

From: [Miles Stephen](#)
To: [Miles Stephen](#)
Subject: FW: WLO operating costs2
Date: 02 May 2019 14:04:10
Attachments: [image001.jpg](#)

From: Miles Stephen
Sent: 02 May 2019 14:00
To: Miles Stephen
Subject: FW: WLO operating costs

From: Smart Alan
Sent: 05 November 2018 16:20
To: [REDACTED]
Cc: Kumapley Seyram; Miles Stephen
Subject: RE: WLO operating costs
[REDACTED]

The ELL Core mileage should be excluded from the FTAC calculation as the ELL Core is not owned or managed by Network Rail, so its costs are not included in the FTAC charge levied by Network Rail on London Overground.

I would not suggest apportioning the FTAC charge as you suggest as it is levied based on train miles, not on the basis of what routes operators serve. It would be helpful to have a discussion with ORR regarding how the WLO proposal should be treated from a regulatory and access charge perspective to clarify these matters. It would also be worthwhile comparing the opex generated by the new assets provided to enable the services (the unavoidable costs associated with their operation) with the expected FTAC charge, as they are (in theory) covering the same liabilities.

I hope that is helpful.

Regards,

Alan Smart

Principal Transport Planner | Public Transport Service Planning

Phone: [REDACTED]

Pod 10G4, Floor 10, Palestra, 197 Blackfriars Road, London, SE1 8NJ

Email: [REDACTED]



From: [REDACTED]
Sent: 05 November 2018 07:42
To: Smart Alan
Cc: Kumapley Seyram; Miles Stephen
Subject: RE: WLO operating costs
Alan

A quick follow up in relation to the Fixed Track Access Charge (FTAC). At £6m per annum this seems quite high, so I wanted to confirm the best way to interpret this amount.

My understanding:

- FTAC covers the cost to NR of maintenance and renewal of the railway.
- The draft CP6 Price list indicates £20.4m of FTAC per annum for London Overground / ARL (2017/18 prices)

Your calculation assumes a cost per train mile calculated from the existing London Underground route, then multiplies by WLO train miles.

1. What is the reason for excluding mileage on the ELL core? Does this not contribute to FTAC?
2. The WLO route is circa 12 miles, but only about 4 miles is new railway not served by an

existing passenger service. On the basis that other operators serve the other 8 miles, could we reasonably assume that WLO should not bear the full cost of maintenance /renewals of this part of the line?

- a. Making this assumption would I think reduce incremental (industry wide) FTAC to £2m

Thanks

[REDACTED]

From: Smart Alan

Sent: 23 October 2018 09:44

To: [REDACTED]

Cc: Kumapley Seyram ; Miles Stephen

Subject: RE: WLO operating costs

[REDACTED],

I have added another option to the attached file to cover the core option you mention below.

Refer to the sheets Option 4 and new 8 tph option.

The annual opex for this option is c£26 million in 2018/19 prices. This covers train operation costs and does not include any allowances for station based opex. It also includes an adjustment to the Fixed Track Access Charger which covers the maintenance of any new infrastructure provided, so it is important that this is not double counted in the business case. The regulatory treatment of any such new service in relation to FTAC charges needs to be confirmed with the ORR.

Regards,

Alan Smart

Principal Transport Planner | Public Transport Service Planning

Phone: [REDACTED]

Pod 10G4, Floor 10, Palestra, 197 Blackfriars Road, London, SE1 8NJ

Email: [REDACTED]



From: [REDACTED]

Sent: 23 October 2018 08:29

To: Smart Alan; Kumapley Seyram

Cc: Miles Stephen

Subject: RE: WLO operating costs

Alan

My understanding is that our core option is 8tph (4tph West Hampstead – Hounslow, and 4tph Hendon – Key Bridge). Notionally operated by 4-car class 172s and with a new station at Lionel Road.

Your update can only be helpful to us, and I will engage with Seyram and Aitor over next steps.

One possibility is that we build on your work to make provision for the higher level of service and station operating costs – coming to you in due course for possible clarification if needed to help with this.

Thanks

[REDACTED]

From: Smart Alan <[REDACTED]>

Sent: 22 October 2018 16:01

To: Kumapley Seyram <[REDACTED]>

Cc: Miles Stephen <[REDACTED]>

[REDACTED]

Subject: WLO operating costs

Seyram,

I've found some time to do a quick update of the WLO operating costs using the latest CP6 Access Charge costs, due to a temporary lull in other activities. Refer to the attached file. The following two options were reviewed as previously:

- Option 1 - 4 tph service using 3-car diesel units, travelling between Hounslow and West Hampstead throughout the week. Refer to the sheets HO WH 3-car and Option 2.
- Option 2 - 4 tph service using 4-car diesel units, travelling between Hounslow and West Hampstead throughout the week. Refer to the sheets HO WH 4-car and Option 2.

Are these still the two main options that are under consideration?

Option 1 generates operating costs of c£12mk pa in 2018/19 prices, whilst option 2 generates operating costs of c£14m pa in 2018/19 prices. The costs only cover train service operations and make no allowance for any station based opex costs incurred by the project.

The fixed track access costs effectively cover the cost of maintaining the new infrastructure provided to enable the service to operate so it is important that these are not double counted elsewhere in the business case.

Generic assumptions have been made regarding the rolling stock used which require verification by the project team.

The other key timing assumptions used are shown in the sheet General Inputs and can be aligned with the project appraisal period.

I hope the above is helpful to the project. I am happy to answer questions but my ability to do further work on this is limited at the moment by other commitments.

Regards,

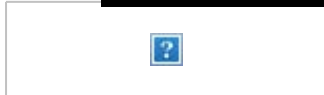
Alan Smart

Principal Transport Planner | Public Transport Service Planning

Phone:

Pod 10G4, Floor 10, Palestra, 197 Blackfriars Road, London, SE1 8NJ

Email:



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