

APPLICATION TO THE OFFICE OF RAIL AND ROAD FOR A PASSENGER TRACK ACCESS AGREEMENT, OR AMENDMENT TO A PASSENGER TRACK ACCESS AGREEMENT UNDER SECTIONS 17-22A OF THE RAILWAYS ACT 1993

1. Introduction

Please use this form to apply to the Office of Rail and Road (ORR) for:

- directions under section 17 of the Railways Act 1993 for a new track access contract. Section 17 allows companies who want the right to use a railway facility (including Network Rail's network) to apply to ORR for access if they are not able (for whatever reason) to reach agreement with the facility owner.
- approval under section 18 of the Railways Act 1993 for a new track access contract. Section 18 allows companies to apply for approval if they have agreed terms with the facility owner.
- approval of a proposed amendment (agreed by both parties) under section 22 of the Railways Act 1993 to an existing track access contract.
- directions under section 22A of the Railways Act 1993 for an amendment to an existing track access contract. Section 22A allows anyone seeking an amendment to an existing track access contract which allows the operation of more extensive services to apply for a compulsory amendment if they are not able (for whatever reason) to reach agreement with the facility owner.

If it is the facility owner, Network Rail will carry out a pre-application consultation. In this case fill in this form up to section 7.3. You should fill in the rest of the form after the consultation and before applying to ORR. If you are unhappy with the facility owner carrying out the consultation, you should ask ORR to do so. If this is the case, you should complete this form in full before submitting it to us.

The form sets out ORR's standard information requirements for considering applications. It cross-refers throughout to our [criteria and procedures](#) (C&Ps). The C&Ps explain the process, timings and the issues we will expect to consider. You should use the published [model passenger track access contract](#) as your starting point when drafting the contract or amendments you want. Please read the C&Ps and the Code of Practice before applying.

We are happy to talk to you before you apply. Please contact us [here](#).

You can download a copy of this form, and of ORR's model track access contract, from the ORR website: www.orr.gov.uk

2. The application

2.1 Title of proposed contract or supplemental agreement (please also include the section of the Railways Act 1993 under which you are applying):

Grand Union Trains GWML

2.2 Contact details (Company and named individual for queries):

<u>Facility Owner</u>	<u>Beneficiary</u>
Company: Network Rail	Company: Grand Union Trains
Contact individual:	Contact individual: [Redacted]
Job title:	Job title: Managing Director
Address:	Address: Riverside Lodge, Naburn Lane, Fulford, YORK, YO19 4RB
Telephone number:	Telephone number: [Redacted]
Fax number:	Fax number:
E-mail address:	E-mail address: [Redacted]

2.3 Licence and railway safety certificate: please state whether you intend to operate the services yourself or have them operated on your behalf.

Does the proposed operator of the services (a) hold a valid train operating licence under section 8 of the Railways Act 1993 or an exemption under section 7, **and** (b) hold a valid safety certificate under the Railways and Other Guided Transport Systems (Safety) Regulations 2006. If the answer to (a) **or** (b) is no, please state the point reached in obtaining a licence, exemption and/or safety certificate.

C&Ps paras 3.9-3.15

Grand Union does not currently hold a valid train operating licence or safety certificate but will be working towards both during the application process.

3. The proposed contract or amendment

3.1 Executive summary: please provide an executive summary of the proposed contract or amendment. This should cover the services, the commercial terms, and the reasons for making the application in the terms proposed. This information should be laid out clearly and concisely, and fully highlight the changes from the previous version of the contract (in the case of an amendment). **C&Ps para 3.22-3.28**

Please also explain any important safety risks that have been identified arising from the proposal and how these will be controlled (by reference to the facility owner's safety authorisation and the train operator's safety certificate). **C&Ps paras 4.9-4.11**

Please also state the commencement and end dates for the proposal, and for new agreements or extensions to existing agreements, provide justification for the proposed length of the application, with reference to the [Railways Infrastructure \(Access and Management\) Regulations 2005](#). If you are a franchised operator, please state the expiry date of your franchise. **C&Ps paras 4.72-4.79**

Services are initially planned to operate at 2 hourly intervals between Cardiff Central and London Paddington with calls at Newport, Severn Tunnel Junction and Bristol Parkway. Operation of this service will attract the new Infrastructure Cost Charge proposed by the ORR for PR18 and represents a significant increase in track access revenue for Network Rail.

Services are then planned to become hourly with the introduction of new build rolling stock and extended fast to Swansea and Llanelli. Services were initially going to call at Bridgend, Port Talbot Parkway, Neath, and Gowerton, but the stopping pattern has been amended following early consultation with the franchisee which will see faster services between Cardiff, Swansea and Llanelli.

