

[National Assembly for Wales](#)

[Enterprise and Business Committee](#)

[Inquiry into EU funding opportunities 2014–2020](#)

Evidence from Network Rail – EUO 19

## **Enterprise & Business Committee**

### **Network Rail submission on EU funding opportunities (2014-2020)**

Network Rail welcomes the opportunity to contribute to the Enterprise and Business Committee's inquiry into the EU funding opportunities that will be available to organisations in Wales for the next seven years (2014-2020).

In addressing the inquiry's terms of reference, this response focuses on the EU's new Innovation and Networks Executive Agency (INEA) and the Connecting Europe Facility (CEF) fund that it will be administering over the 2014-2020 EU financial perspective and the TEN-T Network on which it will be primarily focused.

It is hoped that experience and knowledge of the related EU investment mechanisms as well as the forthcoming priorities and initiatives will be able to assist the Committee in its aims to understand the main opportunities for organisations in Wales from EU funding programmes for 2014-2020 and approaches to maximising the opportunities available from such funding.

The approach in this submission is therefore to look at the recent changes that have taken place in these areas and the activities that we are undertaking to establish work and opportunities for funding.

### **The TEN-T Network**

The aim of the TEN-T network is to strengthen the social, economic and territorial cohesion of the European Union. The network's 'European added value' is to be established by reference to improvements to cohesion, efficiency, sustainability and increases in benefits for its users.

The network covers rail, road, ports, airports and inland waterways across Europe and has been used to determine eligibility of projects for EU funding. To date, funding has principally focused on a series of 'priority projects' which has included sections of the UK rail network. Priority Project No.26 consisted of a collection of road and railway lines in the UK and Ireland including the North Wales line.

In the future TEN-T Network, the Core Network includes the North Wales railway line to Holyhead (for passengers), and the South Wales line to Milford Haven (for freight). While the Core Network will bring with it the need to meet certain technical requirements set out in the Regulation, developments on these lines will be eligible to bid for support from the CEF (i.e. TEN-T funding).

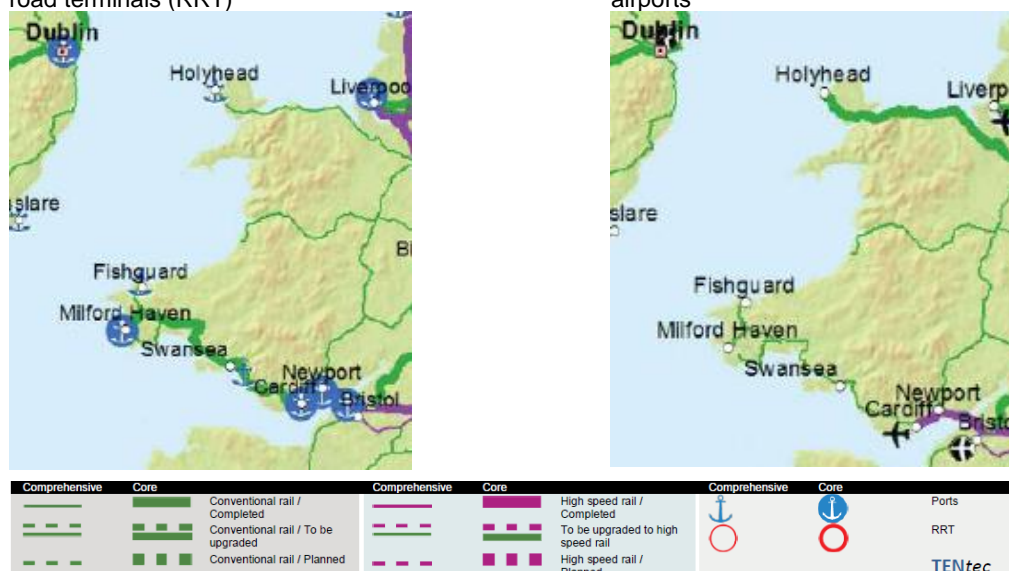
## The main changes in the new TEN-T Regulation

The new TEN-T Regulation introduces the concept of a dual layer of a Comprehensive Network and a Core Network. The Comprehensive Network provides widespread connectivity, while a more focused and limited Core Network brings together key routes, nodes and hubs of strategic importance.

