Gareth Clancy
Head of Access & Licensing
E-mail: gareth.clancy@orr.gov.uk

Joseph Brown
Customer Manager
Network Rail Infrastructure Ltd
2nd Floor, St Patrick's House
17 Penarth House
Cardiff
CF10 5ZA

Chris Dellard
Head of Access Planning
Transport for Wales Rail LTD
1st Floor, St Patrick's House
17th Penarth House
Cardiff
CF10 5ZA

Dear Joseph and Chris

52nd Supplemental Agreement to the Track Access Contract between Network Rail Infrastructure Limited (Network Rail) and Transport for Wales Rail LTD (TfW) dated 6 August 2020

1. Today we have decided to direct Network Rail and TfW (jointly, the parties) under section 22A of the Railways Act 1993 (the Act) to enter into the above supplemental agreement. ORR's direction will allow TfW to introduce new train services between West Wales and Bristol from the Principal Change Date (PCD) in December 2026, improving connectivity between those areas and supporting economic growth in the region. This letter explains the reasons for our decision.

Application

2. On 7 April 2026, TfW submitted an application, under section 22A of the Act, for firm access rights for a service between West Wales and Bristol Temple Meads, commencing from PCD 2026 until the end of the contract (which currently expires on 1 February 2028). TfW submitted a revised application on 5 May 2026, correcting a small number of errors.

3. The service will be broadly two-hourly with nine services each way on Weekdays and Saturday and five services each way on Sunday. The through services to and from West Wales will be achieved by combining the new Cardiff to Bristol services with existing West Wales services at Cardiff Central.

Industry consultation

4. Between August and September 2025, TfW consulted on an earlier version of this application which was intended to enable services to start at the Subsidiary Change Date in May 2026. There were a number of responses, notably from Great Western Railway (GWR), which expressed concern about strategic impacts, revenue abstraction, infrastructure assumptions and capacity and performance. After the conclusion of the consultation, TfW corresponded with GWR regarding its concerns.

5. Following further discussions with Network Rail, TfW decided to defer the proposed start date of the services in the application until PCD 2026. The consultation for that application took place between February and March 2026 and a further, limited consultation took place following the revised 5 May 2026 application. Overall, there were supportive responses from Cross Country and Transport Focus, queries from Freightliner and Network Rail, which were responded to, and a response from the West of England Combined Authority, which was noted.

6. Discussions had continued with GWR about its concerns, and, on 15 April 2026, those discussions concluded with GWR commenting, “GWR remains concerned of the effect on the Secretary of State's finances”.

7. In addition to the responses received to the industry consultations, on 16 July 2026, Mark Hooper, Deputy Minister for Transport, Welsh Government wrote to ORR to confirm its strong support for the application and listing the benefits it believed the services would bring, which included a direct link between destinations west of Cardiff and South West England and increased passenger capacity and connectivity between Cardiff and Bristol.

Statutory Consultation

8. As required under the Act, on 7 April 2026, we sought Network Rail’s representations on the application and it replied on 15 May 2026, describing its response as “initial representations”. We forwarded these representations to TfW, on the same day, and asked for it comments. TfW provided comments on 22 May 2026. Network Rail provided further and final representations on 24 June 2026 and TfW provided its comments on 7 July 2026.

Network Rail’s initial representations and TfW’s comments

9. Network Rail explained in its initial representations that it was unable to support the application as it did not have sufficient analysis of the known impact on performance. It was undertaking performance modelling to inform its final position. It made a number of further comments about aspects of the application. TfW commented that it welcomed Network Rail’s constructive consideration of the application but was concerned that Network Rail had not been able to provide its support while it continued to assess performance. TfW responded to the further comments on the application.

Net,work Rail's final representations

10. Network Rail explained that it was unable to support TfW's application for firm rights until the end of the contract but was able to support contingent rights until PCD 2027. The main reason for not being able to support the full application was the existence of firm rights for First Rail Wales and Western Limited (FRW&W)'s Paddington to Carmarthen services starting at PCD 2027. It said, "we do not have any confirmation of draft timetable paths, stabling plans, rolling stock or staff diagrams from FRW&W. The lack of this core information prevents the performance modelling of timetables beyond the December 2027 timetable change date."

11. Network Rail commented on a number of other matters regarding the application and noted the need to commence mobilisation activities, such as driver training, should ORR support the application.

TfW's final comments

12. TfW welcomed Network Rail's support of the proposals on a time limited, contingent basis. It noted that, while its application had been for firm rights until the end of the contract, and this still stood, its main priority at this stage was to ensure that it could commence the new service from PCD 2026. It responded to the further comments Network Rail had made on the application and said that it would continue to work closely with Network Rail and other industry partners for PCD 2027 and beyond.

Department for Transport's (DfT's) view on the application

13. GWR is funded by the DfT and TfW is funded by the Welsh Government. Taking into account our approach to competing services with different funders, as set out in our open access guidance, we asked for the DfT's comments on the application and also asked the Welsh Government to comment on what it had said.

14. The DfT said that it, "is supportive of this application as an interim measure (i.e. not with Permanent Rights) on the understanding that Welsh colleagues are receptive to collaborative working to reach a resolution on the funding and revenue impacts of the proposal, and that future planned services can still be implemented in due course".

15. It also noted that "the Proposed Services result in extra taxpayer subsidy at a time of critical financial pressure on the rail industry. This is an issue of importance to [DfT Operator Limited (DFTO)], DfT and TfW and requires collaborative working to secure a mutually agreeable resolution".

