PRIME 24th Plenary Meeting

28 November 2024, Vienna and hybrid

Co-Chairs

[AQ] Alain Quinet, *Deputy Chief Executive Officer and Managing Director of Strategy and Corporate Affairs, SNCF Réseau*

[KS] Kristian Schmidt, *Director Land Transport, DG Move*

Ongoing Commission Initiatives (Kristian Schmidt)

- The new Commissioner has been approved, with a new mandate for Sustainable Transport and Tourism.
- The achievements of the previous mandate, which included the adoption of TEN-T Regulation, progress on TSIs, the extension of Emissions Trading System to road, rail stayed as a top beneficiary from the CEF.
- Presented the main topics for the upcoming mandate: rail ticketing proposal, TEN-T implementation, digitalisation (including ERTMS deployment), military mobility. A stronger focus on industrialisation and decarbonisation, with a focus on the investment needed to strengthen the transport sector's competitiveness, highlighted by the Draghi Report.
- Updated the plenary with the ongoing trilogues on the rail capacity proposal.
- Funding remains a key topic, with many COM initiatives reaching the end of CEF funds. The cost of rail remains high, mainly due to inflation.
- Pre-screening meetings have started with UA, which is keen and well-prepared.

Strategic discussion on military mobility

Presentation from Eddy Liégeois, *acting Director Investment, Innovative & Sustainable Transport, DG Move*

After the presentation Infrastructure Mangers had a discussion on military mobility.

Discussion on capacity management

- Discussions on capacity management started in PRIME two years ago. The COM proposal was adopted last year. Collaboration with the sector and viewed as a joint exercise between the COM and IMs.
- The kick-off trilogue started two weeks ago, and the PL Presidency said that this a top priority. Both Council and EP have agreed to make this file a Regulation, rather than a Directive, which is already a huge step forward; and both have agreed to the multi-annual frameworks.
- The main topic is shift from national to EU level, as MS are very attached to strategic guidance.
- The sector is preparing to transition into ENIM and for the role of network coordinator by RNE.

Update on negotiations on the draft Regulation on better use of rail infrastructure capacity from Sandro Santamato, *Head of Unit, Single European Rail Area*

- Both institutions are eager to go quickly on this file, but lot of amendments to go through, on some, positions of both institutions are distant. The hope is to conclude the process by the end of the PL Presidency.
- There are broadly 4 categories of issues:
  1. *Responsibility of actors involved and competencies*: most critical point, which could hinder the entire process. Council insists on the ability of MS to issue binding instructions to the IMs, which would override most of the elements in the proposal. The EP wants to maintain a distinction of roles between the MS and IM, and avoid a situation where ministries are micro-managing capacity.
  2. *Funding and performance*: EP wants more commitment on stable funding for IMs, which would allow for better planning of works. Both institutions disagree on the definition of penalties, and how these could be used.
  3. *Governance and various bodies in the system*: still doubts on ERA's exact role in the process. Council and EP want to create a platform for RUs, but COM fears strong voice to incumbents.
  4. *Deadlines*: Council wants to postpone entry into force, EP wants to advance it. Remaining issue on the transition from rail freight corridors, which must be adapted to the new definition in TEN-T, and whose governance will be transferred to ENIM.

Presentation of the work of the PRIME task force capacity management to prepare PRIME/ENIM for tasks under the future Regulation from Alfred Pitnik *ÖBB Infra* and [LT] Linda Thulin *Trafikverket*

- The taskforce's mandate includes to identify the responsibilities of ENIM, its decision-making process, the responsibilities and tasks attributed by ENIM to the network coordinator; and to revise the rules of procedure.
- The taskforce has held bi-weekly meetings since January 2024, with 22 PRIME members participating. The taskforce is organised in the following sub-groups:
  - Tasks and decision process
  - Scenarios
  - Internal Relations
  - External Relations
- Future structure of ENIM relies on a solid base of experts, and to keep governance as lean as possible. It is recommended to have one ENIM plenary for all matters of SERA and rail capacity, including RNE (as network coordinator) in the structure. RNE would provide the secretariat to prepare ENIM's meeting, documents, decisions, and opinions. Finally, RNE would prepare the require work and propose it for decision to ENIM.
- ENIM will transition into being the strategic body under the Capacity Regulation, but also keep assuming the tasks provided to it by the SERA Directive.
- Membership and voting rights: membership will be for all IMs for core and extended core TEN-T network in EU MS and non-EU countries if provided for in an international agreement with the EU. One country would equal one vote, and a two-third majority would be necessary for the adoption of decisions.
- Financing: IMs would provide the necessary resources for development, implementation and monitoring on national and European level to fulfil their tasks under the future Regulation. The Network Coordinator should be financed through a budget and make a report on the use of its funds.

