uk](mailto:pr23@orr.gov.uk). We have made available a consultation response proforma which is available [here](#). We request stakeholders provide their response using the proforma.
- 4.3 We aim to conclude on this issue as part of our final determination by 31 October, alongside all our other decisions on Network Rail's CP7 charging framework.

## Annex 1: List of relevant stations

The tables below present the full list of station combinations that would qualify as an airport service and be captured by a market segment for these open access services.

**Table A1: Airport stations with average entries/exits greater than 5 million per year**

Station Name	Passenger entries and exits
Gatwick Airport	19,287,647
Stansted Airport	7,370,945
Heathrow Airport (Rail Stations)	7,203,662
Birmingham International	6,217,501

Source: Five-year average of station entries / exits from 2014-15 to 2018-19, based on ORR [station usage estimates](#). Full data for Heathrow airport stations is only available for 2019-20 so the figure for this airport is based on estimated entries / exits for 2019-20 only.

**Table A2: Stations with average entries/exits greater than 15 million per year**

Station Name	Passenger entries and exits
London Waterloo	97,260,033
London Victoria	78,409,837
London Liverpool Street	66,795,128
London Bridge	52,200,912
London Euston	43,916,316
Birmingham New Street	41,812,352
Stratford (London)	39,124,473
London Paddington	36,571,289
London Kings Cross	33,415,080
London St Pancras International	32,812,848
London Charing Cross	32,023,443
Glasgow Central	31,347,693
Leeds	30,290,796
Clapham Junction	29,678,734
Highbury & Islington	27,588,402
Manchester Piccadilly	27,213,850
East Croydon	23,607,851
Edinburgh	22,524,026
London Cannon Street	22,018,751
Canada Water	21,542,653
Vauxhall	21,230,919
Wimbledon	19,424,374
London Fenchurch Street	18,215,036
Brighton	16,962,100
Reading	16,855,626
Glasgow Queen Street	16,334,188
London Marylebone	16,283,525
Liverpool Central	15,603,440
Liverpool Lime Street	15,192,824

Source: Five-year average of station entries / exits from 2014-15 to 2018-19, based on ORR [station usage estimates](#).



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