

10 April 2015

Mr. Phil Dawson Virgin Trains East Coast East Cost House 25 Skeldergate York YO1 6DH

Dear Phil,

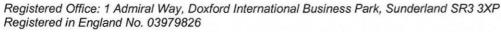
<u>Track Access Contract between Network Rail Infrastructure Limited ("Network Rail") and East</u> <u>Coast Mainline Company Limited ("East Coast") Section 17 Application</u>

You will have received a letter from Ian Yeowart, Managing Director of Grand Central's sister company, Alliance Rail commenting on this application.

Grand Central fully endorses all the comments made in lan's letter. In addition, I would like to emphasis the following points:

- While the application is structured so as to make it appear that the Access Rights being sought are existing Access Rights being "rolled forward", it is clear that this is not the case with significant new Access Rights being sought in a way which seeks to establish these Access Rights in a highly prescriptive and constraining fashion. It is not clear from the application what degree of assessment has been done to ensure that the Access Rights being sought do not conflict with Network Rail's ability to deliver Grand Central's existing firm Access Rights. I would expect to see confirmation of this before the additional Access Rights being sought are approved.
- The structure of the Access Rights being sought (including stopping patterns) and the associated protections against flex and journey time extension are clearly intended to be highly inefficient in terms of the overall use of route capacity and fly in the face of cross-industry work being done to establish an appropriate balance between such factors. This is hugely disappointing in the light of your involvement in these cross-industry work streams. Grand Central's current Access Contract includes provisions to adjust the equivalent parameters to enable the delivery of a capacity efficient cross-industry timetable to

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maximise the benefits of the ECML capacity investments made in CP4 and CP5. I would expect any new Access Contract to include similar provisions to facilitate the development and implementation of such a timetable recast.

- The fleet deployment plans which seem to be driving the structure of Access Rights sought fail to make effective use of the capability of the fleet of IEP trainsets procured by DfT to enable the delivery of the franchise service specification. In particular, the use of pairs of coupled 5 car IEP trainsets through to destination instead of the planned splitting of services at key nodes to enable 2 final destinations to be served by one path on the core ECML seems to undermine the original business case of the inherent flexibility procured by DfT. This approach leads to a number of untenable outcomes:
 - o further inefficiency in the use of scarce capacity on the core ECML
 - the proposal to operate trains which are too long to be accommodated by the infrastructure at Sunderland at times which will inevitably cause disruption to other operators with firm Access Rights
 - the deployment of short-formed 25 year old IC225 trainsets on the key fast franchised Anglo-Scottish services.

I would expect that any Access Rights approved should be structured so as to deliver the specified Franchise outputs in the most efficient manner possible making the best use of the capability of the available rolling stock and route assets.

It is not clear whether the additional Access Rights sought to serve Sunderland,
Bradford, Middlesbrough and Huddersfield are to deliver public service obligations or
are for the operation of commercial services. Given that these proposed new services
are clearly intended to compete with services operated by Grand Central to serve
markets established at significant commercial risk by Grand Central, I would be grateful
if you could provide me with clarity on this so that I can consider Grand Central's
position.

Yours sincerely,

Richard McCle[']an Managing Director Grand Central Railway

Cc (by email): Mark Garner (Network Rail)

Ian Williams (ORR)

Ian Yeowart (Alliance Rail)

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