

Economic Equilibrium Test requests received in relation to a proposed open access service

Proposal: GO-OP Co-operative Limited, Either [Cheltenham – Stroud – Kemble] or [Newport - Severn Tunnel Junction – Bristol Parkway] – Swindon – Chippenham – Melksham – Trowbridge – Westbury – Frome – Bruton – Castle Cary – Then either [Yeovil Pen Mill – Yeovil Junction – Sherborne – Gillingham] or [Taunton – Tiverton Parkway – Exeter St Davids] or [Yeovil Pen Mill – Thornford – Yetminster – Maiden Newton – Dorchester West]

Date of notification: 8 July 2019

The Economic Equilibrium Test was requested by the following relevant parties:

- Department for Transport

Economic Equilibrium Test request from Department for Transport

Thank you for this notification.

The information available at this point is clearly limited and high-level, providing a number of options for proposed routes and extremely limited information on the service pattern and rolling stock. Therefore, it is challenging to understand the extent of the impacts (and whether they would be substantial) upon the economic equilibrium of numerous public service contracts.

However, in line with the ORR's guidance on the EET published in March 2019 carrying out the new EU Implementing Regulation 2018/1795, we, as a competent authority consider that this application does give rise to potential risks in terms of impacts on public service contracts and would like to request that the ORR undertake the Economic Equilibrium Test on this new open access proposal by GO-OP.

This is as a precautionary measure, given that the GO-OP proposal suggests potential routes which share access with the Great Western, Cross Country and South Western franchises. The GO-OP application with its numerous alternative options (from Cardiff, Taunton, Weymouth, Cheltenham and Gillingham) centred on a Yeovil – Swindon core could have a direct revenue impact to some extent on some or all of these franchises. Oxford, Coventry and Leamington are also mentioned in the GO-OP notification; it is difficult for us to provide a firmer view on the risks without greater clarification of the proposition. In the absence of a clear and specific timetable proposal (for example, with timings at origin, destination and intermediate stations), we are also not in a position to assess the financial impacts of the proposed services on the relevant DfT franchises or answer specific questions.

We recognise that the current question of whether the Economic Equilibrium test should be applied represents only the first steps in a wider consideration and decision-making process around the application. We would welcome further engagement with you on this application in due course and with

further information on the specifics of the proposal, we will be able to provide you with analysis and assessment of the impacts.

Please do get in touch if you have any questions on our response, or require anything further from us at this time.

Department for Transport, 8 July 2019