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Dear Peter and Joanne

**Proposed connection contracts between Network Rail Infrastructure Limited (Network Rail) and Abellio East Anglia Limited (AEA)**

1. On 18 June 2018 the Office of Rail and Road (**ORR**) approved the terms of the three connection contract re-submitted on 14 June 2018 by Network Rail and AEA (**the parties**) under section 18 of the Railways Act 1993 (**the Act**), relating to the connections at:
  - Cambridge Depot.
  - Ilford Depot.
  - Norwich Depot.
2. Please find enclosed copies of our direction notices, directing the parties to enter into the contracts. This letter sets out the reasons for our decisions.

**Background**

3. On 16 December 2016 AEA became the operator of the East Anglia franchise. Therefore, the parties arranged to enter into new connection contracts for depots that have transferred to AEA under the new franchise.
4. Most of these connection contracts were entered into under our General Approval in March 2017 and are available on our public register<sup>1</sup>. However the connection contracts for Cambridge, Ilford and Norwich Depots are not suitable for the General Approval due to the charges included. We therefore received initial, incomplete applications from Network Rail and AEA for the new connection contracts on 23 March 2017, followed by complete applications on 31 July 2017.

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<sup>1</sup> <http://orr.gov.uk/rail/publications/public-register>.

## Consultation

5. An industry consultation for the new connection contracts was carried out by Network Rail, which ran from 25 November to 16 December 2016. No outstanding objections to the proposed connection contracts were declared.

## ORR Review

6. We reviewed the applications sent to us on 23 March 2017. We identified that the applications were incomplete and there were several drafting errors in the contract. We asked Network Rail to submit a Form C for each application and amend the contracts as suggested in our initial assessment. On 31 July 2017 we received fresh submissions including all necessary documents and with the drafting changes made to the contracts. The contracts are based on ORR's model connection contract with no customisations made to it.
7. We identified several concerns with the cost matrixes provided to us for calculating the connection charges, particularly around points heating. We asked Network Rail on 1 September 2017 to provide more detail to us, focusing on the use of gas heater tests when gas heaters are rarely used on the network and monthly inspection of point heaters all year around when the heating season is usually 6-7 months.
8. Network Rail responded to these questions on 28 March and 17 April 2018 for all three contracts, and agreed on 11 June 2018 to remove the gas heater tests and change the point heating inspections to 6-7 months per year. This closed out the concerns we raised, and on 14 June 2018 Network Rail resubmitted the applications with the corrected cost matrixes and contract charges.

## ORR Decision

9. These application are under section 18 of the Act and therefore is agreed between the parties, who are prepared to enter into the agreements as they are now.
10. In making this decision, we are satisfied that it reflects our duties under section 4 of the Act, in particular:
  - (i) to protect the interests of users of railway assets;
  - (ii) to promote the use of railway network in Great Britain for the carriage of passengers and goods and the development of that railway network, to the greatest extent ...economically practicable;
  - (iii) to promote efficiency and economy on the part of the persons providing railway services; and
  - (iv) to enable persons providing railway services to plan the future of their businesses with a reasonable degree of assurance.
11. Under clause 18.2.3 of the connection contract, Network Rail is required to produce a confirmed copy, within 28 days of any amendment being made, and send copies to ORR and AEA. We look forward to receiving the conformed copy.

12. In entering any provision on the register, we are required to have regard to the need to exclude, as far as is practicable, the matters specified in section 71(2)(a) and (b) of the Act. These sections refer to:
  - a. any matter which relates to the affairs of an individual, where publication of that matter would or might, in the opinion of the ORR, seriously and prejudicially affect the interests of that individual; and
  - b. any matter which relates to the affairs of a particular body of persons, whether corporate or incorporate, where publication of that matter would or might, in the opinion of the ORR, seriously and prejudicially affect the interests of that body.
  
13. When submitting the copy of the signed agreement would you therefore please identify any matters which you would like us to consider redacting before publication. You will need to give reasons for each request explaining why you consider that publication would seriously and prejudicially affect your interests.

Yours sincerely

**Katherine Goulding**