The new TEN-T Network, in Wales, is shown here:

Comprehensive Network: Railways, ports and rail-road terminals (RRT)  
 Core Network: Railways (freight), ports and rail-road terminals (RRT)

Comprehensive Network: Railways and airports  
 Core Network: Railways (passengers) and airports



The new TEN-T Regulation introduces technical standards to be applied to the TEN-T Network within specific timescales – by the end of 2030 for the Core Network (including North Wales and South Wales lines) and the end of 2050 for the Comprehensive Network.

## **Rail infrastructure requirements**

The Regulation introduces the following requirements for rail infrastructure on the core network:

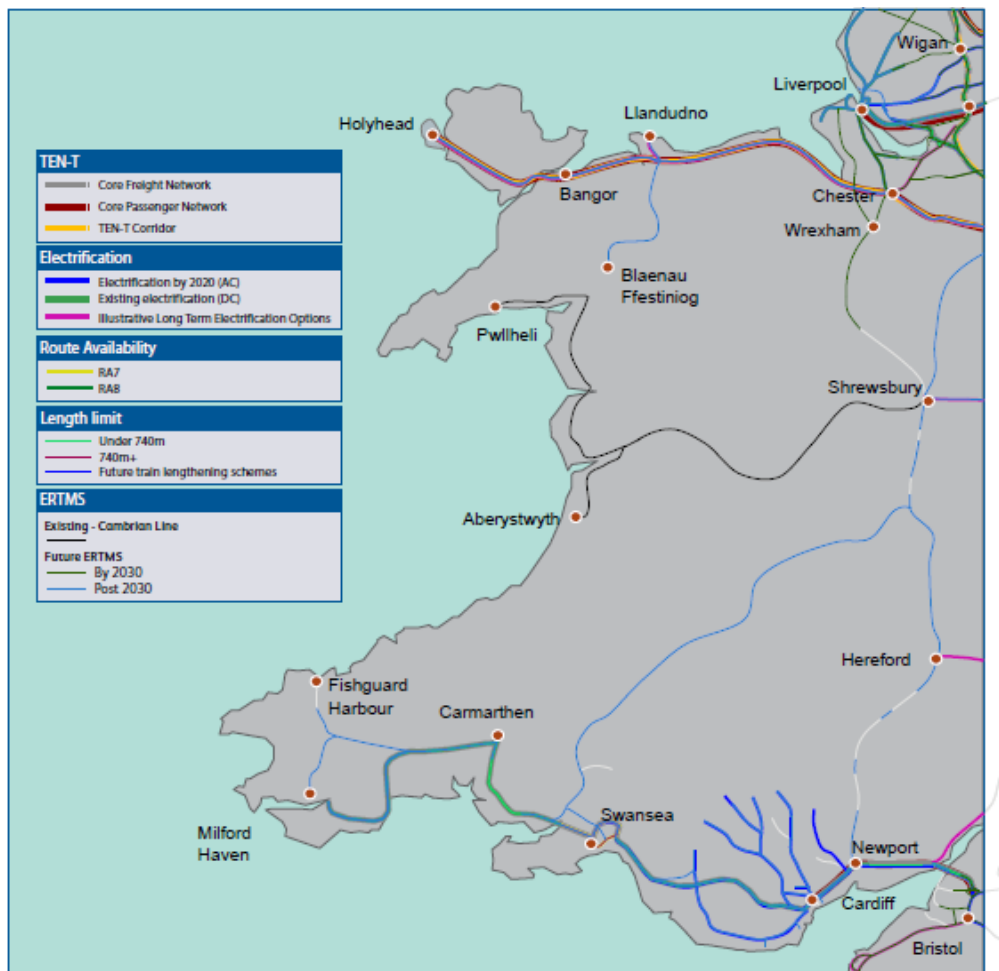
- full electrification of the routes and, as far as necessary for electric train operations, sidings;
- freight lines of the core network - at least 22.5 t axle load, 100 km/h line speed and the possibility of running trains with a length of 740 m;
- full deployment of ERTMS;
- nominal track gauge for new railway lines: 1,435 mm.

Other requirements for 2030 of relevance to Wales include Maritime Ports – rail connections. The Regulation (Article 41) requires maritime ports of the Core Network to be connected (subject to physical constraints) with the railway lines and roads and, where possible, inland waterways by 31 December 2030.

There are an additional set of requirements for the wider comprehensive network to be met by 2050. (See below “The Costs of the TEN-T Regulation and managing cost risks” below).

