

APPLICATION TO THE OFFICE OF RAIL AND ROAD FOR A PASSENGER TRACK ACCESS AGREEMENT, OR AMENDMENT TO A PASSENGER TRACK ACCESS AGREEMENT UNDER SECTIONS 17-22A OF THE RAILWAYS ACT 1993

1. Introduction

Please use this form to apply to the Office of Rail and Road (ORR) for:

- directions under section 17 of the Railways Act 1993 for a new track access contract. Section 17 allows companies who want the right to use a railway facility (including Network Rail's network) to apply to ORR for access if they are not able (for whatever reason) to reach agreement with the facility owner.
- approval under section 18 of the Railways Act 1993 for a new track access contract. Section 18 allows companies to apply for approval if they have agreed terms with the facility owner.
- approval of a proposed amendment (agreed by both parties) under section 22 of the Railways Act 1993 to an existing track access contract.
- directions under section 22A of the Railways Act 1993 for an amendment to an existing track access contract. Section 22A allows anyone seeking an amendment to an existing track access contract which allows the operation of more extensive services to apply for a compulsory amendment if they are not able (for whatever reason) to reach agreement with the facility owner.

If it is the facility owner, Network Rail will carry out a pre-application consultation. In this case fill in this form up to section 7.3. You should fill in the rest of the form after the consultation and before applying to ORR. If you are unhappy with the facility owner carrying out the consultation, you should ask ORR to do so. If this is the case, you should complete this form in full before submitting it to us.

The form sets out ORR's standard information requirements for considering applications. It cross-refers throughout to our [criteria and procedures](#) (C&Ps). The C&Ps explain the process, timings and the issues we will expect to consider. You should use the published [model passenger track access contract](#) as your starting point when drafting the contract or amendments you want. Please read the C&Ps and the Code of Practice before applying.

We are happy to talk to you before you apply. Please contact us [here](#).

You can download a copy of this form, and of ORR's model track access contract, from the ORR website: www.orr.gov.uk

2. The application

2.1 Title of proposed contract or supplemental agreement (please also include the section of the Railways Act 1993 under which you are applying):

Grand Union Trains

2.2 Contact details (Company and named individual for queries):

<u>Facility Owner</u>	<u>Beneficiary</u>
Company: Network Rail	Company: Grand Union Trains
Contact individual:	Contact individual: Ian Yeowart
Job title:	Job title: Managing Director
Address:	Address: Riverside Lodge, Fulford, YORK, YO19 4RB
Telephone number:	Telephone number: Redacted]
Fax number:	Fax number:
E-mail address:	E-mail address: Redacted]

2.3 Licence and railway safety certificate: please state whether you intend to operate the services yourself or have them operated on your behalf.

Does the proposed operator of the services (a) hold a valid train operating licence under section 8 of the Railways Act 1993 or an exemption under section 7, **and** (b) hold a valid safety certificate under the Railways and Other Guided Transport Systems (Safety) Regulations 2006. If the answer to (a) **or** (b) is no, please state the point reached in obtaining a licence, exemption and/or safety certificate.

C&Ps paras 3.9-3.15

Grand Union does not currently hold a valid train operating licence or safety certificate but will be working towards both during the application process.

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3. The proposed contract or amendment

3.1 Executive summary: please provide an executive summary of the proposed contract or amendment. This should cover the services, the commercial terms, and the reasons for making the application in the terms proposed. This information should be laid out clearly and concisely, and fully highlight the changes from the previous version of the contract (in the case of an amendment). **C&Ps para 3.22-3.28**

Please also explain any important safety risks that have been identified arising from the proposal and how these will be controlled (by reference to the facility owner's safety authorisation and the train operator's safety certificate). **C&Ps paras 4.9-4.11**

Please also state the commencement and end dates for the proposal, and for new agreements or extensions to existing agreements, provide justification for the proposed length of the application, with reference to the [Railways Infrastructure \(Access and Management\) Regulations 2005](#). If you are a franchised operator, please state the expiry date of your franchise. **C&Ps paras 4.72-4.79**

Following a series of discussions with the Welsh Government, members of the Senedd, TfW and others, Grand Union has submitted an application for 5 return services a day to operate between Carmarthen and London Paddington with calls at Llanelli, Felindre (new parkway station), Cardiff, Newport, Severn Tunnel Junction and Bristol Parkway. The overall abstraction level from the application is at the lower levels approved by the ORR on a number of previous open access applications.

These services are of significant importance not only for 'levelling up', but also to the Welsh economy and the Welsh Government and are planned to begin between Carmarthen and London Paddington during the timetable due to start in December 2024 using new build 125mph and route compliant rolling stock. Services will call at an upgraded Severn Tunnel Junction [parkway] and the new and privately funded Cardiff Parkway station when it opens. Both are identified within the South East Wales Transport Commission Report [The Burns Report], with Cardiff Parkway being one of a number of new stations recommended and planned by the Welsh Government for the South Wales Main Line and for which planning permission has been approved.