Grand Union will be investing in significant infrastructure improvements at Severn Tunnel Junction Station to upgrade the station and improve passenger and staff facilities to a standard appropriate for use by Intercity trains. We are also in discussions with the Welsh Government and others regarding potential further investment and will be investing in a new build fleet of bi-mode trains for the extended service.

Grand Union is therefore looking for a 15 year track access contract to reflect the planned investment in the infrastructure and new build train fleet.

Date of commencement: May 2021

End date: May 2036

3.2 Terms not agreed with the facility owner (for applications under sections 17 or 22A only): please set out here any areas of the application which have **not** been agreed, the reasons for the failure to agree and the reasons for seeking these provisions. **C&Ps para 3.102**

Grand Union has engaged at the earliest opportunity with the Freight and National Operators (FNPO) team who manage the relationship with aspirant Open Access Operators on behalf of Network Rail. FNPO is fully supportive of the principle of this application and is working closely with us to develop our proposition and identify where specific analysis or modelling may be necessary. Due to the requirements of the Economic Equilibrium Test for a Track Access Contract (TAC) submission to be made when new rights are sought and no TAC is in place, this section 17 application reflects the fact that other than 'in principle', agreement on specific areas of this application have not been able to be sought due to the limited time timescales.

3.3 Departures from ORR's model passenger track access contract: please set out and explain here any:

- areas where the drafting of the application changes ORR's published template passenger track access contract (as appropriate, cross-referencing to the answers below). Please also explain why these departures have been made. **C&Ps paras 2.34-2.37**
- instances where the proposal departs from the charging and/or performance regimes established by ORR's latest periodic review (or subsequent interim reviews) as reflected in ORR's model passenger track access contract, including the financial implications (e.g. establishment of an access charge supplement or rebate). **C&Ps paras 5.1-5.44**
- new processes (e.g. a self-modification provision) which have been added. Please also demonstrate fully how this new process is robust and complete. **C&Ps paras 6.2-6.3**

Grand Union is an open access passenger operator and is not expecting to change the model passenger (open access) contract.

4. The expression of access rights and the use of capacity

4.1 Benefits: please set out what specific benefits the proposal will achieve, including a justification for requiring the rights and their characteristics. Please provide full descriptions of any new rights required, as compared to the previous contract (in the case of an amendment). Please also describe any significant changes in the pattern of services, their benefits to passengers and any impact on other operators, including freight operators. Where appropriate, please provide a fully marked-up version or document comparison of any tables in Schedule 5 which are being modified as a result of this application. **C&Ps paras 4.26-4.35**

Since the Great Western Main Line (GWML) was privatised in 1996, there has been no on-track competition on the long-distance parts of the route, nor indeed any competition 'for the market'.

Apart from token additional services in the peak, South Wales has not seen an increase in the frequency of its train service to/from London with the recent infrastructure changes despite the very reasonable request of the Welsh Government, and Llanelli has only a token through service. At the same time Bristol will be seeing its service frequency increase by 100% to 4 an hour to/from Bristol Temple Meads station.

Grand Union is therefore proposing a new service between Cardiff and Paddington using cascaded Class 91 and Mk4 sets from the East Coast Main Line. Initial services are planned to operate every 2 hours with the first up train leaving at 0635 and the first down train leaving at 0835. Last up train would be at 1835 and last down train at 2035. Services would operate 7 days a week with a slightly reduced service on Sundays.

This initial service will then be increased to hourly and extended to Swansea and Llanelli. These services will be operated by new build Hitachi Class 802 trains in up to 9 car formation, which will also have space for light freight, a fixed buffet, on-board catering facilities and improved legroom and luggage space. The final interior configuration and seat types will be discussed with the manufacturer and stakeholders to ensure the comfort of passengers who are at the forefront of our thinking. The first up train is planned to be at 0510 from Llanelli and the first down train at 0835. The last up train would be 1810 and the last down train at 2135.

As has been proven on the ECML - where open access services will soon operate at more than one an hour - when new and additional services are introduced there is a significant increase in passenger numbers and satisfaction as competitive pressures start to take effect.

The Grand Union proposal is designed to offer passengers to and from South Wales extra and new services and also give them a choice of operator for the first time since privatisation, with significant further passenger benefits. These will include high quality seating, more leg room, more luggage space, a fixed buffet with kitchen providing a range of catering, and flexible ticket options for passengers, (e.g. no need to purchase before boarding, and passengers can use railcards when purchasing tickets on the train).

