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Dear Richard and Andrew

WEST COAST MAIN LINE CAPACITY

Purpose

1. The purpose of this letter is:
 - (a) to describe where we believe matters now rest in the light of recent events; and
 - (b) to set out the process and timescales that we consider are now needed to enable ORR to reach decisions on the potentially competing applications from [Alliance Rail Holdings Limited](#) ("ARH") and [First/Keolis Transpennine Limited](#) ("FKT") for access to the West Coast Main Line ("WCML") and associated routes.

Background

2. As you know, we wrote to interested stakeholders on [1 October 2012](#) informing them of our process for taking forward our consideration of the competing applications and the aspirations we have received for track access rights on the WCML. Briefly, we agreed with Network Rail that it would produce a capacity and performance report analysing the two applications from ARH and FKT, together with the anticipated application from the then new InterCity West Coast franchisee. However, in doing so we made it clear that we would not be able to provide applicants with decisions on all of their applications without a full recast of the WCML timetable because of the constraints and uncertainties that still existed. As a result, we concluded that we would only be able to take decisions before the priority date for the December 2013 timetable (1 March 2013) on:

- (a) the extension of FKT's existing rights and the first stage of its enhanced service proposals;
- (b) ARH's and/or the franchisee's Blackpool proposals; and
- (c) depending upon what the then new franchisee decided to proceed with, some of its proposed enhancements from December 2013.

In all cases, we said that we would only approve rights until December 2016 – the anticipated effective date of the full timetable recast.

3. The timing of our letter was of course a little unfortunate because, on 3 October, the Department for Transport ("DfT") announced that it had rescinded its decision to award the long-term InterCity West Coast franchise to First Group. DfT recently announced, on 6 December, that West Coast Trains ("Virgin") would continue to operate the franchise until 9 November 2014 after which it will be let under a long-term franchise.

4. Notwithstanding these developments and the significant uncertainty over the long-term requirements of the InterCity West Coast franchise operator, we still have two applications from ARH and FKT which we must consider. Although we understand that Virgin is now in discussion with Network Rail about its plans, there is still a need for us to understand the availability of capacity for the applications we have before us and as a result, we said that we would need to continue with the process described in our letter of 1 October 2012.

Current position

5. During August 2012, we discussed and subsequently agreed with Network Rail that a full timetable recast would be required in order for the industry and us to understand the long-term availability of capacity after December 2016. At the time you advised that this would take up to a year to complete, although you agreed to investigate possible ways of reducing the timescales.

6. In the meantime, Network Rail agreed to proceed with the production of a capacity and performance report in respect of available capacity for the December 2013 timetable in line with its letter of 10 August 2012. The report would also advise on the availability of capacity for additional services between London and Blackpool. Although the report was received on 23 November 2012, you will be aware that we wrote to your colleague Peter Painter seeking clarification and amplification on a number of issues. A number of stakeholders also commented on the report. As a result we are expecting Network Rail to issue a revised version of the report, taking account of the comments it received, later today.

7. I also understand that Network Rail is currently engaging with passenger and freight operators about the arrangements for establishing the West Coast Event Steering Group ("ESG") in January 2013. This will help to inform the process in line with the revised approach which you are taking to inform the allocation of network capacity, as set out in Fiona Dolman's letter of 30 October 2012 to stakeholders and which was copied to ORR. The focus of the ESG will be to ascertain the best future use of capacity, with a view to effecting a recast of the current WCML timetable from December 2016.

Next steps

8. In order for ORR to be able to reach a decision in December 2013 on access rights from December 2016 onwards, it is imperative that Network Rail and stakeholders implement a programme of work as a matter of urgency. The first stage is, of course, nearly complete, but we consider that an intermediate stage is required in the middle of next year culminating in a final decision in December 2013, or earlier if possible. These are set out in the attached **Annex**, including the dates by which we need the information from you, but briefly:

- (a) stage one as indicated above is nearly complete;
- (b) stage two will involve an assessment of the application from FKT for additional/ amended services across the Pennines from May 2014 until December 2016 (Network Rail's capacity report to be received no later than 31 May 2013); and
- (c) stage three will involve two assessments:
 - the potentially competing applications from ARH and on behalf of the InterCity West Coast franchisee, both against each other, and in terms of their individual respective impact on capacity and performance. If no application is made on behalf of the franchisee, ARH application's impact on capacity and performance will be assessed on its own; and
 - an assessment of the potentially competing applications from ARH and FKT across the Pennines, both against each other, and in terms of their individual respective impact on capacity and performance from December 2016 (Network Rail's capacity report to be received no later than 30 August 2013).

