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Jason Lewis
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Dear Geoff and Jason

Approval of the 4th supplemental agreement to the track access contract between HS1 Limited and Eurostar International Limited

The Office of Rail Regulation (ORR) has today approved the 4th supplemental agreement to the track access contract between HS1 Limited (HS1) and Eurostar International Limited (EIL) (jointly the parties), submitted to us formally on 30 April 2015 under The Railways Infrastructure (Access and Management) Regulations 2005 (as amended) ("the Regulations"). This follows an earlier informal submission of a draft agreement for our consideration. The purpose of this letter is to set out the reasons for our decision.

Purpose of the agreement

The purpose of this agreement is to grant EIL the rights necessary to operate a new Provence service from 1 May 2015. The application is backdated to 1 April 2015, but with rights for the Provence service commencing on 1 May 2015, and will expire on the Expiry Date (16 August 2019) or earlier termination of EIL's track access contract.

The agreement will introduce a new discount on the Investment Recovery Charge ("IRC") for these new Provence services. The agreement will also remove the Marne le Vallee discount, which has expired, from the contract, and update the Brussels discount to reflect its current status.

Further, the agreement will introduce a new Additional Investment Recovery Charge ("AIRC"), to cover the GSM-R (Global System for Mobile Communications - Railway) Specified Upgrade.



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Consultation

A pre-application consultation was carried out in line with the HS1 Criteria and Procedures document on the additional rights for the Provence service and the connected discount. No comments were received from consultees.

The AIRC was consulted on through the usual industry Network Change Notice (NCN) process and also went through the Specified Upgrade process as outlined in the Concession Agreement between the Secretary of State and HS1 Ltd.

Our review

The contract has been reviewed by our operations and legal advisors.

Our economic advisor has reviewed the proposed discount policy and a separate business case submission by HS1 and EIL. We agree that the proposed discount for the Provence service is in line with HS1's discount policy.

The AIRC has been thoroughly reviewed as part of the GSM-R Specified Upgrade process by both asset management and economic advisors. The Specified Upgrade for GSM-R was approved by ORR on 18 February 2015 and this supplemental agreement is in line with that approval.

ORR's conclusions

Pursuant to Regulation 28(1) of the Regulations, in considering the application and in reaching our decision, we are required to weigh and strike the appropriate balance in discharging our statutory duties under section 4 of the Railways Act 1993 (as amended). Approval of this application is consistent with these duties; in particular our duties to:

- protect the interests of users of rail services;
- promote the use of the railway network in Great Britain for the carriage of passengers and goods, and the development of the railway network, to the greatest extent that ORR considers economically practicable;
- contribute to the development of an integrated system of transport of passengers and goods;
- promote competition in the provision of railway services; and
- enable persons providing railway service to plan the future of their businesses with a reasonable degree of assurance.



Conformed copy of the track access contract, public register and administration

Pursuant to paragraph 3.75 of the C&Ps, HS1 is required to produce a conformed copy of the track access agreement within 28 days of any amendment being made, and to send a copy to ORR. I look forward to receiving the conformed copy.

We will place a copy of the supplemental agreement on our public register. The parties asked us to redact the discount thresholds contained in Schedule 4 of the Framework Agreement, as these are argued to be commercially confidential by EIL, and we will do so.

Yours sincerely

A handwritten signature in black ink, appearing to read 'David Reed', is written in a cursive style.

David Reed