The Welsh Government's comments on DfT's view

16. We shared these comments with the Welsh Government and it said, "Subject to ORR's determination, Welsh Government will continue to support [Transport for Wales Rail LTD (TfWRL)] in reinforcing the case for establishing permanent rights, including by working collaboratively with stakeholders to monitor operational performance and implement any agreed changes once the service has commenced."

17. It also said, "Officials from Welsh Government and TfW will therefore continue to engage with DfT and DfTO to progress solutions that do not inhibit service development across the border" and "We are committed to working collaboratively with stakeholders to put in place effective operational arrangements and appropriate cross-border funding adjustments."

18. In addition to seeking views from the respective funders, we carefully considered the information provided by TfW in its application and GWR in its correspondence during and after the industry consultations. We sought further information from each operator in order to consider the impact on the Secretary of State's funds.

ORR review

Operations

19. We note that Network Rail set out in its representations that it was not able to model the performance impacts of timetables beyond PCD 2027 and as a result of this, it is not able to support firm rights on a long-term basis. It does, however, support contingent rights until PCD 2027. We also note that there is broad agreement from relevant parties in support of this approach in the short term to enable these services to start in time for the imminent December timetable.

20. We also note the limited interaction, as far as is currently known, with other existing applications and that the performance modelling already undertaken indicates that some operations have been simplified and will contribute to reduced performance risk.

21. We recognise Network Rail's need to have regard for performance. However, this must be weighed against the need to provide timely and robust evidence to support longer-term decisions. Not being able to support the long-term rights leaves an element of uncertainty for all operators, funders and passengers. Given the circumstances of this application and the broad agreement described above, we consider it is appropriate to enable these services to start, on a time limited basis. Operationally we therefore support the contingent, time-limited approach taken by Network Rail and accepted by TfW.

Not primarily abstractive test

22. Our not primarily abstractive test seeks to balance the benefits of competition, the impact on the funds available to the Secretary of State and to protect the interests of users of railway services. Our policy states that we will apply the test to a new franchised service (or another type of publicly funded service) where that service competes with an existing franchised service (or other type of publicly funded service) of a different funder.

23. We recognise the constructive work that both funders have done to reach an aligned position on the contingent short-term rights in this application, so that these services can start in time for PCD 2026. We are also aware that discussions about longer-term rights continue and the final service pattern of services may change.

24. Taking this into account, we have taken a proportionate approach to our assessment of the impact of the proposed services under the not primarily abstractive test. Equally, undertaking this work means we remain consistent with our published policy. Our assessment has identified a generation abstraction ratio marginally above 0.3:1. However, there is some uncertainty about these findings. Small changes in the timetable will impact the results. The results could therefore change depending on the final service operated. There is also scope for further work to better understand the differences between our results and those of GWR.

25. Our abstraction figure, £3.1m, is consistent with figures from other applications we have supported.

26. We consider that the contingent rights would pass our not primarily abstractive test, as they have a generation abstraction ratio of more than 0.3:1 and the overall level of abstraction is consistent with previous applications. Given the uncertainty over the results, we may revisit the assessment if the services are put forward for firm rights, particularly if there is no agreement between funders.

Source of forecast	TfW revenue	Absolute abstraction	NPA ratio
ORR	**£4.2m**	**£3.1m**	**0.33**
TfW	£5.1m	£3.6m	0.42
GWR	£3.5m	£2.9m	0.24

Our duties under section 4 of the Act and our decision

27. We have carefully considered this application and all the evidence submitted from the parties, funders and consultees. We have concluded that supporting the collaborative

approach agreed between the parties and funders and, in due course, directing the parties to enter into a supplemental agreement for contingent rights for these services, time limited to PCD 2027, is consistent with the discharge of our statutory duties under section 4 of the Act. In particular, those relating to promoting improvements in railway service performance (section 4(1)(b)), 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 having regard to the funds available to the funds available to the Secretary of State (section 4(5)(c)).

28. We expect TfW and Network Rail to continue their collaborative approach to these services and to focus on the attempting to secure more certainty for passengers and industry as a whole by considering, as early as possible, their continuation past PCD 2027.

29. It is important that there is clarity about the operation and timetabling of current and future services, interactions with future applications, performance and capacity issues and the funding issues arising from this application. We anticipate that the DfT and the Welsh Government will continue the discussions they committed to in their comments on this application.

30. Our Track access guidance notes that, while track access agreements are time limited it is most likely that the train operator or funder will intend the services (or similar services) to continue running after the expiry date of the agreement. We go on to state that, reflecting this, there is a strong presumption in our approach in favour of the extension of current access rights except where we have said otherwise.

31. Given the specific circumstances of this case, **our usual policy of strong presumption of the continuation of existing rights will not apply for these rights beyond PCD 2027**. If and when we receive another application for these (or similar) services, we will consider the specific circumstances of the application and make a decision in line with our guidance and duties.

32. We will issue a directions notice, reflecting this decision. TfW now needs to work with Network Rail to submit an SA for our consideration that reflects the decision set out in this letter.

Conformed copy of the track access contract

33. 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 TfW. ORR's copy should be sent to our track access team for their attention.

Public register and administration

34. Electronic copies of this letter and, in due course, the directions notice and the agreement, will be sent to Network Rail's Policy and Access Team. Copies of the directions notice and the agreement will be placed on ORR's public register and copies of this letter and the agreement will be placed on the ORR website.

Yours sincerely

Gareth Clancy