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24 July 2015

Dear David,

Thank you for forwarding the Secretary of State for Transport's letter of 16 July 2015. I am responding on behalf of First Rail Holdings Ltd and our East Coast Trains Ltd subsidiary.

We consider the issues raised in the letter have been well addressed through the process to date. We do not propose to repeat at length our position on these, as this has already been addressed through the combination of our submissions, correspondence and the hearing. We also note the response of Alliance Rail Holdings of 20 July 2015.

We would however summarise our position in response to the issues raised by the Secretary of State as set out below. We confirm we have no objection to this letter being published on your web site:

Concerns at abstraction are misplaced in respect of our proposals: We have demonstrated that the service we propose is generative and not primarily abstractive, benefitting customers and the wider industry. The approvals process contains safeguards to guard against service proposals which are primarily abstractive. We would also point to the recognised success and positive contribution of well-designed open access services, such as those operated by Hull Trains, which complement the services otherwise provided by franchised operators.

Levels of track access charges are appropriate: While established open access services continue subject to a consistent access charges proposition, new open access services such as those which we propose will pay regulated charges, including the full rate of capacity charge, which was increased significantly at the last charges review. We reject the allegation over cross-subsidy.

Investment in new 800/801 trains is safe: It was addressed at the hearing that there is no issue over VTEC having sufficient train paths for the full deployment of its new 800/801 trains alongside our proposed paths and so avoid triggering the SoSRA provided by the Secretary of State.

Operational and performance impacts are addressed: We have separately responded concerning the operational and performance impacts of the proposed services in our letter of 10 July 2015. This issue has been studied by Network Rail and we have also provided further supporting analysis. We are firmly of the view that a decision should properly be made now on the basis of at least 8 LDHS paths per hour on the ECML, with more paths possible. We have pointed out our concerns at the seriousness of delay to decisions to make use of available infrastructure capacity – both for passengers and for the efficiency of the proposals before you for consideration.

Calculations of potential impacts provided by the Secretary of State require review: We re-iterate our concerns that we need to be able to review and comment on any such calculations relevant to our services and application, which you may be considering taking into account in taking your decision. There have been past instances of errors and misunderstandings affecting such calculations and it is very important that they are subjected to informed scrutiny.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Hugh Clancy', with a long horizontal flourish extending to the right.

Hugh Clancy
Director

cc John Larkinson, Director of Economic Regulation, ORR