EPTTOLA

What do Vehicle Lessors need before they can invest in ERTMS?

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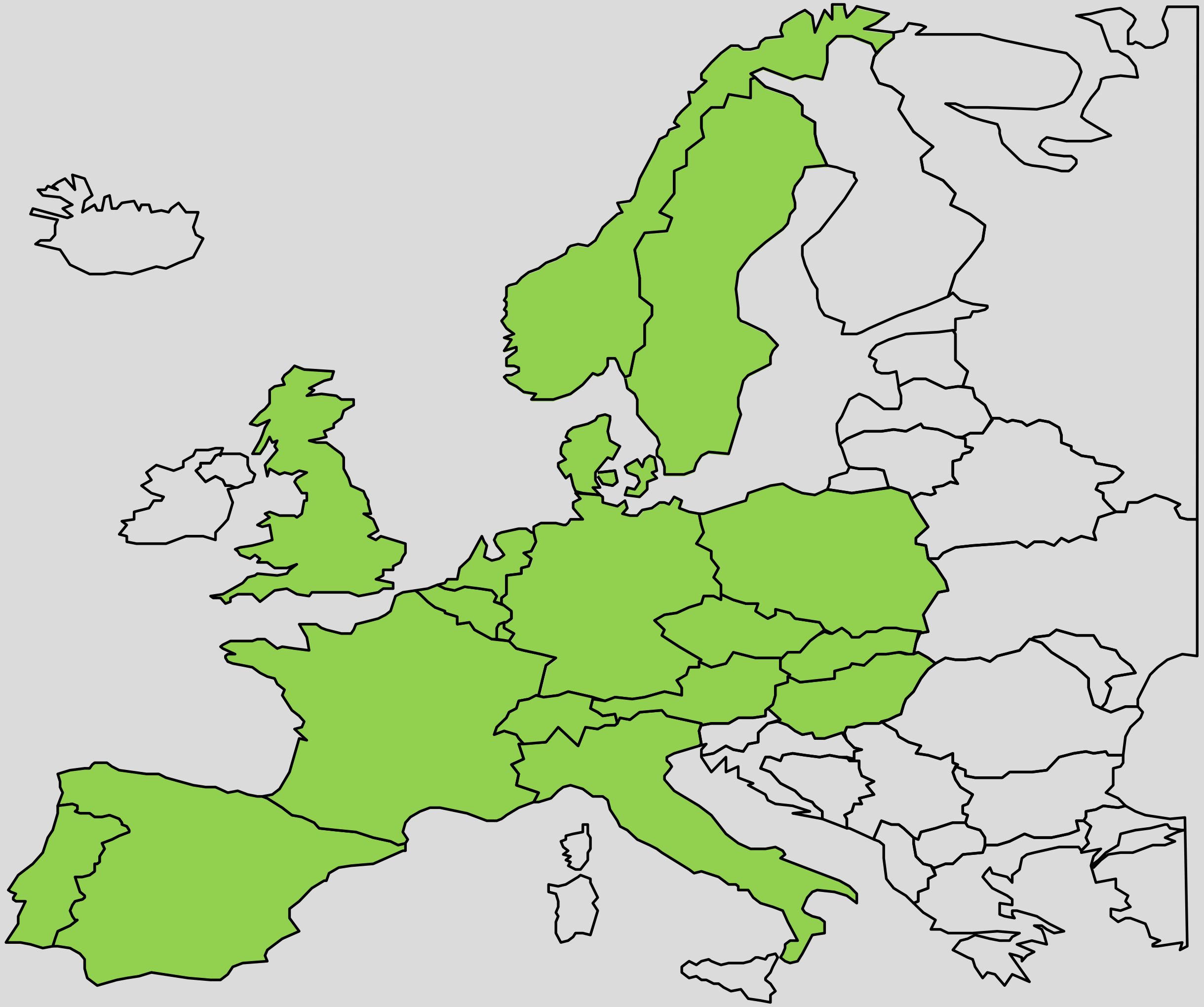
EPTTOLA

- European Passenger Train & Traction Operating Lessors' Association
- Represents the interests of (private) train leasing companies that invest in and lease locomotives, passenger trains and wagons across Europe
- Asset life is typically 30 – 35 years
- Lessors are long-term players badly needing **predictable** RoIs
- Therefore, future cost for ERTMS on TEN (tests & authorisations) and upgrades must be known now

EPTTOLA Members

- Alpha Trains
- Angel Trains
- Ascendos Rail Leasing
- Beacon Rail Leasing
- CBRail S.à r.l.
- Eversholt Rail Group
- Porterbrook Leasing Company

