



Bundesnetzagentur



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# Aims, models and powers of rail regulators

1st Florence Workshop on Rail Transport Regulation, Fiesole 15th Nov. 2010

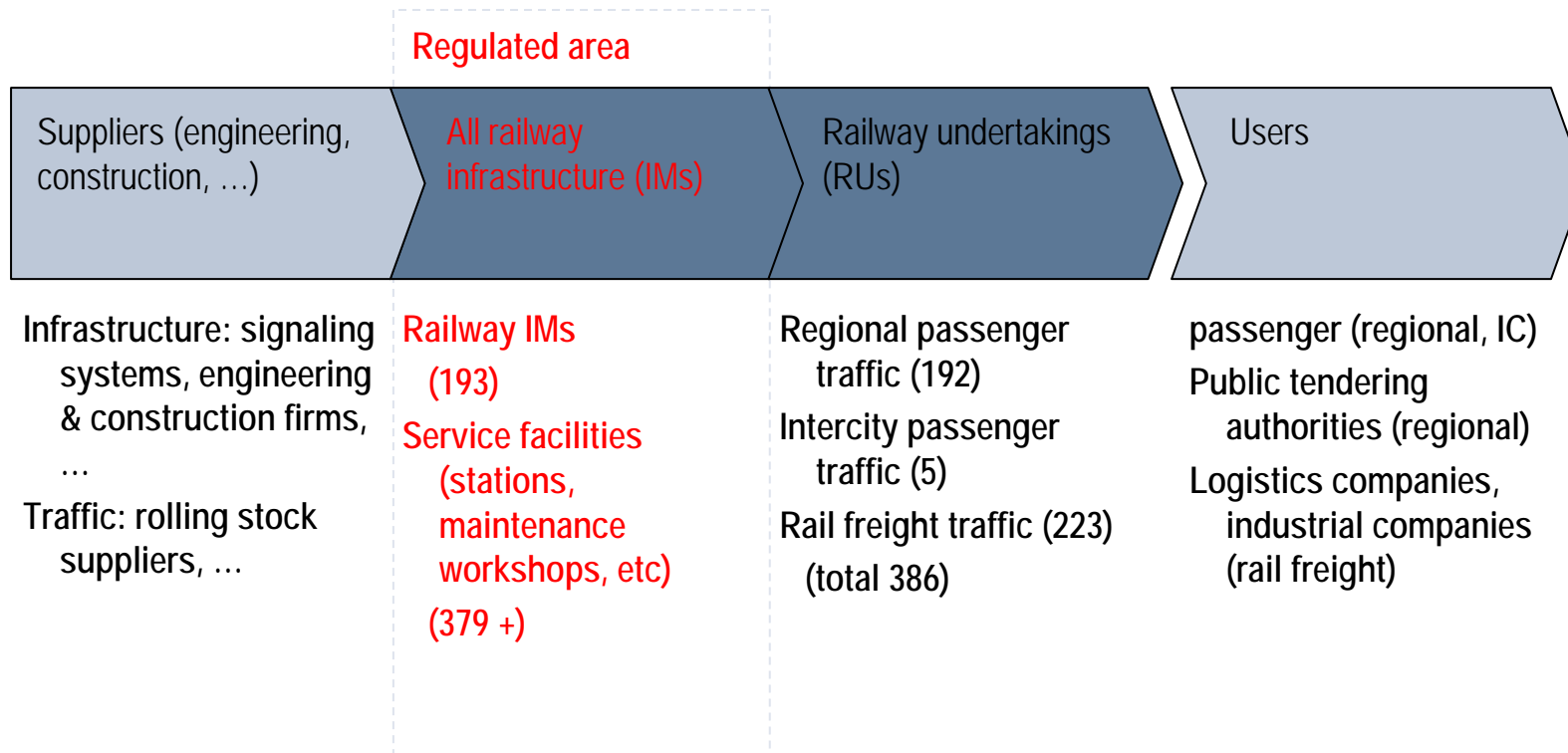
The views of the regulator

Prof. Dr. Karsten Otte, Dpt. of Rail Regulation, Bundesnetzagentur



## Symmetrically regulated area

Market: public RUs and regulated IMs

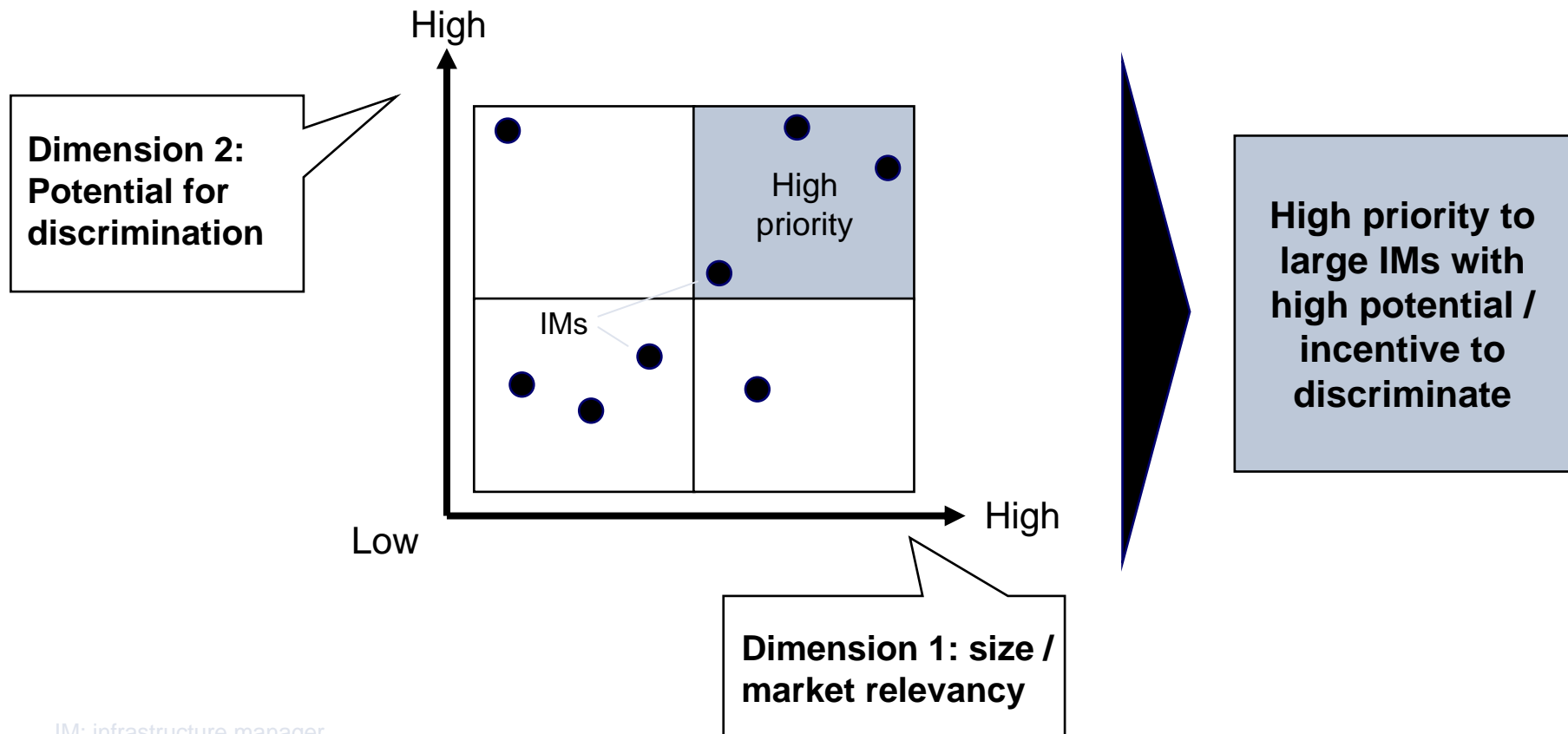


IM: infrastructure manager

RU: railway undertaking (train operating company)



## Prioritizing infrastructure managers according to size and potential for discrimination



IM: infrastructure manager



## Regulatory Powers

- ex ante - ex post
- ex officio - on complaint
- Access and charges
- Prevention of Discrimination and of Misuse

**Often unclear:** the depth of control

**Limited:** The scope of regulation (related market dominating fields)



## Key Issues

- Non-Discriminatory Access to Rail Infrastructure
- Non-Discriminatory Access to Service Facilities
- Fair and Non-Discriminatory Access Charges
- Access to information/market monitoring
- Limited Unbundling (Federal Railway Authority)
- International cooperation/harmonization



