

Development of Infrastructure for General Use



Development of the Railway Infrastructure for General Use

In 2012, JSC "Russian Railways" presented to the Government of the Russian Federation a report on proposed parameters of a network contract to regulate the relationship between the State and "Russian Railways" for the maintenance, operation and development of the railway infrastructure of pilot railroad sites.

The regulatory (network) contract is a new mechanism for Russia aimed at developing the railway infrastructure for general use. It formalizes the relationship between JSC "Russian Railways" as its owner and the state as the customer of a required level of throughput capacities of the national railway system. Importantly, this is a long term interaction mechanism. The customer order is formed based on indicators of the target state of the infrastructure complex, composition of costs, calculations of the planned amounts and sources of funding costs as well as subsidies to perform works to maintain, operate and develop the infrastructure complex.

The Russian government has instructed relevant executive agencies, together with JSC "Russian Railways", to develop and adopt in 2013 regulations that would facilitate the introduction of the network contract. Moreover, the Ministry of Transport of Russia and JSC "Russian Railways" have been instructed to negotiate a pilot network contract.

JSC "Russian Railways", in cooperation with the involved ministries and supported by the Government, is working on other opportunities to attract investment for the development of the railway infrastructure. In particular, the Company is examining the prospects of developing long term tariffs, taking into account the method of return on invested capital (RAB method), and also forming a regulatory base for the release of infrastructure bonds.