

## S17-Grand Union Trains Limited London-Wales - Industry Consultation responses

<https://orr.gov.uk/rail/access-to-the-network/track-access/current-track-access-applications>

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**a Genesee & Wyoming Company**

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*By Email*

7<sup>th</sup> May 2020

Dear Craig

#### **Grand Union Trains Ltd - London Paddington to South Wales Consultation**

Thank you for providing the opportunity for Freightliner Group (representing both Freightliner Ltd and Freightliner Heavy Haul Ltd) to comment on the Section 17 application being made by Grand Union Trains Ltd to operate services initially between London Paddington and Cardiff, with future extension through to Llanelli and Carmarthen. Freightliner have a number of concerns regarding this application and the impact that granting these Rights will have on capacity for freight operators on the route.

The Great Western Main Line is a critical corridor for rail freight and trains conveying a wide range of commodities rely on the route. This includes trains conveying aggregates and construction materials from the Somerset quarries, containers to the West of England and South Wales, aviation fuel for Heathrow Airport, waste traffic and both raw and finished materials related to the steel industry in South Wales. Additionally, the section between Reading and Didcot is part of the key North-South artery on which all intermodal trains to and from the Port of Southampton run.

These rail freight markets are forecast to grow significantly in the years ahead, but that growth is contingent on sufficient network capacity being available. Freightliner is increasingly struggling to secure paths for existing traffic, and even trains with access rights, let alone protecting capacity to support future growth. There are still a number of paths that are missing from the December 2019 timetable for Mendip Rail services, that are running, established and where the customer has already invested in terminal facilities and wagon fleets.

There is a strong economic rationale for supporting rail freight growth. The productivity benefits for UK businesses, the wider congestion benefits, reduction in carbon emissions and air quality improvements are currently valued at £1.7bn per year<sup>1</sup>. Despite the economic benefits for UK plc that rail freight supports, Freightliner is concerned that the approval of this application will in effect limit freight growth on the Western Route.

We note that the consulted Form P contains several interesting proposals - the conveyance of lightweight freight traffic being a prime example. Freightliner fully support any opportunities that provide a modal shift from road to rail for any freight traffic, although it is, at present, unclear as to how Grand Union Trains Ltd expect to attract this traffic to rail. Furthermore, we are supportive of the proposed investment in infrastructure and creation of job opportunities within South Wales outlined in the consultation.

However, as identified previously, Freightliner also have a number of concerns over this proposal, which can be summarised as:

- A. Overall capacity on the Great Western Mainline between London Paddington and Swansea.

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1 [https://www.raildeliverygroup.com/files/Publications/2018-06\\_rail\\_freight\\_working\\_for\\_britain.pdf](https://www.raildeliverygroup.com/files/Publications/2018-06_rail_freight_working_for_britain.pdf)

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- B. Journey time expectations and protection.
- C. Flexibility of train paths.
- D. Passenger demand and economical benefit.
- E. Duration of the Rights request.

More detail on each of these is provided below:

A. Overall capacity on the Great Western Mainline between London Paddington and Swansea.

Freightliner presently operate numerous services on the Great Western Mainline, including the significant aggregates traffic flows associated with the Mendip Rail contract between the Somerset Quarries and London and the Home Counties. Through the December 2019 and May 2020 timetable development processes, there have been significant challenges accommodating both existing traffic and new services introduced by existing passenger operators.

Grand Union Trains reference speeding up journey times between various population centres several times within this application. Increasing average speed between locations has a significant negative impact on overall capacity on the route, particularly through double track sections, as was found with the introduction of the new GWR services creating the issues referenced above. Given the wide variance in maximum train speed over the route (varying from 45mph to 125mph) there are few spaces available in the timetable to run additional services, so we would welcome more information on how Grand Union Trains expect to be able to achieve a journey time reduction.

Recent changes to the customer demand have driven a growth in demand for intermodal traffic to South Wales, a trend that is predicted to continue. This is being supported by investment from Network Rail's Strategic Freight Network, who are investing in improvement works to the route to enhance gauge clearance, allowing further development of intermodal markets within the South Wales area. Freightliner have concerns that the introduction of additional passenger services through the Severn Tunnel will remove the ability to meet demand in the future, especially given the constraints that exist with this piece of infrastructure. To further complicate this, there are special working instructions in place for freight services through the tunnel - again, we would welcome confirmation from Grand Union Trains that these have been taken into consideration during development of this proposal.

B. Journey time expectations and protection.

Grand Union Trains have stated that they are looking to discuss journey time protection as part of their application. Freightliner do not support this and, given the above-mentioned capacity constraints on the route in general, would expect Network Rail to be able to apply its flexing right without limitation during timetable development, ensuring that paths are offered to operators on a fair and unbiased basis in line with the principles outlined in the Network Code.

Were journey time protection incorporated in any Access Rights that may be approved, Freightliner have significant concerns over how timetable construction would be achieved. There is a risk that the overall quantum of existing trains could not be accommodated, or if they could there would be a requirement to loop slower services more than today to allow faster trains to pass. Loops on the Great Western Mainline are, in many cases, of restricted length, and hinder the delivery of existing traffic demands, let alone catering for future growth. Increasing the stopping and starting of trains also has a negative impact of the resource utilisation for impacted operators, increases fuel consumption and pollution and can limit future growth as it limits overall terminal time, and as such makes it more difficult for operators to compete with alternative transport modes, particularly road, thus having a negative environmental impact.

C. Flexibility of train paths

Freightliner note Grand Union Trains request for all train slots to be provided in 'clockface' timings. While there is potential for this to be workable in certain sections of the route, the Great Western Mainline carries much long-distance traffic originating from other routes, both passenger and freight. As a result of other factors, it is not possible, or practical, for these to always run in clockface timings, and as such Freightliner would expect any paths developed for Grand Union Trains to fit in around other existing traffic; as such departure times would need to be driven by timetabling requirements, rather than strict clockface timings driving timetable development.

D. Passenger demand and economical benefit.

It is noted that Grand Union Trains wish to run an hourly service departing between c.06.30 and c.21.30. Given the proposed calling pattern of these services, which does not include the major business and population centres on the Great Western Mainline, Freightliner question the relative demand for services at such a frequency, particularly during off-peak periods. We believe that the frequency of these trains could be reduced without having a significantly detrimental impact on passenger numbers or reducing the attractiveness of cheaper fares driven by competition, as was proven with the established Open Access model on the East Coast Mainline. This would have the benefit of freeing up paths for strategic train slots to cater for both existing demand and future growth, while aiding in the recovery of service following disruption to the benefit of all rail users, rather than running lightly loaded passenger services at a more regular interval.

Should the proposals remain to run an hourly service, Freightliner believe that a proper assessment of the economic benefits brought by this service group in comparison with future capacity and growth should be undertaken, in order to verify that the final outcome of any decision to grant access rights ensures that the rail system delivers the best possible value for money.

E. Duration of the Rights request.

Freightliner has been trying for many months to secure access rights for two daily trains between the Isle of Grain and Colnbrook, which transport a significant proportion of the aviation fuel necessary to run Heathrow Airport. At the last SOAR panel, on 22nd July, it was decided that all applications that interacted with Paddington - Reading corridor "were authorised until PCD 2020 only". While the reasoning for this is, at present, still unclear, we would be concerned if Rights were granted to another operator for any duration beyond this date.

In summary, and for the avoidance of doubt, on the basis of the above concerns, at this time Freightliner are unable to support the application being made by Grand Union Trains Ltd to operate this service. If you have any queries regarding the comments we have made then please do feel free to contact us.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Chris Matthews', written over a horizontal line.