## Non-Discriminatory Access to Rail Infrastructure

- Network Statements under scrutiny (potential of discr.)
- Capacity Allocation (annual working timetable; ad hoc request; framework contract = option): priority rules
- Rail Freight Corridors



## Non-Discriminatory Access to Rail Infrastructure

- Framework Contracts: Facilitating new entrants the investment in rolling stock
- Constructions Sites: Information and Coordination
- Transparency of dispatching (at least virtual access to OCC)
- Closedown of infrastructure (economical justification and impact on access)



## Non-Discriminatory Access to Service Facilities

- General terms and conditions under scrutiny (potential of discr.)
- Access to maintenance facilities
- Access to shunting yards (problem: long-term leases)
- The last mile (open access vs. private interest)





## Fair and Non-Discriminatory Access Charges

- *incremental costs – fixed costs*
- *just attribution of costs vs. market bearance*
- *visibility of cost components*
- Track Price System
- Station Price System
- Cost Plus vs Efficient Charges (Incentive Regulation)
- Energy Prices ?



## International Harmonization

- Harmonization of Regulatory Standards Performing the Present Law
- Communication between Reg. Bodies
- Cooperation of Reg. Bodies
- Harmonization of Access Schemes in the Future



## Experiences

Regulator has to ensure symmetric regulation and does so.

Regulator considers himself to be impartial and without bias.

Independent control without complaint is lawful and necessary.

Construing the transposed European law remains necessary.

Judicial control and provisional remedy can slow regulation down.

Contractual agreements in special situations can effectively substitute administrative action.

Regulator appreciates regulatory independence.

Political programme: The Regulator is open to ensuring the Infrastructure Managers being efficient in costs and quality of infrastructure and related services.



## Contact:

Bundesnetzagentur – Abteilung Eisenbahnregulierung  
Federal Network Agency – Department Railway Regulation

Prof. Dr. Karsten Otte  
Head of Department

Tulpenfeld 4 in 53113 Bonn – Germany  
+49 (0) 228 / 14- 7100  
Kasten.Otte@bnetza.de  
[www.bundesnetzagentur.de](http://www.bundesnetzagentur.de)



