

Independent Regulators' Group – Rail

Guidelines on Market Monitoring

June, 2016

IRG-Rail is the network of independent rail regulatory bodies from 27 European countries. The overall aim of IRG-Rail is to facilitate the creation of a single, competitive, efficient and sustainable internal railways market in Europe. IRG-Rail acts as a platform for cooperation, sharing of best practice on regulatory issues and promotion of a consistent application of the European regulatory framework.

This IRG-Rail paper is published on the responsibility of the IRG-Rail plenary. The opinions expressed and arguments employed herein do not necessarily reflect the official views of the governments of its Member States.

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1. Introduction

1.1. Aim of the guidelines

1. The following guidelines intend to provide information on the IRG-Rail market monitoring process for the rail regulatory bodies which are member of IRG-Rail. By standardizing and defining the process, these guidelines aim to increase the comparability and the quality of rail market monitoring data. The guidelines give definitions of common indicators to ensure comparability between national data.
2. The working group has one regular yearly product, the annual IRG-Rail market monitoring report. Members of IRG-Rail and all other regulatory bodies that would like to contribute to the report are expected to apply IRG-Rail's recommendations as defined in these guidelines for their data collection and analysis.

1.2. The IRG-Rail working group market monitoring

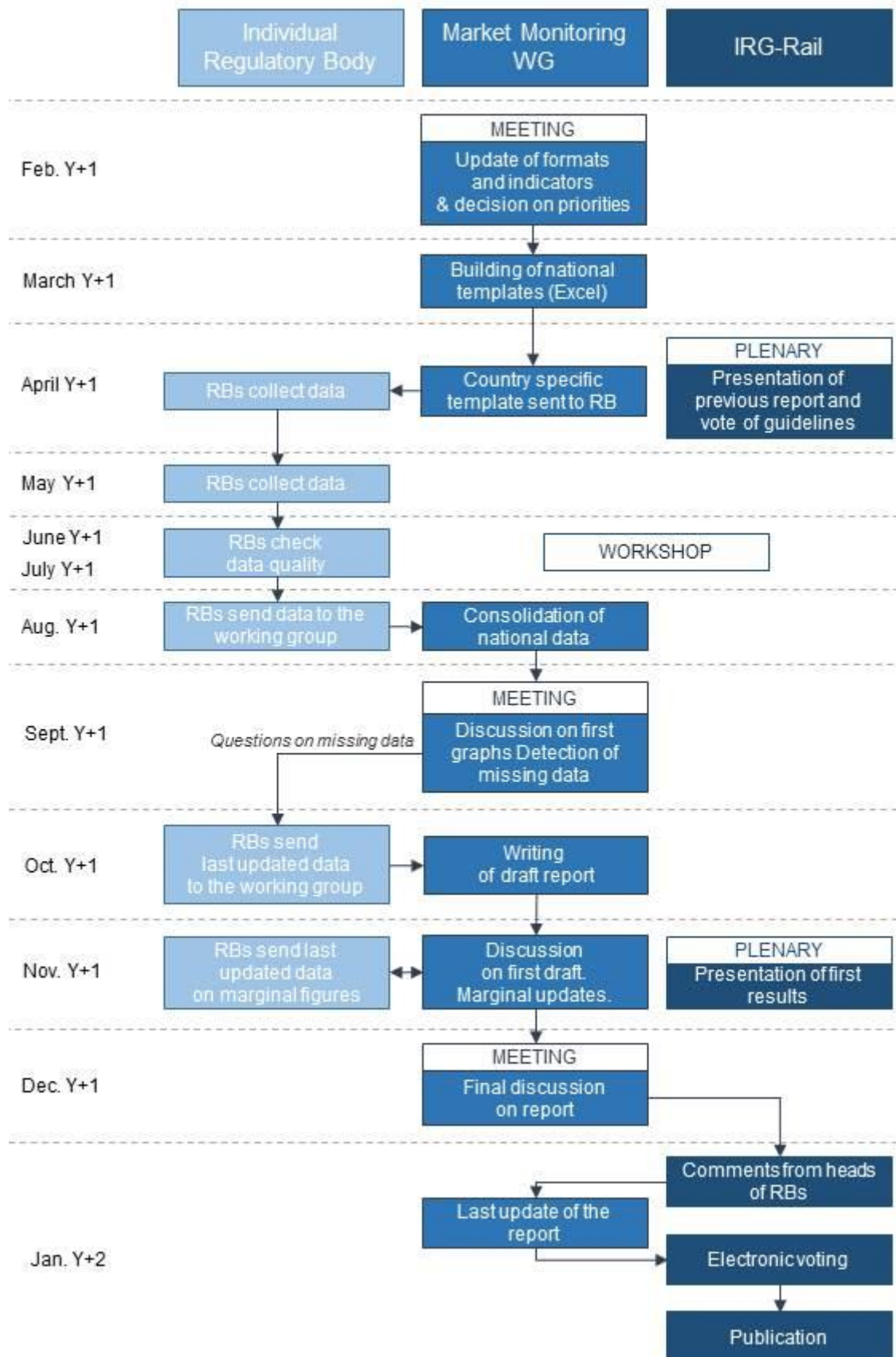
3. IRG-Rail is the network of independent rail regulatory bodies from 27 European countries. The overall aim of IRG-Rail is to facilitate the creation of a single, competitive, efficient and sustainable internal railways market in Europe. IRG-Rail acts as a platform for cooperation, sharing of best practices on regulatory issues and promotion of a consistent application of the European regulatory framework.
4. Rail market monitoring is an important instrument for setting direction to the activities of the Regulatory Bodies, improving market transparency and stimulating market participants to improve their activities. Like all other IRG-Rail working groups, the working group market monitoring is open to all regulatory bodies. They do not need to be a member of IRG-Rail.