The application sits squarely at the centre of the UK Government's levelling up agenda as outlined in the final report of Sir Peter Hendy's Union Connectivity Review by boosting the transport options connecting the UK, with focus on providing high-quality transport infrastructure to communities that have been passed over for investment in previous decades. It is also aligned with the Prime Minister's vision to build back better from coronavirus by boosting transport connectivity across and between the whole of the UK, as part of ambitions to truly level up across the country.

The introduction of this service will ensure that Grand Union is part of the important rail recovery process as the UK builds back better in the coming years, providing a vital improvement in Union Connectivity to many parts of southwest Wales currently relatively poorly served by fast and direct links to London.

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Private investment, innovation and competition are critical in ensuring the railway comes back stronger following its period of enforced slowdown, as evidenced by the strong recovery on the ECML, and this application shows private sector confidence in the railway's resurgence.

Grand Union is also redefining the interior of the train, with a new 1st class offering and a significant improvement in seating quality and luggage space in standard class. Additionally, Grand Union is looking at the various technologies that can be installed on trains to inspire further passenger confidence. In particular, the use of UV in air conditioning systems is being rolled out by a number of operators across Europe and elsewhere to reduce viral and bacterial risks and is an issue that Grand Union is discussing with providers and stakeholders.

As well as the service introduction, alongside developing plans by others, Grand Union will be investing in infrastructure improvements by building a new parkway station at Felindre and investing in Severn Tunnel Junction Station where we will increase parking, give direct access from the adjacent M4 motorway and improve passenger and staff facilities to a standard appropriate for use by Intercity trains. This will further boost and support the plans currently under evaluation by the Welsh Government for Severn Tunnel Junction station.

Operation of this service will attract the new Infrastructure Cost Charge introduced by the ORR for PR18 and represents a significant increase in track access revenue for Network Rail, a charge not paid by franchised/concession operators. This charge was introduced in line with the expectations of the Secretary of State for Transport who stated *that a precondition for an increase in Open Access is that all operators make a fair contribution to the costs of the network*. On a path-by-path basis, track access charges for Grand Union on this route will exceed those paid by the current intercity operator.

Grand Union is requesting a 20 year track access contract to reflect the significant planned investment in the infrastructure and its new build train fleet.

Date of commencement: December 2024

End date: December 2044

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3.2 Terms not agreed with the facility owner (for applications under sections 17 or 22A only): please set out here any areas of the application which have **not** been agreed, the reasons for the failure to agree and the reasons for seeking these provisions. **C&Ps para 3.102**

Grand Union has engaged in detail with Network Rail for over 24 months on the development of its timetable. This culminated in a series of earlier reports that confirm that 6 (of 7) path pairs previously developed are fully compliant and that services would be able to be accommodated at the various stations on the route, including the terminus stations. This part of the previous application was evaluated by the ORR which stated that sufficient capacity existed and that any performance implications were acceptable, having been modelled and found to be in line with previous access approvals made by Network Rail and the ORR.

Grand Union services are included in the Concept Train Plans being developed for the Great Western and Wales routes, where a number of changes have been made to franchised/concession operators plans. This includes the removal of the bulk of the previously proposed Bristol – Paddington ‘superfasts’.

In view of the withdrawal of the ‘superfast’ services whose introduction on capacity and performance grounds had been supported by Network Rail, and in line with Network Rail’s comments made in a presentation at the Western ESG of 13 Oct 2021 (slide 9) where it was stated “*Removal of superfasts also reduces capacity/performance impact of potential Grand Union services*”, Grand Union is expecting Network Rail, in line with The Railways (Access, Management and Licensing of Railway Undertakings) Regulations 2016 (AMR) to now support this application in line with its duty to treat all operators fairly and ensure that infrastructure is allocated on a fair and non-discriminatory basis.

3.3 Departures from ORR's model passenger track access contract: please set out and explain here any:

- areas where the drafting of the application changes ORR’s published template passenger track access contract (as appropriate, cross-referencing to the answers below). Please also explain why these departures have been made. **C&Ps paras 2.34-2.37**
- instances where the proposal departs from the charging and/or performance regimes established by ORR’s latest periodic review (or subsequent interim reviews) as reflected in ORR’s model passenger track access contract, including the financial implications (e.g. establishment of an access charge supplement or rebate). **C&Ps paras 5.1-5.44**
- new processes (e.g. a self-modification provision) which have been added. Please also demonstrate fully how this new process is robust and complete. **C&Ps paras 6.2-6.3**

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Grand Union is an open access passenger operator and is not expecting to change the model passenger (open access) contract.