# Backup



## RUs still see problem areas

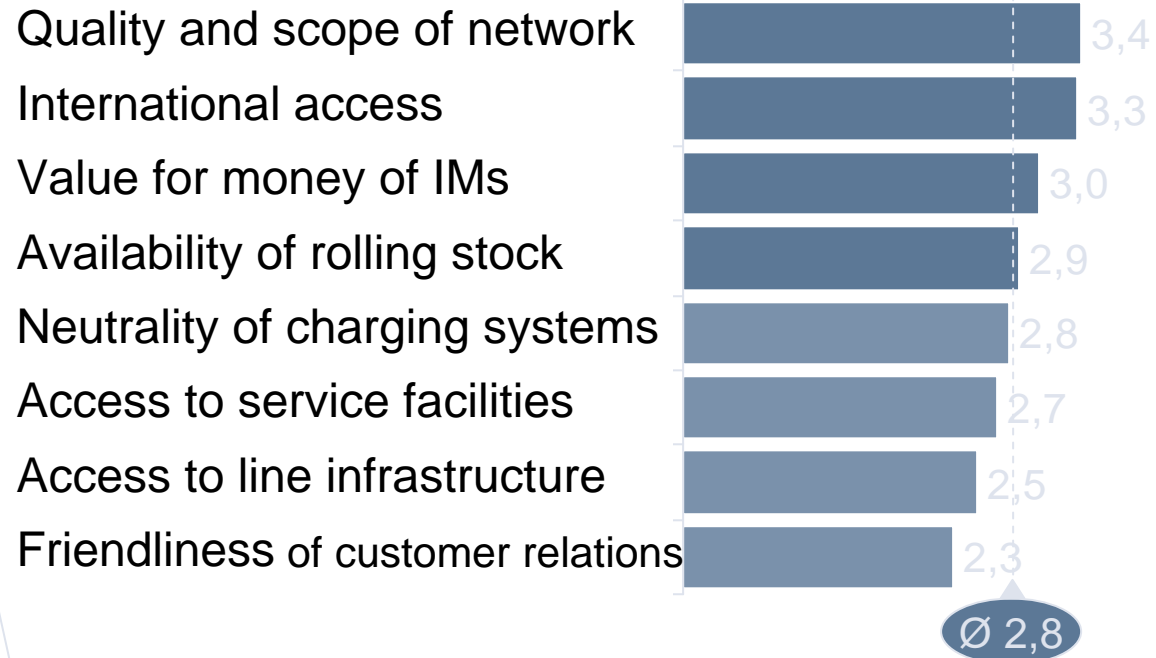
- Below average
- Above average

**„How do you evaluate the status quo in the following areas?“ \***

### Topics

### Evaluation by RUs

← better (1 = very good, 5 = very bad)



\* Results are averages from corresponding questions in those areas, taken from the BNetzA market survey of RUs



## Problem areas for RUs: 10 lowest ranked topics with regulatory relevance

**„How do you evaluate the status quo in the following areas?“**

### Evaluation concerning ...

### Evaluation by RUs (~ 3,1)

◀ better (1 = very good, 5 = very bad)

VFM station charges	3,3
VFM charges for sidings	3,3
Access to sidings	3,1
VFM freight yards charges	3,1
VFM shunting yards charges	3,1
VFM track access charges	3,0
VFM traction power	3,0
Access to shunting yards	3,0
Neutrality of station charges	3,0
Neutrality of shunting yards' charges	3,0

VFM: Value for money

\* FNA: Federal Network Agency (Bundesnetzagentur)

Source: Bundesnetzagentur

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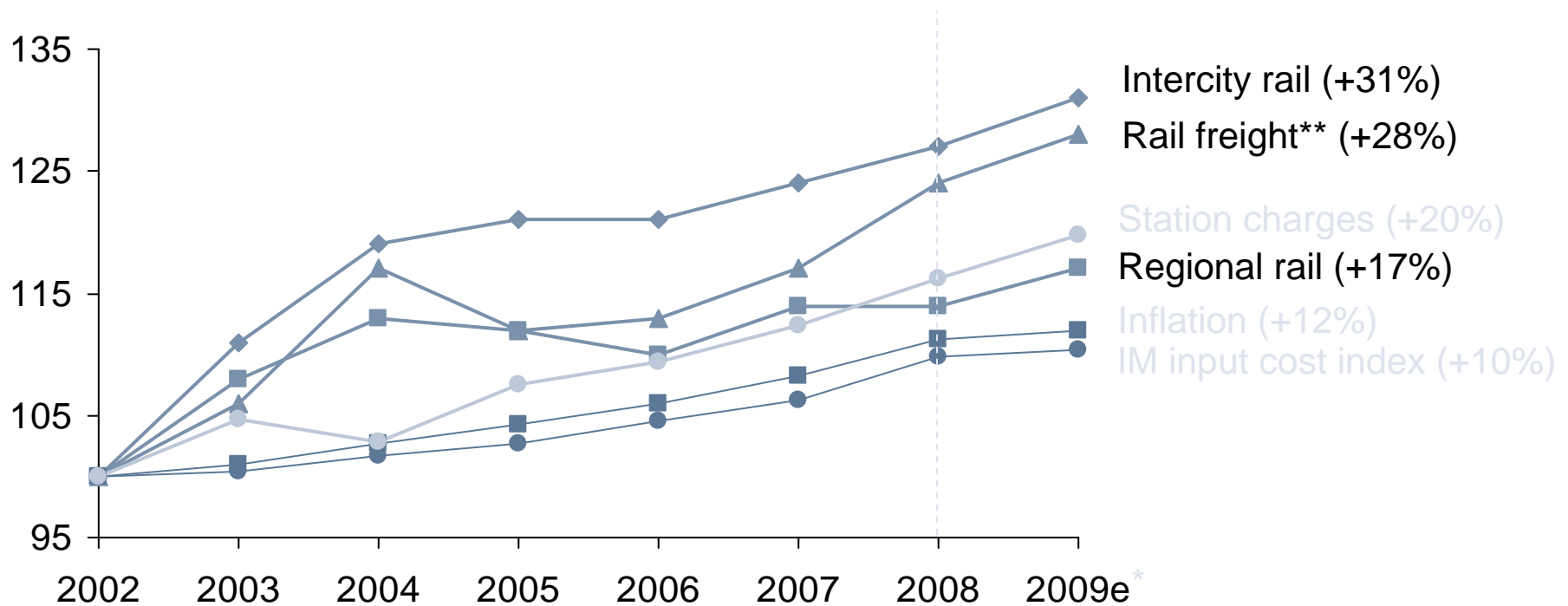
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## Access Charges: Development of track access charges per market segment versus inflation and input costs

