

Graham Richards
Deputy director, railway planning and performance
Telephone 020 7282 3943
Fax 020 7282 2118
E-mail graham.richards@orr.gsi.gov.uk



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Richard Eccles Esq
Director of Network Planning
Network Rail Infrastructure Limited
Kings Place
90 York Way
London, N1 9AG

Dear Richard,

Long term planning process: market studies establishment

I am writing to confirm that ORR has considered the market studies published on 08 November 2013 and does **not object** to their establishment. ORR considered these against the criteria set out in its letter of 20 November 2013, namely:

1. Fit for purpose – do the market studies provide a sound basis for promoting the route utilisation objective?
2. Compliance with the process – were the market studies developed in a transparent and inclusive manner, with engagement from stakeholders and customers?
3. Objections – are any third party objections to the market studies reasonable?

There was one objection from a train operator, who considered that the approach to long term demand forecasting was so flawed that little confidence can be placed in the published figures. ORR considered these views in its assessment but concluded that there were no grounds to uphold the objection.

Long term demand forecasting

As the market for passenger and freight transport is continually changing, it is necessary to review baselines as plans develop. While the market studies set out a strategic view that will underpin the next stages of the process, there is clearly a requirement to ensure that the evidence, on which options for future train services are based, is as robust as possible. Going forwards Network Rail should demonstrate robustness of the techniques adopted to build confidence in the resulting forecasts.



INVESTOR IN PEOPLE

Where relevant, there will be a refresh of the demand forecasting in preparing the route studies. This should include representation, review and challenge from passenger and freight operators. Where there is significant concern or where current industry tools do not provide a robust method of forecasting, an agreed approach should be developed with the Study Management Board. Demand forecasting assumptions should also be transparent so that stakeholders understand the assumptions made when sense checking outputs.

I am placing a copy of this letter on the ORR website.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'G. Richards', is enclosed in a thin blue rectangular border.

Graham Richards