Grand Union will also make a seat part of the price for the ticket, so for journeys in excess of 30 minutes, any passenger who is unable to be provided with a seat will receive a 50% refund on their ticket, or, if paying on the train, will pay 50% of the advertised fare.

In its initial service to Cardiff, as well as space for carrying bicycles, Grand Union will use the space within the DVT to carry freight items and is working alongside partners at Intercity Railfreight on the logistics of this important initiative. This will also include refrigerated space for movement of urgent NHS biological materials. Space for freight will also be included within the Class 802 build, with the kitchen/buffet relocated towards the centre of the train.

Services to Cardiff are initially planned to operate at 2 hourly intervals in both directions, calling at Bristol Parkway, Severn Tunnel Junction, Newport and Cardiff Central. Once opened it is also planned to call trains at Cardiff Parkway.

Within 2 years, Grand Union plans to then increase the frequency to hourly between London and Cardiff giving 3 trains an hour (an increase from the current 2 trains per hour) - starting to reign in the disparity between Cardiff and Bristol on this vitally important route for the South Wales economy. Services will also be extended to Llanelli, significantly increasing and speeding up the service to Swansea. With Grand Union services operating non-stop between Bristol Parkway and Paddington, this will also provide a much-improved journey experience for longer distance travellers without the regular 'churn' experienced at additional station calls within the Thames Valley.

Grand Union will base its operation in South Wales and is proposing to have its trains maintained here. As there will be a significant surplus of class 91s and Mk4 it is planned to operate initial services with considerably more trains than would normally be the case – in effect keeping the trains in lighter use so that they are available for other potential uses. The current expectation is that 5 or 6 train sets will be available to cover 3 diagrams.

As a consequence of this spare capacity, Grand Union is looking to be able to utilise downtime on depots by having its trains maintained during the day, rather than at night, so offering significant work for the chosen train maintainer at times of low use and making more efficient use of capital equipment. This will also enable Grand Union to have (and plan) significant quality high speed rolling stock to support the many major events that occur in South Wales, for example at the Principality Stadium and Celtic Manor Resort. This will enable the franchise operator to concentrate on core services without the need to reduce services elsewhere to provide passenger carrying capacity during events.

With the arrival of new build Hitachi 802s, maintenance will also remain in South Wales, and discussions have taken place with the potential maintenance providers.

Over 150 new and permanent full-time posts are expected to be created by the operation of this new service, the vast majority of them located in South Wales, which will bring further benefits to the local supply chain, in terms of maintenance, servicing and provision of catering supplies and support.

4.2 Adequacy: please set out how you have satisfied yourself that there is enough network capacity for the services in the proposal. Please also set out whether there are any implications for overall network performance and the facility owner's maintenance and renewal activities. **C&Ps paras 4.12-4.45**

Grand Union is confident that any Train Service Specification issued for future franchises would be defined in terms of known capacity, incorporate relevant enhancement schemes and capability of the route and without any expectation of firm rights being granted.

We do not envisage operating at times that will impinge on the facility owner's time for maintenance and renewal activity.

s4.3 Flexing rights: please provide a general description of the extent of any limitations on the facility owner's flexing rights in the proposal. Please provide the rationale for the extent of any limitation on the flex provided, including any changes to pre-existing services, and the extent to which the provisions have been agreed with the facility owner. **C&Ps paras 2.27-2.33**

Grand Union is looking for a 'clockface' timetable, as is operated by other train operators on the Great Western Main Line, so this will sit alongside the clockface timetable being developed for others. By operating non-stop to and from Bristol Parkway, Grand Union will provide Network Rail with new options in relation to 'flighting' of trains - a process which has been demonstrated to be an efficient and effective use of capacity and regulation for many years for High Speed Eurostar services on HS1.

It will also avoid platforming occupation at significant intermediate stations such as Swindon and Reading.

4.4 Journey time protection: please describe whether the proposed contract gives journey time protection to any services (by establishing maximum journey times, fastest key journey times or maximum key journey times), and explain the reasons for this, with reference to ORR's criteria. **C&Ps paras 8.90-8.103**

As Grand Union is seeking to provide a fast, high quality Intercity train service for South Wales, shorter journey times and a comfortable seat are a key part of our offer and are an important factor in persuading people out of their cars. Grand Union will look to discuss with Network Rail rights that may offer a degree of journey time protection. We are aware of Network Rail's view that additional characteristics beyond quantum may restrict the flexibility available to them in constructing the timetable and fully intend to work closely with them on this matter and provide the justification for these additional characteristics where necessary, and support the request by a demonstrable need.