Operational Coverage



EPTTOLA Members' Assets

- Approximately 17,600 vehicles in total
- Circa 12,350 Passenger vehicles
- Circa 4,050 Freight wagons
- Circa 1,200 Locomotives
- Wide range of locomotive products
- All types of heavy rail passenger stock
- Customers range from small private operators to National Railways

EPTTOLA's view on ERTMS

- Long term benefits are **potentially** large once a standard system is in place, but the development and roll out must be managed much stronger and with an urgent **focus on the vehicles** to avoid damage to Rail Competitiveness
- **Just one vehicle retrofit for operation on entire TEN** with known Lifecycle Cost in advance is a **must**
- Without that, there is **currently no viable Business Case** to (reto)fit ERTMS to Rolling Stock without passing on the expected savings from infrastructure to Railway Undertakings/Vehicle Owners

Where are we with regard to ERTMS? 1/2

- It's obvious that we need ERTMS in order to achieve Interoperability (TEN) => Rail Competiveness
- As 'we' noticed that there are difficulties rolling out ERTMS:
  - We are now trying to standardise testing procedures
  - We are now trying to standardise authorisation procedures
- Without having sorted this, future cost for ERTMS will remain unclear/increasing and no Business Case can be made
- Furthermore, we seem to forget some important high level issues!

Where are we with regard to ERTMS? 2/2

- ERTMS is <u>**certainly not**</u> a standard system yet
  - MSs can choose between 2.3.0d and Baseline 3
  - BL3 still has options: Euroloop / Toggling Tele Mode optional
    => Future Upgrades needed…..!?!?
- We are still facing local monopolies as regards Class B systems
  - Consequently, there is NO competitive supply base for ERTMS retrofit and consequentially prices/LCC still far too high
- MSs seem to 'protect Infrastructure investments using 2.3.0d rather than choosing Baseline 3', which means, that ongoing vehicle upgrades will be required if developments continue without standardising and managing ERTMS properly!!

How to achieve proper Interoperability with ERTMS?

- Firstly, 1 EU Standard System must be developed urgently:
  - Testing Procedures for TEN/Class B lines to be streamlined & frozen
  - Authorisation Procedures for TEN/Class B lines to be streamlined & frozen
- Besides these issues, any new functional development beyond Baseline 3 shall be stopped
- In order that 'Plug & Play' Vehicle retrofitting is easily possible:
  - Standard Interfaces between ERTMS and Vehicles shall be developed
  - Standard Interfaces for ERTMS On Board Components shall be developed
- IF any functional changes needed anyhow, then ERTMS must be simplified!!
- In the case where new CRs/NRs are initiated by a party -> this party shall be liable to pay consequential cost to vehicle owners for the vehicle upgrades

Next Steps 1/2

- The Testing Requirements for entire TEN must be known urgently
  - Then the Industry can determine the cost
- A Master Plan for TEN authorisation procedures must be agreed VERY urgently
  - Then the Industry can determine the cost
- For the above, the link with all Class B systems is critical!!!
- If the link with Class B systems is ‘forgotten’, total cost will still remain unknown => No Business Case can be made…

Next Steps 2/2

- In order that the Business Case can be made properly, there must be concentrated effort on the transition period from 'Class B to ERTMS only'
- If any retrofit subsidies will be made available, theses funds **must** be used to get closer to the standardised system and standardised links with Class B systems => less Class B monopoly, more competiveness
- Rather than just getting A version of ERTMS again and again => consequent future upgrade problems/cost (experienced in NL, A, CH)
- A Master Plan for further developments of ERTMS in order to achieve the proper standardised system must be agreed urgently

EPTTOLA's Conclusions 1/3

- ERTMS can be a huge opportunity for Rail Transport but rather seems to be a threat as future cost are unknown at present
- ERTMS still isn't stable enough from an **economical** point of view
- No Stability means No Investment in Retrofitting
- No Retrofitting means No Investment in New Vehicles either
- No Investment means No Private Operators
- No Private Operators means no Rail Competitiveness

EPTTOLA's Conclusions 2/3

- Investments in ERTMS can only be made on the basis of a proper Business Case
- Predictable Return on Investments is 'holy'
- Lifecycle Cost for TEN Operation must be known in advance
- We must come to the *same Rules and Regulation* for all Member States => 1 EU Standardised System with standard components & interfaces

EPTTOLA's Conclusions 3/3

- Different/Stronger Management of Developments urgently needed!
- We **<u>must</u>** focus on stable On Board solutions and operational cost
- Once that is fully achieved, EPTTOLA Members will be more than happy to continue investing in Rolling Stock for Europe

- Keywords for all this: Clarity, Consistency... Stability!

Thank you for your kind attention!

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