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COMPETITIVE TENDERING FOR RAIL TRACK CAPACITY: THE LIBERALIZATION OF RAILWAY SERVICES IN SPAIN

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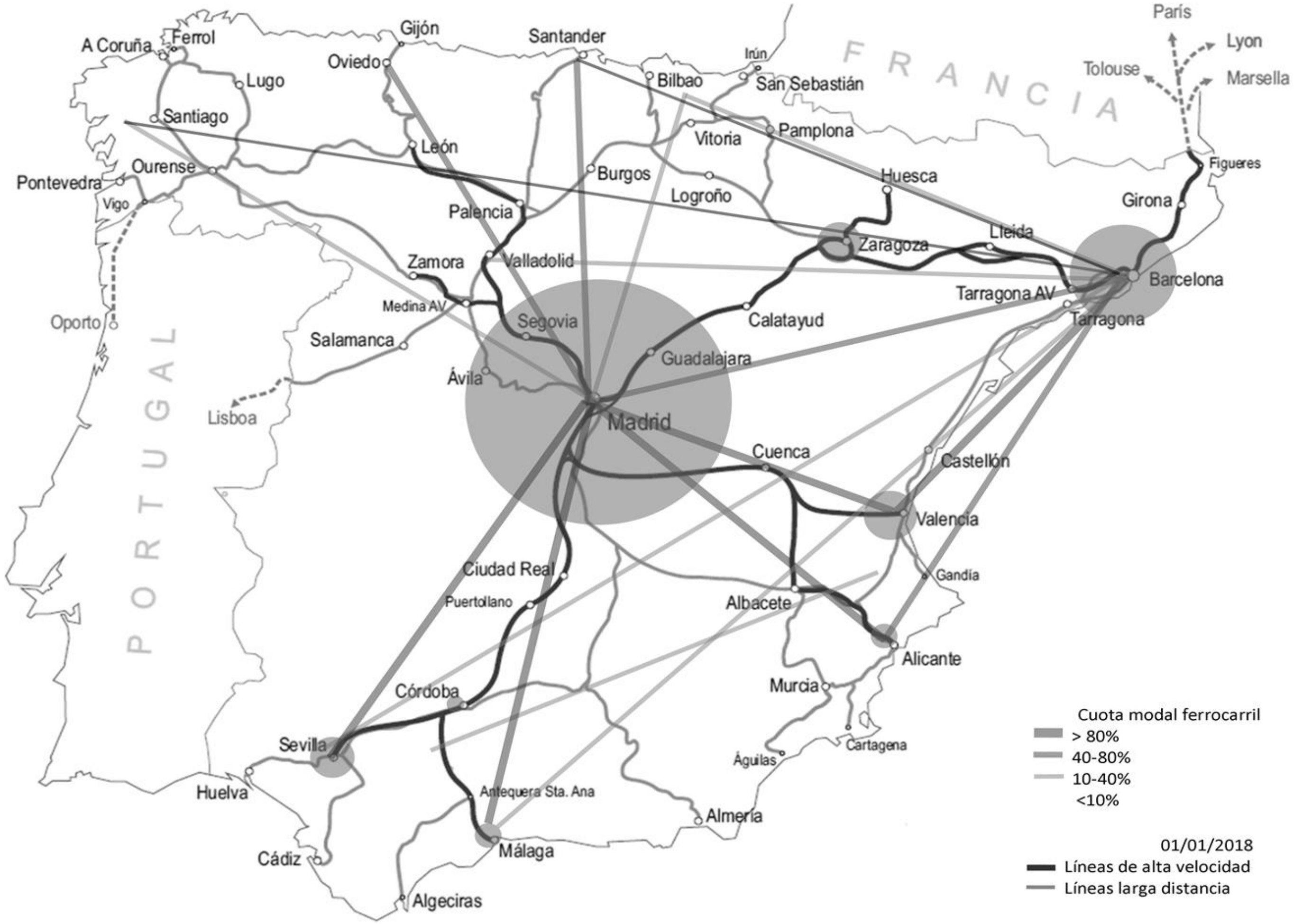
The Spanish railway system



The challenges of the Spanish railway system

Low usage density in large high speed network,

but congestión in Madrid and Barcelona stations.

Country	HSL (km)	Passenger-kms (10^9)	Million passengers/km per HSL km
Japan	3,041	103.6	34
Taiwan	354	11.6	32.7
China	3,1051	680.5	21.9
France	2,734	56.8	20.7
Germany	1,571	31.1	19.7
South Korea	893	15.3	17.1
Italy*	921	15.1	16.3
Spain	2,718	16.1	5.9

Route	Revenue (in € million)	Margin (in € million)
Madrid–Barcelona	341	98
Madrid–Seville	144	16
Madrid–Malaga	101	6
Madrid–Valencia	90	4
All routes with positive margins	829	146
All routes with negative margins	314	-117

High risk of cream skimming, desire to control

the liberalization process

Co-funded by the Erasmus+ Programme of the European Union

A liberalization process led by the IM (ADIF AV)

- ADIF informally contacted the candidates to check potential demand.

- ADIF built time-table for the 3 main corridors, to optimize capacity in stations.

- ADIF reserved 70% of available capacity for Framework Agreements (EU requirement).

- ADIF built three packages (A = 60%, B = 30%, C = 10% of FA capacity).

- ADIF would tender packages in the form of Framework Agreements.

The tender procedure

- Candidates to file proposals for FA for all three corridors together: number of paths.

- Proposals for each package (A, B, & C) separately.

- FA duration: 10 years.

- If all proposals cannot be accommodated, CONGESTION DECLARATION & TENDER based on original proposals.

- Valuation of proposals based on the number of paths requested over the 10-year period (commitment by bidders).

	No. of paths requested	% of the total no. of available paths in the package
PACKAGE A		
Renfe	632,305	86%
Globalvia	43,088	6%
PACKAGE B		
Ilsa-Trenitalia	245,513	70%
Eco Rail	228,451	65%
SNCF	189,978	54%
Motion Rail (Talgo)	150,595	43%
Globalvia	43,088	12%
PACKAGE C		
SNCF	109,590	100%
Eco Rail	98,100	89%
Motion Rail (Talgo)	94,495	86%

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- Congestion declaration, tender activated…

- **RENFE won Package A**, around 104 round services (13% more than before the tender).
- **ILSA-TRENITALIA won Package B**, around 41 round services, starting January 2022.
- **SNCF won Package C**, around 15 round services, started May 2021 in MAD-BCN.

- Framework Agreements signed in May 2020.

The results:

- Newcomers will exploit around 35% of the capacity assigned in Framework Agreements (remember, further 30% capacity available).
- The three competitors committed to exploit **55% more services** than those Renfe provided before liberalization.
- In financial terms, ADIF AV has estimated a **€2 billion increase in revenue** (track access charges) over a 10-year period.

First results:

Aug 2021:

Aggressive pricing.

Increase in ridership (compared Aug 2019).

SNCF 37% market share in terms of passengers in MAD-BCN.

Evaluation:

- "Active infrastructure management" by ADIF: Definition of the time-table, the routes & the number of packages & size of packages.
- Creative solution for congestion management: welcomed by Commission.
- Congestion, a self-fulfilling prophecy?
- Improvement: more justification of congestion, proportionate "active management".
- Possible supply shock as it grows 55%, particularly in East & South corridors, with modal shift from air completed (more 90%).
- Fierce competition expected.

Risk shifted from IM to Rus.

THANK YOU!

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New Mobility - High-Speed Transport Systems and Transport-Related Human Behaviour

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