

Application to the Office of Rail Regulation for a passenger track access agreement, or amendment to a passenger track access agreement under sections 17-22A of the Railways Act 1993

1. Introduction

Please use this form to apply to the Office of Rail Regulation (ORR) for:

- directions under section 17 of the Railways Act 1993 for a new track access contract. Section 17 allows companies who want the right to use a railway facility (including Network Rail's network) to apply to ORR for access if they are not able (for whatever reason) to reach agreement with the facility owner.
- approval under section 18 of the Railways Act 1993 for a new track access contract. Section 18 allows companies to apply for approval if they have agreed terms with the facility owner.
- approval of a proposed amendment (agreed by both parties) under section 22 of the Railways Act 1993 to an existing track access contract.
- directions under section 22A of the Railways Act 1993 for an amendment to an existing track access contract. Section 22A allows anyone seeking an amendment to an existing track access contract which allows the operation of more extensive services to apply for a compulsory amendment if they are not able (for whatever reason) to reach agreement with the facility owner.

If it is the facility owner, Network Rail will carry out a pre-application consultation. In this case fill in this form up to section 7.3. You should fill in the rest of the form after the consultation and before applying to ORR. If you are unhappy with the facility owner carrying out the consultation, you should ask ORR to do so. If this is the case, you should complete this form in full before submitting it to us.

The form sets out ORR's standard information requirements for considering applications. It cross-refers throughout to our [criteria and procedures](#) (C&Ps). The C&Ps explain the process, timings and the issues we will expect to consider. You should use the published [model passenger track access contract](#) as your starting point when drafting the contract or amendments you want. Please read the C&Ps and the Code of Practice before applying.

We are happy to talk to you before you apply. Please contact us [here](#).

You can download a copy of this form, and of ORR's model track access contract, from the ORR website: www.rail-reg.gov.uk.

2. The application

2.1 Title of proposed contract or supplemental agreement (please also include the section of the Railways Act 1993 under which you are applying):

Track Access Contract made between Network Rail Infrastructure Limited and Alliance Rail Holdings under Section 17 of the Railways Act (operating as Grand Southern Railway)

2.2 Contact details (Company and named individual for queries):

<u>Facility Owner</u>	<u>Beneficiary</u>
Company: Network Rail	Company: Alliance Rail Holdings
Contact individual: Rachel Gilliland	Contact individual: Jonathan Cooper
Job title: Head of Commercial, Freight	Job title: Head of Contracts
Address: Network Rail The Quadrant: MK Elder Gate Milton Keynes Central Buckinghamshire MK9 1EN Telephone number: ✕ E-mail address: ✕	Address: Alliance Rail Holdings 88 The Mount York YO24 1AR Telephone number: ✕ E-mail address: ✕

2.3 Licence and railway safety certificate: please state whether you intend to operate the services yourself or have them operated on your behalf.

Does the proposed operator of the services (a) hold a valid train operating licence under section 8 of the Railways Act 1993 or an exemption under section 7, **and** (b) hold a valid safety certificate under the Railways and Other Guided Transport Systems (Safety) Regulations 2006. If the answer to (a) **or** (b) is no, please state the point reached in obtaining a licence, exemption and/or safety certificate.

C&Ps paras 3.9-3.15

Grand Southern Railway (Grand Southern) does not currently have a valid train operating licence or an accepted safety case. These will be secured following the award of the access rights sought in this application.

3. The proposed contract or amendment

3.1 Executive summary: please provide an executive summary of the proposed contract or amendment. This should cover the services, the commercial terms, and the reasons for making the application in the terms proposed. This information should be laid out clearly and concisely, and fully highlight the changes from the previous version of the contract (in the case of an amendment).

C&Ps para 3.22-3.28

Please also explain any important safety risks that have been identified arising from the proposal and how these will be controlled (by reference to the facility owner's safety authorisation and the train operator's safety certificate). **C&Ps paras 4.9-4.11**

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Please also state the commencement and end dates for the proposal, and for new agreements or extensions to existing agreements, provide justification for the proposed length of the application, with reference to the [Railways Infrastructure \(Access and Management\) Regulations 2005](#). If you are a franchised operator, please state the expiry date of your franchise. **C&Ps paras 4.72-4.79**

This application, made under Section 17 of the Railways Act, is for rights to operate services on the South West Main Line (SWML) between London Waterloo and Southampton Central. The services will be operated by Alliance Rail Holdings (“Alliance”) trading as Grand Southern Railway (“GSR”).

