



Brian Hopkinson
Track Access Executive
Office of Rail Regulation
One Kemble Street
LONDON
WC2B 4AN

2 May 2008

Dear Brian,

Grand Central Railway Co. Ltd. Proposed 7th Supplemental Agreement

This reply is in response to representations received from:

Department for Transport
Passenger Focus
EWS
National Express East Coast (NEEC)
First Hull Trains
First TransPennine (TPE)
First Capital Connect (FCC)

1. Grand Central has been clear on its position over the development and implementation of the ECML RUS and how any future services it may operate would fit in to any emerging standard pattern timetable. That position has always remained consistent as evidenced by minutes of the RUS development meetings and is also implicit within our Track Access Agreement. Confirmation of Grand Central's view on capacity and the standard pattern timetable is further evidenced by previous correspondence concerning ECML capacity and from the transcript of the hearing of 2006.

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2. Many operators have responded to this consultation making particular reference to current performance of the Grand Central fleet of HSTs. The operation of the fourth path will see the introduction of at least one additional Class 180 set to the fleet to bolster performance and increase cover, and this was made clear in the application.
3. Whilst Grand Central acknowledges there has been a highly unsatisfactory period of poor performance it is incorrect to suggest that only a 'cosmetic' makeover was given to the re-introduced sets. Fuller details of the re-engineering and reliability improvements are provided separately to ORR as Appendix A. All work was undertaken by accredited suppliers, and included the re-introduction of stored power cars, and the conversion of loco hauled Mark 3 trailers to be compatible with HST power cars, a benefit that has since proved valuable not only for Arriva in the work on their Cross Country HST fleet but to the industry as a whole.
4. The initial formal application from Grand Central was made in February 2005, and at the time negotiations were on-going with HSBC Rail regarding the lease of surplus Class 222s. Alongside that continuing discussions were ongoing with Porterbrook regarding HSTs coming off franchise lease (as per the CrossPennine application), as well as discussions with Angel regarding their HSTs and the future hand back of Class 180 by First. Grand Central was (and still is) in discussions with Network Rail and colleagues at EWS to understand why Class 67 was not cleared for 125mph running on the ECML, but is cleared on the Great Western Main Line.



5. It is clear that no commitment could be made on rolling stock until a determination was given by the ORR. However the process became seriously delayed, and the expected 16 week period for a decision became 56 weeks, followed by a further 18 weeks as GNER challenged the decision. During this time all 'off lease' HSTs were ring fenced by DfT, the Class 222 fleet went to Midland Main Line, and no formal determination was made regarding hand back of Class 180s. Class 67s are still not cleared for 125mph operation on the ECML.
6. The foregoing is listed to provide a full awareness of the difficulties independent open access operators face in sourcing stock, and is not used as an excuse for the recent period of unsatisfactory performance. As a truly independent company Grand Central has invested significantly in its rolling stock, and is as disappointed as everybody else with the initial difficulties.
7. First Capital Connect and First Hull Trains comment that at the Regulatory Hearing on 31 March 2004 Grand Central gave assurances that its rolling stock would be reliable. That hearing refers to Grand Central's application to operate a CrossPennine service, and as previously pointed out the work was to be undertaken on recent 'off lease' stock, which would have had a different starting point than the current stock.
8. For the stock eventually sourced, Grand Central contracted directly with accredited suppliers for the re-engineering of its fleet; has maintenance arrangements undertaken at accredited depots in line with the Vehicle Maintenance Instructions (VMIs), and the vehicles have undergone a significant number of additional reliability improvements.