4. The expression of access rights and the use of capacity

4.1 Benefits: please set out what specific benefits the proposal will achieve, including a justification for requiring the rights and their characteristics. Please provide full descriptions of any new rights required, as compared to the previous contract (in the case of an amendment). Please also describe any significant changes in the pattern of services, their benefits to passengers and any impact on other operators, including freight operators. Where appropriate, please provide a fully marked-up version or document comparison of any tables in Schedule 5 which are being modified as a result of this application. **C&Ps paras 4.26-4.35**

The application has been developed alongside colleagues at the Welsh Government and Transport for Wales (TfW). It also has the support of many MPs, members of the Senedd and businesses and communities in southeast and southwest Wales. The thrust of the application is to improve services for these important parts of Wales by providing more regular through services to London from Carmarthen, Llanelli, Felindre (once built), Severn Tunnel Junction and Cardiff Parkway (once built), while also significantly improving the passenger experience overall by not calling trains at the various Thames Valley stations of Swindon, Didcot and Reading. This will go some way in compensating for the Welsh Government's estimated loss to Wales of £700m by the DfT decision not to electrify the route west of Cardiff, while at the same time helping the economy recover more quickly from the pandemic as outlined by the Chancellor and is in line with the Prime Minister's vision to build back better from coronavirus by boosting transport connectivity across and between the whole of the UK, as part of ambitions to truly level up across the country.

In addition, the introduction of the first competitive train service on the First Group operated Great Western route, will stimulate demand and attract new customers with competitive prices and improved quality, a position noted as a benefit by First Group in its own [LUMO] East Coast Trains open access operation.

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Since the Great Western Main Line (GWML) was privatised 25 years ago, there has been no on-track competition on the long-distance parts of the route with only one competition 'for the market' some 16 years ago. First Group has been the monopoly supplier of fast travel to London for a quarter of a century and continues to enjoy direct awards on a too regular basis.

In a speech to the rail industry, Keith Williams, Independent Chair of the Government Rail Review said creative thinking was now critically needed around how the private sector could be incentivised to expand the industry's revenue base, pointing out that airlines had been defined by more competition and greater emphasis on customer engagement following previous significant major setbacks for the sector such as the 2001 9/11 terrorist attacks and the Icelandic volcanic eruption in 2010.

In a recent article for Modern Railways (April 2022) LNER Managing Director David Horne stated "*And uniquely on the East Coast, rail users can choose between franchised services and those provided by now three open access operators. This has meant that, for many years, railway people on the East Coast have been incredibly focused on rail's competitive position and on attracting customers*".

It is therefore of little surprise that the ECML has returned to pre-pandemic levels of intercity ridership, while other intercity routes lag some way behind. The introduction of some creative thinking and competition on the Great Western Main Line will help in driving up that ridership and focusing rail minds more in line with that seen on the ECML, significantly important as GWR, from its consultation response, suggests it has given up on trying to develop ridership on this critical route.

Apart from minimal additional services in the peak, southeast and southwest Wales has not seen an increase in the frequency of its regular train service to/from London with the recent Great Western infrastructure upgrade despite the expectation of the Welsh Government, and it being included in both the Western and Wales Network Rail Route Studies. Carmarthen and Llanelli have only a token through service to London with timings dictated by the use of marginal capacity in First Group resources, and Severn Tunnel Junction has no through services.

In its Access Policy final conclusions, the ORR has stated [2.29]: "*It is important to note that our approval of those open access services which we forecast would have generation to abstraction ratios greater than 0.3 to 1 have resulted in significant benefits to passengers. In many cases, they have led to high passenger volume growth in areas previously poorly served by direct trains to London. Other benefits have included lower fares and some service innovations. All this has led to high passenger satisfaction figures for open access operators*". On this application the ratio is significantly in excess of 0.3 to 1 and we will be serving areas currently poorly served by direct trains to London.

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The ORR further stated [2.32]: *“For these reasons, we continue to believe that using a threshold ratio for the entire service of 0.3 to 1 will best balance our duties to promote competition for the benefit of passengers and to have regard to the funds available to the Secretary of State”*

Grand Union is proposing to introduce a limited number of 5 return fast through services between Carmarthen and London, calling at Llanelli, Felindre Parkway, Cardiff, Newport, Severn Tunnel Junction and Bristol Parkway. Services will also call at Cardiff Parkway when it is opened.

The important parkway station at Severn Tunnel Junction will provide direct access off the M4 motorway for a significant catchment of this area of south Wales and the Forest of Dean and is an important part of the South East Wales Transport Commission’s findings in helping to ease road congestion in this busy corridor.

In correspondence with the ORR, the then Minister of Economy and Transport for the Welsh Government stated: *“I have recently set out our aspirations to increase connectivity and service provision on the South Wales Main Line. The provision of additional high-quality long-distance services connecting South Wales with London fit with both these aspirations, and those set out in the South East Wales Transport Commission’s Final Report. The Grand Union Trains services would also support the conclusions of the “Union Connectivity Review” undertaken by Sir Peter Hendy”*. Support for the introduction of this service has now also been received from Lee Waters, Deputy Minister for Climate Change in the Welsh Government.

Services are planned to be operated by new build bi-mode trains in up to 9 car formation, which will also have space for light freight, a fixed buffet between the classes, on-board catering facilities and improved seating, lighting, legroom and luggage space.

There are now 46 open access services operating and approved by the ORR, all on the ECML to various destinations, and the ORR has previously noted that: *“..those open access services which we forecast would have generation to abstraction ratios greater than 0.3 to 1 have resulted in significant benefits to passengers. In many cases, they have led to high passenger volume growth in areas previously poorly served by direct trains to London. Other benefits have included lower fares and some service innovations. All this has led to high passenger satisfaction figures for open access operators”*.

