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Network Rail Infrastructure Limited
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Darren Horley
Commercial and Operations
Strategy Manager
West Coast trains Limited
1st Floor West, Meridian
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Dear Carew and Darren

Directions in respect of the 11th supplemental agreement to the Track Access Contract between Network Rail Infrastructure Limited and West Coast Trains Limited

1. The Office of Rail Regulation (ORR) has today issued directions under section 22A of the Railways Act 1993 (the Act) to Network Rail Infrastructure Limited (Network Rail) and West Coast Trains Limited (Virgin) (jointly the parties) to enter into the 11th Supplemental Agreement to the track access contract between them, as formally requested by Virgin on 9 March 2015. The purpose of this letter is to set out the reasons for our decision.

Purpose of the agreement

2. The purpose of this agreement is to grant Virgin the rights necessary to extend a current London Euston to Bangor service to Holyhead and to start a current Bangor to London Euston service back at Holyhead. These additional services will deliver improved connectivity between rail and ferry services operating in/out of the port of Holyhead. The rights commence on 17 May 2015 and last for the duration of the contract until the Principal Change Date 2022.

Network Rail's position

3. In the application form, Virgin said that Network Rail opposed the application on the basis that it was not prepared to offer the additional rights for a period in excess of five unless it was supported by a full business case/justification. However, when we asked for



Network Rail's formal representations it amended its position and stated that it agreed to enter into the agreement with the duration requested by Virgin.

Consultation

4. Network Rail undertook the usual industry consultation. Comments were received from Alliance Rail Holdings (Alliance) who raised questions about the extent to which the services were Public Service Obligations. Following an exchange of correspondence between Virgin and Alliance, Alliance confirmed it had no objections to the services operating providing they meet the legal requirements of Regulation 1370 and the requirements of the Altmark case in relation to illegal state aid, which it asked the ORR to investigate. We responded to Alliance saying that we considered the issues raised had already been addressed in previous correspondence and we had nothing further to add.

ORR review

5. We have no concerns with the application in relation to capacity or performance. As Network Rail has withdrawn its initial objection, we are content to direct the agreement as requested by Virgin. We are satisfied that that issuing directions in respect of this agreement is consistent with our section 4 duties.

Conformed copy of the track access contract

6. Under clause 18.2.4 of the track access contract, Network Rail is required to produce a conformed copy, within 28 days of any amendment being made, and send copies to ORR and Virgin West Coast Trains. ORR's copy should be sent for my attention.

Public register and administration

7. In accordance with section 72 of the Act, we will place a copy of the agreement on our public register. Virgin Trains West Coast has not asked us to redact anything (as provided for by section 71(2) of the Act) prior to placing it on the register.

8. Electronic copies of this letter, the directions and the agreement will be sent to Keith Merritt at the Department for Transport. Copies of this letter and the agreement will be placed on the ORR website. I am also copying this letter without enclosures to Madeline Matthews at Network Rail.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Andrew Whittington', with a horizontal line extending to the right.

Andrew Whittington