Chris Matthews  
Track Access Manager  
Freightliner Group Limited

# **Grand Union**

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10 July 2020

Dear Chris,

## **Carmarthen – London Paddington: Response to consultation – Freightliner**

Grand Union is grateful to Freightliner for a number of its comments supporting elements of its application and for ease of comparison this response largely follows the form of that response.

### **A. Overall capacity**

For the operation of its services Grand Union has identified paths and is continuing to work with Network Rail on their development. All rolling stock proposed by Grand Union will be equipped to allow it to operate at full line speed.

Speeding up journey times does not necessarily have a negative impact on overall capacity, particularly if a pair of non-stop trains are flighted close to each other. This has been demonstrated on the ECML with the introduction of a significant number of additional services using capacity initially identified by open access operators.

Our application does not expect to utilise all the remaining capacity, and as has been seen elsewhere, but notably on the ECML, a significant number of paths are often found once 'competitive tension' is applied.

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# **Grand Union**

Grand Union would wish to work with all operators, both passenger and freight, to ensure delivery of a robust timetable.

## **B. Journey time**

Grand Union is aware that its request for journey time protection would be controversial, but as a smaller operator, is discussing this inclusion to protect its commercial position. However, the request is not included in the draft contract, and is an issue for discussion if services are approved. The final decision on any contract will of course rest with the ORR.

## **C. Flexibility of paths**

As stated previously, flighting of fast trains can be key in timetabling, and with many other operators 'clockface' then Grand Union services seem ideally to fit into pattern. However, as the service has now been reduced to '2 hourly' clockface is not as important as previously, and Grand Union is working closely with Network Rail on the delivery of a robust timetable.

## **D. Passenger demand and economical benefit**

The extended service proposed in phase two of the application is to meet the reasonable requests of the Welsh Government for significant improvements between London and South Wales, particularly reduced journey times and frequency. While it has been reduced in quantum it has been extended slightly further into West Wales to deliver a significantly improved service for this important part of the UK.

It is vitally important to the future of the railway industry that there is a strong focus on the social, economic and Climate Change impacts that the railway offers the UK. This will be more important post Covid 19. The Welsh Government recognise that the Grand Union proposal offers substantial socio-economic benefits to South Wales, with improved connectivity, improved railway operations and a significant number of new jobs.

With road travel from South Wales having to contend with the very congested M4 corridor, and air travel non-existent, the franchise has been a monopoly supplier of fast travel to London for many years, and this can be seen in the pricing structure in place and its unwillingness to develop this part of their network, when virtually every other part from Worcester to Penzance are gaining enhanced services. InterCity rail services between London and South Wales have also been downgraded over time with the addition of more and regular stops in the Thames Valley, meaning much longer journey times and significant passenger churn on the train detracting from the long-distance passengers' experience.

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# Grand Union

The lack of competition can be seen in the large growth in road coach services, where there are over 30 services a day (each way) between Cardiff and London<sup>1</sup>, far greater than the number of coach journeys normally seen elsewhere for journeys of this nature.

The Grand Union application itself focuses not only on this long standing monopoly, but also on the lack of development by GWR during its tenure of not expanding services<sup>2</sup> to South Wales, especially beyond Cardiff, and instead concentrating on doubling the frequency of trains to Bristol from London.

Forecast growth to Cardiff outstrips forecast growth to Bristol on every measure in the 30 year horizon from 2013 as identified by Network Rail's Long Term Planning Process<sup>3</sup>, and yet Bristol is to see its services almost double while Cardiff sees only a token increase in the peak. Grand Union is looking to significantly address the imbalance between Cardiff and Bristol, something that both the franchise and the DfT have had plenty of opportunity to do but, despite industry evidence, have chosen not to do so.

As Freightliner acknowledge, open access has been a significant success on the ECML, and with the franchise having had an uncontested monopoly on the GWML for 23 years, Grand Union believe that it is time for passengers to benefit from the innovation, price competition and different service quality that an open access operator can bring.

Unlike other current open access operators, Grand Union will be paying the Infrastructure Cost Charge (ICC) of £4 a train mile - a total charge of around £4 million p.a. Grand Union plan to offer choice to passengers with a differentiated customer service offer. Grand Union consider that it is for passengers to decide which service they wish to use as happens now at a number of important locations on the ECML.

## **E. Duration of rights**

Grand Union notes Freightliner's concerns over any future rights but is seeking rights in line with previous other passenger track access applications, particularly where significant investment, both in infrastructure and rolling stock is planned.

Grand Union is grateful for Freightliner's support for its parcels initiative, which seeks to move traffic off the roads, and is pleased to develop this important initiative alongside colleagues at InterCity Railfreight.

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<sup>1</sup> Daily services by Megabus and National Express between Cardiff and London – sample: 18 Nov 2019

<sup>2</sup> Additional token peak trains excepted

<sup>3</sup> Network Rail Long Term Planning Process - Long Distance Market Study 2013

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# *Grand Union*

Ian Yeowart -

A handwritten signature in black ink, appearing to read 'I. Yeowart', with a stylized flourish at the end.

Managing Director

Grand Union

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5th June 2020

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Dear Craig,

**GRAND UNION TRAINS - APPLICATION UNDER s.17 FOR A TRACK ACCESS CONTRACT FOR SERVICES BETWEEN PADDINGTON, CARDIFF AND CARMARTHEN**

We refer to the further revised application submitted in respect of Paddington – South Wales services submitted by Grand Union Trains (GUT). GWR has responded separately to the ORR in relation to the Economic Equilibrium Test (EET) and its request for further detailed information.

**GWR maintains its Objections to this Proposal**

As advised to you with the earlier application by GUT (letter of 27 September 2019) GWR continues to object strongly to this proposal maintaining our previously stated positions on commercial, operational, and performance grounds. This is backed up by the successful introduction and operation of GWR's enhanced December 2019 timetable, which has been welcomed widely by our customers and stakeholders across the region.

The ORR will be assessing this Open Access application, but even in its amended form using our own analysis, we maintain that this application continues to be severely and primarily abstractive.

**GWR objections restated**

This proposal is impractical. The GWML is nearing Congested Status with the introduction of the enhanced GWR main line service in December 2019. Timetabling this service has shown that spare capacity for all operators is at a premium and GWR is utilising a large part of this capacity for its new service pattern. The Swindon - Didcot and Reading - Paddington sections and the Paddington environs are at capacity already, given the freight services requiring to use the route and the effect of Crossrail and GWR expansion last December. There is no spare platform capacity at Paddington, with the current timetable plan only achieved by virtue of Heathrow Express waiving temporarily its firm right to sole use of two platforms.

The proposal is inflexible. GWML operators have to cope with the frequent NR engineering work, both planned and unplanned, and all operators need to have an effective diversionary strategy. By initially fixing on electric only traction, the aspirant operator is restricting the ability of the network to operate efficiently on such occasions.

The proposal has wider adverse impact on franchise finances. The GW franchise is let on the basis of a high frequency main line train service, maximising return on the substantial investment the Government has made in both infrastructure and rolling stock over the past decade. The fixed element of the GWR franchise cost base, in particular the onerous provisions in the DfT 27.5 year IEP contract, do not allow for a normal competitive response, should the access that GWR uses be granted to another Operator.

The material enhancement in GWML services in December 2019 has been designed to improve not only intercity journeys but also substantially the connectivity with local services, and the pattern of GWR main line services between Paddington and Bristol Parkway/Cardiff is key to achieving this aim. The whole timetable, both main line and local services, has been designed and timetabled as an integrated package.

This application is opportunistic, being made at a point where the GWR track access contract is due to expire. It does not allow GWR to plan its business with the degree of assurance that it requires. The government extended at the end of March (during the Covid crisis) the GWR franchise to run for a further three years to March 2023 with a potential further extension for another year.