Both the Core and Comprehensive Networks must respect the Interoperability Regulations and the associated Technical Specifications for Interoperability (TSIs). These requirements are already well understood and should be taken into account (including the application of UK Specific Cases, National Technical Rules and the potential for derogations) in any future planned projects.

The map below shows an overlay of the Regulation’s technical requirements where they currently exist, are planned (CP5), or are already currently identified future potential investments onto the Core Network in Wales within the 2030 timeframe.



Notably, the requirements for the core and comprehensive lines are to be met regardless of EU funding and planned projects, whereas under the previous TEN-T

Guidelines (661/2010) only new projects were required to comply with these standards.

In order to support the 2030 deadline there will therefore be a range of additional requirements for the existing Core network.

Network Rail has recently participated in a Rail Workshop held at the Department for Transport which included representatives from the Welsh Government to review the requirements in the TEN-T Regulation, focusing on the Core Network and Core Network Corridor, and to consider potential rail projects in the 2014-2020 finance period that could be eligible for TEN-T Funding.

This is the part of what we anticipate will be an ongoing dialogue to help progress the necessary analysis towards building the TEN-T requirements into the current domestic planning process, and assist in the preparations of discussions with INEA and the Core Network Corridor Coordinator to prepare the development of the Core Corridor Plan.

Wherever possible Network Rail will seek to integrate route assessments of the TEN-T requirements that are currently being undertaken into our Long Term Planning Process so that we can identify potential investments, plan to address identified gaps and coordinate funding discussions and opportunities. We will also monitor the individual 'Calls' for EU funding and be prepared to take advantage of any additional opportunities as they arise to deliver our plans.

### **TEN-T core lines in Wales**

The North Wales line already accommodates longer train lengths (although not a requirement of the core passenger network) and a 25Kv Electrification Feasibility Study is nearing completion. There are no current funded plans to introduce ERTMS by 2030.

The South Wales line has electrification committed from Bristol Parkway, through Cardiff to Swansea but currently there are no committed plans for the remainder of the TEN-T line and this will need to be considered. ERTMS deployment plans also sit outside of the 2030 deadline.

The presence of the South Wales line in the Annex to the CEF Regulation (see below) also enables projects on this line to more readily bid for CEF funds and could be an important factor in the consideration of economic benefits.

The gap analysis for the network will support both the preparation of the UK's national plans and discussions with the Core Network Coordinator regarding the Commission's Corridor Plans and their funding priorities.

We will also seek to identify opportunities such as expanding the scope of planned studies (such as any further work on the North Wales electrification study) to include assessment of the additional requirements emanating from the Regulation. Such studies are likely to be strong candidates for future TEN-T bids and potential recipients of funding for the additional costs that may be incurred.

### **The Core Network Corridor**

The new TEN-T Regulation also includes the concept of using “Core Network Corridors (CNC)” to facilitate the implementation of the Core Network with a focus on cross-border infrastructure development.

The UK is on the North Sea-Mediterranean Corridor this is detailed in Annex I of the CEF regulation. The Corridor does not include Milford Haven – Swansea- Cardiff, but this route is listed separately in section 3 of this Annex, which features potential projects on “other sections of the core network”.

The Commission and the INEA (which replaces the former TEN-T Agency for transport funding) intend to focus the bulk of the TEN-T budget on the Core Network and in particular, the multi-modal long-distance corridors and other projects set out in the annex of the CEF Regulation. This therefore includes the identified route in Wales.

INEA can also be expected to give some priority to projects aimed at completing the requirements of the Core Network. There will also be limited funding for projects on the Comprehensive Network (up to 5% of CEF budget) to address bottlenecks and cross-border traffic flows that support the development of the Core Network (Article 7.2 (b)).

Corridor Coordinators have recently been appointed. Member States will meet them for the first time on 1 April 2014.

### **The TEN-T Regulation and managing cost risks**

The 2011 White Paper by DG MOVE provided a rough estimate that “The cost of EU infrastructure development to match the demand for transport has been estimated at over €1.5 trillion for 2010-2030. The completion of the TEN-T network requires about €550 billion until 2020 out of which some €215 billion can be referred to the removal of the main bottlenecks” (SEC(2011) 391 final). This estimated cost can be set against the €26.25bn that will be available under CEF budget (2014-202) for transport investment. This includes €11.3bn ring-fenced from Cohesion which the UK is not eligible.