The ORR also commented that: *“For these reasons, we continue to believe that using a threshold ratio for the entire service of 0.3 to 1 will best balance our duties to promote competition for the benefit of passengers and to have regard to the funds available to the Secretary of State. As explained earlier, our experience suggests that ratios above this level will generally result in economic net benefits”*.

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Grand Union's intention is to build the new parkway station at Felindre adjacent to the M4 motorway as a privately financed station and then operate it as such in the industry standard manner as a regulated station operator. It will be able to be used by TfW for their current and any additional services along the Swansea District Line as well as being available to other operators.

The station will service large parts of southwest Wales and will significantly reduce journey times to and from Llanelli and Carmarthen by removing the call and reverse at Swansea. Swansea station has limited car parking and requires a four mile drive, largely through built up areas, from the M4 and northern outlying population areas into the City.

Felindre station was initially proposed and supported by a scoping study undertaken by Professor Stuart Cole CBE for the Secretary of State for Wales in 2018. No recommendations were made, but the study indicated that the concept of a parkway station at Felindre was sound. Felindre and Grand Union's services were included in the Welsh Government's public consultation document during 2021.

There are existing plans for a new Business Park near this location and outline planning permission has been given for 800 homes. In the Local Development Plan the north and west of Swansea has provision for 9,320 new dwellings. The DVLA has 5000 employees and already uses land at Felindre for its park and share and park and ride service which is close to the proposed station.

The report considered passenger growth at five stations with similar characteristics to Felindre Parkway Station, concluding that:

- Parkway stations have all been successful in attracting car using passengers
- The most likely to be successful are on journeys of one hour or over
- Motorway traffic congestion along the traveller's proposed route is a factor
- There has been an immediate demand following the opening of a P&R or Parkway station at other locations.

Grand Union will be looking to deliver a 'carbon neutral' operational station, using solar PV panels to generate power that can service the station and feed the grid, using sustainable materials in construction, rainwater harvesting and innovative new technology to utilise wind turbines/battery storage.

The Grand Union proposal is designed to offer passengers to and from southeast and southwest Wales extra and new direct services and also give others a choice of operator for the first time in 25 years. There will also be significant further benefits, not least lower fares and improved on board

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accommodation. These were significant reasons in the ORR approval of the [LUMO] open access service from London King's Cross to Edinburgh.

Lower fares are proven to stimulate demand and drive growth, an undeniable fact underpinned by recent Transport Focus research, where a panel group were asked what would make them more likely to travel by train? 85% (the top ranked response) stated "*if fares were cheaper*". This is a clear example of the power of competition stimulating demand 'in the market', and the significant benefit for passengers, taxpayers and the environment that competition brings, and which is so clearly evidenced on the ECML.

Grand Union's trains will also offer a new standard of travelling environment with excellent legroom and sufficient luggage space for the journeys that will be made and an appropriate range of on-board catering facilities including a fixed buffet and a kitchen.

First class passengers will benefit from a new bespoke 1st class vehicle with seating planned in compartments for more privacy and peace or for meetings and working on the move.



Standard class accommodation will be provided in a 2+1 seating arrangement, giving passengers more space and more comfortable reclining seats than are provided now. This also reflects the changing views on passenger space over the short to medium term as passengers return to the railway.



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A standard economy section will also be provided with more traditional 2+2 seating for the more cost-conscious passengers.



The train will also have space to convey a number of cycles as well as 'vanload' freight to make use of all the available space on the train.

The lack of competition on the route is evidenced by the large growth in road coach services, where there are over 30 services a day (each way) between Cardiff and London (under normal conditions), far greater than the number of coach journeys seen elsewhere for journeys of this nature. It is also instructive that the advent of on-rail competition following the introduction of Chiltern's Oxford services on the Oxford - London corridor had seen coach competition fall dramatically.

With road travel from southeast and southwest Wales to England having to contend with the very congested M4 corridor, and air travel non-existent, First Group has been a monopoly supplier of fast travel to London for too long, and this can be seen in the pricing structure in place and its unwillingness to develop new markets for this part of the UK. This is starkly identified in GWR's consultation response on this application. First Group's rail services between London and southeast and southwest Wales have also been downgraded over time with the addition of more and regular stops in the Thames Valley, meaning longer journey times and significant passenger churn on the train detracting from the long-distance passengers' experience.

Grand Union will introduce that competition, both in price and quality, driving growth and usage as identified by the ORR in its Access Policy backed up by evidence of what has actually happened in the market. It will also provide direct services to the significant catchment markets at Carmarthen, Llanelli, Felindre and Severn Tunnel Junction and will be an active participant once Cardiff Parkway is completed.