The repeated applications from GUT are incompatible with the continuing franchise requirements and prevents the GWR track access contract from having its term extended to meet the new franchise length. This situation offers no assurance to the Secretary of State, Network Rail Wales and West Region, the System Operator or Great Western Railway and effective forward planning by these parties is hindered as a result.

#### Timetabling and Capacity

Compared to the GUT application made in July 2019, the main changes appear to be a delay to the introduction of services both in initial and extended form; and an extension of the 2023 operation beyond Llanelli to Carmarthen with a reduction in planned frequency of the West Wales service from hourly to every two hours. Notwithstanding these changes we contend that this revised proposal would still generate the same material adverse impacts to the existing services and operation on line of route.

Since our consultation response and EET submission to NR and the ORR on that previous proposal, the applicant has made no attempt to demonstrate to the industry how its proposed service could be accommodated on the GWML avoiding adverse impact to pre-existing high speed services. The GUT application continues to be made under Section.17 of the Railways Act suggesting that there has been no attempt to engage with Network Rail, or that Network Rail has been unable to find capacity to accommodate this proposal.

Recently approved Open Access applications on other routes have been bid and accepted for operation in white space around established operations. In relation to the previous application by GUT Network Rail will have provided to itself and possibly to the ORR its view on the practicality or otherwise of operating GUT's aspirations. GWR would like to see this evaluation please.

GWR has evaluated the effect of the GUT aspiration on the pathing and resourcing of its own services and has concluded there is no capacity for the GUT aspiration without wrecking the existing franchise service with regard to structure, journey time, frequency, level of on train capacity provided and the economic benefit upon which the government, Network Rail, GWR and Hitachi investment was predicated. GWR has provided evidence to the ORR regarding this. In short GWR believes GUT can only run if it replaces existing GWR services.

We maintain that there is insufficient capacity on the GWML to operate these proposed services in conjunction with the enhanced and accelerated timetable provided by GWR since December 2019, and which has demonstrated resilience and integrity in performance since its commencement, aided by the scale and integration of its operation.

As we have previously stated our view is that the Swindon – Didcot corridor, inner Thames Valley and the Paddington approaches are now reaching capacity, given the existing and planned freight service demand, the effect of GWR’s enhanced timetable and taking account of the eventual commencement of the full Crossrail service along with the creation of the new HS2 interchange station at Old Oak Common.

Platform capacity at Paddington remains a specific constraint. Heathrow Express has kindly continued to waive their specific contractual entitlement to the sole use of two dedicated platforms so that MTR Crossrail is able to provide services ahead of the Central Operating Section being available. Even after the Crossrail Core opens – and that now is not anticipated to be after December 2021 – and HEX revert to their two platform operation, there is no spare capacity for additional services. This has been proven already by Network Rail which has shown in discussions with the ORR over GWR access rights duration that GWR’s service has to be curtailed significantly when one platform is used by Crossrail. For Crossrail read GUT.

To meet GUT’s declared aspiration a substantial recast of the December 2019 baseline would be required, which would substantially destroy GWR services (including removal of key services, and reduction in frequency of certain other services) and the integrated pattern of benefits accruing from recent industry investment. Our analysis also suggests that should GUT gain headline journey times right, then these are only likely to be met by means of further adverse amendments to existing services, reducing further still customer offer, industry value and return of franchise to the public purse.

The applicant seeks a 15 year Track Access Contract, during which the new surface station at Old Oak Common will be built and brought into use to facilitate interchange with HS2 from 2029. Initial (off line) construction is planned to commence this Autumn. There is no indication provided as to whether the application can be accommodated with the Old Oak Common station proposition in construction stages. It is clear that very existence of the station and its implications for signalling and line speed mean that main line paths are finite. Route utilisation will be such that if one main line train calls then all trains will have to call. This gives GUT the ability to serve the station by default, although no mention is made of the station in the application. If this were the case then once capacity is reached at Old Oak Common an open access operator will crowd out franchise services.

### Operability and reliability

There is no further information offered on how the GUT services might be operated reliably, given that with the limited information provided resources and maintenance would appear to be located at the Wales end of the operation, thereby calling into question the ability to mitigate and resolve train failures or out of course running at the London end of the service.

If turnover or standby resources are proposed to be located at Paddington we would again point out that the scarcity of network sidings and holding areas in the inner London section of the GWML (which will be further reduced imminently in order to permit construction of HS2) and the lack of platform accommodation imply this is unlikely to be secured.

The extension of service to Carmarthen also introduces further complexity, in that the infrastructure there is incapable of supporting 9 car trains on a frequent basis each day given the existing (and planned) level of service and Carmarthen's use as an operational hub for franchise services in West Wales. There are length limits to trains that can be taken into Carmarthen which requires GWR to use only small trains west of Swansea. In addition there is no spare capacity at Carmarthen for stabling: indeed it is understood TfW is seeking enhancement there to accommodate its own needs.

We continue to seek clarification on the proposed method of working at Cardiff Central given the limited electrified infrastructure available west of the station to permit such trains to reverse, which is needed to accommodate the trainplan at this busy location, and the operating instruction requiring GWR IEPs reversing there to depart west in diesel mode to avoid dewirement and damage if wrongly routed. If the applicant is relying on the potential ability to turn its services round in the platform at Cardiff Central, then while that might appear a possibility, we would like to know the effect on the operation of the timetable and on those rail services planned in future years by the Wales franchisee.

Our previous response to the application in September raised a substantial number of issues with compatibility of the second-hand AC traction and rolling stock with the GWML and its electrified system proposed for use. These issues remain to be addressed in general, and particularly in respect of critical locations such as Steventon, Severn Tunnel and Cardiff Intersection bridge.

In particular train operation west of Didcot at 125 mph requires the use of BR-Automatic Train Protection and is an aspect of the relevant railway safety regulations. Given that Class 91 and MkIVs DVTs are not fitted with ATP (and that GUT's 80x do not appear to be specified as carrying ATP) we still wish to understand how the applicant proposes to resolve this, or whether they are intending to operate at a lower maximum speed.

The application still does not address how the GUT service will operate when essential possessions are taken by Network Rail requiring diversion of South Wales services off the electrified GWML. This not only affects weekends and bank holidays but also mid evening departures from Paddington on weeknights, and early services from Wales again on weekdays. GWR's bi-mode traction is able to maintain through services with time loss confined to the extra distance covered on diversion and reduced line speed: it is difficult to see how this would be the case with Class 91 and MkIV stock. Has GUT diesel haulage traction been secured, and does it have sufficient sets to take diversion?

We would like to know if the increase in traffic volume in this proposal over the GWML increases the maintenance requirement and hence need for engineering access.

### Stabling and Stock Maintenance

There is nothing in the application to indicate that such servicing capability will be provided in time for the commencement of GUT operation as proposed or how reliability and capability will be secured through servicing at non-electrified locations, given that there are no electrified maintenance or stabling locations on the GWML in Wales

With respect to the maintenance of the proposed Class 802 fleet we would be interested to know if the applicant has secured terms for access with the operator of the depot at Swansea Maliphant, as we know for sure that this location is full at night, such that GWR sets serving South Wales from London have to return to Bristol for maintenance and stabling, and go back in the morning to start South Wales - London services.

The application refers to support from the Wales Government. We would be interested to see the detail of any support provided, given the shortcomings in operation previously mentioned, the apparent conflict with the December 2019 GWR main line timetable now well established, and the service expansion plans of the rail franchise it has let. We question the basis of such support for a service penetrating into England given the terms of the powers delegated to Welsh Government to let the Welsh franchise.