5. Regulatory Bodies within the European Union have a formal duty to monitor competition in rail services markets and in particular the rail transport market pursuant to Article 56 (paragraph 2 and 7) of Directive 2012/34/EU (Recast). At the same time the European Commission monitors the development of the rail transport market in Europe through its rail market monitoring schedule scheme (RMMS) according to Article 15 of Directive 2012/34.
6. Cooperation of regulatory bodies on market monitoring within IRG-Rail aims at increasing comparability of national rail monitoring reports, enhancing national monitoring by sharing experiences and increasing the knowledge of the European rail market by discussing the implications of new data on the market.
7. IRG-Rail has created a dedicated working group on market monitoring. The main tasks of the working group are:
 - Creating and setting common definitions for indicators.
 - Making templates and collecting and analysing data from members.
 - Writing and publishing the annual IRG-Rail report on market monitoring.
 - Discussing and commenting on new legislation on market monitoring.
 - Exploring innovation in market monitoring, including new areas of interest.

2. The IRG-Rail annual market monitoring report

8. The working group prepares an annual market monitoring report that presents the results of the corresponding data collection process led by IRG-Rail, according to the guidelines.
9. The report provides an annual overview of the railway infrastructure and transport market among participating countries. It also proposes an historical evolution of the data compared with previous editions of the report. The report aims at increasing the knowledge of IRG-Rail members and other interested parties about the European railway market and highlighting the commonalities and differences between national markets.
10. It focuses on five areas:
 - The network and market structures.
 - Infrastructure characteristics and its use.
 - The rail passenger market.
 - The rail freight market.
 - The market for rail service facilities.
11. The compilation of the market monitoring report starts with the use of common definitions for indicators in yearly national data submissions. Participating regulatory bodies collect data based on these common definitions. This ensures that data collected at national level is comparable.
12. On the basis of the data from regulatory bodies and external public sources, the working group carries out statistical comparisons and various analyses, including trend analyses. The interpretation and findings of the working group are published in IRG-Rail market monitoring report.