Uniquely among intercity operators, Grand Union regards a seat as part of the price paid for the ticket, so if we are unable to provide a seat then standing passengers will receive a 50% refund or only pay 50% of the fare for that journey. The plans are that our empowered on-board team would deal with this issue at source. This initiative is to reflect our commitment to passengers and to acknowledge and

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compensate them as quickly as we can when things go wrong. We will further discuss with stakeholders and our own people other initiatives that will enable us to address any passenger issues in a much quicker way than now. Our people will be the key factor in the delivery of our service.

Passengers will also not be penalised for purchasing tickets on train, and passengers will be able to access the entire suite of ticket buying options. Discussions have been on-going for some time with ACT (A Fujitsu Company) based in Cardiff in looking at future easy ticket purchasing options for both individuals and companies. Our intention is to address the full market need from those who want the security of the paper ticket and the comfort of buying one physically, to those happy with the continued march of technology. Innovation and trialling within the market are things that smaller, unconstrained operators do particularly well.

Our intention is to develop and introduce a complete suite of passenger engagement software that will transform the overall passenger experience, introduce a loyalty programme with tangible benefits and to define a new and improved way forward that will see significant passenger benefits delivered in a clear, precise, and transparent way.

This service will also start to reign in the disparity between Cardiff and Bristol on this vitally important route for the benefit of the south and west Wales economy and the UK as a whole.

Grand Union will base its operation in south Wales and is proposing to have its trains maintained there, helping to boost the local economy and contribute to the 'levelling up' process. With the arrival of the new trains, maintenance will also remain in south Wales, and discussions have taken place and continue with potential suppliers and maintenance providers.

Over 125 new and permanent full-time posts will be created by Grand Union with the operation of this new service, the vast majority of them located in south Wales. This will also bring further benefits to the local supply chain, in terms of maintenance, servicing, provision of catering supplies, consumables and support.

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4.2 Adequacy: please set out how you have satisfied yourself that there is enough network capacity for the services in the proposal. Please also set out whether there are any implications for overall network performance and the facility owner's maintenance and renewal activities. **C&Ps paras 4.12-4.45**

Grand Union has undertaken a detailed evaluation alongside Network Rail to prove that the necessary capacity exists. Modelled impact on performance for 6 train pairs was in line with that previously accepted by the ORR, Network Rail and GWR. With this application now seeking capacity for only 5 return paths as opposed to the 6 compliant paths developed, then modelled performance impacts will be further reduced. Services are also included in the forward Concept Train Plans.

Grand Union does not envisage operating at times that will impinge on the facility owner's time for maintenance and renewal activity.

s4.3 Flexing rights: please provide a general description of the extent of any limitations on the facility owner's flexing rights in the proposal. Please provide the rationale for the extent of any limitation on the flex provided, including any changes to pre-existing services, and the extent to which the provisions have been agreed with the facility owner. **C&Ps paras 2.27-2.33**

N/A

4.4 Journey time protection: please describe whether the proposed contract gives journey time protection to any services (by establishing maximum journey times, fastest key journey times or maximum key journey times), and explain the reasons for this, with reference to ORR's criteria. **C&Ps paras 8.90-8.103**

N/A

4.5 Specified equipment: please give full details of any changes to specified equipment (rolling stock), including timescales, and how much of the vehicle and route acceptance procedure in the Network Code (Part F) has been completed. Please explain whether you have, or will have, the rolling stock necessary to exercise the rights being sought. **C&Ps paras 8.87-8.90**

The service will be provided by new build bi-mode trains. These trains will have a Grand Union specified interior offering more comfortable seats, more space and legroom and more luggage space with improved lighting. Trains will also have a fixed buffet/kitchen serving both classes of passengers and will also have space to carry cycles and light/urgent freight.

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4.6 Franchise obligations: please explain whether the proposed services are necessary to fulfil obligations under a franchise or concession agreement. **C&Ps paras 4.3-4.4**

N/A

4.7 Public funding: please state whether (and if so to what extent) the proposed services are subject to financial support from central or local government (other than the Department for Transport or Transport Scotland), including Passenger Transport Executives. Please also provide a point of contact at that body. **C&Ps paras 3.52, 4.25, 4.35-4.39**

N/A

4.8 Passenger Focus and, where applicable, London TravelWatch: please state whether (and if so to what extent) the proposed services have been discussed with these bodies. Please also provide copies of any relevant correspondence. **C&Ps para 4.39**

Passenger Focus is fully supportive of this application and views it as *"..a strong case and clearly highlights the potential benefits to passengers that choice can bring, as demonstrated on the ECML"*.

4.9 Route utilisation strategies (RUSs): if applicable, please state which RUSs (including the Freight RUS) are considered relevant to this application and whether the proposed rights are consistent with that RUS. If the proposed rights are not consistent, please explain the reasons for this. **C&Ps paras 4.5-4.8**

The Western and Wales Route studies are most relevant, with both showing the expectation of up to 4 trains an hour between Cardiff and London Paddington. This application is for an initial small number of services to begin moving towards that aspiration.

The rights proposed are consistent with the contents of the Western Route Study, the Welsh Route Study, the output from the Long-Distance Market Study, and the benefits outlined in the Network Rail Wales and Western 2020 Business Plan.

