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25th Florence Rail Forum

Evaluating the Recast Directive What are the real barriers to entry?

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Bundesnetzagentur für Elektrizität, Gas, Telekommunikation, Post, Eisenbahnen and Digital (BNetzA)
Federal Network Agency for Electricity, Gas, Telecommunications, Post and Railway

Independent higher federal authority in the scope of business of the
- **Federal Ministry for Economic Affairs and Climate Action (BMWK)** and the
- **Federal Ministry for Digital and Transport (BMDV)**

Sector-specific authority tasked with **ensuring effective competition** in the network industries

- **Telecommunications and Posts** (since 1998)
- **Electricity and Gas** (since 2005)
- **Railways** (since 2006)
- Electricity and Gas **network planning** and electricity **grid expansion** (since 2013)
- **NEW! Digital Service Coordinator** (since 2024)



HQ in Bonn

BNetzA employs:

- over 330 staff in energy regulation,
- up to 220 staff for network planning & expansion
- Overall headcount for all sectors: ca. 3200 staff



Budget: ca. 300m euro (2023)

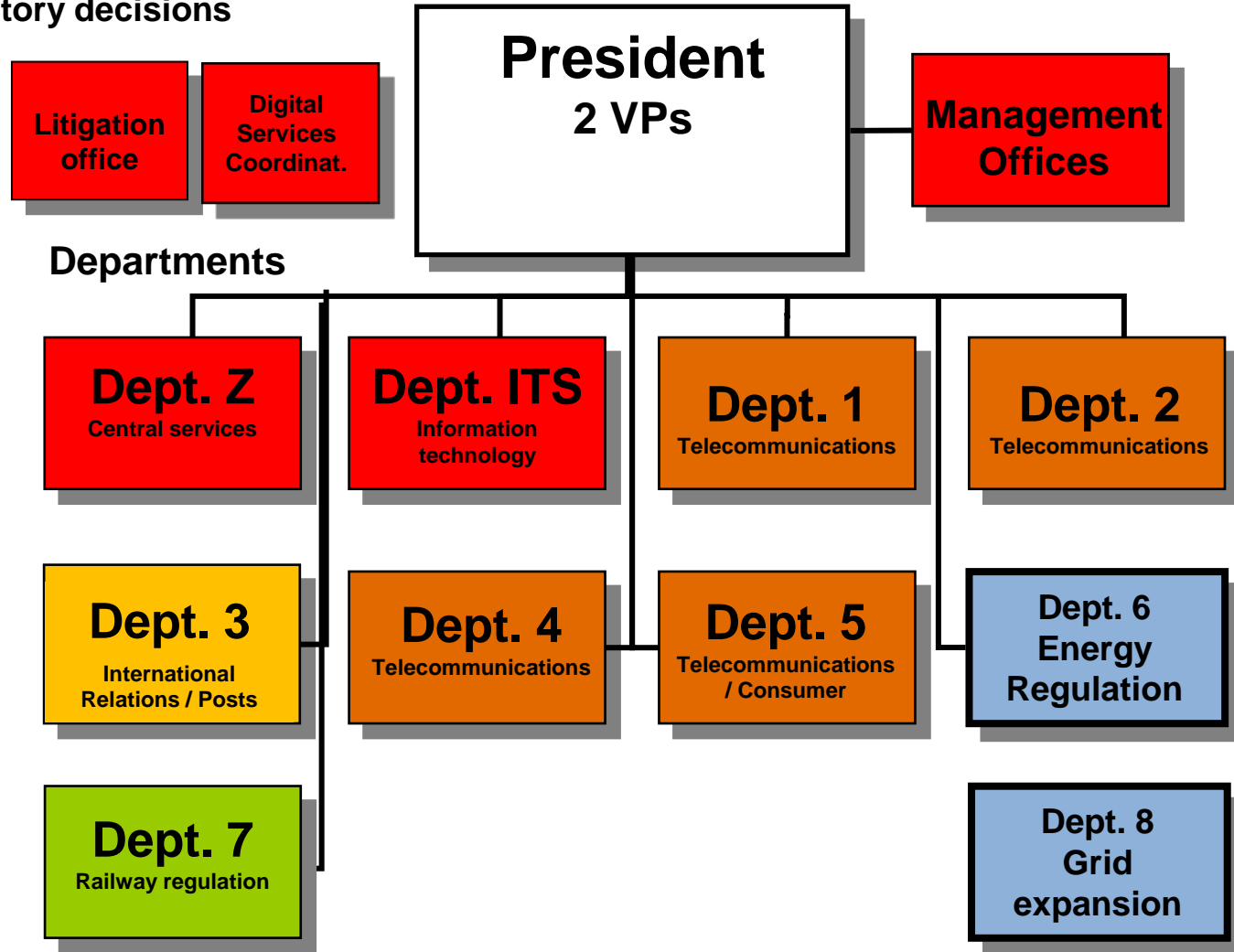
Main seat: Bonn + many other branches



Organisational structure - compact



BK - Ruling Chambers (Beschlusskammern),
competent bodies for regulatory decisions
and enforcement





- Mainly by German Railway Regulation Act of 29th August 2016; since then, legal provisions have been revised and amended several times

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ensures compliance with the legislation on access to the railway infrastructure

German Railway Regulation Act

Regulation (EU) 913/2010

Implementing Acts
Directive 2012/34/EU



- high initial cost of purchasing rolling stock
 - insecure financing structures for new entrants because of long tender processes



- technical and interoperability issues, (i.e. differing national technical specifications and operational requirements)
- inconsistent communication protocols, fragmented regulatory frameworks, non-uniform infrastructure characteristics (i.e. track gauges, platform heights)
- Railway Traffic Management System (ERTMS)
 - high potential advantages, but ERTMS deployment has not yet taken place due to lack of financial and human resources
 - delays in infrastructure modernisation
 - failure to coordinate network development and hampering cross-border interoperability by Member States



- strong network effects in the long-distance market hinder new entrants from offering comparable services in the non-PSO railway market
- network-wide wagonload freight traffic is established by DB Cargo only, making it difficult for new entrants to come up with a comprehensive offering