3. Schedule for the IRG-Rail annual market monitoring report

13. The flow chart below describes the steps for the preparation of the annual IRG-Rail market monitoring report for the reporting year Y. Y+1 is the year in which the data is collected.
14. With respect to data collection, it is always open to regulatory bodies to collect and submit data earlier.
15. Deadlines for data sending are however strict. Regulatory bodies are invited to submit checked and reliable data within this timeframe to give contributors to the report sufficient time to create value-added analyses.
16. Once agreement has been reached with the working group and all other participants, the draft report is sent to the heads of the IRG-Rail members for adoption via electronic voting. Publication is foreseen in January of year Y+2 after the reporting year, as described below.



4. Data quality checks at national level

17. It is important to ensure the highest possible quality and consistency of data in order to guarantee that the report is a reliable source of information on the development of rail markets. This implies that the individual data submitted by regulatory bodies is properly checked.
18. Data quality checks imply notably that regulatory bodies, when sending out data requests to data providers, clarify the scope of information being collected. The present guidelines aim at providing precise definitions of these indicators.
19. In order to reduce the effort of data validation, especially for smaller regulatory bodies, the IRG-Rail data tool includes systematical data validation routines. In addition to automatic sum tests, the tool also includes two separate comparisons with previous years:
 - One comparison evaluates how the individual indicators have evolved over the last few years. The prior year comparisons allow an assessment whether the data represents the real market development and highlights extreme developments.
 - The other comparison calculates key measures (e.g. the average passenger train load factor) and highlights the development of these measures in the last years.
20. Despite the advantages of the data tool, it is still the responsibility of the national regulatory bodies to ensure that data is of sufficient quality.
21. The following steps are strongly recommended for each regulatory body before submitting data to IRG-Rail monitoring working group for consolidation:
 - Each regulatory body should ensure that their own national market survey contains all relevant information necessary to answer the questions (e.g. definitions, the focus and the background of the questions), and this is sufficiently explained to the respondents.
 - During the national monitoring process, market participants should have in principle the possibility to ask questions concerning the indicators directly to the responsible regulatory body.
 - Each regulatory body should perform sum checks.
 - Each regulatory body should check whether the collected data corresponds to the specified units and quantities used in the data tool (for example: **5.6** [Million] instead of **5,600** [Million])
 - Each regulatory body should undertake reality checks and verify the responses of market participants regarding logical consistency and consistency of content. Potential implausibilities can be solved best by consultation and discussion with the respective market participants.
 - One way, for example, is to check whether the development over previous years corresponds to the (expected) reality in the national rail markets. Major irregularities in the prior year comparisons could indicate significant data quality issues.

- Another way is to compare the collected data with any other appropriate sources of data (e.g. associations of transport companies, data from statistical offices).
 - Any particularities should lead to a comment in the data submission, or at least be communicated via e-mail when sending the data.
22. Only after performing the quality control at national level, should the data be passed to IRG-Rail for consolidation level.
23. Regulatory bodies are invited to send data to IRG-Rail accompanied by the following information:
- Details of data providers;
 - National scope and understanding of the data sent out (e.g. list of subsidies and public revenues included in “revenues from public subsidies”);
 - Potential misinterpretations that could result from the submission of national data with regard to the report’s objectives (e.g. the different types of service facilities included within one figure).

5. Definitions

5.1. Scope

24. The report deals with railway infrastructure and transportation and excludes the following activities from the scope:
- Metro, tram and/or light rail infrastructure and services;
 - Urban, suburban or regional services on local and regional stand-alone networks as referred to in Article 2(1) of Directive 2012/34/EU;
 - Heritage railway and historical railway for local tourism activities with irregular schedule traffic.
 - Privately owned railway infrastructure that exist solely for use by the infrastructure owner for its own freight operations. This excludes industrial lines not managed by an infrastructure manager as defined in Directive.
25. The report covers the national territories and excludes the overseas territories without rail infrastructure.