Grand Union has been fully involved in the Western and Wales ESGs and is included in the Concept Train Plans of both ESGs.

This proposal is also in line with the UK's levelling up agenda and directly supports the aims of the Union Connectivity review.

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5. Incentives

5.1 Train operator performance: please describe any planned projects associated with the operation of the proposed services aimed at improving your performance. **C&Ps paras 4.26-4.36**

The new build train fleet will need to meet a number of pre-operational targets prior to entering service and will be maintained under a Train Service Agreement.

5.2 Facility owner performance: please describe any planned projects associated with the operation of the proposed services aimed at improving the facility owner's own performance. **C&Ps paras 4.26-4.36, 5.1**

The building of the new station at Felindre will ease pressure on the approaches at Swansea station and also offer the opportunity for more frequent services along the lightly used Swansea District Line.

The planned improvement and changes in facilities at Severn Tunnel Junction station will supplement the works currently under consideration and are designed to improve the access and management of the station.

Grand Union would also like to engage further with Network Rail regarding improving current line speeds on the Swansea District Line, where the line speed is currently only 50mph.

5.3 Monitoring of services: would all proposed services be monitored for performance throughout their journeys, consistent with our policy in paragraph 5.50 of the criteria and procedures? If not, please state the reasons for this is in line with the permissible circumstances described in paragraph 5.51 of the criteria and procedures. **C&Ps paras 5.50-5.56**

All services will be monitored. We will be aiming for high performance in line with our wider values so we plan to monitor performance of both our trains and the wider route, which will help deliver better performance for all operators. As a small operator, we intend to create a complete team that links between drivers, on train staff and the controller/performance managers as we look to develop a good understanding of any delays and manage the appropriate actions. We believe that this will benefit not just our train services, but the wider network.

We are actively looking to better and improve the way that our service is delivered, and to engage with passengers/stakeholders through a process of continual development and improvement.

Discussions with colleagues at TfW have been positive and productive and will ensure that this very Welsh focused intercity service plays its important role in assisting with the economic recovery, the levelling up agenda and Union Connectivity. These areas have been highlighted by the Welsh Government in its continued support for the introduction of this important service and by members of the Senedd along with a number of UK MPs.

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5.4 Performance regime changes (for applications under sections 17 or 22A only): where applicable, please provide justification for any changes to Schedule 8 of the track access contract in the proposal. If necessary, please provide any relevant information in support of the changes proposed. **C&Ps para 5.38-5.40**

N/A

6. Enhancement

6.1 Enhancement details: where the proposal provides for the delivery of any network enhancements, or the services in the proposal are subject to any planned network enhancements, please give full details of the relevant enhancement schemes, including a summary of outputs from the scheme, timescales and the extent to which the network change procedure in the Network Code (Part G) has been completed (where appropriate, by reference to submissions made under ORR's enhancement reporting framework). **C&Ps paras 4.80**

The electrification of the route between London Paddington and Cardiff is complete, and Grand Union's trains will make use of the improved infrastructure, which will also improve the initial Business Case for that investment.

Grand Union would like to work alongside the ORR by offering 'open book' accounting for its investment in Felindre. It is generally accepted that station costs (amongst other rail related costs) have become substantially inflated, and our proposal would enable the ORR to have full transparency. This will enable the ORR to have a more detailed understanding of imported rail costs, particularly valuable during investment considerations during control periods, but which should have wider application across the whole of the network and offer benefits to communities who are seeking reconnection to the rail network as evidenced by the applications to UK Government's Restoring Your Railways Ideas Fund and the New Stations Funds.

As the service develops, we would be looking to make further significant investment, continually developing new and innovative ways to deliver for our passengers.

6.2 Enhancement charges: please confirm that the arrangements for the funding of any network enhancements are consistent with ORR's [Policy Framework for Investments](#), and summarise the level and duration of payments, and the assumed rate of return (see chapter 3 of the Conclusions document). **C&Ps paras 5.6, 5.12-5.14**

Any funding for enhancements will be in line with the ORR's Policy Framework.

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7. Other

7.1 Associated applications to ORR: please state whether this application is being made in parallel with, or relates to, any other current or forthcoming application to ORR (e.g. in respect of track, station or light maintenance depot access contracts). **C&Ps paras 3.18-3.19**

Grand Union will be making further applications in relation to station and depot access.

7.2 Supporting information, side letters and collateral agreements: please:

- state here any relevant information in support of the proposal, including a list and explanation of any other material being submitted (and supply copies with the application). **C&Ps para 4.33**
- confirm here that the whole of the proposal between the parties has been submitted with this application and that there are no side letters or other documents which affect it. **C&Ps paras 6.12-6.16, 6.21**

The Welsh Government is fully supportive of this application and has provided confirmation of that support in public and in correspondence to the ORR. In a recent letter to the ORR, the Welsh Government Minister for the Economy and Transport stated: *"I have recently set out our aspirations to increase connectivity and service provision on the South Wales Main Line. The provision of additional high-quality, long-distance services connecting South Wales with London fit with both these aspirations, and those set out in the South East Wales Transport Commission's Final Report. The Grand Union Trains services would also support the aspirations of the current "Union Connectivity Review" being led by Sir Peter Hendy"*.