### Competition and Market Demand

The application restates its misinterpretation with regard to the rail service offer on the GWML since privatisation, without proper recognition of the frequency enhancements which have reduced Generalised Journey Times for customers between South Wales and London over that period.

The revised application from GUT sees a reduction in service frequency which is counter intuitive to the original suggestion that the market is lacking in capacity or is under served. Indeed, we are surprised that the application takes no account of the impact of the Covid-19 pandemic on the rail industry and the reduction in demand for travel which is both significant and potentially lengthy.

The application refers to serving an upgraded Severn Tunnel Junction and the proposed station at Cardiff Parkway. We would expect that any calls at the former are contingent on the investment proposed and, given that the Cardiff Parkway has yet to be properly defined and assessed in terms of whole system impact on existing and planned franchise services, that any rights to call await further consideration in due course.

### Special Events

We note the remarks about GUT potentially operating services to support special events such as those at Cardiff. A small niche operator is unlikely to possess sufficient traincrew resource to allow additional services to operate above its baseline service proposition. In addition the GUT stock for such special services is said to be undergoing maintenance during the daytime.

### Effects on Industry Performance

GWR is concerned at the effect the proposal will have on performance on the Wales and Western Routes, at a time when the Network is already much busier as a consequence of the new service investment by key stakeholders, including the Department for Transport, Transport for London and Transport for Wales.

This application would appear to seek to make relatively cheap use of the newly enhanced and electrified rail infrastructure at considerable cost to the franchise holder and therefore the Government. The continued tweaks to this unnecessary proposal is tying up scarce industry resource, and does not allow GWR or other operators to plan their businesses with the degree of assurance that they rightly require.

## The Proposal

GWR continues to object therefore to the application by Grand Union Trains on the following grounds:

- It would be very strong primarily abstractive in nature;
- It would have an adverse impact on franchise finances, given the cost structure of the GW franchise, and the need to reap the benefits for the government, users and franchisee the substantial unprecedented investment in infrastructure, rolling stock, human resources; and given the disruption caused to customer offer at the time of its implementation;
- It has untested and unverified assumptions on timetable and operability within the proposition;
- The adverse performance impact the proposal (if indeed viable) will import to this part of the network;
- It being unclear on the wider benefits that such a service would provide compared with GWR services to Bristol Parkway and South Wales, and the structured tight pattern of all operators in the wider region it would fetter; and
- The applicant's services not being able to be accommodated alongside GWR and other operators including freight.

We welcome any opportunity to discuss the issues raised above in more detail.

Yours sincerely,

**Robert Holder**  
Network Access Manager

# Grand Union

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10 July 2020

Dear Robert,

## **Carmarthen – London Paddington: Response to consultation – GWR**

The majority of this response is that which was made previously by Grand Union on GWR's previous comments on its Llanelli application as many of GWR's objections are restated from those earlier comments. For ease of reference new paragraphs are shown in italics and numbered at the front.

- 1. Grand Union's delayed start date is due to timescale issues from the application process, and the expansion to Carmarthen follows further discussions with colleagues within the Welsh Government.*
- 2. Grand Union only intends to operate electric traction (for the first two years of services) after which it plans to operate trains with the same capabilities as GWR's trains with bi-mode required to operate beyond Cardiff to Swansea and Carmarthen. Diesel haulage of Class 91s and Mk IV coaches has been a routine operation on the ECML, so there is no reason to suppose that Network Rail will not be able to do this on the Great Western route.*
- 3. The proposed reduction in service frequency still gives South Wales a significant increase in capacity, introduces competition putting downward pressure on pricing, and importantly opens up significant improvements for stations and areas with no,*

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# Grand Union

or very few direct services to London. First Group's Edinburgh service is heavily focused on price competition.

4. GWR state that the introduction of Grand Union services would “substantially destroy GWR services (including removal of key services and reduction in frequency of certain other services)”. Grand Union has requested details of services GWR has stated it will withdraw if our application is successful but GWR has refused to provide any information to either ourselves or the ORR. Instead, in an email GWR sent to the ORR they stated “There is one point in that GWR will not be cancelling services. That will be Network Rail through Part D in view of the GUT access”. It appears GWR is already planning to blame Network Rail if it faces future competition from Grand Union.
5. The work currently being undertaken by Grand Union and Network Rail is to find the necessary capacity to run its services alongside the rights of others within the current timetable (even though this is not strictly required as a capacity exercise). GWR has made it clear in previous responses it is unwilling to flex its services which is why it ‘suggests’ it may cancel services. It now seeks to blame Network Rail. Network Rail is under an obligation<sup>1</sup> to “make an optimum and effective use of the available infrastructure capacity” - made more difficult if an operator, GWR in this instance, is trying to ‘hard wire’ its timetable.
6. It is informative to note that GWR states, “The fixed element of the GWR franchise cost base<sup>2</sup>, in particular the onerous provisions in the DfT 27.5 year IEP<sup>3</sup> contract do not allow for a normal competitive response..” – and yet in responding to consultation with the ORR on a Report from the ORR’s consultants Royal Haskoning DHV<sup>4</sup> GWR stated it had a number of competitive responses it would undertake beyond the normal competitive response including: timetable changes, other quality changes, new fare products/offers and fine tuning fares structures. GWR needs to make its mind up whether it can or cannot have a competitive response.
7. - The GWR response also ‘suggests’ therefore that its entire IEP fleet is under the DfT 27.5 year IEP contract. It is our understanding that some of the GWR 802 fleet is not part of the DfT’s contract with Hitachi and could therefore be put off lease at a franchise change point. Perhaps Network Rail could seek clarification on this point.
8. Although for this application GWR suggest in its response that there is no capacity demonstrated, they obviously know that capacity does exist for following Grand

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<sup>1</sup> Regulation (EU) 2016/545 – this obligation applies throughout a framework (track access) agreement and to train paths allocated under framework agreements.

<sup>2</sup> Grand Union ICC (fixed access cost) is greater per train than GWR fixed access cost

<sup>3</sup> GWR was a willing signatory, although our understanding is that not all the IEP (802) fleet is under the DfT 27.5 year contract

<sup>4</sup> RHDHV Report page 17 Item 8.1 – competitive response

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*Union's announcement, GWR had itself suggested it could run an additional hourly service between Cardiff and London from May 2020 as mentioned in our earlier response. GWR has not re-visited this 'commitment' instead it has continued to ignore South Wales while almost doubling the frequency from Bristol. It is hoped GWR did not try and mislead the Welsh Government by offering to run additional services in place of Grand Union. It is also worth pointing out that the Wales and Western CP6 Delivery Plan update for 2020 also identified these additional South Wales – London services as running "throughout the day", so Network Rail, and at the time GWR, must be aware that capacity exists.*

- 9. Eversholt is undertaking the necessary studies on gauging and compatibility, and reports from DGauge and Ricardo have been prepared. Any required interventions will be addressed.*
- 10. As Grand Union will be paying the new Infrastructure Cost Charge (ICC) at a rate higher than GWR pays for its 'fixed track access', it is hardly cheap use of the infrastructure.*
- 11. In respect of any potential effects on performance, the MTIN figures for P2 2021 show the Class 91 (IC225) performed better than the entire GWR fleet apart from the Class 387.*
- 12. There can clearly be no cost to the 'franchise holder' which has enjoyed uncontested bidding and operation of the route since 2012, only recently securing another 'sweetheart deal'<sup>5</sup> to 2023 or beyond.*

GWR has made a number of comments in its consultation reply on our application to introduce competitive services on the Great Western Main Line (GWML). For ease of comparison this response largely follows the form of the GWR objection letter, with an effort to avoid the repetition of points that are made and remade in the GWR submission. The GWR subject headings are retained

However, before we start our response to GWR's objections Grand Union would like to ask what right GWR has to question the legitimacy of support from the elected Welsh Government on the grounds of the service "*penetrating into England*". The Welsh Government is seeking to improve Welsh connectivity and to see services improved for the people of Wales, something that, in spite of suffering all the disruption of the GWML, the Modernisation Programme was going to offer little apparent benefit, in contrast to virtually the whole of the rest of the GWR network. On hearing of our proposals, the Welsh Government entered into strong and positive dialogue with

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<sup>5</sup> Def: Cambridge Business English Dictionary: An agreement between two organizations that offers advantages to both but is unfair to competitors:

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Grand Union, encouraged us to consider further proposals and as a result of that dialogue these services, much revised and expanded with additional investment, have been developed.

