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REGULATORY SCRUTINY BOARD OPINION

Measures to better manage and coordinate international rail traffic

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Brussels,
RSB

Opinion

Title: Impact assessment / Measures to better manage and coordinate international rail traffic

Overall opinion: POSITIVE

(A) Policy context

Rail is key to making EU transport more efficient and sustainable. The Trans-European Transport Network (TEN-T) aims to connect EU countries and facilitate cross-border transport of people and supplies. The EU policy on rail focuses on establishing a single European railway area, an EU-wide system of railway networks, which would allow the expansion of the rail sector based on competition, technical harmonisation and joint development of cross-border connections. Increasing the modal share of rail requires better access to rail infrastructure, especially for international freight.

This initiative aims to propose measures to manage better, coordinate, and increase the capacity of all rail transport and to optimise the exploitation of this capacity in order to increase passenger and freight rail traffic. It explores how to deploy digital tools enabling better capacity and traffic management. The analysis also looks into more effective mechanisms for coordination between stakeholders.

(B) Summary of findings

The Board notes the additional information provided and commitments to make changes to the report.

The Board gives a positive opinion. The Board also considers that the report should further improve with respect to the following aspects:

- (1) The report does not explain clearly enough the inputs considered in the modelling to estimate the expected impacts of policy options.**
- (2) The report does not well explain the choice of the preferred option.**

(C) What to improve

(1) The report should better explain the parameters used as model inputs to estimate the key specific impacts of the policy options. In particular, it should better explain how

This opinion concerns a draft impact assessment which may differ from the final version.

capacity restrictions (both in terms of general limitations in available capacity and more specific temporary restrictions due to maintenance and renewal infrastructure work) were taken into account in the modelling. It should be clearer on all parameters and assumptions used to estimate the increase in available rail network capacity and rail freight transport activity. It should also better explain the articulation between the TRUST and ASTRA models to estimate the net job creation and the GDP growth. The report should undertake a sensitivity analysis to better account for the uncertainty of the outputs, such as the estimated potential 4% increase in rail capacity thanks to the preferred policy option of the initiative.

(2) The report should provide further argumentation on the choice of the preferred option given that it does not have the best Benefit Cost Ratio. It should further explain the source of uncertainties and limitations of the cost benefit analysis to strengthen the justification of the preferred option. To complement the cost benefit analysis, the report should more explicitly compare the options in terms of effectiveness, in particular delivery on the specific objectives of the initiative. It should bring out more clearly how the options differ in terms of key benefits, including any available quantitative estimates.

(3) The report should more clearly outline the failures of the current Rail Freight Corridors system, and better explain how the 2021 evaluation findings fed into the report. The intervention logic should make a more direct link between the identified problems and corresponding objectives, clarifying how they address problems other than capacity restraints for freight transport. The report should further explain to what extent capacity increase is a key enabler to reach the rail transport objectives 2030 and 2050 set out in the Commission’s Sustainable and Smart Mobility Strategy.

(4) The report should be clear on what success would look like in terms of increase of freight and passenger transport, linking the achievements of this initiative with parallel, complementary, initiatives addressing other barriers to the growth of rail transport. It should explain how the achievement of success of this initiative would be monitored while adequately reflecting the progress of other relevant initiatives. It should establish a set of operational objectives linked to monitoring indicators.

(5) The views of different stakeholder groups should be more visible throughout the report.

The Board notes the estimated costs and benefits of the preferred option(s) in this initiative, as summarised in the attached quantification tables.

Some more technical comments have been sent directly to the author DG.

(D) Conclusion

The DG may proceed with the initiative.

If there are any changes in the choice or design of the preferred option in the final version of the report, the DG may need to further adjust the attached quantification tables to reflect this.

Full title	Measures to better manage and coordinate international rail traffic to increase the modal share of rail
Reference number	PLAN/2021/10644
Submitted to RSB on	2 February 2023
Date of RSB meeting	1 March 2023

ANNEX – Quantification tables extracted from the draft impact assessment report

The following tables contain information on the costs and benefits of the initiative on which the Board has given its opinion, as presented above.

If the draft report has been revised in line with the Board’s recommendations, the content of these tables may be different from those in the final version of the impact assessment report, as published by the Commission.