4.5 Specified equipment: please give full details of any changes to specified equipment (rolling stock), including timescales, and how much of the vehicle and route acceptance procedure in the Network Code (Part F) has been completed. Please explain whether you have, or will have, the rolling stock necessary to exercise the rights being sought. **C&Ps paras 8.87-8.90**

Grand Union will initially be using Class 91 locomotives, up to 9 Mark 4 coaches and a Driving Van Trailer on each of its trains for the 2 hourly Cardiff service. These are the vehicles currently operating on the East Coast Main Line.

The trains will be available for a service start in May 2021, with the first sets already being released from the ECML. It is highly desirable for maintaining quality and reliability that trains are kept in operation, rather than stored out of use. As a result, a May 2021 service start, with crew and route training ramping up from the autumn of 2020 will be important to the services successful introduction.

Colleagues at Eversholt Rail are currently working through the route availability for their operation on the GWML.

The extended and increased service will be provided by new build Hitachi Class 802s. These trains will have a Grand Union specified interior offering more legroom and luggage space and improved seating. Trains will also have a fixed buffet/kitchen serving both classes of passengers and will also have space to carry cycles and light/urgent freight as the provision of this facility is an important part of the overall offer.

4.6 Franchise obligations: please explain whether the proposed services are necessary to fulfil obligations under a franchise or concession agreement. **C&Ps paras 4.3-4.4**

N/A

4.7 Public funding: please state whether (and if so to what extent) the proposed services are subject to financial support from central or local government (other than the Department for Transport or Transport Scotland), including Passenger Transport Executives. Please also provide a point of contact at that body. **C&Ps paras 3.52, 4.25, 4.35-4.39**

N/A

4.8 Passenger Focus and, where applicable, London TravelWatch: please state whether (and if so to what extent) the proposed services have been discussed with these bodies. Please also provide copies of any relevant correspondence. **C&Ps para 4.39**

Early positive discussions have taken place with Passenger Focus, which we will expand on as we further develop.

4.9 Route utilisation strategies (RUSs): if applicable, please state which RUSs (including the Freight RUS) are considered relevant to this application and whether the proposed rights are consistent with that RUS. If the proposed rights are not consistent, please explain the reasons for this. **C&Ps paras 4.5-4.8**

The Western and Wales Route studies are most relevant, although these are from 2015 and 2016. The rights proposed are consistent with the contents of the RUS and also with the output from the Long Distance Market Study.

5. Incentives

5.1 Train operator performance: please describe any planned projects associated with the operation of the proposed services aimed at improving your performance. **C&Ps paras 4.26-4.36**

The Class 91 is a reliable electric train and has seen significant investment in reliability modifications during its time in operation on the ECML. Grand Union is also discussing with Eversholt Rail further improvements, e.g. on-train condition monitoring.

Grand Union will have a significant fleet for its initial operation, so enabling step up/step down of sets in the event of perturbation or failure (See 4.1).

The introduction of the fleet of Class 802 trains will mean all long distance services into Wales are operated by the same type, and although the MTIN on the current new fleet is around half of the MTIN for the Class 91, Grand Union expects these early issues to have been addressed by the time its new fleet arrives.

5.2 Facility owner performance: please describe any planned projects associated with the operation of the proposed services aimed at improving the facility owner's own performance. **C&Ps paras 4.26-4.36, 5.1**

Grand Union is in early discussions with the Welsh Government and others regarding improvement in facilities, particularly at Cardiff Central, where lengthening of Platform 0 would improve the resilience of this important station, as it would provide an additional, versatile longer platform, which will be available for considerable periods of each hour

5.3 Monitoring of services: would all proposed services be monitored for performance throughout their journeys, consistent with our policy in paragraph 5.50 of the criteria and procedures? If not, please state the reasons for this is in line with the permissible circumstances described in paragraph 5.51 of the criteria and procedures. **C&Ps paras 5.50-5.56**

All services will be monitored. We will be aiming for high performance in line with our wider Intercity service values so we plan to monitor performance of both our trains and the wider route, which should help deliver better performance for all operators. As a small operator, we intend to create a complete team that links between drivers, on train staff and the controller/performance managers as we look to develop a good understanding of any delays and manage the appropriate actions. We believe that this will benefit not just our train services, but the wider network

5.4 Performance regime changes (for applications under sections 17 or 22A only): where applicable, please provide justification for any changes to Schedule 8 of the track access contract in the proposal. If necessary, please provide any relevant information in support of the changes proposed. **C&Ps para 5.38-5.40**

N/A

6. Enhancement

6.1 Enhancement details: where the proposal provides for the delivery of any network enhancements, or the services in the proposal are subject to any planned network enhancements, please give full details of the relevant enhancement schemes, including a summary of outputs from the scheme, timescales and the extent to which the network change procedure in the Network Code (Part G) has been completed (where appropriate, by reference to submissions made under ORR's enhancement reporting framework). **C&Ps paras 4.80**

The electrification of the route is underway, and Grand Union's trains will make use of the improved infrastructure, which will also improve the Business Case for its investment.