Their position was summed up during a recent conference speech by Ken Skates<sup>6</sup> Minister for Economy & Transport for the Welsh Government “*We welcome the ambition being shown by Grand Union Trains and the proposals they have put forward for trains between Cardiff and London*”. He added “*The benefits of electrification of the Great Western Main Line into Wales are long overdue and will not be fully realised with the currently proposed service patterns*”. Grand Union is surprised that GWR is so dismissive of the Welsh Government’s support and aspirations.

It is vitally important to the future of the railway industry that there is a strong focus on the social, economic and Climate Change impacts that the railway offers the UK. The Welsh Government recognise that the Grand Union proposal offers substantial socio-economic benefits to South Wales, with improved connectivity, improved railway operations and a significant number of new jobs.

GWR is fully aware that the DfT still specifies further services into Wales from England and that no proposals to develop the train services in the manner that the Welsh Government desire has been forthcoming, So it is entirely legitimate for Welsh Government to support another train operator who will provide what they are seeking.

## **GWR primary objections**

In its response, GWR states the line is fast approaching ‘congested status’. The cost so far of upgrading and modernising the route is in excess of £6 billion, which includes the significant delay and overspend on the electrification scheme, which itself has been curtailed. In a report in November 2016 into ‘Modernising the Great Western Railway’, the National Audit Office (NAO) stated:

*“The modernisation of the route has potential to deliver significant benefits for passengers, but this is a case study in how not to manage a major programme. The Department’s failure to plan and manage all the projects which now make up the Great Western Route Modernisation industry programme in a sufficiently joined up way, combined with weaknesses in Network Rail’s management of the infrastructure programme, has led to additional costs for the taxpayer”.*

Nothing in the output from the delayed modernisation, states that the route is nearing congested status, and indeed Network Rail has in place a process to address that should it happen. Recent changes in track access contracts also give operators much

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<sup>6</sup> Minister for Economy & Transport - Keynote address at the ICE Transport Conference, Wednesday 20 November 2019

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less prescription than previously, with the objective of utilising the capacity better, rather than operators being able to 'protect' paths as previously. Having spent over £6 billion it is inconceivable that the Business Case assumed the route would instantly be 'congested' and unable to accept more trains.

GWR will be pleased to note that a significant number of paths have been identified by Grand Union and we will continue to work with Network Rail to develop our timetable.

As GWR has an item on its website (following a news release on 2 October 2019) that it has plans of its own to extend its additional peak services from South Wales to operate throughout the day from May 2020<sup>7</sup>, then First Group itself is clearly of the view that capacity exists – but obviously only for itself!

In respect of inflexibility - Grand Union only intends to operate electric traction (for the first two years of services) after which it plans to operate trains with the same capabilities as GWR's trains with bi-mode required to operate beyond Cardiff to Swansea and Llanelli. (We note that First Group will have similar issues with its own 'East Coast Trains' services which will use "*state of the art brand new electric trains*"<sup>8</sup>) Unsurprisingly, most operators operate electric only trains on fully electrified sections of the network.

The proposal will have little, if any effect, on franchised finances. Since First Group elected not to take their three year extension option on the GWML in 2012 (costing the taxpayer £826 million in premium payments by doing so), and at the same time having unceremoniously been stripped of its West Coast Main line success in 2012 following "*significant technical flaws by the DfT*"<sup>9</sup>, First Group has been very well rewarded. On the GWML First Group has been given a series of short term generous direct awards from the DfT<sup>10</sup> and has continued to operate the franchise. If the latest direct award is agreed, GWR will have operated this route without facing any competition or risk for almost 9 years - longer than many tendered franchises.

With a direct award offering much poorer value for money for the taxpayer, these significant and generous direct awards to First Group have in effect been 'primarily abstractive' by choice, but with neither passengers nor the taxpayer receiving any benefit by the loss of competitive tension.

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<sup>7</sup> GWR website & news release 2<sup>nd</sup> October 2019 – "Two additional services in the morning and evening peaks will also operate from South Wales to Bristol Parkway and then direct to London Paddington. From May 2020 GWR plans to extend these extra peak time trains to operate throughout the day"

<sup>8</sup> [www.firstgroupplc.com/about-firstgroup/uk-rail/eastcoast.aspx](http://www.firstgroupplc.com/about-firstgroup/uk-rail/eastcoast.aspx)

<sup>9</sup> Secretary of State on WCML franchise re-let failure in 2012. Laidlaw Report states the flaws rest with the DfT

<sup>10</sup> Initially Oct 2013-Sep2015, Re-negotiated Mar 2015-May 2020, further extension probable until 2022

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The DfT's own benchmarks (or comparators) show that at renewal in three franchise awards the net premium was 82% higher than the comparator values, and 32% higher on the direct awards<sup>11</sup> – indicating clearly the significant loss in value of direct awards, but also indicating the poor accuracy and forecasting in much of the DfT's output.

While it may come as a shock to GWR that the benefits of investment in the infrastructure can be realised not only by franchises, but by others (as indeed First Group argued on the East Coast Main Line with East Coast Trains), Grand Union is looking to significantly address the imbalance between Cardiff and Bristol, something that both GWR and the DfT have had plenty of opportunity to do but, despite industry evidence<sup>12</sup>, have chosen not to do so.

## **Competition and Development – Impact on GWR Finances**

It is interesting to note that the arguments put forward here by GWR to maintain their long-term monopoly are the exact opposite of arguments put forward by First Group in developing their own open access plans on the ECML with Hull Trains and East Coast Trains. First Group are clearly strong advocates of on-rail competition and it does little for their credibility or their reputation to oppose competition where they are the established operator.

With road travel from South Wales having to contend with the very congested M4 corridor, and air travel non-existent, GWR has been a monopoly supplier of fast travel to London for many years, and this can be seen in the pricing structure in place and its unwillingness to develop this part of the UK. InterCity rail services between London and South Wales have also been 'downgraded' over time with the addition of more and regular stops in the Thames Valley, meaning much longer journey times and significant passenger churn on the train detracting from the long-distance passengers' experience.

This lack of competition can be seen in the large growth in road coach services, where there are over 30 services a day (each way) between Cardiff and London<sup>13</sup>, far greater than the number of coach journeys normally seen elsewhere for journeys of this nature. It is also instructive that the advent of on-rail competition on the Oxford - London corridor has seen coach competition fall dramatically.

The Grand Union application itself focuses not only on this monopoly, but also on the lack of development by GWR during its tenure of not expanding services<sup>14</sup> to South

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<sup>11</sup> National Audit Office – Reform of the Rail Franchising Programme Part Two 2.12

<sup>12</sup> Network Rail Long Term Planning Process - Long Distance Market Study 2013

<sup>13</sup> Daily services by Megabus and National Express between Cardiff and London – sample: 18 Nov 2019

<sup>14</sup> Additional token peak trains excepted

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Wales, especially beyond Cardiff, and instead concentrating on doubling the frequency of trains to Bristol from London. The focus of the GWML development appears to have been driven by the DfT through its series of generous direct awards, and although there has been an increase in the number of services with the introduction of Class 800/802 trains, the pattern remains sub-optimal, particularly for South Wales.