I. Overview of Benefits (total for all provisions) – Preferred Option (Policy option 3)		
Description	Amount	Comments
Direct benefits		
Benefits for railways undertakings from an increase of available capacity, expressed as present value over 2025-2050 relative to the baseline	EUR 2 575.7 million	Benefits to RUs due to the increase in the available capacity estimated at EUR 2 575.7 million, expressed as present value over 2025-2050 relative to the baseline. This is due mostly to a more strategic management of capacity, allowing to optimise the provision of capacity in line with market needs over a longer time horizon and safeguarding capacity to be allocated later in the calendar year.
Benefits for railways undertakings from improvements in punctuality, expressed as present value over 2025-2050 relative to the baseline	EUR 658 million	Benefits to RUs due to improvements in the performance of rail transport services, notably punctuality, estimated at EUR 658 million, expressed as present value over 2025-2050 relative to the baseline.
Adjustment costs savings for railway undertakings, expressed as present value over 2025-2050 relative to the baseline	EUR 482.8 million	Adjustment costs savings for railway undertakings due to the improved capacity management and allocation process, notably from greater stability of allocated paths and the support function for cross-border coordination of capacity management at EU level. Expressed as present value over 2025-2050 relative to the baseline, the adjustment costs savings for railway undertakings are estimated at EUR 482.8 million.
Administrative costs savings for infrastructure managers, expressed as present value over 2025-2050 relative to the baseline	EUR 8.2 million	Administrative costs savings for infrastructure managers, due to the introduction of a harmonised legal framework for railway capacity and traffic management and the abolition of the rail freight corridors, estimated at EUR 0.4 million annually relative to the baseline (i.e. EUR 17 836 per year on average per infrastructure manager). Expressed as present value over 2025-2050 relative to the baseline the administrative costs savings are estimated at EUR 8.2 million.
Adjustment costs savings for infrastructure managers, expressed as present value over 2025-2050 relative to the baseline	EUR 485.3 million	Adjustment costs savings for infrastructure managers due to the introduction of a harmonised legal framework for railway capacity and traffic management and the abolition of the rail freight corridors, and from the reduction in the train path requests

I. Overview of Benefits (total for all provisions) – Preferred Option (Policy option 3)		
Description	Amount	Comments
		resulting from the new approach for capacity and traffic management. The costs savings are estimated at EUR 485.3 million expressed as present value over 2025-2050 relative to the baseline.
Administrative costs savings for national public authorities, expressed as present value over 2025-2050 relative to the baseline	EUR 2.6 million	Administrative costs savings for national public authorities due to the introduction of a harmonised legal framework for railway capacity and traffic management and the abolition of the rail freight corridors, leading to the abolishment of the biennial reports of the executive boards of the rail freight corridors. Expressed as present value over 2025-2050, the total administrative costs savings are estimated at EUR 2.6 million relative to the baseline.
Adjustment costs savings for national public authorities, expressed as present value over 2025-2050 relative to the baseline	EUR 6.8 million	Adjustment costs savings for national public authorities due to the introduction of a harmonised legal framework for railway capacity and traffic management and the abolition of the rail freight corridors, leading to the termination of the participation in the executive boards, which includes direct labour costs but also overheads (i.e. travel costs) for the Member States participating in the corridors. Expressed as present value over 2025-2050, the adjustment costs savings for national public authorities are estimated at EUR 6.8 million.
Adjustment cost savings in terms of use of EU funds, expressed as present value over 2025-2050 relative to the baseline	EUR 116.7 million	Adjustment cost savings due to a reduction in the use of EU funds, driven by the introduction of a harmonised legal framework for railway capacity and traffic management and the abolition of the rail freight corridors. Part of the costs related to the governance and operation of the rail freight corridors, overheads (including for IT) and cost of external services (transport market studies, some external services provided by RNE, etc.) are eligible for EU funding. Expressed as present value over 2025-2050, the adjustment costs savings are estimated at EUR 116.7 million.
Improvement in the functioning of the internal market		Positive impact on the functioning of the internal market. Improving the planning and operations of rail infrastructure allows railway undertakings to deliver better rail transport services for the benefit of freight customers and passengers throughout the Union.
Indirect benefits		
Reduction in external costs of CO2 emissions, expressed as present value over 2025-2050, relative to the baseline	EUR 3 309.3 million	Indirect benefit to society at large, due to the tonnes of CO2 emissions saved, enabled by better rail transport services for the benefit of freight customers and passengers and a decrease in the road and air transport

