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John Beer
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Govia Thameslink Railway Limited
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Dear Andriana and John,

Directions relating to the Track Access Contract between Network Rail Infrastructure Limited and Govia Thameslink Railway Limited

1. On 23 July 2015 the Office of Rail Regulation (ORR) directed Network Rail Infrastructure Limited (Network Rail) and Govia Thameslink Railway Limited (GTR), (jointly the parties), under S18 of the Railways Act 1993, to enter into a Track Access Contract (TAC) as submitted to ORR on 21 July 2015, subject to certain modifications, by no later than 7 August 2015. The purpose of this letter is to explain the reasons for our decision.

Background

2. The parties originally submitted a proposed new track access contract on 11 June 2015. Following our comments on that draft a revised draft was submitted to us on 21 July 2015 and directions refer to that version of the draft contract.

The purpose of this contract is to combine the access rights in the existing Track Access Contracts of GTR and Southern Railway Limited (Southern) reflecting the combining of the two franchises. The rights are to commence on 26 July 2015 and will expire on the Principal Change Date 2016. The expiry dates in the existing contracts are simultaneously being brought forward to 26 July 2015 by respective supplemental agreements to those contracts entered into under the Passenger Access (Short Term Timetable and Miscellaneous Changes) General Approval 2009.

3. The new contract remaps the Service Groups and Train Service Codes for the Southern part of the combined operation to align with those of the previous GTR contract. As a result all references to Service Groups and Train Service Codes have been changed accordingly.

Schedule 4

4. Schedule 4 Annex D has not yet been populated as this table uses Appendix 1 of Schedule 8 for the calculation. This will need to be done following the recalibration of Schedule 8 as mentioned below.

Schedule 5

5. In Table 2.1 quantum rights for London Bridge services (and wherever applicable additional protections in the later tables) have been amended to reflect the current service pattern. Consequential changes have been made to Table 4.1 Calling Patterns.

6. Table 3.1 Service Intervals: Previously, GTR had Clockface Departures for Thameslink Service Codes but this feature does not appear in the latest model contract. Clockface Departures have been deleted and Service Intervals applied.

7. Table 5.1 Specified Equipment: Class 700 stock has been added to Table 5.1 to enable testing of this new rolling stock.

Schedule 8

8. The parties have not yet completed the necessary recalibration of Schedule 8. An additional Schedule 11 has been included to allow for this and the necessary adjustments to Appendices 1 and 3. These changes will be applied retrospectively to the start of the contract.

Consultation

9. Network Rail undertook industry consultation for a shortened period of 14 days until 29 May 2015.

10. London Overground Rail Operations Limited raised concerns regarding performance, train regulation and the timetable between East Croydon and London Bridge but understood that the proposed contract did not affect that Route Section.

11. DB Schenker initially objected on the basis of timetabling work being undertaken to fit freight paths in the December 2015 Timetable. Network Rail responded that this was a separate issue as a separate supplemental agreement will be submitted for GTR's proposed changes for the December 2015 Timetable. On this basis DB Schenker stated that they had no further comments on this new contract but asked that their concerns be

taken into account regarding the supplemental agreement for the December 2015 timetable changes.

ORR review

12. In reviewing the proposed Schedule 5 we raised several relatively minor issues relating to the timing load, default train consist data and other service descriptions. Many of these were rectified while others required further consideration by the parties. We are content that the remaining matters can be resolved in the next supplemental agreement.

13. The Fixed Track Access Charge is paid by reference to the Schedule of Fixed Charges issued by Network Rail in December 2013 as part of ORR's periodic review of access charges. As there is no fixed charge specified in that document for GTR we required a specific table of charges to be inserted into the definitions in Schedule 7 which combines the charges specified for Southern and First Capital Connect in the Schedule of Fixed Charges. This was added into the revised draft contract submitted to us on 21 July.

14. A similar issue exists for the List of Capacity Charge Rates which was also published by Network Rail in December 2013. In order that this can be supplemented to include the rates for all GTR's new service codes we required, through our directions, an additional sub-paragraph to be added to Paragraph 9 of Part 2 of Schedule 7. This allows either party to propose a supplement to the List of Capacity Charge Rates for ORR's approval and allows ORR to determine the issue if the parties cannot reach agreement. These changes will be applied retrospectively to the start of the contract.

ORR's conclusions

15. In considering track access applications, we must ensure that our decisions are consistent with our statutory duties under section 4 of the Act. We are satisfied that approval of this contract is in this case. The section 4 duties which have had particular relevance when considering this application were:

- to protect the interests of users of railway services;
- to promote the use of the railway network in Great Britain for the carriage of passengers and goods;
- to enable persons providing railway services to plan the future of their businesses with a reasonable degree of assurance
- To take into account the need to protect all persons from dangers arising from the operation of railways;

ORR's public register

16. We are required under section 72 of the Act to maintain a public register, which includes every direction to enter into an access contract and every access contract. Please provide two copies of the signed contract no later than 14 days after the date upon which the contract is entered into, as required by section 72(5) of the Act.

17. In placing any contract on the public register, we are required to have regard to the need for excluding, so far as that is practicable, the matters referred to in sections 71(2)(a) and (b) of the Act. These cover:

(a) any matter which relates to the affairs of the individual, where publication of that matter would or might, in our opinion, seriously and prejudicially affect the interests of that individual; and

(b) any matter which relates specifically to the affairs of that particular body of persons, whether corporate or incorporate, where publication of that matter would or might, in our opinion, seriously and prejudicially affect the interests of that body

18. When you submit a copy of the signed contract, please list any aspects of the contract which you wish us to consider excluding from our register and explain why you consider they meet the requirements of sections 71(2)(a) or (b).

19. A copy of this letter will be sent to Madeline Matthews at Network Rail and an electronic copy will be sent to David Smith at the Department for Transport.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Andrew Whittington', is written over a light blue circular stamp.

Andrew Whittington