Grand Union's application has been made at absolutely the right time, unlike First Group's East Coast Trains services when First Group made an application after a declared ORR deadline, which put over 12 months delay into the process. With a likely date of the commencement of a new franchise by 2022, this application by Grand Union gives all bidders clarity on the level of competition they may face if the application is successful.

With the DfT offering to share the risk of potential lost revenue due to open access competition on the ECML<sup>15</sup> (ironically to competition from First Group's East Coast Trains), then to suggest the application does "*not allow GWR to plan its business with a degree of assurance*" is patent nonsense.

## **Timetabling and Capacity**

GWR contend that other open access services on other routes have been timetabled into 'white space'. This is incorrect, and indeed a full capacity review on both the ECML and WCML was undertaken to help the ORR come to its decisions on capacity. GWR is fully aware that 'white space' rarely, if ever exists on InterCity routes as operators seek to 'close the door' to other train operators.

Although for this application GWR suggest in its response that there is no capacity demonstrated, they obviously know that capacity does exist for following Grand Union's announcement, GWR has itself suggested it could run an additional hourly service between Cardiff and London from May 2020 as mentioned previously. While it is pleasing that GWR has at last recognised the importance of additional services on this route, further monopolistic services would not benefit passengers nor the taxpayer, as open access operators can provide the necessary rolling stock on better commercial terms and offer passengers some important competition on price and quality for their journey choices. It is also rather obvious that GWR only 'made its move' after Grand Union had declared its aspirations.

Perhaps GWR could advise why their proposed additional hourly service would not 'cripple' the 2019 December timetable changes but Grand Union's services would?

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<sup>15</sup> National Audit Office – Reform of the Rail Franchising Programme Part Four 4.14. An issue that might also invoke challenge under state aid rules

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For the operation of its services Grand Union has identified paths and will continue to work with Network Rail on their development. All rolling stock proposed by Grand Union will be equipped to allow it to operate at full line speed

## **Infrastructure Related Issues**

Eversholt are carrying out the necessary gauging studies and have been since Grand Union first made its aspirations known. Any required interventions will be addressed.

It would be strange if the brand new interoperable GWML electrification causes an issue with the Class 91 pantograph, which has operated on the less than optimal electrification of the ECML and has operated on the WCML. However, as would be expected, Eversholt's engineers are liaising with Network Rail on this and other infrastructure matters.

Any potential issues requiring 'coasting' will be addressed via output from the discussions on-going with Network Rail.

There is no indication that power supply will be an issue, but an option for the first phase of operations would be to use diesel traction, but that would seem less than ideal for a full service under the wires.

Capacity has been identified for the proposed services, but if the OHLE in the Severn Tunnel is not provided (contrary to the specified project outputs) and despite years of planning, then further consideration will be given to traction types for the initial phase of operations. However, as a responsible infrastructure provider we expect that Network Rail will find solutions to the issues because otherwise this critical link will require the provision of bi-mode trains in the future, which generates a substantial additional cost to the industry.

If the application is approved, then Grand Union has confidence in Network Rail's ability to manage service overlays at Paddington and other locations – as it has done for previous open access applications elsewhere.

GWR is fortunate that the taxpayer has funded its new bi-mode train fleet which allows for diversionary options, including a late and expensive change to the order to make the whole fleet bi-mode. Grand Union accepts that during its initial service plan to Cardiff electric only traction will need special consideration if routed away from the OHLE and will be discussing the options with Network Rail. However, diesel haulage of Class 91s and Mk IV coaches has been a routine operation on the ECML, so there is no reason to suppose that Network Rail will not be able to do this on the Great Western route. For its full service option Grand Union will be using bi-mode trains of its own, so the issue will not arise.

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Detailed methods of working at all locations will be developed if approval is given and once timetables are established.

Grand Union is also in discussions with Transport for Wales to ensure the best possible use of the infrastructure to meet the reasonable aspirations of the Welsh Government and others.

## **Stabling and stock maintenance**

Grand Union is in discussions with a number of parties regarding the maintenance and stabling of its rolling stock.

In respect of the 802 fleet proposed, Grand Union is comfortable with the discussions that have taken place with Hitachi in relation to supply and maintenance of these train sets.

All services are proposed to start and finish in South Wales, and Grand Union would adhere to Network Rail's engineering access requirements.

## **Special Events**

GWR should know from the First Group operation of its Hull Trains service that commitment and flexibility within the workforce is a key part of what makes open access so special. Grand Union expect to play a full part in the operation of train services for special events, working with all other operators to deliver the necessary capacity.

## **Effects on Performance**

On every occasion an open access operator has sought to introduce new services the 'effect on performance' is raised, as if it is a particular issue to open access. The same argument could be applied to all the extra services that GWR are introducing in December 2019, many of which will be running on single lines. Running more trains can increase the potential impact of reactionary delays, but this is true regardless of the nature of the train company. We expect Grand Union employees to be fully conversant in the need to minimise delays, especially those at stations.

The Class 91 and Mark IV combination is a reliable train, having undergone many modifications during its lifetime. Its MTIN figures are, at this time better than a class 800/802, but Grand Union has no doubt that Hitachi will have addressed the issues it currently has by the time Grand Union looks to introduce its new fleet in 2023.

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## The Proposal

It is interesting that GWR states that the service would be primarily abstractive. The full proposal is for 14 trains a day in each direction, 7 a day during the initial phase. The ECML will soon have 22 open access trains a day in each direction<sup>16</sup>, of which more than half will be operated by First Group.

The First Group East Coast Trains service will 'abstract' significantly more than Grand Union's proposed initial services, and each East Coast Train pair is forecast to 'abstract' £4.8 million<sup>17</sup>, significantly more than Grand Union's train pairs are forecast to do.

As First Group acknowledge, open access has been a significant success on the ECML, and with the franchise having had an uncontested monopoly on the GWML for 23 years, Grand Union believe that it is time for passengers to benefit from the innovation, price competition and different service quality that an open access operator can bring. Unlike other current open access operators, Grand Union will be paying the Infrastructure Cost Charge (ICC) of £4 a train mile - a total charge of around £8 million p.a. with the full service, post the ramp-up phase<sup>18</sup>. Grand Union plan to offer choice to passengers with a differentiated customer service offer. We consider that it is for passengers to decide which service they wish to use as happens now at a number of important locations on the ECML.

In respect of franchised finances this issue has been addressed earlier.

However GWR is not averse to engaging into 'revenue abstraction' when it suits them and we cite that during Arriva Trains Wales (ATW) time, GWR (First Great Western as it was then known) created an operator specific ticket between Swansea and Cardiff which undercut the inter-available fare (set by ATW) by around 40%. There was a significant impact on ATW's finances and ATW had to respond by also reducing the inter-available fare by the same amount. What followed was a massive upsurge in passenger numbers, interestingly borne out by recent Transport Focus research, where a panel group were asked what would make them more likely to travel? 85% (the top ranked response) stated if fares were cheaper<sup>19</sup>. This is an absolute example of the power of competition 'in the market', and the significant benefit for passengers, taxpayers and the environment that competition brings. This is also evidenced in Italy with NTV's Italo services, now operational for 7 years<sup>20</sup>.

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<sup>16</sup> Grand Central 10 – Hull Trains 7 – East Coast Trains 5

<sup>17</sup> ECML decision letter 12 May 2016 – Office of Rail and Road

<sup>18</sup> **Now £4 million with the reduced frequency**

<sup>19</sup> Rail Review Q3-2019. Anthony Smith, Chief Executive, Transport Focus. Panelists base 4,145

<sup>20</sup> <https://mediarail.wordpress.com/ntv-italo-seven-years-and-now-success>

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# ***Grand Union***

The ICC clearly steers open access operators towards long train, high volume, routes, of which South Wales to London is a prime example. This is what ORR has been signalling to the industry with its decision to award First Group their London - Edinburgh service in direct competition with (now) LNER and their introduction for CP6 of the ICC at £4 a train mile.

