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Date 1 April 2014

Dear David,

2014 High Speed 1 Periodic Review – Draft Determination

I am writing in response to your draft determination on the 2014 Periodic Review of High Speed 1.

We welcome the thorough and constructive way that ORR has undertaken the review.

Network Rail High Speed (NRHS) has made good efficiency savings in CP1 including a 10% reduction in its O&M charge, most of which has been passed on to operators in lower access charges. This has been achieved whilst maintaining a high performing railway (current MAA of just over 4 seconds delay per train). The plans for CP2 reflect a further saving of 15.1% in NRHS costs including a reduction in the management fee. This is a stretching challenge as acknowledged by ORR in its draft determination.

As part of the review we put in a lot of work with HS1 Ltd to develop asset policies and whole life cycle cost models and appreciate the positive comments on these made by ORR in its draft determination.

We note the ORR aspiration is that the HS1 network is a 7 day railway. We will work constructively with TOCs/FOCs to support this aspiration, but it is important to recognise that the need for more renewals in the future as well as working in the most cost efficient way may compromise the ability to achieve this.

We consider that the way the review was conducted, particularly the engagement with operators and other stakeholders and the constructive and transparent approach have been successful and could be something that is built on, not just for future HS1 reviews, but also for future NRIL reviews. With this in mind, we propose that ORR, with HS1 Ltd, NRHS and relevant operators, conduct a formal lessons learned exercise and that this is communicated broadly.

We confirm that we do not wish any of this letter to remain confidential.

Yours sincerely

Bill Davidson
Head of Regulatory Policy