

# The Second National Infrastructure Assessment Baseline Report

## Response from Rail Freight Group

February 2022

1. Rail Freight Group (RFG) is pleased to respond to the Second National Infrastructure Commission (NIC) Baseline Report. No part of this response is confidential
2. RFG is the representative body for rail freight in the UK. We have around 120 member companies including train operators, end customers, ports and terminal operators, suppliers including locomotive and wagon companies and support services. Our aim is to increase the amount of goods moved by rail to deliver environmental and economic benefits for the country.

### ***General Comments***

3. Effective freight transport relies on high quality infrastructure, be that the road or rail network, the availability of fuel or digital connectivity. The NIC's assessment of infrastructure needs is therefore vital in setting the framework for investment to ensure that freight can be delivered effectively to support economic growth and the environment.
4. The NIC have previously studied freight transport, and Government published its response last year. We broadly agree with the conclusions of the Government's response, and in particular its commitment to modal shift to rail as a key way of decarbonising transport. The newly established Freight Council is also starting to address some of the underlying barriers such as the planning system and skills.
5. The recently published Integrated Rail Plan commits Government to significant investment in rail infrastructure across the North of England, some of which will be beneficial to rail freight. In particular the opening up of the Transpennine route to container gauge will be instrumental in supporting the regional ports have more effective inland links. This is particularly welcome.
6. Elsewhere however we are concerned that the lack of progress on rail electrification suitable for freight will be a barrier to decarbonisation, and in particular will make it hard for private freight operators to make the necessary investment in new locomotives. We support the comments on page 36 of the

report on this.

7. We note that the findings of previous NIC work remain extant and are not superseded by this assessment, so we do not comment further in our detailed response below. However it does remain absolutely essential that Government continues to make progress against the previous recommendations.

### **Specific Questions**

*Question 1: Do the nine challenges identified by the Commission cover the most pressing issues that economic infrastructure will face over the next 30 years? If not, what other challenges should the Commission consider?*

8. We agree with the 9 challenges but note these are over and above the areas previously highlighted by the NIC, many of which are far from resolved e.g. plans for the decarbonisation of freight transport.

*Question 2: What changes to funding policy help address the Commission's nine challenges and what evidence is there to support this? Your response can cover any number of the Commission's challenges.*

9. The report is largely silent on the distinction between public and private investment in meeting these challenges, and we recognise that there will inevitably be a mix of both. However the impact on business of these changes is not mentioned, and we believe that this should be picked up a cross cutting theme alongside the impact on bills.

10. This analysis ought to recognise the need for businesses to make the case for new investments, and the time taken for that in particular in relation to net zero 2050. Without clarity from Government on the chosen pathways, and investments in core infrastructure, it is very difficult for business to make the right decisions, and there is an increasing risk of 'stranded assets' as we get closer to the deadline.

11. Equally there are structural barriers to private investment, for example using private finance to electrify parts of the railway, and the Commission should consider whether faster progress could be achieved if these barriers were addressed.

*Question 3: How can better design, in line with the design principles for national infrastructure, help solve any of the Commission's nine challenges for the next Assessment and what evidence is there to support this? Your response can cover*

*any number of the Commission's challenges.*

12. No comment.

*Question 4: What interactions exist between addressing the Commission's nine challenges for the next Assessment and the government's target to halt biodiversity loss by 2030 and implement biodiversity net gain? Your response can cover any number of the Commission's challenges.*

13. No comment.

*Question 5: What are the main opportunities in terms of governance, policy, regulation and market mechanisms that may help solve any of the Commission's nine challenges for the Next Assessment? What are the main barriers? Your response can cover any number of the Commission's challenges.*

14. As outlined above, private businesses are committed to making the right choices to meet in particular targets for sustainability but can be hampered by the lack of clear pathways and uncertainty over the availability and price of fuels/ electricity/infrastructure. There is a real risk of delayed action whilst this lack of certainty continues.

*Question 6: In which of the Commission's sectors (outside of digital) can digital services and technologies enabled by fixed and wireless communications networks deliver the biggest benefits and how much would this cost?*

15. Whilst there is good progress in digital technology in rail freight, the focus has generally been in above rail equipment and systems. There is, even here, much more to do, but the pace of development is accelerating.