It is clear there would be significant wider benefits to the many passengers who would use the service, the significant number of people who would be employed in South Wales, both directly and in maintenance, the further supply chain benefits, the significant economic benefits to South Wales and its communities and the private development of a much improved and important 'parkway' station at Severn Tunnel Junction which will expand the catchment area of the network.

Train paths have been identified, and, as in all other open access applications elsewhere on the network, Grand Union will work collaboratively with all parties to deliver a robust timetable.

Finally, GWR say the application is 'opportune'. It is, but not in the negative way in which GWR has presented it. The combination of the completion of the electrification works to Cardiff, the availability of high quality InterCity electric trains (displaced by the DfT providing an all new fleet on the ECML), and the lack of franchise driven service expansion into South Wales following the renewal of the GWR fleet; all coincide to create an opportunity for the private sector part of the rail industry to deliver a service that the public sector has failed to recognise.

The timescales are designed to give clarity to all parties, including bidders for future refranchising in 2021/22 and are in line with the ORR's new expectations when making open access applications.

GWR's owners, First Group, operate a number of open access services elsewhere, so many of GWR's objections lack credibility, as First Group has argued the complete opposite when it has been applying to operate open access operations of its own. This inconsistency with First Group's response does not reflect well on its approach to delivering wider customer benefits and the wider public perception of the rail industry.

While Grand Union accepts that operators will inevitably object, we expect this to be based on fact and a rational process, not by trying to protect a long-standing monopoly position in the market.

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# *Grand Union*

Yours sincerely -

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

Ian Yeowart

Managing Director

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**From:**

**Sent:** 06 May 2020 15:30

**To:**

**Cc:**

**Subject:** RE: REVISED Grand Union Trains Ltd Application for directions under section 17 of the Railways Act 1993 Paddington\_Cardiff\_Carmarthen

Hi Craig

Thanks for sharing the consultation. We have some initial comments as follows:-

- 1) Platforming at Paddington is a concern ahead of the full Elizabeth line opening. Until the full Elizabeth line Stage 5 timetable commences (currently proposed for May 2022) we are concerned that there is insufficient platform capacity to support an additional operator.

Has Network Rail undertaking any timetable planning work to demonstrate that there is sufficient platform capacity for an additional operator ?

Agreement has been reached for Heathrow Express to operate from one platform instead of two platforms at Paddington until May 2021, but not beyond this date. Even if this agreement is extended, we are concerned about whether there is sufficient platform capacity for an Open Access operator at Paddington before the Elizabeth Line Stage 5 timetable commences.

- 2) Reliability of the class 91s is a concern. It would be interesting to understand their MTIN on the East Coast Main Line prior to going off lease, as we are concerned about the reliability of this ageing poorly performing fleet on new infrastructure.
- 3) What is the plan to recover a fleet failure. If a class 91 fails there is nowhere to move a failed train to; Old Oak Common, North Pole, West Ealing, Reading TCD are all full to capacity. This is a traction type that fitters from both GWR and MTREL will be unfamiliar with, so unable to assist in times of a failure.
- 4) The introduction of new fleet onto a route brings its own performance risks (seen by GWR's introduction of the 800 fleet). Are you confident that the 91s are not going to cause issues with axle counters etc.
- 5) We are concerned about the mixture of traction types, and how these services will fit with the GWR 22/23 minute SRTs between Paddington and Reading?

Will these trains knock on to the semi-fast GWR class 387 services that operate on the Main Lines and cross over onto the Relief Lines to call at Maidenhead and Twyford, thusly impacting MTREL Relief Line services?

Has any performance modelling been carried out to understand the impact of these new services ?

- 6) Network Rail have only provided agreement (subject to approval at the May 2020 SOAR panel) for MTREL to hold additional Access Rights between Westbourne Park Junction and Paddington until May 2021 (due to the delay to the Crossrail programme). We expect that we will require these additional Access Rights until the Elizabeth line Stage 5 start date (currently expected to be May 2022), so we would therefore expect Network Rail to treat all operators equally, and not to grant Access Rights to Grand Union Trains until such time as MTRELS Access Rights have also been agreed from May 2021 until the Stage 5 start date (which we understand is linked to Heathrow Express continuing to operate from one platform at Paddington). It would be useful if Network Rail could confirm their policy around this.

I look forward to hearing from you.

Thanks very much.

**Jonathan James**  
**Head of Contract Management**  
MTR Elizabeth line  
63 St Mary Axe, London, EC3A 8NH



# Grand Union

Jonathan James  
Head of Contract Management  
MTR Elizabeth Line  
63 St Mary Axe  
London EC3A 8NH

Craig Tomlin  
Network Rail FNPO  
2nd Floor  
One Eversholt Street  
London NW1 2DN

10 July 2020

Dear Jonathan,

## **Carmarthen – London Paddington: Response to consultation – MTR Crossrail (MTR)**

1. Grand Union is only proposing a very limited number of trains, and it is clear that Paddington can accept additional services, and a revised platform plan would be developed if services are approved - in line with what happens now at every timetable change.

We note that Heathrow Express' operation from only one platform is due to the requirement for the delayed Elizabeth Line services to terminate services in the main shed at two platforms, and once these services are operating normally then those two platforms will be released.

It is also instructive to note that MTREL refers to an 'additional operator' and not 'additional services', an indication of its hostility to potential new entrants.

2. In respect of the Class 91, it is intriguing how a flagship fleet can suddenly become 'ageing' and 'poorly performing'. MTREL will know that it is the introduction of new fleets that historically gives rise to significant performance issues, and the Class 91 has a proven track record on the ECML. The MTIN figures for P2 2021 show the Class 91 (IC225) performed better than the entire GWR fleet apart from the Class 387. The MTIN figures for the Class 345 are also 'informative'.

3. Grand Union will discuss in more detail with Network Rail its recovery plans if the application is approved by the ORR.

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A Company registered in England & Wales No: 11408012  
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# *Grand Union*

4. A significant amount of work has and continues to be undertaken on the introduction of the Class 91 (IC225) to the GWML. MTREL mentions the risk of new fleet introduction. It is instructive to point out that the Class 91 is not a 'new fleet', but the Class 345 will be a new fleet introduction. Current MTIN of the Class 345 is somewhat poorer than the Class 91.

5. There are no issues with the Class 91 SRTs, and it seems MTR is comfortable with a mix of traffic types when it is its own operation introducing them.

6. Grand Union is unable to comment on the views expressed by MTR regarding the sale of access rights policy and will leave this for Network Rail to respond.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ian Yeowart', written over a light grey rectangular background.

Ian Yeowart

Managing Director

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**From:**

**Date:** 3 June 2020 at 10:28:50 BST

**To:**

**Subject: RE: REVISED Grand Union Trains Ltd Application for directions under section 17 of the Railways Act 1993 Paddington\_Cardiff\_Carmarthen**

Craig,

TfL shares the concerns already expressed by MTREL in their response to you (6<sup>th</sup> May). It would be helpful if you could copy me into any response to those concerns.

In addition TfL has two further concerns regarding this application.

