

23rd April 2007

Sam Gibbins
Executive Track Access
Office of Rail Regulation
One Kemble Street
London
WC2B 4AN

Dear Sam,

The Wrexham, Shropshire and Marylebone Railway Company Commentary on consultation responses

I am writing to you in connection with the responses to your consultation on our S17 application of 5th March for rights between Wrexham, Shropshire, Tame Bridge Parkway and London Marylebone.

We have now had the chance to review these responses in detail and with the exception of four of these, do not intend here to return with any further detail beyond that contained in the supporting documentation to our most recent application but you should also refer to the comments that we made in respect of consultee responses to our first Section 17 application.

If you require elaboration or clarification of any aspect of our application we shall be pleased to respond. In the meantime we await the judgement of the ORR on an application which, if approved will bring benefits to significant communities in relation to the very small number of trains that we are seeking to operate.

The responses on which we choose to comment are as follows:

1. West Coast Trains

One of the principal shareholders of Wrexham & Shropshire, Peter Wilkinson, met with the Managing Director of West Coast Trains (Charles Belcher) in February following his response to our first Section 17 application. They discussed the nature of our application and the course of our proposed revision to the line of route and stopping patterns in order to accommodate WCT's concerns in relation to its Moderation of Competition protections.

Although we considered the breadth of these protections to be fundamentally contrary to the principles of customer choice in the rail industry we were not prepared to sacrifice our aspirations to serve our main markets on the back of an extended legal challenge, the duration and outcome of which was unpredictable.

Instead we adopted a positive approach and were in the end quite content that WCT's reaction to our first application nudged us in the

direction of a new market and an even stronger business case, one also yielding an enhanced benefit to cost ratio.

We were clear with Mr Belcher that Wrexham & Shropshire would put in place rigorous procedures to ensure that when calling at Wolverhampton in the up-direction, we would only be setting passengers down and when calling at Wolverhampton in the down direction, we would only be picking them up. We do not anticipate this being an operationally complex task given the infrequency of our operations, the size of our trains and the number of on train staff available to ensure adherence to the rules.

It is also worth pointing out that it is actually against Wrexham & Shropshire's commercial interests to encourage Wolverhampton-London passengers onto its trains. Dedicated tickets cannot be sold and industry revenue allocation systems will allocate nil revenue to Wrexham & Shropshire. We therefore have a clear incentive to make the arrangements work. WCT are themselves apparently content to make this type of arrangement work at Watford and Milton Keynes and we will do the same with Wolverhampton.

We hear the arguments on performance and capacity, which we note continue to flow fast and furious from train companies and organisations seeking to protect their own vested interests and which between them are currently operating in excess of 1000 trains on an average weekday and who are themselves seeking to run more from December 2008 but without improving the position for the communities we seek to secure.

It strikes us as somewhat ill conceived that operators running a quantum of trains of this magnitude should genuinely feel that one seeking to run 10 is putting them at such risk. We can only rely on ORR's application of its duties to draw more balanced conclusions.

Wrexham & Shropshire feels it went to great length to reconstitute its business plans in order to meet the objections of West Coast Trains concerning both stopping pattern and routing through the West Midlands but despite our disappointment at their reaction to our revised proposals we retain a high degree of confidence that objective observers will see them in a somewhat more positive light.

2. Arriva Trains Wales

Whilst we have never really accepted the basis of their concerns, once again, Wrexham & Shropshire feels that its revised plans will be better for Arriva.

We have continuously pointed out to ATW that significant financial benefits will flow to them by virtue of our services, through commissions arising from sales, car parking and station access charges. ATW seem to have a blind-spot to these benefits.

We do though believe that the letters received from stakeholders in Wales are highly significant in any evaluation of Arriva's concerns in

the context of our own aspirations. The letter from the Welsh Assembly Government is if anything stronger in the depth of its support for our proposals than previously and would suggest therefore that ATW's response is out of step not only with all other Welsh stakeholders but also with the views held by its own key stakeholder.

We are baffled by ATW's assertion that our proposed services will bring a disbenefit to the local stakeholders of Wrexham and Shropshire. This assertion as detailed in paragraph 2.14 of their response is predicated on them being able to operate less services as a result of our operation – a conclusion that is strange at best.

3. EWS

Wrexham & Shropshire has consulted with EWS throughout the development of its business and operating proposals. We shared with EWS the basic nature of our Section 17 application, before submitting it to your office.

At all times, we have enjoyed an open and mutually helpful dialogue with EWS.

We have spoken with EWS since having received from you a copy of their response which it appears was developed in isolation from the wider company views held in relation to the merits of our proposals and potential positive impact upon EWS.

We hope that the ORR may receive a modified view in time.

4. Network Rail

Wrexham & Shropshire has continued to work with Network Rail to resolve the outstanding issues highlighted in our application of 5th December. To that end you will note that a number of these issues are now not included in the Network Rail commentary.

Wrexham & Shropshire note and acknowledge that there is a validation process to undertake in relation to the Sectional Running times (SRTs) for our proposed rolling stock. However we would remind the ORR that we have already conducted a trial with Network Rail and have as a result already developed a draft set of SRTs which have been used to develop the latest timetable proposal.

Wrexham & Shropshire note Network Rail's comments about the fragility of the route between Madeley and Shrewsbury. However we also note that the "fragile route" reference is an internal classification to Network Rail, and that the vehicles in question are all cleared for this route section.

Our latest timetable proposals have been submitted to Network Rail as a formal bid for the December 2007 timetable. We have validated these against the May 2007 timetable as the December timetable is not yet available.

Attached to this document is a marked up version of the Network Rail clause by clause response to the Track Access Contract. We have also copied this to Network Rail.

Wrexham & Shropshire has set its stall out to be seen as a good industry partner, reflecting both the strong values and ethics of its promoters and shareholders, all of whom have long standing relationships with the industry and vested interests in the wider success of the UK rail industry.

We have set our case around developing a business proposition that delivers real economic benefit to the regions it serves and one consistent with the 9:1 benefit to cost ratio used as a test by local government agencies.

We keenly await ORR determination as to the next steps in this process of the section 17 application we have made.

Kind regards

John Nelson
Director