5.2. Common list of definitions

Active railway undertaking	Undertakings providing services for the transport of goods and / or passengers and /or others on rail networks as defined in Directive 2012/34/EU. Exclude from perimeter undertakings having provided no service during the year. ¹ The nationality of railway undertakings refers to the country that delivered the railway undertaking license.
Commercial service or non-PSO service	All passenger services that do not fall within the scope of services provided under public service obligations (2015/1100/EC).
Currency exchange rate	Annual average exchange rate between the Euro and other currencies. Proposed sources: Eurostat, national central bank, ECB.
Electrified route	Consecutive lines and nodes as a whole between a defined source and target that allows railway vehicles to use electricity as a traction energy.
Fare	Amount paid by a passenger as part of a contract of carriage to the railway undertaking or a ticket vendor for the provision of one or more transport services by rail.
(Intermodal) Freight terminal	Place equipped for the transshipment and storage of intermodal transport units, where at least one of the modes of transport is rail (2015/1100/EC).
Gross tonne	Weight of the train, including the weight of the load, the weight of the locomotive and the tare weight of the wagons. This information is collected only if net tonnes are not available.
High-speed line	Line specially built to allow traffic to travel at speeds generally equal to or greater than 250 km/h on its main segments; it may include connecting segments where speeds are reduced to take account of local conditions (2015/1100/EC).
High-speed service	Two figures should be collected for High-Speed Services: <ul style="list-style-type: none"> - Rail passenger services provided by high-speed rolling stock, including tilting trains, that travel at least 200 km/h for at least part of the service; the use of high-speed infrastructure is not always necessary (2015/1100/EC). - Passenger rail services operated without intermediate stops between two places separated at least by a distance longer than 200 km on specially-built high-speed lines equipped for speeds generally equal or greater than 250 km/h and running on average at those speeds (Fourth rail package).
Historical incumbent	Railway undertaking that was part of a state-controlled railway monopoly (or, still is), including all related companies with a current ownership relation to the incumbent railway undertaking. The incumbent is considered as “domestic” if it originates from the country studied, or “foreign” if it originates from a country other than the country studied.
Inflation rate	Annual average inflation rate. Main source: Eurostat Harmonised Indices of Consumer Prices (HICP).
Infrastructure manager	Any body or firm responsible in particular for establishing, managing and maintaining railway infrastructure, including traffic management and control-command and signalling; the functions of the Infrastructure Manager on a network may be allocated to different bodies or firms (Directive 2012/34/EU).
International	Passenger traffic where the train crosses at least one border and where

¹ This definition reflects the definition of railway undertakings of Eurostat (Regulation 91/2003) whilst adding the requirement of being active on the network(s).

passenger traffic	the principal purpose of the traffic is to carry passengers between stations located in different Member States (Directive 2012/34/EC).
International freight traffic	Freight traffic where the train crosses at least one border (Directive 2012/34/EU).
Licence	An authorization issued by a licensing authority to an undertaking, by which its capacity to provide rail transport services as railway undertaking is recognised; that capacity may be limited to the provision of specific types of services (Directive 2012/34/EU).
Long-distance transport	Rail passenger transport services other than urban, suburban, regional or high-speed services (2015/1100/EC).
Maintenance facilities	Facilities where rolling stock is maintained. Maintenance is the set of activities designed to keep rolling stock in operation. This includes both heavy and light maintenance.
Marshalling yard (with gravity hill)	Site or a part of a site equipped with a number of tracks or other equipment used for railway vehicle marshalling operations, including switching (2015/1100/EC) and which use gravity as a means of formation or rearrangement of trains.
Minimum access package	A package of rights conferred by Directive 2012/34/EU, Annex II, point 1. These rights are included in the access charge and confer access to railway infrastructure facilities and a set of services for international or domestic traffic; they include the handling of requests for infrastructure capacity, the right to use granted capacity as well as use of electrical supply equipment.
National transport	Passenger or freight service operated exclusively within the borders of one Member State (2015/1100/EC).
Net tonne	Weight of the load (including for example the container weight).
Network statement	Statement which sets out in detail the general rules, deadlines, procedures and criteria for charging and capacity allocation schemes, including such other information as is required to enable applications for infrastructure capacity (Directive 2012/34/EU).
Open-access	The legal process by which operators who are not franchised can gain access to the railway infrastructure; this enables them to run services competing with the services run by other operators. In other words, open-access services cover commercial services for which on-track rail competition is allowed. Directive 91/440 sets out a framework allowing open access operations on railway lines by companies other than the historic operators ('incumbents'). Directive 2012/34 lays down common rules and principles governing conditions of access to the network.
Operator of service facilities	<p>The entity which is identified as 'the operator' is the entity which in practice grants access to the service facility. The owner is not necessarily the operator of the facility if in practice some other entity grants access to the facility. In the case of stations, the operator is the entity which grants in practice access to the platforms. It is not necessarily the operator who grants access to other services at stations such as information systems and ticketing machines.</p> <p>Operators of service facilities are divided into two types:</p> <ol style="list-style-type: none"> 1) Incumbent railway undertaking or a company which is related to this incumbent railway undertaking. This can for instance include an integrated infrastructure manager, another company that is under direct control of the incumbent railway undertaking or a sister company. 2) All other companies. This can cover: <ul style="list-style-type: none"> - an infrastructure manager not related to any railway undertaking; - an integrated railway undertaking and infrastructure manager that is not

