

**Graham Richards**

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Dyan Crowther  
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Dear Dyan

**Office of Rail and Road periodic review of HS1 Ltd 2019 (PR19)**

As you know ORR and DfT received a letter from Eurostar International Ltd (“Eurostar”) regarding the periodic reviews of route and station funding for the period review 2020-25 (Control Period 3 or “CP3”) on 15 February 2019. The letter requested a two-month suspension of the periodic review due to the demands on its business relating to planning for the UK to leave the European Union.

Thank you for your response to our consultation<sup>1</sup> on how the process could be changed to provide Eurostar with a greater opportunity to engage in it. Thank you also for engaging with us further following the close of the consultation.

We are today publishing a letter to stakeholders updating them on ORR’s consideration of this matter. The letter notes that at our board meeting on 26 March 2019 we decided to add a step in the process giving Eurostar the opportunity to make representations directly to us by mid-June, after the submission of the final Five Year Asset Management Statement<sup>2</sup> (“5YAMS”) by HS1 in May (discussed previously as Option 1). Under this option, HS1 would then have the opportunity to consider and respond to those representations (and ORR would allow an appropriate time for this taking into account the nature of the representations received from Eurostar).

Subsequently, we have received further representations which our board should have the opportunity to consider, including an alternative proposal from Eurostar.

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<sup>1</sup> <https://orr.gov.uk/rail/publications/economic-regulation-publications/process-for-the-orr-periodic-review-of-hs1-ltd-2019-pr19>

<sup>2</sup> See the terminology adopted in the Concession Agreement.



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As you know, a number of the options under consideration would require the PR19 process set out in the Concession Agreement to be varied (requiring the agreement of ORR, HS1 and DfT).

In order to ensure that our board reconsiders this issue with as much information as possible before it, we are requesting confirmation on whether HS1 would be agreeable to one or both of the following options for varying the PR19 process:

- Delaying the final 5YAMS submission from 31 May 2019 to 1 July 2019 and otherwise retaining the existing milestones. (Discussed previously as Option 2)
- Delaying the final 5YAMS submission from 31 May 2019 to 1 July 2019, delaying the publication of the Draft Determination from 30 September 2019 to 14 October 2019 and otherwise retaining the existing milestones. (Raised by Eurostar in April 2019)

We appreciate that these options have been discussed previously. However, we would like to be absolutely clear on HS1's position on a contractual variation of the process relating to these options.

We are not suggesting that ORR considers either of the above options to be acceptable. This is being considered further and our further consideration will take into account any views communicated to us in response to today's letter to stakeholders. ORR wishes to respond to Eurostar's request as soon as possible and is therefore requesting confirmation of HS1's position alongside our own consideration of the issues.

To the extent that HS1 is agreeable to either or both of the above options, please also confirm for each option HS1's position on: (a) when HS1 would require Eurostar to respond to its consultation on the draft 5YAMS; and (b) assuming the drafting of a variation to the process can be agreed by 1 May 2019, when HS1 would be in a position to formally agree the variation to implement that option.

We request HS1's confirmation of its position on the points set out above by 5pm on Friday 12 April 2019. Should HS1 consider that it would need more time, please confirm to us the date by which you would be able to respond.

I am copying this letter to the Department for Transport and ORR will publish this letter and any response to it on its website.

Thank you for your continued cooperation in this process.

Yours sincerely



**Graham Richards**