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By email: david.reed@orr.gsi.gov.uk

Dear David

Response to Draft ORR Determination consultation, 2014 High Speed 1 Periodic Review (PR14)

This letter sets out the HS1 Ltd response to the ORR consultation on its draft determination in relation to PR14. As noted by ORR, PR14 has been the first periodic review conducted by ORR – setting outputs and the efficient level of costs and charges for the five years from 1 April 2015 to 31 March 2020 (Control Period 2). PR14 has consequently been an important formal process to engage with stakeholders on our plans.

Our plans, set out in the 5 Year Asset Management Statement (“5YAMS”), demonstrate how we propose to maintain our current excellent operational performance and positive customer experience at an efficient cost, whilst delivering on the long term asset stewardship obligations required by our Concession Agreement.

With our partners NRHS, we have engaged extensively with all stakeholders over the past 2 years to ensure that our 5YAMS fully reflects what is most important to our customers, and their customers in turn. We are grateful for the considered challenge and input we have received from operators, giving us strong insights into what they and their own customers want from HS1, and allowing us to deliver an endorsed final 5YAMS. We have found the open, transparent and structured process governed by the ORR extremely beneficial to ourselves and the operators – particularly in a context where such structure does not currently exist across Europe. This process ensured no surprises – the key issues were all identified early and all stakeholders were able to engage with us in reaching a consensus.

We agree with the ORR’s Draft determination. Together with our partner NRHS we have delivered substantial cost savings of 13% for operators in CP1 while achieving world-class performance. Our plans for CP2 continue this with a further 16% reduction in costs as well as maintaining outstanding performance. This is challenging, but we are firmly committed to delivering on our promise.

Along with NRHS we are already working on how we implement these plans and all of the improvements set out within them, including:

- Improving our response to big incidents, both in terms of performance recovery but also information flow;

- Working to achieve carbon reductions and reduce electricity costs;
- Making a number of improvements to customer experience through better stations environments. While strictly beyond the scope of PR14, it is important that we take a holistic view of customer requirements; and
- Agreement to more formal 6 monthly performance reviews with the operators and the ORR from July 2014 to ensure that we are delivering on what we promised.

We strongly agree with the ORR suggestion that we undertake a lessons learned exercise. NRHS and ourselves have already completed an internal version of this. We look forward to sharing views more widely, as well as considering everything we can possibly do to make PR19 even better.

We do not consider any part of this response confidential. Please do not hesitate to contact us with any queries or requests for further information, and we look forward to continuing to work with all parties to deliver a great railway.

Yours sincerely



Geoff Jones
Head of Regulation