	<p>an incumbent railway undertaking.</p> <ul style="list-style-type: none"> - a railway undertaking that is not an incumbent railway undertaking; - a service operator that is not a railway undertaking or an infrastructure manager.
Other traffic	All other traffic (except passenger and freight traffic) for which infrastructure charges are paid. This can for example be construction works or test drives traffic.
Passenger.km	Unit of measure representing the transport of one passenger by rail over a distance of one kilometre.
PSO compensation	Financial benefits granted, during the reporting period, directly or indirectly by a competent authority from public funds for the operation of rail services under a public service obligation (2015/1100/EC).
PSO service	All passenger services that fall within the scope of services provided under public service obligations.
Refuelling facilities	Stations for refuelling for locomotives and multiple units.
Revenue	<p>For railway undertakings, it refers to total fees collected from the provision of rail transportation services during the reporting period; it excludes other income such as revenue from catering, stations services and on-board services (2015/1100/EC).</p> <p>For the infrastructure manager, it refers to revenue for all track access charges for the minimum access package, as specified in Article 13(1) of Directive 2012/34/EU excluding electricity.</p>
Route length	Length of all routes available for freight and passenger traffic on the network of the infrastructure manager, as specified by the infrastructure manager in the Network Statement.
(Passenger) Station	Location on a railway where a passenger train service can start, stop or end (2015/1100/EC).
Tonne.km	Unit of measure representing the transportation of one tonne over one kilometre.
Track	Pair of rails over which rail-borne vehicles can travel (2015/1100/EC).
Track access charges	Charges collected for the minimum access package referred to in point 1 of Annex II to Directive 2012/34/EU.
Train.km	Unit of measure representing the movement of one train over one kilometre. The distance used is the distance actually run, if available, otherwise the standard network distance between the origin and the destination shall be used.

6. Collected data

The following table provides the list of collected data.

