



The financing of high-speed lines in France

Development of high-speed lines in Central Europe conference

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Introduction

Lines in service

- ▶ LGV Sud-Est (1981-1983)
- ▶ LGV Atlantique (1989-1990)
- ▶ LGV Rhône-Alpes (1992-1994)
- ▶ LGV Nord (1993-1996)
- ▶ LGV Interconnexion Est (1994-1996)
- ▶ LGV Méditerranée (2001)
- ▶ LGV Est européenne (2007-2016)
- ▶ LGV Perpignan - Figueras (2009-2012)
- ▶ LGV Rhin-Rhône (2011)
- ▶ LGV Sud Europe Atlantique (2017)
- ▶ LGV Bretagne-Pays de la Loire (2017)
- ▶ Bypass Nîmes Montpellier (2017-2018)

And more to come (GPSO, LNMP)

40

years of experience in
high-speed

For decades, SNCF Réseau has been **the architect of the French HSL network**. Thanks to this experience SNCF Réseau has acquired a **strong technical and financial expertise**.

A wide range of financing options

Concession

(e.g. South Europe Atlantic)

- **Investment:** public subsidies but also a large part of private sector financing
- **Risks:** important transfer to the private sector possible
- **Remuneration:** infrastructure charges
- **Efficiency:** works on time, dynamic commercial policies
- **High infrastructure charges + no flexibility** in setting charges as they are set in the initial contract

Partnership

(e.g. Bretagne-Pays-de-Loire)

- **Investment:** public subsidies and private sector financing
- **Risks:** transfer part of them to the private sector
- **Remuneration :** SNCF Réseau pays a fee to the partner but collects infrastructure charges
- **Works** on time
- **Fees are designed in initial contract based on KPIs + adaptability of charges**

Public project ownership

(e.g. HSL Est 2)

- **Investment:** public sector only
- **Risks:** on SNCF Réseau, as no private sector involved
- **Remuneration of SNCF Réseau:** infrastructure charges, subsidies and taxes
- **Works** not always on time
- **Adaptability of charges setting**



SNCF Réseau is not participating in the financing of new infrastructure, because we must first put our financial trajectory back on track.

Public project ownership: several financial players

The public projects ownership are financed by **financial agreements between the State and the local governments**. They finance the SNCF Réseau teams working on these projects.

Local governments
(40% on average)

State
(40% on average)

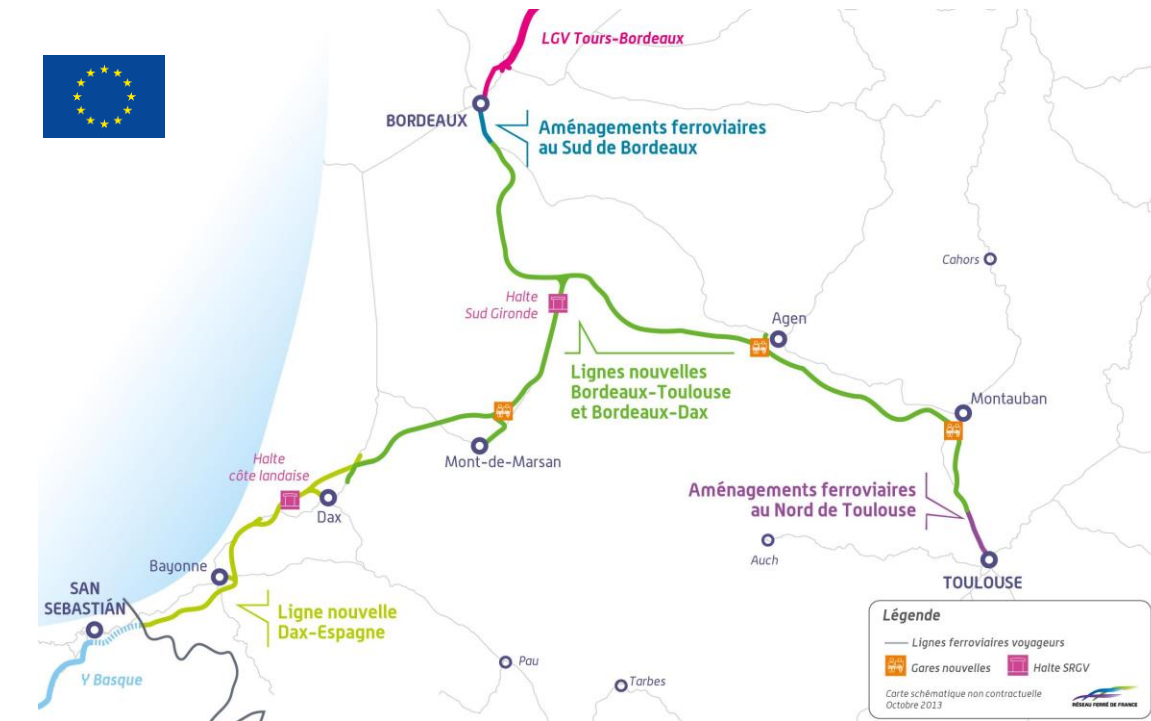
European Union
(20% on average)

Part of the funding from local governments comes in the form of **local taxes**. But except in the Île-de-France region, these taxes **can only represent a small part of the cost** of the infrastructure.

Additional funding will come from European funds (**Connecting Europe Facility**).

Focus : GPSO and LNMP projects

Grand Projet du Sud-Ouest (GPSO)



New Montpellier-Perpignan Line (LNMP)



The law created financing companies for three major projects (GPSO, LNMP) in order to concentrate local government funding and collect local taxes. These companies are useful because they are **responsible for securing the contributions of the local authorities**, which are jointly and severally liable.

The main financial issue : cost overruns



SNCF Réseau's contracts provide for financial incentives, but **never for the full cost of overruns**



SNCF Réseau has also recently been working on the **correct setting of the risk provision** (recommendation: more than 10%)

THANK YOU