Alliance is seeking firm rights to operate services between Southampton Central and London Waterloo with calls at Eastleigh, Winchester, Basingstoke and Hook. Contingent rights are also sought for calls at Wimbledon (set down only on trains to London and pick up only on services to Southampton); these are contingent on Network Rail being able to accommodate these calls in the timetable.

The services will be operated using intercity quality 100mph Class 442 EMUs. Each 5 car unit offers around 325 seats after refurbishment. The rolling stock will be refurbished along similar lines to Grand Central (our sister open access company), with the provision of wifi and improvements to décor and lighting in both classes of travel, and improving standard class legroom. In addition, our on board service will be notably different to the service operated by others on the route. We will base our offering on the success that Grand Central has attained and build on it. Grand Central recently topped the Spring 2016 National Rail Passenger Survey where 96% of passengers were satisfied, or very satisfied with Grand Central services, compared to the national average of 80%.

Alliance is proposing to commence operations with a two-hourly service in the off-peak starting in December 2017. The expiry date for this contract will be the Principal Change Date in December 2024. Alliance is seeking two years in addition to the normal five year contract on the basis of our significant investment in the rolling stock prior to its re-introduction.

The Wessex Route Study has identified on train capacity issues on a number of routes, and our peak services will provide crowding relief on the Southampton route, along with a number of softer passenger benefits. With peak services already overloaded, our peak time services will relieve congestion by offering 2600 extra seats daily in the morning and evening peaks by operating in 10 car formation. In the off-peak trains will generally operate in 5 car formation.

Alliance has identified off-peak capacity in the existing timetable on the South West Main Line, and is currently discussing with Network Rail how to make that capacity available and the terms of its proposed Track Access Contract.

From December 2018, once upgrade works at Waterloo have been completed, Alliance proposes to operate 2 services in each direction in the peak hours (to and from London Waterloo) as well as the 2 hourly service in the off-peak. An indicative Monday to Friday timetable has been provided to the ORR and to consultees who requested it.

In areas of significantly high demand, Network Rail has a responsibility to ensure it uses its capacity well for the benefit of passengers and the taxpayer. The rights sought are intended to be flexible for the industry so that Network Rail can realise the best use of capacity.

3.2 Terms not agreed with the facility owner (for applications under sections 17 or 22A only): please set out here any areas of the application which have **not** been agreed, the reasons for the failure to agree and the reasons for seeking these provisions. **C&Ps para 3.102**

This application has been discussed with Network Rail and timetabling work is on-going. However Network Rail has not yet reached a view on the available capacity on the route.

3.3 Departures from ORR's model passenger track access contract: please set out and explain here any:

- areas where the drafting of the application changes ORR's published template passenger track access contract (as appropriate, cross-referencing to the answers below). Please also explain why these departures have been made. **C&Ps paras 2.34-2.37**
- instances where the proposal departs from the charging and/or performance regimes established by ORR's latest periodic review (or subsequent interim reviews) as reflected in ORR's model passenger track access contract, including the financial implications (e.g. establishment of an access charge supplement or rebate). **C&Ps paras 5.1-5.44**
- new processes (e.g. a self-modification provision) which have been added. Please also demonstrate fully how this new process is robust and complete. **C&Ps paras 6.2-6.3**

This agreement is based upon the Passenger Track Access Model Contract as approved by the ORR for the application made by Alliance for GNWR services between London and Blackpool. This is the latest version of an open access contract that is available.

4. The expression of access rights and the use of capacity

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4.1 Benefits: please set out what specific benefits the proposal will achieve, including a justification for requiring the rights and their characteristics. Please provide full descriptions of any new rights required, as compared to the previous contract (in the case of an amendment). Please also describe any significant changes in the pattern of services, their benefits to passengers and any impact on other operators, including freight operators. Where appropriate, please provide a fully marked-up version or document comparison of any tables in Schedule 5 which are being modified as a result of this application. **C&Ps paras 4.26-4.35**

Services are planned as follows:

London Waterloo to Southampton

- 2 peak trains (Monday – Friday) and 7 off peak trains per day are planned, off peak services operating 7 days a week.
- As far as possible, the same level of off peak service will operate throughout the week, although Alliance expects services to start later on Saturdays and Sundays.
- Benefits to passengers include price competition, crowding relief, more seats, better quality and better customer service. During the peak, services will operate in multiple offering an additional 1300 seats in each direction, each day on the route.

