

Mr John Larkinson
The Office of Rail and Road
1 Kemble Street
London
WC2B 4AN

9 October 2015

Dear Mr Larkinson,

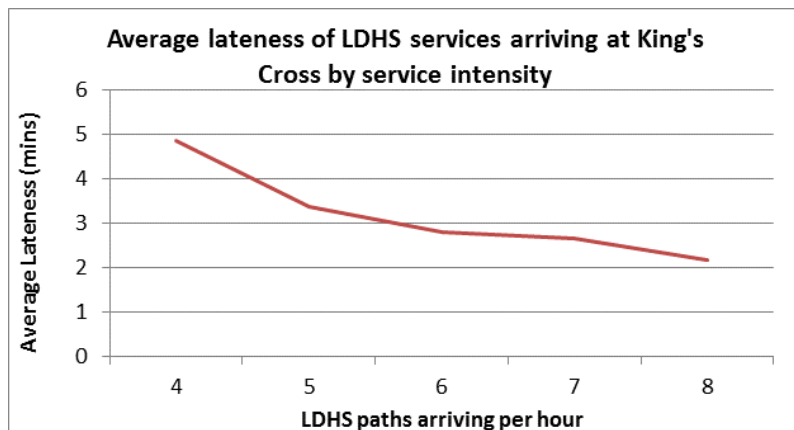
We would like to thank Network Rail for sharing their letter dated 2nd October to the ORR with us. We have obviously only had a limited period to review the letter. We have therefore set out initial comments only on Network Rail's position and will expand on these at the stakeholder meeting on Wednesday next week.

We note Network Rail's underlying submission of potential uncertainty of both current and future capacity due to the status of committed CP5 enhancement projects. This appears not to be fully consistent with both current operational delivery and previous detailed analysis of capacity by Network Rail. It also appears to adopt a level of risk aversion that is not in line with the available data.

Sufficient capacity exists for additional rights to be granted

We have a number of detailed comments about Network Rail's assessment of the requirement for infrastructure which we will be sharing at the stakeholder meeting on Wednesday. However, we would question that these enhancements are required to operate this quantum of services in the manner set out in the letter.

There are hours of the day in each direction where the current timetable regularly operates 7 tph LDHS which increases to 8 tph in some hours. The analysis below showing lateness of arrivals at King's Cross demonstrates that performance is maintained in the hours of increased service intensity. This establishes that this level of service can be delivered robustly even on today's existing infrastructure.



The underlying position in the letter of 2nd October 2015 would not appear therefore to be consistent with current operations or performance data.

Of course, we welcome the planned investment in enhancements to the route contained in Network Rail's CP5 programme. These will provide greater flexibility for timetable design, including improved journey times to key destinations. However, strong performance on the route with this quantum of trains already operating in certain hours (including sector leading levels of reactionary:primary delay by VTEC), shows that the route is already able to deliver this quantum of trains reliably.

Further, even if (contrary to the evidence), the cautious assessment were to be correct that the enhancements would be required for quantum, then they are also highly likely of course to be required to operate VTEC's committed 'core' 6tph franchise obligation and therefore highly likely to be delivered in advance of the timetable introduction, rather than dropped or postponed by the Network Rail funding review.

The GTR 2018 timetable will see the introduction of a fleet of new highly reliable trains for this franchise and the diversion of services away from King's Cross station providing additional flexibility for LDHS. Detail of the timetable has yet to be fully developed, but we are confident that these proposals can be co-ordinated with the agreed LDHS paths (when the ORR makes its decision) as part of an ESG process.

The expansion of services on the East Coast is about increasing travel choices and growing the entire travel market. This is a good thing for customers and the UK. It is evident therefore that whilst the enhancements listed by Network Rail are useful to improve the flexibility of the timetable, they are not necessarily required to achieve the quantum of train services in the way that has been set out.

Our paths would not materially impact on performance

In our letter to you of 10th July 2015, we presented our analysis on the standard two hour timetable using the industry accepted capacity utilisation index measure. This demonstrated that capacity used remains broadly comparable in the hour with ECTL's path against the opposite hour when VTEC's 7 tph is planned to operate (plus 1 tph open access in both hours).

Our application (alone of the applications):

- requests quantum only rights;
- has avoided applying for paths during peak periods in and out of King's Cross; and
- has an indicative timetable and business case which is not predicated on achieving the fastest journey time – so allowing timetable flexibility for other users of the route.