Planned enhancement schemes are at an early stage of discussion with the Welsh Government and others, and details will be provided to the ORR as they become available.

6.2 Enhancement charges: please confirm that the arrangements for the funding of any network enhancements are consistent with ORR's [Policy Framework for Investments](#), and summarise the level and duration of payments, and the assumed rate of return (see chapter 3 of the Conclusions document). **C&Ps paras 5.6, 5.12-5.14**

Any funding for enhancements will be in line with the ORR's Policy Framework.

7. Other

7.1 Associated applications to ORR: please state whether this application is being made in parallel with, or relates to, any other current or forthcoming application to ORR (e.g. in respect of track, station or light maintenance depot access contracts). **C&Ps paras 3.18-3.19**

Grand Union will be making further applications in relation to station and depot access.

7.2 Supporting information, side letters and collateral agreements: please:

- state here any relevant information in support of the proposal, including a list and explanation of any other material being submitted (and supply copies with the application). **C&Ps para 4.33**
- confirm here that the whole of the proposal between the parties has been submitted with this application and that there are no side letters or other documents which affect it. **C&Ps paras 6.12-6.16, 6.21**

The Welsh Government is fully supportive of this application and has provided a letter of support under separate cover.

7.3 Confidentiality exclusions: please list any parts of your application which you have excluded on the grounds of confidentiality, from the version of the proposed contract sent to consultees for any pre-application consultation process, and provide reasons. If there has been no pre-application consultation, you should state any parts of the application and proposed contract you want us to exclude from publication. **C&Ps paras 3.29-3.34**

Note: Where a pre-application consultation is to be undertaken in line with the Code of Practice, the remainder of this application should not be completed until after that consultation has been completed

8. Pre-application consultation

8.1 The consultation: has a pre-application consultation been carried out in line with the Code of Practice? If yes, please:

- state who conducted the consultation;
- list all train operators, franchising authorities and any other parties that were consulted, stating which parties responded and attach their responses and any associated documentation to this form; and

- state the period allowed for the consultation. If this was less than 28 days, please explain the reasons for this.

If a pre-application consultation has not been carried out, please explain the reasons and whether any informal discussions have been held with any third parties who might be affected by this application and the nature of any concerns which they raised. **C&Ps paras 3.62**

Network Rail will undertake the pre-application consultation.

8.2 Resolved issues: please set out any issues raised by consultees which have been satisfactorily resolved. You may wish to refer to responses attached to this form. Please explain any changes as a result of the consultation.

8.3 Unresolved issues: please set out any issues raised by consultees which have ***not*** been satisfactorily resolved, including any correspondence with that consultee. You may wish to refer to responses attached to this form. Please explain why you think these issues should not stop ORR approving the application.

9. Certification

*Warning: Under section 146 of the Railways Act 1993, any person who, in giving any information or making any application under or for the purposes of any provision of the Railways Act 1993, makes any statement which he knows to be false in a material particular, or recklessly makes any statement which is false in a material particular, is guilty of an offence and so liable to criminal prosecution **C&Ps para 3.40***

In the case of agreed applications under section 18 or 22, Network Rail should fill in the required information in the box below. For disputed applications under section 17 or 22A, the applicant should fill in the required information.

I certify that the information provided in this form is true and complete to the best of my knowledge

Signed Date

Name (in caps) Job title

For (company)

10. Submission

10.1 What to send: please supply, in hard copy, the signed application form, one copy of the proposed contract or amendment, with copies of any documents incorporated by reference (other than established standard industry codes or other documents) and any other attachments, supporting documents or information. **C&Ps para 3.39**

Please also supply the application form, the proposed contract or amendment and, where possible, any other supporting information, in electronic form, by e-mail or on disc, **in plain Microsoft Word format** (i.e. excluding any macros, auto-para or page numbering, or other auto-formatting). **C&Ps para 3.37-3.38**

10.2 Where to send it:

Manager, Track Access Team
Directorate of Railway Markets and Economics
Office of Rail and Road
One Kemble Street
London
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Form **P**

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