Railway undertaking	
List of active railway undertakings (name of RUs)	
Number of active railway undertakings for freight and passenger services; for PSO and commercial services.	
Activity of railway undertakings: Indicate if the undertaking operates on freight, PSO and/or commercial markets.	
Nationality of railway undertakings: refers to the country that delivered the RU's license.	
Type of undertakings: Indicate if the undertaking is domestic incumbent, foreign incumbent, other domestic undertaking or other foreign undertaking.	
Nationality of the main shareholder of the undertaking: Indicate the nationality of the main shareholder or group of main shareholders in case of no main shareholder. Please refer to the location of its Headquarter. If the shareholder is itself owned at 100%, please refer to the mother undertaking above.	
Type of main shareholder: Indicate if the main shareholder (or group of main shareholders) is domestic or foreign incumbent, domestic or foreign State, other domestic or foreign owner.	
Cooperation with incumbent: in case the RU is not "Domestic incumbent", indicate if operates on the domestic market through a commercial partnership/agreement with the domestic incumbent.	
Total number of active RUs, number of freight RUs, number of passenger RUs, Number of PSO RUs, Number of commercial RUs.	
Route length	
Total Route Length; Main infrastructure manager (IM) route length and other manager route length	Total electrified route length; Main IM Electrified Route Length, Other manager electrified route length
Km of single, double, triple and quadruple lines	Total High-Speed route length; Main IM High-Speed route length; Other manager High-Speed route length
Traffic in train.km	
Total, national and international total train.km, passenger and freight train.km, other traffics train.km	Total, national and international PSO, commercial, Open-access and High-speed train.km
Total, national and international train.km fuelled by electricity	Total train.km for PSO services awarded by competitive tenders
Traffic in passenger.km and tonne.km	
Total, national and international passenger.km, gross and net tonne.km	Total, national and international PSO, commercial, Open-access and High-speed passenger.km. Total, national, international passenger.km for PSO awarded by competitive tenders
Track access charges	
Total track access charges, for passenger, freight traffic and other traffics	IM revenue from RUs and from public subsidies, for passenger and freight traffic
IM revenue from PSO, commercial and High-speed traffic	
Charges for passenger stations	
Total station charges	Total Passenger Train Stops at Stations
Market share	
Market share of domestic incumbent, foreign incumbent and non-incumbent RUs in passenger train.km, passenger.km, freight train.km, and tonne.km.	Domestic incumbent, foreign incumbent, non-incumbents share of track charges paid.

Market shares and share of track charges paid for PSO, commercial, Open-access and High-speed services in train.km and passenger.km.	
Railway undertakings' revenue	
Total Freight RUs' revenue, revenue from commercial traffic and from public subsidies	Total Passenger RUs' revenue, revenue from fares and from compensations
Total Passenger RUs' revenue from PSO services, revenue from fares and from compensations	Total Passenger RUs' revenue from commercial services
Description of PSO services	
Existence of competitive tenders for PSO contracts for long-distance and regional traffic (Yes/No/Mix). "Mix" means that the awarding process may vary depending on PSO contracts to be either direct or competitive.	
Share of PSO contracts awarded by competitive tenders (% of total number of PSO contracts)	
Average duration of PSO contracts awarded by competitive tenders.	
Maximum legal duration of PSO contracts awarded by competitive tenders, if it exists.	
Role of the regulatory body in the awarding process of PSO contracts (description).	
Identity of the contracting authority for long-distance and regional PSO contracts (Regional authority/State/other).	
Description of open-access services	
Existence of competition in the market 'de jure' (where the law allows open access operation) for national and international traffic (Yes/No).	
Existence of competition in the market 'de facto' (where new entrants have come into the market) for national and international traffic (Yes/No)	
Role of the RB in the authorization process of open-access services (description).	
Number of services operated in actual open-access (where at least two non-PSO services compete).	
Total route length for those 'open-access services'.	
Average number of RUs operating on same 'open-access services'.	
Market liberalisation	
Date of legal liberalisation for passenger (national long-distance/regional traffic and international traffic) and freight markets (national and international traffic).	
Date of first new entrant in passenger and freight markets. This corresponds to the date of provision of a first license to a new RU.	
Service facilities	
Number of operators for passenger stations, training facilities for train drivers, intermodal freight terminals, marshalling yards with gravity hill, maintenance facilities and refuelling facilities.	Type of operators and number of facilities
General market developments and key regulatory decisions	
Short summary on the main market developments and the key regulatory decisions in a given year. Members could use a summary of their country's annual report, monitoring report or ENRRB ² report. Where relevant, IRG-Rail will incorporate the information in the report.	

7. Calculation of market shares

For the calculation of market shares:

- Are included in "Domestic incumbent" undertakings whose type is "Domestic incumbent" and undertakings whose main shareholder is "Domestic incumbent".
- Are included in "Foreign incumbent" undertakings whose type is "Foreign incumbent" and undertakings whose main shareholder is "Foreign incumbent".

² European Network of Rail Regulatory Bodies

- Are included in “Non-Incumbent” any other undertakings that does not fall under both definitions above.