The full list of intermediate stations to be served by these trains is defined in table 4.1 of the draft track access agreement.

The current franchise is due for renewal, but with overcrowding being a long-standing problem, with many passengers in excess of capacity in the peak, any financial impact will be very limited, as demand outstrips supply. In addition Alliance is only seeking an initial 7 year term, so there can be no financial impact, implied or otherwise, on the DfT on the future value of this franchise.

There is also no price competition on this part of the network, and while it may be partly understandable with peak services that are regularly overcrowded, it is not reasonable in the off-peak where ticket types are very limited with very few of the benefits enjoyed by many passengers on a number of intercity routes where advance tickets are now commonplace.

In its recent response to Grand Central's 6th Supplemental Agreement, the DfT noted that *"It is not clear that the routes on which GC's proposed services would compete are lacking in competition, and therefore whether there would be significant benefits for passengers from the introduction of these new services.."* The DfT goes on to state, [On the Peterborough – King's Cross route] *"..we therefore do not see that these GC services would deliver significant benefits for passengers on top of the already existing level of competition"*

It is positive to note the DfT identifying competition as important, and there is no realistic competition on journeys to London from stations on the Southampton line; so Alliance is pleased to meet the challenges posed by introducing competition 'in the market' to bring the benefits to a significant number of new passengers that others (notably on the ECML) have enjoyed.

Alliance therefore intends to offer advance fares on its services to generate increasing demand, particularly in the off-peak, and to make rail travel more affordable for many who currently regard it as too expensive. In the peak, Alliance is also looking at significantly improving comfort and facilities for passengers, and is looking to engage with many commuter groups and interested parties to discuss ways of improving the regular travel to and from work.

Areas under consideration include offering a guaranteed seat on a nominated train for season ticket holders, flexible season tickets, advance fares with a reservation, on-board catering and WiFi.

Alliance will offer the passenger choice and innovation in terms of fares, comfort and customer service.

4.2 Adequacy: please set out how you have satisfied yourself that there is enough network capacity for the services in the proposal. Please also set out whether there are any implications for overall network performance and the facility owner's maintenance and renewal activities. **C&Ps paras 4.12-4.45**

There is sufficient capacity to accommodate these services on the SWML, and from December 2018, platform work at Waterloo will be completed which will allow the introduction of the additional peak services. Alliance has developed indicative timetable paths, and is discussing timetables with the Network Rail capacity planning team.

4.3 Flexing rights: please provide a general description of the extent of any limitations on the facility owner's flexing rights in the proposal. Please provide the rationale for the extent of any limitation on the flex provided, including any changes to pre-existing services, and the extent to which the provisions have been agreed with the facility owner. **C&Ps paras 2.27-2.33**

The rights sought provide a great level of flexibility for Network Rail and the industry so that the most efficient use of capacity can be made to develop a new timetable.

4.4 Journey time protection: please describe whether the proposed contract gives journey time protection to any services (by establishing maximum journey times, fastest key journey times or maximum key journey times), and explain the reasons for this, with reference to ORR's criteria. **C&Ps paras 8.90-8.103**

None

4.5 Specified equipment: please give full details of any changes to specified equipment (rolling stock), including timescales, and how much of the vehicle and route acceptance procedure in the Network Code (Part F) has been completed. Please explain whether you have, or will have, the rolling stock necessary to exercise the rights being sought. **C&Ps paras 8.87-8.90**

The Southampton to London services will be provided by Class 442 trains in 5 and 10 car formations. These trains have regularly operated on the SWML and offer excellent intercity passenger accommodation with good riding characteristics.

All but six of the 24 Class 442 units are now out of service and placed in 'warm storage' at Ely. Alliance has received an offer letter from the rolling stock owner for a lease for the period of the proposed contract.

4.6 Franchise obligations: please explain whether the proposed services are necessary to fulfil obligations under a franchise or concession agreement. **C&Ps paras 4.3-4.4**

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There are no franchise obligations.

