

James Carter  
London and Birmingham Railway  
102 New Street  
Birmingham  
B2 4HQ

17 July 2017

Dear James,

**Alliance Rail Holdings Section 17 application**

Thank you for your letter in response to the above consultation. We have commented on the points that you have made below:

In Paragraph 2 you have stated:

*“By now seeking firm rights for services between Blackpool and Euston, this application requests an even greater specification of rights than previously sought yet using slower equipment”.*

The previous approved rights held by Alliance contained the same level of specificity. In addition we also held access rights (albeit Contingent) into Euston. We have applied for firm rights into London Euston as this is necessary to underpin the business case of the application. With regards to the comment regarding *“slower speed equipment”*, the speed for this fleet is 125 mph. We are currently in discussion with Network Rail, separate to this application, on line speed improvements on the WCML to raise the current track speed from 110 mph to 125 mph in certain areas. In the meantime the Sectional Running Times for our short formed 225 sets, operating at 110 mph, indicate that they are capable of similar timings to a LM 110 mph unit. The long term aim is however to introduce 125 mph running where possible without tilt.

**Alliance Rail Holdings**

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In paragraph 4 – We note your request for outputs from the independent capacity modelling. This work is currently being reviewed by Network Rail to allow them to decide if capacity is available. The work carried out by our consultant has identified to Network Rail where it is necessary to flex other operator's services within the bounds of their current contract. So we disagree with your view that the "*paths don't seem to work*". As you will no doubt be aware no operator has a hard wired right to a particular train path as this would be illegal under the Access and Management Regulations. We also note that the London and Birmingham Railway's track access rights cease to exist at the Principle Change Date at 2018 (December 2018) which is before this contract commences. That said having examined the current service level and the rights currently held by London Midland we are confident that both our proposals can be accommodated. We do not intend to share the report with London Midland as it is for Network Rail to determine capacity.

In paragraph 6 you state:

*"We therefore do not believe that it would be appropriate to approve the rights proposed by Alliance Rail at least until the [HS2] modelling work is complete..."*

We note your comments regarding this modelling work. This work is not to be used for allocation of capacity and this has been stated by Network Rail on many occasions. We do believe that the modelling work will provide useful guidance as to possible 110 mph paths which could be used by both GNWR and by the new operator of the West Midlands franchise. However we note that London Midland does not hold rights beyond PCD 2018 and no application has yet been made.

We also note your allegations regarding Network Rail being "*discriminatory*" – we do not believe this is the case. However, this is for you to take up separately with Network Rail as it is not something which we can provide answers to as part of this consultation.

In paragraph 7 you have asked:

*"Could you therefore advise why you consider a 7 year contract should be justified on the basis of operating services with refurbished rolling stock that is now more than 25 years old?"*

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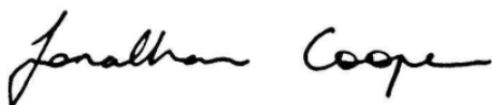
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Our justification on the length of contract will be made on the basis of substantial investment. We will apply the same justification which we successfully made for our sister company Grand Central, when it sought a contract above 5 years. In that case the justification was approved by the ORR.

Finally, we note your comment that our chosen rolling stock is more than 25 years old. For clarity our fleet first entered service in 1990. It is common for all railway rolling stock to be built to last for many years. Indeed we note that London Midland operates a fleet of 150/1, 153, 319 and 323 units all of which are at least 25 years old. In the case of the 150/1 153 and 319 units these are 30 years plus.

The 225 fleet has had many modifications made over the years and many of these modifications have been made recently. These shortened 225 sets are in an excellent condition and will be refurbished to a high standard throughout. We hope that the successful franchise bidder will be able to rise to the competitive challenge envisaged by our new services.

Yours Sincerely



**Jonathan Cooper**

*JP, MSc, BA (Hons), Dip M, PG Dip BL, PG Dip Law  
Head of Contracts and Compliance*