16. However the core infrastructure is still largely analogue, and the installation of full digital signalling is in its infancy. However there are many other systems and process such as those for timetabling and operating the network, C-DAS, traffic management, and legacy system replacement that need addressing. The role of technology in asset management, and in railway possessions and worksites also needs to be accelerated to achieve cost efficiencies.

*Question 7: What barriers exist that are preventing the widescale adoption and application of these new digital services and technologies to deliver better infrastructure services? And how might they be addressed? Your response can cover any number of the Commission's sectors outside digital (energy, water, flood*

*resilience, waste, transport).*

17. For the core rail network, funding for new technologies needs to be provided. It can also be hard to make the business case against the usual parameters of journey time, performance etc, so a broader approach may be required to accelerate development.

*Question 8: What are the greatest risks to security of supply in a decarbonised power system that meets government ambition for 2035 and what solutions exist to mitigate these risks?*

18. We have already seen the impact of spikes in the price for power on our ability to decarbonise using electric locomotives, and a lack of confidence over future prices will be a significant issue to making new investments.

19. We have no comment on how this should be addressed, but it is an urgent priority in incentivising the uptake of alternative modes, the majority of which rely on having stable electricity prices to some extent.

*Question 9: What evidence do you have on the barriers to converting the existing gas grid to hydrogen, installing heat pumps in different types of properties, or rolling out low carbon heat networks? What are the potential solutions to these barriers?*

20. We have no comment on the gas grid. However, it is essential that Government can be clear on the availability of green hydrogen at an affordable cost for different sectors of the economy. Presently, hydrogen is a contender fuel for heavy handling equipment and some parts of the railway, but it wholly unclear whether there will be sufficient supply.

*Question 10: What evidence do you have of the barriers and potential solutions to deploying energy efficiency in the English building stock?*

21. No comment

*Question 11: What barriers exist to the long term growth of the hydrogen sector beyond 2030 and how can they be overcome? Are any parts of the value chain (production, storage, transportation) more challenging than others and if so why?*

22. We have no comment on the hydrogen sector. However we note that if hydrogen is to play any long term role in rail haulage it is likely to be needed in more remote locations away from the electrified network, and where the economies of scale will make it more difficult for the private sector to operate hydrogen fuelling

facilities on an economic basis. The distributional impacts must therefore be considered.

*Question 12: What are the main barriers to delivering the carbon capture and storage networks required to support the transition to a net zero economy? What are the solutions to overcoming these barriers?*

23. No comment.

*Question 13: In what ways will current asset management practice need to improve to support better infrastructure resilience? Your response can cover any number of the Commission's sectors.*

24. As outlined above, we believe there is a greater role for technology and digitisation in asset management and operation which is presently under used in the railways. Although there is some progress, a consistent approach to funding and development is needed within the funding settlements for GBR.

*Question 14: What are the barriers to and solutions for expanding recycling capacity, both now and in the future to deliver environmental and net zero targets?*

25. We have no comment but note that rail freight is already helping some waste companies transfer products between locations and could play a greater role in future. This has tended to work best where it has been included in the long contracts between local authorities and waste companies.

*Question 15: What is the likely environmental impact of waste streams from construction across economic infrastructure sectors, over the next 30 years, and what are the appropriate measures for addressing it?*

26. We have no comment but note that rail freight is already move construction waste, e.g. from HS2 and could play a greater role in future.

*Question 16: What evidence is there of the effectiveness in reducing congestion of different approaches to demand management used in cities around the world, including, but not limited to, congestion charging, and what are the different approaches used to build public consensus for such measures?*

27. We have no comment on demand management measures, but any approaches should support a greater use of sustainable modes including rail into urban centres, e.g. through discounts for final mile trips from railheads.

*Question 17: What are the barriers to a decision making framework on interurban transport that reflects a balanced approach across different transport modes*

28. The issues on planning for freight and logistics which were referenced in the previous NIC study are sometimes barriers to effective decision making in urban centres, for example the loss of industrial land and lack of safeguarding for railheads which can push activities out of town centres, leading to longer trips.