I. Overview of Benefits (total for all provisions) – Preferred Option (Policy option 3)		
Description	Amount	Comments
		activity relative to the baseline. The reduction in the external costs of CO2 emissions is estimated at EUR 3 309.3 million, expressed as present value over the 2025-2050 horizon relative to the baseline.
Reduction in external costs of air pollutant emissions, expressed as present value over 2025-2050, relative to the baseline	EUR 681 million	Indirect benefit to society at large, due to the tonnes of air pollutant emissions saved, enabled by better rail transport services for the benefit of freight customers and passengers and a decrease in the road and air transport activity relative to the baseline. The reduction in the external costs of air pollutant emissions is estimated at EUR 681 million, expressed as present value over the 2025-2050 horizon relative to the baseline.
Reduction in external costs of road accidents (fatalities and serious injuries), expressed as present value over 2025-2050, relative to the baseline	EUR 2 801.6 million	Indirect benefit to society at large, due to the lives saved and injuries avoided, enabled by better rail transport services for the benefit of freight customers and passengers and a decrease in road transport activity relative to the baseline. The reduction in the external costs of road accidents is estimated at EUR 2,801.6 million, expressed as present value over the 2025-2050 horizon relative to the baseline.
Reduction in external costs of congestion, expressed as present value over 2025-2050, relative to the baseline	EUR 2 374.8 million	Indirect benefit to society at large, enabled by better rail transport services for the benefit of freight customers and passengers and a decrease in road transport activity relative to the baseline. The reduction in the external costs of congestion is estimated at EUR 2,374.8 million, expressed as present value over the 2025-2050 horizon relative to the baseline.
Positive impact on GDP relative to the baseline	GDP increase of 0.1% in 2030 and 0.2% in 2050 relative to the baseline. This translates into EUR 7 billion increase in GDP relative to the Baseline in 2030 and EUR 30 billion increase in 2050.	Indirect benefit to society at large. Better rail transport services are expected to have knock-on effects throughout the entire economy, leveraging the initial impact on the transport sector. This is also expected to lead to positive impacts on GDP, which is estimated to increase by around 0.1% in 2030 and 0.2% in 2050 relative to the baseline (corresponding to EUR 7 billion increase in 2030 and EUR 30 billion increase in 2050).
Positive impacts on employment relative to the baseline (additional persons employed over 2025-2050)	1.06 million additional persons employed over 2025-2050 (42,320 additional persons employed per year on average)	Indirect benefit to society at large. The increase in capacity and thus in the rail traffic would lead to higher gross value added for the sector relative to the baseline, and to an increase in employment. Economy-wide, the number of additional persons employed would increase by 1.06 million over 2025-2050 (42 320 additional persons employed per year on average) relative to the baseline.

I. Overview of Benefits (total for all provisions) – Preferred Option (Policy option 3)		
Description	Amount	Comments
Administrative cost savings related to the ‘one in, one out’ approach		
Administrative costs savings for infrastructure managers (annual average)	EUR 0.4 million per year on average	Administrative costs savings for infrastructure managers, due to the introduction of a harmonised legal framework for railway capacity and traffic management and the abolition of the rail freight corridors, estimated at EUR 0.4 million annually relative to the baseline (i.e. EUR 17 836 per year on average per infrastructure manager). Expressed as present value over 2025-2050 relative to the baseline the administrative costs savings are estimated at EUR 8.2 million.

II. Overview of costs – Preferred option (Policy option 3)						
	Citizens/Consumers		Businesses		Administrations	
	One-off	Recurrent	One-off	Recurrent	One-off	Recurrent
Direct adjustment costs, expressed as present value over 2025-2050, relative to the baseline	-	-	For railways undertakings: EUR 305.2 million For infrastructure managers: EUR 681.4 million For operators of terminals and multimodal transport services: EUR 0.5 million	For railways undertakings: EUR 129.9 million For infrastructure managers: EUR 915.2 million For operators of terminals and multimodal transport services: EUR 16.5 million		For public authorities: EUR 5.9 million For the European Commission: EUR 1.8 million
Direct administrative costs	-	-	-	-	-	-
Direct regulatory fees and charges	-	-	-	-	-	-
Direct enforcement costs, expressed as present value over 2025-2050, relative to the baseline	-	-	-	For infrastructure managers: EUR 12.5 million	For public authorities: EUR 4.2 million	For public authorities: EUR 20.9 million
Indirect costs	-	-	-	-	-	-
Costs related to the ‘one in, one out’ approach						
Total	Direct adjustment costs, expressed as present value over 2025-2050, relative to the baseline			For railways undertakings: EUR 305.2 million For infrastructure managers:	For railways undertakings: EUR 129.9 million For infrastructure	

II. Overview of costs – Preferred option (<i>Policy option 3</i>)							
		Citizens/Consumers		Businesses		Administrations	
		One-off	Recurrent	One-off	Recurrent	One-off	Recurrent
				EUR 681.4 million	managers: EUR 915.2 million		
				For operators of terminals and multimodal transport services: EUR 0.5 million	For operators of terminals and multimodal transport services: EUR 16.5 million		
	Indirect adjustment costs	-	-	-	-		
	Administrative costs (for offsetting)	-	-	-	-		