Press release

Re-funding a sustainable and safe ERTMS deployment that supports competition

The European rail rolling stock lessors highlight the weaknesses of the draft CCS TSI 2022 revision and urge the EU to amend its draft to avoid compromising competition in the rail freight market, threats to improved safety and accelerated obsolescence of existing modern rolling stock. The situation is critical for equipment that is 15 years old and has another 15 years of life ahead of it. Before setting a deadline for the implementation of a new ETCS BL, key issues should be solved related to transparency, ERTMS retrofit prices, EU budget to subsidize retrofits and upgrades, EU funding framework conditions, stability of technology and industry capacity.

Brussels, 19th of September 2022 – The Association of European rail Rolling Stock Lessors has highlighted 4 key issues in the on-going revision process of the CCS TSI and made important proposals to resolve these. The first issue is the lack of visibility of the route-by-route ERTMS deployment planning and delivery which is essential for long term investment decisions and detailed planning. A European digital platform publishing the level of the characteristics, as well as the planning of deployment of the ERTMS on the European core network corridors does not exist. AERRL urges to coordinate a uniform implementation of ERTMS deployment at EU level by making detailed and regularly updated publication of track side deployment, compulsory for Member States or Infrastructure Managers. Furthermore, AERRL supports an empowered centralised European system authority in the form of ERA.

Second issue is related to increasing costs of ERTMS in contrast to the assumptions that unit costs would fall over time, a new Baseline will only make this worse. Especially problematic for retrofitted equipment, insufficient subsidies and increasing costs make investments in complex retrofit and upgrade of ETCS on-board for existing rolling stock increasingly uneconomic. If the costs of retrofits and upgrades remain mainly funded by locomotive owners without any substantial EU support, new entrants could no longer have access to locomotive equipped with the ETCS BL compatible with the infrastructure. This would be a shock in the process of opening up the single European railway area to competition.

The third problem is related to the too frequent changes in technology in the European regulations. The introduction of a new baseline after two major changes in 15 years would considerably increase the risk of obsolescence of modern rolling stock. Finally, AERRL is very concerned that the planning of the TSI revision and implementation ignores the industrial capacity to produce and deliver ETCS BL3 and BL4 in time.

Fabien Rochefort, AERR Chair: *By ignoring essential needs of private investors, the current draft revision 2022 of the CCS TSI undermines the foundations of Green Deal and ERTMS: environment, fair competition in the single European railway area and continuous progress in safety. Vehicle keepers are facing tremendous difficulties to get Manufacturers and Equipment providers competing and committing on delays with affordable prices in a context of continuous evolution of technical requirements. The approval of the EU Commission revised CCS TSI, as currently drafted, could negatively impact efficiency and competition in the rail transport market, leading to exclude number of state-of-the-art modern locomotives from the market.*

Carole Coune, AERRL SG: *The European lessors make suggestions based on the EU ERTMS Coordinator Workplan 2022 where Matthias Ruete announced future discussions to better synchronise the deployment of ERTMS on track and on-board. These suggestions are linked to a simple recommendation related to the CCS TSI revision: the implementation of the revised CCS TSI requires a transition period allowing investments are made or are ongoing and previous investments have had a sufficient and sustainable life cycle. It's key for sustainability and competition.*

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About the rolling stock leasing market

The locomotive leasing market experienced sustained rapid growth from 2010 to 2020. The locomotive leasing fleet will continue to grow in the years ahead. In 2016-2020, 40% of new locomotive deliveries in the EU, Switzerland and Norway were to lessors, up from 25% in 2011-2015, with a strong focus on mainline electric locomotives.

Locomotive lessors offer railway companies a fleet that delivers above average performance in terms of technologies and emission-friendly traction.

64% of the locomotive leasing fleet is electric traction, 34% diesel traction, with 2% alternative drive.

40% of the locomotive leasing fleet is equipped with ETCS, 65% is cross border.

Around 75% of lessees are competitors to state railways. In total, over 150 rail freight and passenger rail companies use leased locomotives. Around 75% of these companies lease fewer than ten locomotives. The remaining 25% of the locomotive leasing fleet is leased to state railways.

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