7.3 Confidentiality exclusions: please list any parts of your application which you have excluded on the grounds of confidentiality, from the version of the proposed contract sent to consultees for any pre-application consultation process, and provide reasons. If there has been no pre-application consultation, you should state any parts of the application and proposed contract you want us to exclude from publication. **C&Ps paras 3.29-3.34**

None

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Note: Where a pre-application consultation is to be undertaken in line with the Code of Practice, the remainder of this application should not be completed until after that consultation has been completed

8. Pre-application consultation

8.1 The consultation: has a pre-application consultation been carried out in line with the Code of Practice? If yes, please:

- state who conducted the consultation;
- list all train operators, franchising authorities and any other parties that were consulted, stating which parties responded and attach their responses and any associated documentation to this form; and
- state the period allowed for the consultation. If this was less than 28 days, please explain the reasons for this.
- If a pre-application consultation has not been carried out, please explain the reasons and whether any informal discussions have been held with any third parties who might be affected by this application and the nature of any concerns which they raised. **C&Ps paras 3.62**

Network Rail has undertaken the pre-application consultation.

8.2 Resolved issues: please set out any issues raised by consultees which have been satisfactorily resolved. You may wish to refer to responses attached to this form. Please explain any changes as a result of the consultation.

The main area of objection revolved around the unfounded view that there was no capacity to operate any additional services and that trains could not be accommodated at Paddington. The capacity and performance issues were addressed positively by the ORR in Grand Union's previous application for more services than are applied for here. Since then, Network Rail has also noted that: "*Removal of [Bristol] superfasts also reduces the capacity/performance impact of potential Grand Union services*".

First Group (via its GWR franchise) stated that the only way to fit Grand Union's services into the timetable would be for GWR to remove a number of its key services. This issue has been fully addressed and the services sought have been through a detailed evaluation, with 6 return paths being fully compliant alongside the current timetable, including access to Paddington. Currently the Concept Train Plan has 7 path pairs included for Grand Union's introduction. This application is for 5 pairs.

First Group questioned the legitimacy of the support Grand Union has from the Welsh Government. The statutory duties of the ORR require it to have regard to the notified strategies and policies of Welsh Ministers.

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The issue of wiring in the Severn Tunnel raised by Cross Country has been resolved as there is now a fully electrified railway through the Severn Tunnel.

A number of consultees raised the issue of using off-lease rolling stock for the initial delivery of the service and the problems of operating at 125mph on the route due to the requirement to fit ATP. Stabling and maintenance of services at Cardiff was also raised due to pressure on facilities. Grand Union understands those concerns and has therefore revised its application to begin services along the full route using new build bi-mode trains. Manufacturers have indicated a potential delivery time of between 24 and 36 months from order, and so the revised application seeks to begin services in the timetable that starts in December 2024.

This also addresses some of the concerns of TfW and GWR regarding their staff moving across to work for Grand Union. While the labour market is unrestricted and people are free to move jobs, Grand Union intend to train its complement of staff in the period prior to service launch and is happy to discuss with colleagues how the potential migration of staff can be mitigated if approval is given. This will include discussing employee training plans to deliver a more holistic outcome.

The issues of capacity, platforming and performance have all been resolved.

8.3 Unresolved issues: please set out any issues raised by consultees which have ***not*** been satisfactorily resolved, including any correspondence with that consultee. You may wish to refer to responses attached to this form. Please explain why you think these issues should not stop ORR approving the application.

'Abstraction' was highlighted by both the DfT and First Group but there remains no evidence to support an argument on abstraction despite over 20 years of competition on the ECML. Grand Union has attached all its consultation responses along with this application.

GWR's consultation response effectively states there is nothing more they will do for Wales and has in effect 'given up' on growing back the service. This is in direct contrast to how the ECML is operating and indeed First Group's own new open access service on that route has been introduced only recently. It is no surprise that the operators who are not directed by the DfT are the ones with a more enlightened approach to building back the market and inducing demand.

The evidence on the ECML clearly highlights that some competition will stimulate the market and help drive passenger numbers upwards more quickly than where there is no competition, which would also mitigate any issues over abstraction levels as growth for the incumbent operator is accelerated.

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Grand Union's services will significantly boost connectivity by reducing journey times from southwest Wales to Cardiff and on to London by around 20 minutes. This is achieved by our investment in the new parkway station at Felindre, removing the reverse at Swansea and by operating non-stop between there and Cardiff. The work undertaken on the feasibility study undertaken for the Secretary of State for this new station identifies the importance of reduced journey times in attracting vehicles off the motorway. It is exactly the type of private investment the railway is seeking.

There are 46 open access paths approved on the ECML, 36 to English destinations, with 10 to Scotland. These have a combined turnover when fully operational of around £120m. In the time since the first approval in 1999, the total number of services to the 'core' ECML destinations has continued to increase by all operators.