These strengths give Network Rail maximum flexibility to construct a robust timetable, for example, by maximising the opportunities for flighting of trains. Spread over the core of the day, our application amounts to less than 0.5 tph. Indeed, many of our proposed services would operate during hours which would be below the peak quantum of trains.

Our proposed fleet of new Hitachi electric trains will deliver reliability directly comparable with the performance of VTEC's electric IEP stock. Based on reliability figures provided by VTEC, we expect our electric fleet by way of comparison to be around 25% more reliable than VTEC's mixed fleet of new electric and bi-mode units, and legacy trains.¹

¹ Our fleet of electric Hitachi trains is expected to achieve at least the same level of reliability to VTEC's new electric IEP trains (54k MTIN). However, we will make fewer stops reducing the load on door and brake systems, giving a potential reliability upside. VTEC's

Our trains will roughly half the number of stops at intermediate stations² as the franchisee, reducing the risk of station and passenger related delays.

These factors will logically result in our paths having lower levels of delay per mile, and outperform other services on a path by path basis.

Network Rail's performance assessment is unduly pessimistic by reference to the evidence available and operational experience

Network Rail's stated assessment of a 1.8-2.0% drop in PPM significantly overstates the impact of the additional paths on performance. Specifically, the assessment was based heavily on the short-run impact of the TPE 5th path timetable in May 2014, which has resulted in an inaccurate and now out of date forecast. Network Rail's forecast was derived prior to changes made in December 2014 to address specific diagram issues.

Since December 2014 PPM on those routes has averaged at **91.3%** compared with **90.3%** PPM MAA prior to the timetable change.

Network Rail's forecast for the TPE timetable made prior to its introduction was, in contrast, a 1.0% drop in PPM³, indicating a weighting/presumption of adverse impact.

The experience of the TPE timetable demonstrates that through robust timetabling the customer benefit of an additional 35% capacity on key routes can be achieved alongside good performance. Route resilience on the ECML is of course greater than on TPE which indicates the potential to avoid any performance impact (at worst) or (more realistically) to achieve greater performance improvement. We note that similar previous expansions of services through timetable re-casts on the East Coast and West Coast Mainlines were delivered without overall adverse train service performance consequences in the medium term.

The forecasted impact on train service performance also appears to be inconsistent with the performance targets agreed between the DfT and VTEC in the Franchise Agreement which envisage improvements in performance being delivered following the expansion of services.

Other issues

Given the points made by Network Rail on the deliverability of the proposed enhancements, it would be helpful to clarify whether this will change further with the forthcoming publication of the Hendy review. It would also be helpful to understand whether the work planned for King's Cross station throat is now an enhancement and if so is it subject to the Hendy review. It was, after all, previously classed as a renewal.

We note the reference in the letter to the GRIP2 study on the power supply upgrade. It would be useful to confirm that Network Rail is taking full account of regeneration braking. We request that the remit for the GRIP 2 study is shared by Network Rail with the applicants ahead of the stakeholder meeting in time to enable us each to review and consider the point.

We also note that Network Rail CP5 funding includes OLE and power supply work. Network Rail's letter said that a level of enhancement will be required to support three or four electric services per hour north of Bawtry (near Doncaster). We note that VTEC's proposed timetable will require

letter said 8% of their fleet will be IC225 trains (MTIN up to 20k), with the remaining fleet split between electric IEP trains (54k MTIN) and bi-mode IEP trains (27k MTIN).

² Most ECTL services will stop only at Newcastle and Morpeth.

³ Network Rail's PPRP CP5 performance plan for TPE.

3.5 tph electric services as far as Northallerton and 3 tph to Newcastle. There should be a high degree of confidence that Network Rail will proceed with this enhancement to provide the capability for the franchisee's service commitment to be operated as planned. We also note that our proposed services will be operating as 5 car trains, which will have proportionately lower draw on network power than VTEC's typically longer trains.

We have noted some inconsistencies in Network Rail's assessment of the capacity available for freight. We will be expanding on this point at next week's stakeholder meeting.

Conclusion

I hope that these initial responses are helpful and we look forward to exploring and developing the issues further at the stakeholder meeting.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Leo Goodwin', written in a cursive style.

Leo Goodwin
Commercial Development Director, Rail