9. Specific actions have been taken by suppliers Babcock Marine and Marcroft Engineering, and Grand Central has directly employed additional support staff to supplement the initiatives carried out by our maintenance suppliers Northern. Further engineering management expertise has also been sourced along with further assistance from external bodies such as Interfleet, with replacement sets and an additional power car hired in, irrespective of cost, to tackle the problems. These initiatives will continue to ensure performance returns to an acceptable level. I am sure all operators would wish their services to be 100% reliable, and Grand Central is no different.
10. Grand Central is not seeking for this decision to be made in isolation, and indeed can point to other services operated by both the franchised operator and First Hull Trains for which firm rights have been granted, and continue to be sought since the initial award of Grand Central's paths. No previous comment from consultees has been received to suggest these should not be taken in isolation, and Grand Central would have expected a degree of consistency on this matter. Grand Central would again point out that it is seeking to establish rights for services that have been correctly applied for each year since 2005 through the industry procedures.
11. The letter of 29 February from ORR was to formally improve the ORR understanding of potential applications for further services, and Grand Central again points to the fact that Grand Central's application for 4 return services to Sunderland (and Grand Central's (now Grand Union's) application for 4 return services between Bradford and Kings Cross) was fully evaluated by ORR during



2005/6 – the then ‘perceived’ lack of capacity being the determining factor on available paths.

12. During the ECML refranchising at that time, the successful bidder (supported by DfT) suggested that no business case could be made, in their view, for any destinations other than additional services to Leeds - and Bradford was to see its twice daily service reduced to one. The ‘Leeds Horseshoe’ project was held up as the only way to deliver further capacity to the ECML, a position not accepted by Grand Central.
13. On re-letting the franchise, the now successful bidder was proposing to deliver the SLC 2 Timetable by December 2010, using 110mph stock to operate an additional hourly service to Lincoln and York, a departure from what was deemed acceptable at the previous bidding round where a franchise case could only be made for Leeds.
14. This aspiration has been changed again to suggest a whole raft of new destinations are viable, including two hourly to the previously abandoned Bradford, two hourly to Skipton, two hourly to Harrogate (via York), and two hourly to Lincoln (with one extended to Cleethorpes).
15. Whilst Grand Central fully supports the development of additional services, it is difficult to understand the rapidly changing franchise and DfT requirement, although clearly ‘open access’ has had a dynamic effect on the ECML route. With new proposals emerging from the franchise Grand Central would be looking for the DfT and the franchise to make the economic case for these services in



exactly the same way as 'ordinary' open access operators, but would point out that this application for a 4th path is a properly declared aspiration from the current timetable round and has been fully evaluated previously with the initial submission of over 3 years ago.

16. Grand Central has provided ORR with supporting evidence to show that the 4th path services would not be primarily abstractive. We are somewhat surprised by the DfT statement that “based on apparent passenger loadings, the Department is concerned that the current Grand Central services may not be generative in practice.” Firstly, it is not clear what the source of evidence on these “apparent passenger loadings” is and how it is supposed to demonstrate that the services are not revenue generative. Secondly, as ORR recognises in its five stage test, it takes time for new services to become established and attract users from other modes of transport. Despite the short period of operation, Railway Settlement Plan evidence shows that there is very significant growth in revenue between stations served by Grand Central and London.

17. The growth in revenue comparing 2007/8 Period 13, with the same period in the previous year was:

Sunderland	139%
Hartlepool	497%
Eaglescliffe	735%
Northallerton	17%
Thirsk	129%
York	6%



18. Except in the case of York, and possibly Northallerton, this is far higher growth than can be explained by underlying market growth, fare changes and differences between Period 13 in 2007/8 and the preceding year. Clearly, Grand Central services are attracting new users to the stations we serve. Overall, Grand Central revenue is in line with the forecasts prepared for the Business Plan presented to ORR in 2005, once changes since then are taken into account. The proposed 4th path would build on the success of the Grand Central service so far, by providing leisure travellers with a more convenient southbound departure from the Durham Coast and Teesside to York, London and beyond. In the Northbound direction, it would provide a later last departure to these areas from London, benefiting both business and leisure users. It would also help overcome the biggest weakness of Grand Central's service, as identified by customers in a recent passenger survey – service frequency.

