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East Coast Main Line Company Limited
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virgintrainseastcoast.com

29 April 2015

Dear Ian,

RE: 48th, 49th, 50th, 51st and 52nd Supplemental Agreements

Thank you for your letter dated 5th March 2015. The purpose of this letter is to respond to your comments.

1. General comments and queries relating to all applications

1.1 East Coast Capacity

I can confirm that the rights being sought in all these supplemental agreements have also been sought in a revised Section 17 application that was shared with the industry on 06 March 2015. Virgin Trains East Coast (VTEC) is not seeking further commercial advantage or seeking to circumvent established processes for seeking access rights. VTEC has been very clear on the rights it is seeking, and has followed the agreed industry process for seeking such rights. VTEC does not accept that any approved rights should be contingent only.

1.2 Public Service Obligations (PSO)

All rights being sought reflect franchise commitments, as is clearly stated within each application form.

VTEC is happy to clarify any queries relating to any of its own documents but is unable to clarify statements made by other parties.

VTEC notes with interest the comments relating to PSOs.

2. Indemnity Provisions

The franchise agreement includes a level of protection and if applicable, would directly impact the funds available to the Secretary of State.

3. Specific issues with the applications

VTEC fundamentally disagrees with Alliance's view that only contingent rights should be granted or that these are late applications, particularly given they were made prior to the commencement of the new Franchise. VTEC disputes the assertion that these applications seek to circumvent the process. The agreed industry process has been followed at every stage.

3.1 The 48th Supplemental Agreement

The Section 17 application made on 28th April 2014 has been formally withdrawn. A new Section 17 application (dated 06 March 2015) has been submitted.

I can confirm that the additional services sought in the 48th Supplemental Agreement also form part of the (new) Section 17 application.

3.2 The 49th Supplemental Agreement

VTEC does not accept that it is in any way attempting to drive competition from the market. VTEC is able to provide an additional service to Sunderland, at marginal cost, by extending existing Newcastle services through to Sunderland at the start and end of each weekday. Given that Alliance “fully supports competition” it is strange that Alliance objects to this proposal. VTEC is not seeking to drive competition from the market - it is seeking to complement the existing Grand Central services and make better use of railway infrastructure by serving Sunderland without requiring any additional capacity on the ECML.

VTEC is fully aware of the operational issues at Sunderland and is working with Network Rail to address them. VTEC is confident that it will only require fully compliant and validated paths.

3.3 The 50th Supplemental Agreement

The Section 17 application made on 28th April 2014 has been formally withdrawn. A new Section 17 application (dated 06 March 2015) has been submitted.

I can confirm that the additional services sought in the 50th Supplemental Agreement also form part of the (new) Section 17 application.

3.4 The 51st Supplemental Agreement

The Section 17 application made on 28th April 2014 has been formally withdrawn. A new Section 17 application (dated 06 March 2015) has been submitted.

I can confirm that the additional services sought in the 51st Supplemental Agreement also form part of the (new) Section 17 application.

3.5 The 52nd Supplemental Agreement

The Section 17 application made on 28th April 2014 has been formally withdrawn. A new Section 17 application (dated 06 March 2015) has been submitted.

I can confirm that the additional services sought in the 52nd Supplemental Agreement also form part of the (new) Section 17 application.



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4. Summary

VTEC does not accept the assertion that it is attempting to drive competition from the market or that it is acting illegally in any way in making these applications.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Phil Dawson'.

Phil Dawson
Regulation & Track Access Manager

cc Mark Garner, Network Rail
David Reed, ORR