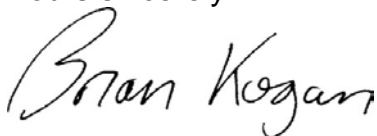
We consider that the timescales set out in the Annex are the latest by which we would need the information from Network Rail if we are to achieve a final decision in December 2013.

ORR contact arrangements

9. We would welcome the opportunity to discuss the position with you, and Dave Wearing (david.wearing@orr.gsi.gov.uk on 0207 282 2126), who will continue to act as ORR's sole point of contact for the work, will be in touch shortly to arrange.

10. A copy of this letter has been sent to your colleagues Peter Painter and David Jackson, other colleagues here and, to all interested stakeholders. It will also be posted on our website in due course.

Yours sincerely



Brian Kogan

Annex

STAGE 1 - WEST COAST MAIN LINE TRACK ACCESS APPLICATIONS TIMETABLE DEVELOPMENT AND APPROVAL PROCESS

OPERATORS: ARH, FKT and franchisee

RIGHTS SOUGHT:

ARH: new Euston – Blackpool services

FKT: diverted and additional Manchester Airport – Edinburgh/Glasgow services

Franchisee: new and/or diverted Euston – Blackpool/Lancaster services

TRAINS AVAILABLE:

ARH: new build – earliest PCD 2015

FKT: PCD 2013 onwards

Franchisee: PCD 2013

SERVICES TO COMMENCE:

As per train availability

PRIORITY DATE: 1 March 2013

ORR DECISION: 16 February 2013 for rights until PCD 2016

NETWORK RAIL CAPACITY AND PERFORMANCE REPORT: Original report received 23 November 2012, but further clarification requested by Tuesday, 18 December 2012)

STAGE TWO - WEST COAST MAIN LINE TRACK ACCESS APPLICATIONS TIMETABLE DEVELOPMENT AND APPROVAL PROCESS

OPERATOR: FKT

RIGHTS SOUGHT:

An additional cross-Pennine hourly service each way between Liverpool and Newcastle-upon-Tyne via Manchester Victoria, Huddersfield, Leeds and York

Substantial changes to FKT's existing services in terms of origins and destinations, and some trains to switch from Manchester Piccadilly to Manchester Victoria (not currently used by FKT)

Consequential changes to the services of other operators, in particular Northern

TRAINS AVAILABLE:

SCD 2014

SERVICES TO COMMENCE:

SCD 2014

PRIORITY DATE:

9 August 2013

ORR DECISION:

26 July 2013 (given the substantial nature of the proposed FKT changes, FKT, other operators and Network Rail will all need to know whether the existing or a substantially different timetable is to apply from SCD 2014, hence a decision deadline two weeks before the Priority Date).

Note: ORR's decision will only cover the period to PCD 2016, given that FKT is only seeking rights until that date and we will not know until we receive the capacity report for stage three whether the proposed services of ARH and FKT can both be accommodated across the Pennines.

FINAL NETWORK RAIL CAPACITY AND PERFORMANCE REPORT: 21 June 2013

DRAFT NETWORK RAIL CAPACITY AND PERFORMANCE REPORT: 31 May 2013

STAGE 3 - WEST COAST MAIN LINE TRACK ACCESS APPLICATIONS TIMETABLE DEVELOPMENT AND APPROVAL PROCESS

OPERATORS: ARH and the franchisee

RIGHTS SOUGHT:

ARH: new services between Euston and –

Leeds, via Crewe, Stalybridge and Dewsbury – 6/7 each way weekday (fewer at weekend)

Bradford Interchange, via Newton-le-Willows and Rochdale – 5/6 each way

Blackpool North, via Preston (see also stage one)

Carlisle, via Barrow-in-Furness and the Cumbrian Coast

plus some early morning/late evening workings to/from Crewe (where the maintenance depot will be located)

The Leeds and Bradford services to operate in alternate hours sharing the same hourly path to/from Euston with the Blackpool and Carlisle services sharing the same two-hourly path between Euston and Preston

West Coast InterCity operator:

Existing services plus any additional services advised by DfT

TRAINS AVAILABLE:

ARH: new build – PCD 2016 (possibly earlier)

Franchisee: new build - not known

SERVICES TO COMMENCE:

PCD 2016

PRIORITY DATE: N/A

ORR DECISION:

6 December 2013

NETWORK RAIL PERFORMANCE REPORT: 20 September 2013

NETWORK RAIL CAPACITY REPORT (covering the core WCML plus the Cumbrian Coast route and cross-Pennine routes): 30 August 2013