Index, 2002 = 100

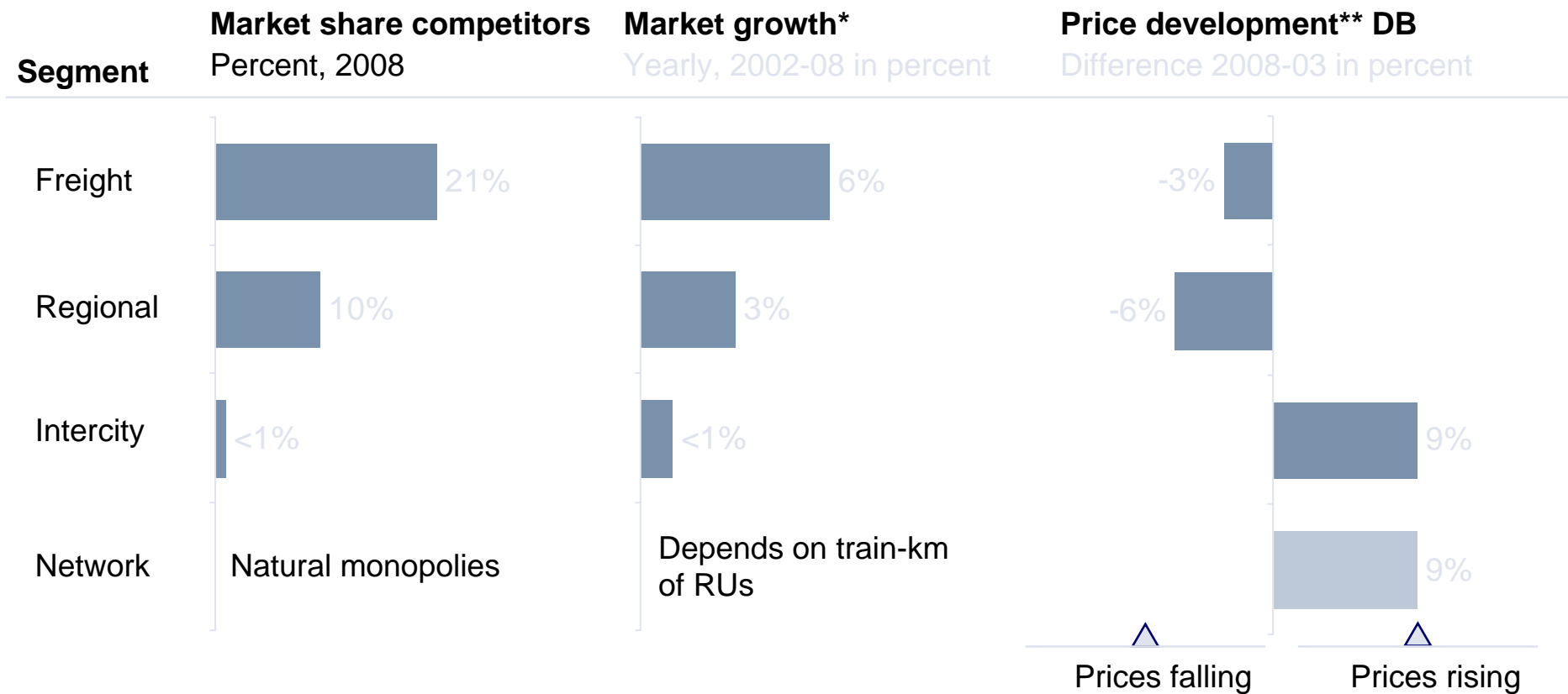


\* Forecasts





## Access Charges: Correlation of competition, growth and price development



\* Basis: tkm for rail freight, pkm passenger traffic

\*\* price level determined as revenue per tkm, revenue per pkm, revenue per train-km in the corresponding segments of DB