- The taskforce's workplan for 2025 includes: detailing the rules of procedure, collaborating with European coordinators under the TEN-T regulation, elaborating future focal points, developing a roadmap for the establishment of ENIM.

Presentation on the advancement of activities of RNE to prepare network coordinator tasks under the future Regulation [EH] Elisabeth Hochhold, *RailNetEurope*

- Question to IMs: what are the expectations of RNE as future Network Coordinator? ENIM should communicate its expectations for RNE so that it can prepare adequately.
- RNE is an association under Austrian law, this structure is adequate for its role as Network Coordinator. But its organisational setup should be reconsidered to best accomplish its tasks.
- ENIM is bound by the proposed Regulation regarding who can be a member, but this is not the case for RNE, who has members from outside of the EU and would like to continue collaborating with them in the future. Members of ENIM who are not yet RNE members are urged to become members.
- RNE has action plan for new tasks that need to be developed (e.g. socio-economic and environmental criteria).

Discussion

- Sector is quite impatient and asked what could be done to speed up the process. PRIME should prepare, so that once the Regulation is adopted, the sector will immediately be able to react.
- Things that can be done by IMs to help:
  1. Adopt the common statement on the Regulation, which will be of useful to show that the sector is in support of its adoption.
  2. IMs should talk to their ministries, as the main obstacle in the negotiation process is the Council's position and convince them to be more flexible.
  3. COM might need experts to convince the other institutions, and IMs could send experts to explain how these processes would work in practice.
- RUs might not understand the Regulation's consequences, and that IMs could reassure them that it is creating more capacity, rather than making the process more complex.
- Funding is still an issue. Making ENIM the decision-making process means that it needs resources to do so. Additionally, IMs want ENIM to take decisions, not just approve them.
- IMs need stability in financing and harmonisation in the EU from the authorities' side.
- Swiss and Norwegian IMs should be part of ENIM.
- The Land Transport Agreement between the EU and Switzerland should be in place from next week.

Decisions adopted by the plenary

Following from the previous discussions, [AQ] submitted to the plenary two decisions to be taken:

1. Endorsing the recommendations from the task force.
2. Endorsing the statement from IMs and allocation bodies in PRIME in support of the proposed capacity regulation.

The members of PRIME adopted both decisions.

Strategic discussion on the economic performance of IM – lessons from PRIME benchmarking

- The cost of rail is more and more prevalent, leading to a key question: how to create more choice for rail while making it more affordable? With that in mind, the participants of the KPI subgroup met in Paris in October to discuss their report, which has received positive feedback.
- Main points covered in the report: cost, punctuality, improvements of how different KPI metrics interact with each other, assets backlog.
- Main findings from the report:
  o Passenger trains have mostly recovered
  o High speed rail has suffered
  o Freight is suffering
  o There is ambition to grow the sector as rail is environmentally friendly.
- On average, OPEX has decreased in real terms by 6% since 2019, while CAPEX has increased. TACs have decreased by 21% in real terms, this is an issue as they represent a large source of funding for IMs.
- KPIs are important as they allow IMs to showcase the real value of rail, and justify why they need funding from the government. KPIs also allow to measure the societal benefits of rail, and to inform a cost-benefit analysis.