- high track access charges for specific services (e.g. long-distance high-speed)
 - especially for passenger rail services as there is currently no toll for passenger vehicles in Germany
 - intermodal competitive disadvantage for passenger rail services



- lack of available track capacity on main routes
 - lack of commercially viable train paths especially for newcomers in non-PSO passenger rail market
 - new entrants barely have a chance to receive commercially viable train paths on highly frequented routes due to a general lack capacity
 - lack of capacity in the big nodes (i.e. Berlin, Hamburg, Cologne)
 - passenger stations and feeder track sections congested
- lack of availabilities in service facilities
 - significant demand for storage facilities
 - operators of local passenger rail are challenging regarding availability of storage sidings and coordination of usage
 - freight traffic operators complain about the decreasing number of storage facilities due to interim or final closure
 - high share of long-term-bookings in some facilities



- high initial costs of purchasing rolling stock can be reduced by introducing pools of rolling stock
 - partly being done in the PSO market by regional competent authorities or their financing models
 - rail freight market: commercial leasing providers exist



- lack of availabilities in service facilities
 - better transparency on existing and available facilities
 - processes/rules for time between the early booking of capacity for a timetable period and traffic operation
 - freight: applicants should be able & obliged to adapt their bookings between booking for the timetable and use of capacity
 - SFOs should take more responsibility for managing their capacity with the aim of efficient capacity usage
 - A first step could be to record the actual use and derive measures for more efficient usage
 - rail freight market shows bottlenecks especially in combined transportation terminals and big harbors
 - RU do very long empty runs for storing the rolling stock due to missing storage sidings
 - only expansion of infrastructure helps



- High track access charges
 - effective measure to foster market entry: discounts and market segments dedicated to new entrants
 - reduction of financial burden: subsidies aiming directly at reducing the track access charges
 - reduction of market entry barriers: introduction of marginal cost pricing, i.e. setting track access charges at the level of direct costs
 - However, such a methodological change would require significant additional public funding
 - See also the IRG Rail Reports on direct costing: www.irg-rail.eu



Thank you for your attention!

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