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27 February 2019

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Robert Holder
Network Access Manager
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Dear Jayne and Rob

Approval of the 25th supplemental agreement to the track access contract between Network Rail Infrastructure Limited (Network Rail) and First Greater Western Limited

1. We have today approved the above supplemental agreement submitted to us formally on 25 February 2019 under section 22 of the Railways Act 1993 (the Act). This follows an earlier informal submission of a draft agreement for our consideration. The purpose of this letter is to set out the reasons for our decision.
2. The purpose of this agreement is to amend Schedules 4 and 8 of the contract in order to accommodate the transfer of Service Groups EE01 and EF06 to the separate MTR Crossrail contract.
3. We note that an industry consultation is not required in order to amend the contract in this way.
4. We reviewed the proposed changes and in regards to those within Schedule 8, noted that the calculation was correctly shown within the contract in 2012/13 prices.
5. In our review of changes to Schedule 4, we noted that in addition to amendments for service groups EE01 and EF06 (those which transferred out of the contract in May 2018), the agreement also introduced changes to service groups: EF04, EF05, EF07, EF08, EF09, EF10, EF 12, and EF13. You clarified that the two migrated service groups interacted with the additional service groups, which mean that they are affected by the

change in TOC on self 'v' TOC on TOC proportions. Payment rate changes therefore reflect the transfers of revenue between the affected service groups. A recalibration technical report was provided to ORR to provide this explanation.

6. In addition (to the above) you noted a calculation error in respect of Schedule 4 changes and have addressed that prior to formal submission.

7. When we invited formal submission we also suggested that you provide for the contract to have retrospective effect from 27 May 2018 (the date of the services transferring) and subsequently also asked that you amend the term of this Agreement so as to expire at 23.59 on 31 March 2019 and avoid overwriting the changes that will be introduced with the implementation of the Periodic Review. These changes were made.

8. In considering the agreement and in reaching our decision, we have had to weigh and strike the appropriate balance in discharging our statutory duties under section 4 of the Act. We have concluded that approval of this supplemental agreement is consistent with our section 4 duties, in particular those relating to protecting the interests of users of railway services (section 4(1)(a)), promoting the use of the railway network for the carriage of passengers (section 4(1)(b)) and enabling persons providing railway services to plan their businesses with a reasonable degree of assurance (section 4(1)(g)).

9. Under clause 18.2.4 of the track access contract, Network Rail is required to produce a conformed copy, within 28 days of any amendment being made, and send copies to ORR and the Train Operator. Please send the conformed copy to me at ORR.

10. Electronic copies of this letter, the approval notice and the agreement will be sent to Keith Merritt at Department for Transport and to Peter Craig at Network Rail. Copies of the approval notice and the agreement will be placed on ORR's public register (website) and copies of this letter and the agreement will be placed on the ORR website.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Trippier', written in a cursive style.

John Trippier