Discussion

- What is challenging performance? What is driving costs? Performance depends on who is looking at it, the French government looks at cost performance. There are three elements to cost:
  o Huge difference between OPEX and CAPEX. IMs are performant in terms of OPEX, but the diagnosis is less clear for CAPEX. This is easy to establish for "simple" projects (e.g. Paris-Lyon TGV line), but less so for more complex ones with a more difficult topology.
  o IMs outsource a major part of work, so the performance which appears in accounts is actually also the performance of suppliers.
  o IMs are a fixed-cost industry, so to reduce costs economies of scale are needed. The main challenge here is to increase traffic.
- OPEX is for today, CAPEX is an investment in tomorrow. At the same time, increases in investment also need to come with funding for daily business and works. IMs should look at potential innovations to be more efficient, as they are in charge of spending public means, they should strive for efficiency. CAPEX is viewed well by politicians, but OPEX is not, and maintenance expenditure is not very easy to sell politically. Building a case for this would be a good use for KPIs.
- Main cost drivers, which KPIs need to be sophisticated enough to isolate:
  o Inflation
  o Cost of works
  o Introduction of new technology (such as ERTMS)
  o Adaptation to climate change and impact of natural disasters
- Some MS use school grades to evaluate the state of different elements of the network, which allows to prioritise works and allocate funding. This also allows to provide clear figures to government and be used to calculate the funding needs for the following year.
- [AQ] thanked the participants of the subgroup, and mentioned that he has used its report to explain the performance of SNCF Réseau. Highlighted that while the activities of the IMs are high in cost, they also produce a lot of benefits (time, Co2 emissions etc).

Deep dive study on capacity performance management

<u>Presentation of the study from [UB] Ulla Braubach, *Ramboll Management Consulting*</u>

- This study aims to lay the groundwork for the new tasks that ENIM is facing with the proposed Capacity Regulation. The objective is to establish a foundation for both the European framework for performance review, and the European performance review report (which is expected for July 2027).
- The main content work will be done in specialised working groups and reviewed in four joint workshops.
- The study will start with a gap analysis and then have six dedicated working groups corresponding to six capacity performance areas, found in Annex 7 of the proposed Regulation. So far, 15 IMs are participating in the working groups, along with RNE, the EU, ERA and rail freight corridors.

<u>Discussion</u>

- Framework has already been discussed in other modes. In the Single European Sky, the Performance Review Body was a very sensitive issue and the powers given to it were very symbolic. Rail has the opportunity to move faster than other transport modes, to produce KPIs and data that would feed into the performance review framework. However, Council is pushing back on this.
- Council does not support the idea of a performance review body. Related to performance, the question of penalties that IMs would have to pay in cases of non-respect of commitments is also key. There is an interest in showing that performance can be monitored in an accurate way, and incentivise IMs to become more efficient.

PRIME deliveries – Subgroup activities – Work Plan 2025

<u>KPI and Benchmarking Subgroup Work Programme: [RGvK] and [JC]</u>

- The subgroup is currently working on the annual public KPI report, which should be published by April 2025.
- The subgroup wants to develop two different topics with extra KPIs: Environment, and Network Conditions.

<u>Charging: María Álvarez Cuadrado, *ADIF* and Antoine Lowagie, *DG MOVE*</u>

- The COM guidelines on TACs are based on the 2021 Action Plan for boosting long-distance and cross-border passenger rail and are expected for the start of 2025.
- The subgroup will discuss the implementation of the guidelines and exchange best practices regarding market segmentation and the assessment of the "ability-to-bear", among others.
- The subgroup is continuing its discussion on the aspects of charging that contribute to optimisation of infrastructure capacity, all while coordinating with the ongoing work in the SERAF sub-group on commercial conditions.

<u>Digital subgroup Harald Reisinger *RNE* and Keir Fitch, *Head of Unit DG MOVE Rail Safety and Interoperability*</u>

- The subgroup has set out the strategy of IMs to be adopted in PRIME, which includes three main pillars.
    1. Digital Infrastructure Information (IT Strategy)
    2. Digital Capacity Management
    3. Digital Train Information
- The policy objective is to create a European mobility data space for rail, based on a common ontology of the Union's rail system.
- The major focus in 2024 regarded the telematics TSI, with the objective of better reflecting the needs of stakeholders. This has allowed for a debate with IMs on what is truly necessary and how to best achieve it.
- PRIME and ERJU collaboration is key to develop future tools that are useful and applicable for all IMs across the EU. The main objective is for IT systems to integrate as seamlessly as possible.
- On capacity: traffic management and capacity management are very different, but the nature of the proposed capacity regulation includes traffic management, and places responsibility on national IMs. However, a centralised IT system replacing national systems is out of scope, and there is no willingness at centralised EU level to control European trains, which should remain at national level.

Other business

- Next plenaries will be 26th June (Brussels) and 28th November. Thanked ÖBB for hosting the plenary.