- 1 The capacity of all operators on the GWML, including TfL, will be restricted during the period of construction of the new station at Old Oak Common. For much of that period (throughout the 2020s), weekend capacity will be limited to only two of the normal four tracks resulting in existing operators having to reduce services to share the remaining available train paths . In addition there are planned to be several lengthy blockades and past experience of other major projects suggests that there will be a risk that any delays occurring during the course of construction will result in further short notice restrictions of capacity. It is anticipated that further capacity restrictions will be necessary to construct the link at Langley between the proposed Heathrow Western Rail Link and the GWML. A further operator seeking 7 day rights will therefore adversely impact the ability of all existing operators to satisfy demand from their customers. It is therefore inappropriate to grant additional rights that will exacerbate this problem. At the least only conditional rights should be granted for the period covering the construction and testing of the infrastructure changes at Old Oak Common and Langley – conditional in the sense that they should not apply during period of restricted capacity that precludes the satisfaction of the firm rights currently held by existing operators.
- 2 We do not consider that the extent of the infrastructure enhancement that Grand Union propose to make warrant an extension beyond the normal duration of a Track Access Agreement. The Crossrail Track Access Option was granted in 2008 for a period of 25 years on the basis of investment at the time expected to be £15bn, excluding rolling stock cost. While no specific figure has been quoted for the investment Grand Union plans to make, it would be highly unlikely to be more than tens of millions.

Regards

Paul Richardson

Service Delivery Manager  
Rail for London (Crossrail Operations)  
5 Endeavour Square  
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London  
E20 1JN

# Grand Union

Paul Richardson  
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Craig Tomlin  
Network Rail FNPO  
2nd Floor  
One Eversholt Street  
London NW1 2DN

10 July 2020

Dear Paul,

## **Carmarthen – London Paddington: Response to consultation – TfL**

As you commented on having sight of the response made to MTREL, it is included later at numbered paragraphs (1-6).

It will ultimately be an ORR decision in respect of the rights being sought by Grand Union, but the arguments about future impact of engineering works is one used time and time again by current operators seeking to prevent new operators from accessing the Network. The situation was raised on the WCML with HS2 on the Alliance application, and as has been discussed at the Western ESG a further ESG for Old Oak Common will address any issues that may arise for all those holding rights at the time.

Unlike franchised operators and concession holders, an open access operator does not have the luxury of having its business underwritten by taxpayer guarantees and support. As a result, a new open access operator requires certainty over its investment plans, and contingent rights for all services would not be a reasonable position as identified in the 2006 Court Case GNER v ORR & others.

The normal duration of a track access agreement is 5 years. Grand Union's proposal for new build rolling stock warrants a 10 year contract in line with previous ORR decisions. The request for an additional 5 years is based upon Grand Union's proposed investment into Severn Tunnel Junction Station which not only includes

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# Grand Union

significant station improvements, but also includes providing direct access from the M4 motorway to ease congestion at this busy location. This investment has the support of the Welsh Government.

While the investment cannot of course match the significant (much of it taxpayer funded) investment into the very delayed Crossrail, it will be real third party investment into the network, not quasi investment from reduced premiums or increased subsidy as often seen with franchise 'investment'.

Grand Union response to MTREL:

1. Grand Union is only proposing a very limited number of trains, and it is clear that Paddington can accept additional services, and a revised platform plan would be developed if services are approved - in line with what happens now at every timetable change.

We note that Heathrow Express' operation from only one platform is due to the requirement for the delayed Elizabeth Line services to terminate services in the main shed at two platforms, and once these services are operating normally then those two platforms will be released.

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# **Grand Union**

6. Grand Union is unable to comment on the views expressed by MTR regarding the sale of access rights policy and will leave this for Network Rail to respond.

Yours sincerely

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

Ian Yeowart

Managing Director

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**From:**

**Sent:** 12 May 2020 12:18

**To:**

**Subject:** Re: REVISED Grand Union Trains Ltd Application for directions under section 17 of the Railways Act 1993 Paddington\_Cardiff\_Carmarthen 0405e21

Craig,

Thank you for sending Transport Focus details of the further changes to Grand Union Trains' application for rights on the GWML. They note that:

it replaces the last application, o/r 2708a20, received on 27/8/19, which itself replaced o/r 1806b20, received on 18/6/19;  
this version seeks rights, valid for 15 years, for services as outlined in the table below:

<b>date of application</b>	<b>start of rights</b>	<b>quantums</b>	<b>Welsh terminus</b>	<b>timetable pattern</b>	<b>stock</b>	<b>calls</b>
27/8/19	SCD 2021	7SuX/6SuO	CDF	clock-face	Class 91+Mk4	BPW, STJ, NPT
	within 2 years of SCD 2021	14SuX/12SuO	LLE		Class 802	BPW, STJ, NPT, CDF, SWA <sup>1</sup>
6/5/20	PCD 2021	7SuX/7SuO <sup>3</sup>	CDF	clock-face <sup>4</sup>	Class 91+Mk4	BPW, STJ, NPT
	late 2023 or 2024 <sup>2</sup>		CMN		Class 802	BPW, STJ, NPT, CDF, SWA, LLE <sup>1</sup>

*Note 1: will add Cardiff Parkway once open*

*Note 2: December 2023 in the draft TAC*

*Note 3: SuO quantum is described as "slightly reduced" in the Form P, but the number in Table 2.1 is seven*

*Note 4: but "not key to operation"*

Transport Focus has no comments to make in addition to those in its reply to the previous application on 11/9/19.

Regards,

John Sears.

03<sup>rd</sup> June 2020

Dear Craig,

**XCTL's response to Proposed Application under Section 17 between Network Rail Infrastructure Ltd and Grand Union Trains Ltd.**

This letter constitutes to XCTL's formal response. Unfortunately, XCTL are unable to support this access rights application due to numerous issues arising from this application. See below reasons/queries for XCTL's response:

1. The application indicates that Grand Union are likely to seek some sort of journey time protection and make reference to a 'clock face timetable'. This is at odds with the recent removal of such protections for Franchised TOCs and will limit Network Rails ability to flex services where required as per their rights within Part D of the Network Code to deliver the aspirations of all timetable participants. As such we cannot support this approach.
2. 5.2 indicates discussions on lengthening Platform 0 are ongoing for resilience – can the applicant confirm if this is a requirement for their timetable proposal to work & perform robustly? Are the initial terminating services planned to use Platform 0? How long would they be within the station for? Will the rolling stock be cleared to shunt via Cardiff West if required, and the crew have appropriate route knowledge?

XCTL would like Network Rail/Grand Union to clarify the above points before XCTL will be able to support this application.

Yours sincerely,

**Scott Turner**

**Track Access Specialist**

# Grand Union

Scott Turner  
Track access Specialist  
CrossCountry  
5<sup>th</sup> Floor  
Cannon House  
18 Priory Queensway  
Birmingham B4 6BS

Craig Tomlin  
Network Rail FNPO  
2nd Floor  
One Eversholt Street  
London NW1 2DN

10 July 2020

Dear Scott,

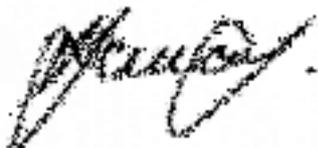
## **Carmarthen – London Paddington: Response to consultation – XCT**

Grand Union has stated it will discuss certain 'protections' if granted rights to operate by the ORR but has not included this request within its draft track access contract. As the proposal is now 2 hourly throughout, the reference to 'clock face timetable' is no longer an issue.

There is no requirement for infrastructure work at Cardiff Central, and the reference to lengthening Platform 0 followed discussions with the Welsh Government who have development plans of their own. However, the focus for Grand Union is the development of Severn Tunnel Junction station to improve facilities and provide direct access from the adjacent M4 motorway.

If services are approved, then further detailed work will take place with Network Rail on the operational issues associated with terminating at Cardiff Central in the short term.

Yours sincerely



Ian Yeowart

Managing Director

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