

David Reed
Senior Access Executive
Telephone: 020 7282 3754
Email: david.reed@orr.gsi.gov.uk



30 April 2015

Geoff Jones
HS1 Limited
12th Floor
One Euston Square
40 Melton Street
London
NW1 2FD

Stuart Freer
Relationship Manager
London & South Eastern Railway Limited
Friars Bridge Court
41-45 Blackfriars Road
London SE1 8PG

Dear Geoff and Stuart

Approval of the 3rd supplemental agreement to the track access contract between HS1 Limited and London & South Eastern Railway Limited

The Office of Rail Regulation (ORR) has today approved the 3rd supplemental agreement to the track access contract between HS1 Limited (HS1) and London & South Eastern Railway Limited (LSER) (jointly the parties), submitted to us formally on 30 April 2015 under The Railways Infrastructure (Access and Management) Regulations 2005 (as amended) ("the Regulations"). This follows an earlier informal submission of a draft agreement for our consideration. The purpose of this letter is to set out the reasons for our decision.

Purpose of the agreement

The purpose of this agreement is to introduce a new Additional Investment Recovery Charge ("AIRC"), to cover the GSM-R (Global System for Mobile Communications - Railway) Specified Upgrade.

Consultation

The AIRC was consulted on through the usual industry Network Change Notice (NCN) process and also went through the Specified Upgrade process as outlined in the Concession Agreement between the Secretary of State and HS1 Ltd.



Our review

The contract has been reviewed by our economic and legal advisors.

The AIRC has been thoroughly reviewed as part of the GSM-R Specified Upgrade process by both asset management and economic advisors. The Specified Upgrade for GSM-R was approved by ORR on 18 February 2015 and this supplemental agreement is in line with that approval.

ORR's conclusions

Pursuant to Regulation 28(1) of the Regulations, in considering the application and in reaching our decision, we are required to weigh and strike the appropriate balance in discharging our statutory duties under section 4 of the Railways Act 1993 (as amended). Approval of this application is consistent with these duties; in particular our duties to:

- protect the interests of users of rail services;
- promote the use of the railway network in Great Britain for the carriage of passengers and goods, and the development of the railway network, to the greatest extent that ORR considers economically practicable;
- contribute to the development of an integrated system of transport of passengers and goods;
- promote competition in the provision of railway services; and
- enable persons providing railway service to plan the future of their businesses with a reasonable degree of assurance.

Conformed copy of the track access contract, public register and administration

Pursuant to paragraph 3.75 of the C&Ps, HS1 is required to produce a conformed copy of the track access agreement within 28 days of any amendment being made, and to send a copy to ORR. I look forward to receiving the conformed copy.

We will place a copy of the supplemental agreement on our public register. The parties have not asked us to make any redactions prior to placing on the public register. Copies of this letter and the agreement will also be placed on the ORR website.

Yours sincerely

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

David Reed