4.7 Public funding: please state whether (and if so to what extent) the proposed services are subject to financial support from central or local government (other than the Department for Transport or Transport Scotland), including Passenger Transport Executives. Please also provide a point of contact at that body. **C&Ps paras 3.52, 4.25, 4.35-4.39**

The proposed services require no public funding. Indeed the provision of privately funded rolling stock will have a positive impact on the funds available to the Secretary of State for Transport as it addresses known overcrowding problems on the route.

Capacity already exists for these services – and a number of further services in line with the recent franchise invitation. No further infrastructure investment is needed.

Providing additional peak-time capacity from private funds will improve the journey experience for many new and current passengers, and this, alongside the introduction of competition will ensure there is no overall impact on the funds available to the Secretary of State.

4.8 Passenger Focus and, where applicable, London TravelWatch: please state whether (and if so to what extent) the proposed services have been discussed with these bodies. Please also provide copies of any relevant correspondence. **C&Ps para 4.39**

Discussions have taken place with Transport Focus, with meetings planned to follow. Discussions have also taken place with a number of other passenger groups and interested parties including the Campaign for Better Transport.

4.9 Route utilisation strategies (RUSs): if applicable, please state which RUSs (including the Freight RUS) are considered relevant to this application and whether the proposed rights are consistent with that RUS. If the proposed rights are not consistent, please explain the reasons for this. **C&Ps paras 4.5-4.8**

The Wessex Route Study (and London and the South East Market Study) are most relevant and in particular crowding on the SWML into London Waterloo.

5. Incentives

5.1 Train operator performance: please describe any planned projects associated with the operation of the proposed services aimed at improving your performance. **C&Ps paras 4.26-4.36**

The class 442 units will be refurbished prior to services commencing, including the fitment of WiFi.

It is proposed that the trains will be serviced overnight and maintained at Arriva's Eastleigh depot. This will ensure technical expertise is on hand to resolve any vehicle defects quickly.

Alliance will prepare a detailed operational plan covering issues such as splitting and

coupling of trains, recovery of failed units and control arrangements following further discussions with Network Rail.

5.2 Facility owner performance: please describe any planned projects associated with the operation of the proposed services aimed at improving the facility owner's own performance. **C&Ps paras 4.26-4.36, 5.1**

Alliance will work closely with Network Rail to identify projects that could help further improve capacity and performance robustness.

5.3 Monitoring of services: would all proposed services be monitored for performance throughout their journeys, consistent with our policy in paragraph 5.50 of the criteria and procedures? If not, please state the reasons for this is in line with the permissible circumstances described in paragraph 5.51 of the criteria and procedures. **C&Ps paras 5.50-5.56**

Services will be monitored consistent with ORR policy.

5.4 Performance regime changes (for applications under sections 17 or 22A only): where applicable, please provide justification for any changes to Schedule 8 of the track access contract in the proposal. If necessary, please provide any relevant information in support of the changes proposed. **C&Ps para 5.38-5.40**

Not applicable.

6. Enhancement

6.1 Enhancement details: where the proposal provides for the delivery of any network enhancements, or the services in the proposal are subject to any planned network enhancements, please give full details of the relevant enhancement schemes, including a summary of outputs from the scheme, timescales and the extent to which the network change procedure in the Network Code (Part G) has been completed (where appropriate, by reference to submissions made under ORR's enhancement reporting framework). **C&Ps paras 4.80**

Not applicable.

6.2 Enhancement charges: please confirm that the arrangements for the funding of any network enhancements are consistent with ORR's [Policy Framework for Investments](#), and summarise the level

and duration of payments, and the assumed rate of return (see chapter 3 of the Conclusions document). **C&Ps paras 5.6, 5.12-5.14**

Not applicable.

7. Other

7.1 Associated applications to ORR: please state whether this application is being made in parallel with, or relates to, any other current or forthcoming application to ORR (e.g. in respect of track, station or light maintenance depot access contracts). **C&Ps paras 3.18-3.19**

Further applications in relation to station and maintenance access will be made alongside this application.

