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Dear Mark and Chris

Approval of the thirty-first supplemental agreement to the track access contract between Network Rail Infrastructure Limited (Network Rail) and Grand Central Railway Company Limited (trading as Grand Central) dated 1 August 2014

Today we approved the Grand Central 31st supplemental agreement which allows the continuation of its existing services until December 2038. This letter explains the reasons for our decision.

This contract extension will enable significant passenger benefits on the East Coast Main Line (ECML) and to the wider railway industry including:

- the continuation of services to passengers between Sunderland, Bradford and London Kings Cross until December 2038;
- a significant economic investment in a new fleet of bi-mode rolling stock;
- the removal or reduction in operation of diesel trains on the ECML and in to London King's Cross; and
- improved passenger offering, rolling stock reliability and performance across Grand Central services.

Purpose

The purpose of this agreement is to grant Grand Central an extension to its existing track access contract until December 2038. Grand Central's existing contract expires in December 2027. This 11-year extension aligns with Grand Central's plans for one year of phased introduction of the new rolling stock throughout 2028 where it will operate a mixed fleet with Class 180s, as new units are delivered and brought into service. The full fleet replacement is anticipated to be complete by December 2028, and this contract provides



Grand Central with the certainty of 10 years of rights it requires to procure new rolling stock.

This application was submitted to us formally on 25 March 2025 under section 22 of the Railways Act 1993 (the Act). This followed an earlier informal submission of a draft agreement for our consideration. Grand Central initially applied on 8 November 2024 for access rights between 2027 and 2038 through a Section 17 (disputed) application for a wholly new access contract, as Network Rail could not initially agree to the extension of its existing contract. Following further discussions between Grand Central and Network Rail, and the completion of further work by Network Rail on capacity, performance and power supply on the ECML, on 18 March 2025 Network Rail agreed to submit the application as an agreed S22 amendment to Grand Central's existing access contract.

Throughout this period, ORR proactively encouraged Network Rail to make timely progress. ORR requested prompt provision of the assessment of the impacts on the ECML, held Network Rail to account on efficiently completing its processes and ensured engagement between the parties.

Industry consultation

Network Rail undertook the usual industry consultation on the initial Section 17 application in September and October 2024. Comments were received from;

- London TravelWatch, Northern, Transport Focus and CrossCountry, which supported the application;
- LNER, which did not object to the proposals, but asked for any power modelling to be shared with the wider industry, and specific clauses to be added to the contract to limit the extension if bi-mode traction rolling stock is not procured;
- GWR, which responded noting that it had no comment on the application; and
- Department for Transport, which supported the application in principle, and specifically welcomed the proposal by Grand Central to upgrade its fleet to both improve service reliability for passengers and enable greener journeys.

We also received a number of supportive pieces of correspondence outside the industry consultation, in particular from MPs on the route and the North East Mayor.

Statutory Consultation

As this application was initially submitted to us under Section 17 of the Act, as required we undertook a Statutory Consultation with Network Rail.

Network Rail provided its initial representations on 9 December 2024. Network Rail advised that it had been undertaking power supply modelling of the proposed move to electric traction by Grand Central, and that this work was due to complete in January 2025.

Network Rail also raised queries on the ability of the new rolling stock to meet Sectional Running Times, train lengths and European Train Control System (ETCS) fitment.

Grand Central responded to Network Rail's representations on 24 December 2024. Grand Central confirmed that the rolling stock would at least meet the current timings of its Class 180 units. It said this would avoid any detrimental impact on the timetable. It confirmed that the rolling stock would be made up of 5-car units similar to those currently operating on the ECML, and that it had specified in its request to manufacturers that the units offered must be fitted with ETCS and compatible with the infrastructure on which it will operate.

On 18 March 2025, Network Rail confirmed to us that it had completed its power supply analysis and was content to agree to an agreed S22 application for the extension of Grand Central's rights and the addition of bi-mode rolling stock. A summary of the power supply analysis was provided to industry as part of wider work on ECML access rights (letter from Network Rail to ORR of 14 March 2025, [Annex M – ECML Power Supply Modelling](#)). Network Rail confirmed that sufficient power is available to accommodate Grand Central's new bi-mode fleet but there is a potential supply risk at certain locations during perturbation. Network Rail and Grand Central confirmed that they will work on any necessary interventions to protect the power supply during perturbation.

ORR review

ORR worked at pace to review this application. The expedition of consideration of this application was appropriate because it is a request for the continuation of existing services which Grand Central currently operates (and not an application for the use of additional capacity). We therefore considered this application in line with our policy of having a strong presumption of the continuation of existing rights. We considered the operational and performance impacts of the proposed change to rolling stock and particularly noted Network Rail's agreement with the proposals and its completion of power supply analysis.

As Grand Central was not applying for additional rights, we did not undertake the 'not primarily abstractive' test on this application, in line with our published guidance which states that once a service has been established, an application to approve an extension of the duration of access rights does not amount to a new competing service.

We identified some drafting issues when the initial proposal was submitted, and these were resolved when the agreement was formally submitted. In particular, we worked with the parties to ensure that the investment conditions to be included in the contract were appropriately drafted.

It is only as a result of ORR oversight that further delay was prevented on this application, as Network Rail's proposed contractual drafting had mistakenly not provided Grand Central the right to use the new rolling stock through the Specified Equipment section of the track access contract. This mistake could have led to uncertainty for both Grand Central and Network Rail, and an inefficient use of resources for the parties due to the need to make further amendments to the access contract before the new rolling stock could enter into operation.

Duration of access rights

Regulation 21(8) of The Railways (Access, Management and Licensing of Railway Undertakings) Regulations 2016 (the 2016 Regulations) establishes that access contracts (referred to as 'framework agreements') should in principle be for five years but that the infrastructure manager may agree a shorter or longer duration. The regulation also provides that agreements of longer than five years must be justified by the existence of commercial contracts, specialised investments or risks.

Grand Central explained that it needed the certainty of a long-term track access contract to enable it to enter into a contract with its preferred rolling stock leasing company for a new fleet of bi-mode 5-car units. Grand Central said that the new units would deliver benefits to passengers. The new fleet of bi-mode units would also deliver operational and performance benefits and are expected to improve reliability.

Grand Central submitted to us, confidentially, information explaining how its preferred rolling stock leasing company had confirmed the requirement for a minimum 10-year lease in order for it to procure the rolling stock, with a lease commencement date aligned with the introduction of the first unit in late 2028. We requested, and received, assurances from Grand Central's preferred rolling stock leasing company on this requirement. Grand Central also supplied an investment appraisal setting out its plans and expected return on investment over the 11-year track access contract period. We assessed the evidence supplied by Grand Central and considered the costs, benefits and timescales. Based on the information supplied we consider that Grand Central is making a substantial investment in new rolling-stock to the benefit of passengers and were satisfied of Grand Central's need for a ten-year commercial contract in the form of a lease with the rolling stock leasing company. We are satisfied that without an 11-year access contract there are risks that this investment would not go-ahead and the passenger benefits would not be realised.

In addition, we have ensured that the contract contains provisions which lead to termination of the contract if the investment is not made or the new rolling stock does not enter into service.

Our duties under section 4 of the Act and our decision

We have concluded that approval of this supplemental agreement strikes the appropriate balance in discharging our statutory duties under section 4 of the Act; 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)).

**Conformed copy of the track access agreement**

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.

Public register and administration

Electronic copies of this letter, the approval notice and the agreement will be sent to the Department for Transport and Network Rail's Policy and Access Team. 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 solid black rectangular box used to redact the signature of David Reed.

David Reed