In respect of York for example the DfT operator runs *more* additional services calling at York than the entire quantum of the Grand Central open access service group. If abstraction really was an issue, then services would reduce, but that has never been the case, the opposite is true. It is the reason why, after more than 20 years, there remains no evidence to support the abstraction argument which is consistently raised by the DfT and those operators seeking to prevent competition against themselves.

The enlightened view of the ECML LNER management team (see 4.1) with its professional approach to competition makes it clear how it requires them to focus very much on customers and their needs, and the benefits that accrue from that are clear to see when compared to routes with no competition. Having operated for so many years as a monopoly, the introduction of some very limited competition to GWR will be a welcome boost for passengers and should enable professional railway people to step up to the challenge as has been evidenced so positively on the ECML.

The competitive response to open access has seen the introduction of price competition and an increase in overall service provision, leading on to a further increase in passenger satisfaction and is in line with Keith Williams experience within the airline industry. There is plenty of evidence to support that position on rail, and it is as outlined by the ORR in its 'Access Policy – final conclusions' document. It is therefore not surprising that the 3 operators on the ECML regularly have passenger satisfaction figures in the mid 90%.

A recent survey undertaken by Transport Focus by its Transport User Panel asked: "To what extent would you be more likely to travel by train?" The highest results were if fares were cheaper, with 85% stating that would make them more likely to travel by train. It is therefore unsurprising that there are a

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significant number of coaches that operate between Cardiff and London, much more than seen elsewhere for equivalent journeys.

Passengers are extremely sensitive to price, and in the Transport Focus Autumn Survey of 2019, Value for Money (VfM) for open access operator Grand Central was 74%, whilst for GWR it was 52%. This clearly shows that the ORR's role as the Competition Regulator has delivered and continues to deliver for those using the many competitive ECML services. Grand Central consistently outscores other operators in VfM by a significant margin.

Grand Union's application for 5 pairs of services is much less than the 46 services that have so far been approved on the ECML, and even less than the only approval so far on the West Coast Main Line (WCML).

Going forward, as evidence shows and the ORR has observed and noted following previous approvals for open access services, any initial abstraction reduces over time as new services become established, and the overall market for all operators grows.

There is no evidence available to support the argument on abstraction, and the continued growth of services where competition exists proves clearly that competition drives the market through increased demand. Competition works on rail as it does in other industries.

It is instructive to note that despite the uncertainties in the market, First Group launched its LUMO open access service in October 2021. This shows private sector confidence in the railways.

Any modelled impact on the funds available to the Secretary of State are initially balanced by the NPA test as outlined earlier, and in this case any modelled impact should also be reduced by the modelled impact on TfW which does not object to the application, and which is noted in its consultation response.

Grand Union will pay significant sums in station access charges, retail commission and cross industry support such as British Transport Police, payments that are 'free' to the industry and which has a positive impact on the funds available to the Secretary of State. Currently the ORR does not allow further operator benefits to be netted off within the NPA test, but it is a very real benefit, and in the context of the impact on funds available to the Secretary of State should therefore be taken into account.

We know and have proven that capacity exists, and we look to the ORR to grant this application for the following significant reasons:

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- The importance of the service to the Welsh Government and the people of Wales, with the socio-economic benefits it brings;
- The modelled impact on the funds available to the Secretary of State is now at, or below, the lower levels of abstraction previously acceptable, and for which the NPA threshold is the balance between economic benefit and the funds available to the Secretary of State;
- Abstraction is known to reduce as services become established;
- The NPA ratio is well in excess of the threshold figure;
- The clear evidence from the ECML of the benefits that competition brings, not only to customers but also to management focus of DfT funded operators in helping to stimulate the market.

9. Certification

*Warning: Under section 146 of the Railways Act 1993, any person who, in giving any information or making any application under or for the purposes of any provision of the Railways Act 1993, makes any statement which he knows to be false in a material particular, or recklessly makes any statement which is false in a material particular, is guilty of an offence and so liable to criminal prosecution **C&Ps para 3.40***

In the case of agreed applications under section 18 or 22, Network Rail should fill in the required information in the box below. For disputed applications under section 17 or 22A, the applicant should fill in the required information.

I certify that the information provided in this form is true and complete to the best of my knowledge

Signed Date

Name (in caps) Job title

For (company)

10. Submission

10.1 What to send: please supply, in hard copy, the signed application form, one copy of the proposed contract or amendment, with copies of any documents incorporated by reference (other than established standard industry codes or other documents) and any other attachments, supporting documents or information. **C&Ps para 3.39**

Please also supply the application form, the proposed contract or amendment and, where possible, any other supporting information, in electronic form, by e-mail or on disc, **in plain Microsoft Word format** (i.e. excluding any macros, auto-para or page numbering, or other auto-formatting). **C&Ps para 3.37-3.38**

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10.2 Where to send it:

Manager, Track Access Team
Directorate of Railway Markets and Economics
Office of Rail and Road
One Kemble Street
London
WC2B 4AN

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ONE KEMBLE STREET, LONDON, WC2B 4AN

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