7.2 Supporting information, side letters and collateral agreements: please:

- state here any relevant information in support of the proposal, including a list and explanation of any other material being submitted (and supply copies with the application). **C&Ps para 4.33**
- confirm here that the whole of the proposal between the parties has been submitted with this application and that there are no side letters or other documents which affect it. **C&Ps paras 6.12-6.16, 6.21**

Financial details regarding costs and revenue for the service group are commercially confidential and will be provided to the ORR under separate cover. Alliance can confirm however that the services proposed exceed the ORR's 'Not Primarily Abstractive' threshold.

7.3 Confidentiality exclusions: please list any parts of your application which you have excluded on the grounds of confidentiality, from the version of the proposed contract sent to consultees for any pre-application consultation process, and provide reasons. If there has been no pre-application consultation, you should state any parts of the application and proposed contract you want us to exclude from publication. **C&Ps paras 3.29-3.34**

Any associated side letters to be provided along with the business case information.

Note: Where a pre-application consultation is to be undertaken in line with the Code of Practice, the remainder of this application should not be completed until after that consultation has been completed

8. Pre-application consultation

8.1 The consultation: has a pre-application consultation been carried out in line with the Code of Practice? If yes, please:

- state who conducted the consultation;
- list all train operators, franchising authorities and any other parties that were consulted, stating which parties responded and attach their responses and any associated documentation to this form; and
- state the period allowed for the consultation. If this was less than 28 days, please explain the reasons for this.

If a pre-application consultation has not been carried out, please explain the reasons and whether any informal discussions have been held with any third parties who might be affected by this application and the nature of any concerns which they raised. **C&Ps paras 3.62**

Network Rail has conducted industry consultation for the full 28 day period with the following:

Company	Email Address	Response Received
CrossCountry		✓
GTR		
GTR		✓
GTR		
GWR		
GWR		
GWR		
London Midland		
LOROL		
LOROL		
South Eastern		
South Eastern		
Scot Rail		
Transport Scotland		
Serco		
South West Trains		
South West Trains		
Virgin Trains		
Freightliner		
Freightliner		
Freightliner		✓
Freightliner		
Freightliner		
GBRF		
GBRF		
Rail freight Group		
Coles		
Harsco		
DB		
DRSL		
BritamRail		
Maritime Transport		
rail Ops Group		
victa railfreight		
BritamRail		
Geldard Consulting		
HS1		
DRSL		
Mary Bonar		
TIR Ltd / Go Op		
Department for Transport		
Department for Transport		
Transport for London		
Transport for London		
Mayor of London		
London travelwatch		
Transport Focus		✓
StageCoach		✓
		✓
First MTR		
	Not included on original email list	

8.2 Resolved issues: please set out any issues raised by consultees which have been satisfactorily resolved. You may wish to refer to responses attached to this form. Please explain any changes as a result of the consultation.

Alliance has replied to all consultees who have responded and provided information where asked.

8.3 Unresolved issues: please set out any issues raised by consultees which have *not* been satisfactorily resolved, including any correspondence with that consultee. You may wish to refer to responses attached to this form. Please explain why you think these issues should not stop ORR approving the application.

None at the time of submission

9. Certification

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*Warning: Under section 146 of the Railways Act 1993, any person who, in giving any information or making any application under or for the purposes of any provision of the Railways Act 1993, makes any statement which he knows to be false in a material particular, or recklessly makes any statement which is false in a material particular, is guilty of an offence and so liable to criminal prosecution **C&Ps para 3.40***

In the case of agreed applications under section 18 or 22, Network Rail should fill in the required information in the box below. For disputed applications under section 17 or 22A, the applicant should fill in the required information.

I certify that the information provided in this form is true and complete to the best of my knowledge

Signed

Date

Name (in caps)

Job title

For (company)

10. Submission

10.1 What to send: please supply, in hard copy, the signed application form, one copy of the proposed contract or amendment, with copies of any documents incorporated by reference (other than established standard industry codes or other documents) and any other attachments, supporting documents or information. **C&Ps para 3.39**

Please also supply the application form, the proposed contract or amendment and, where possible, any other supporting information, in electronic form, by e-mail or on disc, **in plain Microsoft Word format** (i.e. excluding any macros, auto-para or page numbering, or other auto-formatting). **C&Ps para 3.37-3.38**

10.2 Where to send it:

Manager, Track Access Team
Directorate of Railway Markets and Economics
Office of Rail Regulation
One Kemble Street
London
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