It is therefore important that the TEN-T Regulation contains some flexibility to address concerns in relation to the retrospective application of technical requirements to existing infrastructure and the deadlines set, by recognising the need to take account of Member States’ finances (Article 1.4) and to consider the economic viability of projects (Article 7.2(c)) with potential exemptions for the Core Network where infrastructure investments could not be justified on economic cost-benefit terms (Article 45.3).

### **The TEN-T bidding process and improvements for 2014-2020**

Bidding for TEN-T funds is a competitive process with all Member States, private entities including corridor organisations and other consortia bidding for funding in response to criteria and implementation timescales set by the EU.

Projects applying for funding must be financially mature, have a funding package in place and demonstrate added EU value. The process for responding is run in close

collaboration with DfT, with Network Rail selecting and preparing suitable bids and the Department making the official submission and negotiating final selection of projects with the TEN-T Agency (now INEA). Other bids can be made on a multi-member state basis which is particularly suitable for research and cross-border initiatives.

The overarching European added value sought from TEN-T projects and the principal routes (priority projects) on which funding would be prioritised were well established in the last 'Call'. However, the details and priorities of each 'Call' for funding applications (e.g. studies, freight schemes, ERTMS, research, corridor support, cross-border connections, bottleneck alleviation) have varied between 'Calls'. The criteria and timetables for 'Calls' are set by the Commission. This has meant that opportunities for applications have generally had to be considered on a call-by-call basis as the Commission's priorities are published.

The number of potential projects that fit any call's scope and that have already undergone the process of option development, progressed to the stage where they have sufficient confidence of delivery, have mature funding, and fall within the delivery window is usually very limited.

Funding 'Calls' also include allocations for 'studies' and these can be flexible in their potential interpretation and application and be used to develop scheme options, progress a single option development, conduct site investigations, or support areas of research.

The Connecting Europe Facility (CEF) total budget will be €26,250 million for Transport projects (€11,305m of which is reserved for Member States eligible for Cohesion Funding - this excludes the UK) and €14,945 million for the total 28 Member States.

The Commission has already given a more detailed breakdown in its January 2014 Communication of the manner in which it anticipates breaking down these funds during the lifetime of the fund. E.g. ERTMS €800-1100m, new technologies and innovation for all modes €250-400m, actions to reduce freight noise €200-260m.

The new TEN-T guidelines set out the framework for identifying projects of common interest contributing to the development of the network. The aim is to tackle the main problems encountered: bottlenecks, missing links, in particular at cross-border sections, infrastructure disparities between and within Member States, insufficient multi-modal connections, greenhouse gas emissions from transport and inadequate interoperability.

For rail, specific priority will be given under the guidelines to:

- (a) deploying ERTMS;
- (b) migrating to 1,435 mm nominal track gauge;
- (c) mitigating the impact of noise and vibration caused by rail transport;
- (d) meeting the infrastructure requirements and enhancing interoperability;
- (e) improving the safety of level crossings; and
- (f) connecting railway transport infrastructure with inland waterway port infrastructure.

The DfT organised a meeting on 19 March with the Commission to discuss the potential pipeline of projects over the 2014-2020 financial period. Network Rail and

representatives of the governments of Wales, Scotland, and Northern Ireland were invited to take part in this.

## **Conclusion**

While the TEN-T Regulation sets out additional requirements for all transport infrastructures and therefore potentially creates additional investment requirements for the member states, it does so in a framework that enables governments to seek exemptions where the socio-economic benefits suggest there is no benefit in delivering elements of the Regulation.

The structure of the new guidelines and the INEA's new approach can be expected to provide a clearer perspective of funding priorities across the entire financial perspective and an opportunity to plan submissions accordingly.

We anticipate that where TEN-T funds are granted for any particular project, the outputs of that scheme will need to be delivered within a fixed period tied to the EU financial perspective (for the 2014-2020 EU budget the end date would be 2022) – meaning that longer-term schemes and major civil projects are likely to be more suitable for funding in the first few years of each EU budget round, or required to be packaged in ways to make them eligible.

We will be looking at continuing to develop our future working relations with INEA and considering all opportunities for seeking funding for rail projects on the TEN-T Network over the new finance period.

The process of encouraging studies which then lead to projects is sensible and is likely to be particularly important as we seek to conduct detailed studies to address the difference between the Core Network requirements and our long-term plans.

We trust that the above contribution addresses the key areas of interest for the committee.

