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Dear Ian

Application for directions: proposed track access contract between Network Rail Infrastructure Limited and Grand Union Trains Limited

This letter provides the representations of Network Rail as requested in ORR's letter of 22 May 2020 with regard to the above application by Grand Union Trains Limited (GUTL) to operate services between London Paddington and Carmarthen. You will be aware that this is a revised application that reflects changes to the proposed frequency of services and the destination proposed to be served in Wales.

Network Rail welcomes new train operators and operations and has worked with GUTL to identify potential paths and capacity on previous proposals. This latest application for 7 return services between London Paddington and Carmarthen is a reduction in the quantum of train slots requested in the previous application.

The Application

GUTL has submitted a Section 17 track access application for services between London Paddington and Carmarthen. The initial services would commence on the Principal Change Date 2021 and would expire on Principal Change Date 2036.

The application seeks to secure quantum rights (table 2.1 PART A and PART B of Schedule 5) as described in the draft track access contract (TAC) and which appears to be based on the Passenger (Non-Franchise) Track Access Model Contract.

The Application Form P

Section 3.2 of the application Form P regarding "Terms not agreed with the facility owner" states that:

"Due to the requirements of the Economic Equilibrium Test for a Track Access Contract (TAC) submission to be made when new rights are sought and no TAC is in place, this section 17 application reflects the fact that other than 'in principle', agreement on specific areas of this application have not been able to be sought due to the limited time timescales."

NR would always endeavour to negotiate an agreed Section 18 application as our preferred approach to working with customers. From the outset, Network Rail has been clear in our conversations with the operator that the timescales necessary to meet the requirements of the EE Test would likely require submission of their first application for services between London Paddington and Cardiff as a Section 17 application, reflecting the inability to undertake detailed timetable development and analysis in the time available.

Flexing Rights

Network Rail notes that Section 4.3 of the Form P sets out an aspiration for a 'clockface' timetable, which is not further referenced in the draft track access contract. Whilst Network Rail recognises the aspirations of the applicant to maintain 'clockface' departures as far as is possible in line with other traffic, Network Rail will follow the process set out in Part D of the Network Code in seeking to satisfy the aspirations of all parties to the timetabling process.

Journey Time Protection

Network Rail notes that Section 4.4 of the Form P sets out an aspiration for a degree of journey time protection, which is not further referenced in the draft track access contract. Whilst Network Rail recognises the aspirations of the applicant to maintain journey times as far as is possible in line with other traffic, Network Rail would need to receive evidence from the applicant as to why such protection is required, in accordance with our access rights policy.

Investment Conditions

Network Rail notes that the TAC does not include any investment conditions, which it might expect to accompany an Open Access application seeking rights for a longer duration than five years. Network Rail notes, however, that the form P references investments. The extract below is from section 3.1 and 6.1 of the Form P:

"Grand Union will be investing in significant infrastructure improvements at Severn Tunnel Junction Station to upgrade the station and improve passenger and staff facilities to a standard appropriate for use by Intercity trains. We are also in discussions with the Welsh Government and others regarding potential further investment and will be investing in a new build fleet of bi-mode trains for the extended service."

"Planned enhancement schemes are at an early stage of discussion with the Welsh Government and others, and details will be provided to the ORR as they become available."

Network Rail would be keen to understand the investments being proposed by the applicant as there are no references to the investment conditions in the draft TAC.

The Proposed Contract

Form of contract

The draft contract appears to be based on the Passenger (Non-Franchise) Track Access Model Contract, with Open Access modifications.

Model Contract

The application is based on the Passenger (Non-Franchise) Model Track Access Contract.

The Services

NR's view of the deliverability of the quantum of passenger train slots sought by the applicant in Table 2.1 of Schedule 5 is included in the Timetable Capacity & Performance section below.

Calling Patterns

NR cannot currently support the sale of the calling patterns specified by the applicant in Table 4.1 of Schedule 5 until the capacity assessment work has been concluded (see Timetable Capacity & Performance section below).

The Specified Equipment

Route Clearance processes have not yet concluded for the Specified Equipment (Class 91 Electric Locomotive, Mark 4 Driving Van Trailer and up to 9 Mark 4 Passenger Vehicles and Class 802 with up to 9 vehicles). Therefore, rolling stock compatibility has not been demonstrated throughout the route specified for all the rolling stock specified in the application.

GUTL has commissioned a gauging study and Electromagnetic Compatibility assessment as part of their progress towards demonstrating compatibility with the Network. Network Rail understands that there are still some gauge issues to resolve, as indicated by the report provided separately by GUTL as part of its previous application. However, it recognises that this is an ongoing process and does not insist that the compatibility process conclude before decisions on the sale of access rights conclude.

If the findings indicate that the rolling stock can demonstrate gauge compatibility with reduced or special clearances, then Network Rail would not support working to those, as this is likely to lead to increases in costs in maintaining the network. If the compatibility process determines that interventions are required to clear the vehicles for operation on the route, then it is incumbent on the proposer to engage with Network Rail on commissioning works to deliver the required capability.

The Specified Equipment includes electric locomotives and vehicles. At this point in time, Network Rail's concerns have not all been addressed regarding the power supply or the concerns about the harmonic emissions of the Class 91 locomotives. GUTL has engaged with Ricardo to undertake a study on the route clearance for the Class 91 and Mark 4 fleet. The study document has been shared with Network Rail and is being assessed. Network Rail does have some concerns about the type of assessment which has been undertaken and therefore the validity of some of the outputs. The EMC report is based on a comparison between ECML and GWML. It is clear from the introduction of IEPs on ECML and GWML that the trains and infrastructure interacted in very different ways owing to variations in the technology and designs used on the infrastructure.

One of the main challenges on the question of power supply is to meet National Grid's (NG) requirement at the Point of Common Couplings with NG for our new traction power supply sites. One of NG's technical requirements for harmonics is specified on evaluating the harmonic voltage level for each individual frequency of concern (up to 100th order / 5kHz) and for predicted exceedances, filter installations will be required. Network Rail has provided feedback on the report to Ricardo, and await further discussions.

Timetable Capacity & Performance

The applicant has proposed to run up to 7 trains per day in each direction between London Paddington and Cardiff between December 2021 and December 2023. The applicant has proposed to run up to 7 trains per day in each direction between London Paddington and Carmarthen from December 2023.

Network Rail is aware from conversations with GUTL that it is not satisfied with some of the outputs from capacity analysis work undertaken on the previous applications which failed to identify potential train paths which did not conflict with services within the timetable used for the analysis. In light of this new application, Network Rail has agreed to undertake a new piece of capacity analysis of the proposals which is expected to be completed by the end of July. This analysis is expected to provide Network Rail with a view on whether the capacity is available to include 7 additional fast trains between Paddington and Cardiff. Network Rail is working in close collaboration with GUTL on this analysis.

Network Rail has concerns regarding the impact to performance of introducing additional train services on a heavily utilised mixed-use part of the rail infrastructure on GWML. However, whilst the new capacity assessment is taking place, Network Rail is not in a position to comment in greater detail on the potential performance implications of introducing the proposed services. It will provide more detailed representations on its views of the performance impact of introducing the proposed services when the outcome of the capacity assessment is known.

Network Rail will continue to work with the applicant to establish the detail required to assess the application further.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "D. Fredriksson".

Daniel Fredriksson

Customer Relationship Executive, Network Rail