

Economic Equilibrium Test requests received in relation to a proposed open access service

Proposal: [Grand Union Trains London Euston – Stirling](#)

Date of notification: 23 August 2019

The Economic Equilibrium Test was requested by the following relevant parties:

- [Department for Transport, on 23 September 2019.](#)

Economic Equilibrium Test request from Department for Transport

Thank you for the Grand Union Trains notification for a new open access service between London Euston and Stirling. We have reviewed the information supplied carefully. While the information available at this point is clearly only very high-level, it is still our strong view that the proposed service would have a significant impact upon the economic equilibrium of one or more of Government's rail franchises and therefore we request the ORR carry out this test. Our grounds for this are set out below, albeit only at a high level for the present time, reflecting the limited detail available on the specifics of the application.

1. The proposed service would service stations which will be served by the West Coast Partnership, and is likely to abstract considerable revenue from franchised services.
2. The proposed service also has implications for the use of the West Coast Mainline once HS2 services begin operation.

As stated above, our request is made in relation to the West Coast Partnership franchise agreement. We are conscious that we are required to provide a copy of the franchise agreement with our EET request. As you'll appreciate, the West Coast Partnership recently announced the successful bidder, First Trenitalia, to take over the franchise in December 2019 until 2031. Please find DFT's press release here; <https://www.gov.uk/government/news/west-coast-marks-new-partnership-model-for-rail>. The key points include: First Trenitalia will act as the Shadow Operator responsible for HS2 and the award means that, from December 2022, passengers will benefit from 263 extra train services. Subject to ORR approval, 2 trains per hour will run between Liverpool and London. More information can be found in the press release.

Our commercial team are currently going through the process with First Trenitalia to agree appropriate redactions to the Franchise Agreement so that it can be published on the [gov.uk](https://www.gov.uk) website. As such, we are not in a position to share the Franchise Agreement at this stage as it is commercially sensitive. We will share with the ORR as soon as we reasonably can and we will keep you updated on that progress.

It is possible there may be further implications for other franchises, but on the basis of the information currently available regarding the proposed service, this is more difficult to identify at present.

We have also, on the basis of the limited information available at present, identified a number of further potential concerns relating to the proposed service. However, we recognise that the current question of whether the Economic Equilibrium Test should be applied to the application represents only the first step in a wider consideration and decision-making process around the application. We believe that the grounds set out above represent sufficient evidence on this particular question and would welcome further engagement with you on this application in due course.

Department for Transport, 23 September 2019