19. Grand Central recognises that the 4th path could abstract some revenue from National Express East Coast, but we are confident that the service would not be primarily abstractive. The evidence presented to ORR shows that the revenue generation rate would be between [] and []¹ after the initial ramp-up of demand. We do not understand how the 4th path could conceivably abstract revenue from Arriva Cross Country, given that Grand Central does not serve any pair of stations linked by Cross Country. Indeed it would help feed passengers to Cross Country at York. In the case of Northern (between Sunderland and Hartlepool) and TransPennine Express (between Northallerton, Thirsk and York) it is possible that there could be a very small amount of abstraction, however any disbenefits from this need to be weighed against the overall increase in

¹ Figures redacted at Grand Central's request



passengers and the benefit of providing an additional link between the Durham Coast and York.

20. Grand Central has acknowledged that there has been a highly unsatisfactory period of poor performance, but after further detailed investigation and warranty work, reliability is improving and is constantly monitored by the Management Team, the three technical riding inspectors, the suppliers and the maintainers. In particular the incident with the failure of a recently installed replacement wheel set is still under investigation - particularly important as other operators have also suffered almost identical failures following similar work in recent weeks.
21. Additionally Grand Central has suffered infrastructure failures as has every operator, with cable theft on the Durham Coast during the initial operational start being particularly relevant. Colleagues at Network Rail have, and continue to work hard to improve the infrastructure performance.
22. In First Hull Trains' response they refer to recently notified aspirations, but Grand Central's application is from a properly declared aspiration from the bidding round last year, (like First Hull Trains' own aspirations for additional Hull services currently with ORR) whilst First Hull Trains' application for Harrogate services is from this year's bidding round. The response from First Hull trains is therefore inconsistent. Although Grand Central rightly point to the chronology of the 4th path, updated revenue information following Grand Central's short period of operation has been provided in confidence to ORR to support the application.



23. In respect of First Hull Trains' aspirations to go to Harrogate, Grand Central agrees it will be fully evaluated in the course of time by the ORR alongside all other properly declared and submitted aspirations from the Priority Date notifications. This will include some further Grand Central aspirations for Sunderland and Grand Union's (through Grand Northern) aspirations for Bradford (pop 493,000), which, Grand Union and Grand Central believes (and has formally demonstrated through the industry mechanisms) has a more robust case and greater benefits than additional services to one destination – in this instance Harrogate – which has a population of 85,000. Grand Northern's Bradford services will also serve new destinations at Halifax (pop 82,000)- almost identical in size to Harrogate – Huddersfield (pop 146,000) through Brighouse - and Pontefract (pop of the 5 Towns 120,000). This additional service proposed for Sunderland serves a new catchment population of 728,000 following the introduction of direct services to Sunderland.
24. Grand Central has always demonstrated a willingness to work with other operators and Network Rail to achieve the best use of the available capacity on the ECML. However, we disagree with the views that no further track access rights should be granted at this time. Grand Central requests firm rights to underpin the investment in the additional rolling stock required to operate the 4th path.
25. Grand Central would of course work with other parties in the industry to modify the paths in future to make best use of the available capacity. Grand Central believes that it would be wrong, and against the interest of rail passengers, to deny the use of paths that exist today for the sake of a re-timetabling exercise



that may still take several years to complete. Appendix B includes a copy of the train prints for both the 0918 ex Sunderland and the 1918 ex Kings Cross.

26. Grand Central acknowledges the responses made by operators and others, in particular those that have recognised the benefits provided by the recently introduced services, and the work being undertaken by Grand Central on its current fleet.

Yours sincerely

Ian Yeowart

Managing Director (Grand Union) on behalf of Grand Central



Appendix A

Power Car Overhaul / Refurbishment

Complete appendix redacted at Grand Central's request



Appendix B

4th Path Service Train Prints

Train ID		Status														
1A61GC		+														
From	Until	Days	DateSet	Summary												
19 May 2008	12 December 2008	SX	00	SX												
Dep	From	To	Arr	Layer	SignalID	Distance	Variant Type									
09:18	SNDR LND	KNGX	12:50	-1	1A61	410981	LT									
RTK ID	TOC ID	TOC Code	Offer Status	Contract	Bank Hols	TSDB UID	TSDBFile									
		GC				Y18004										
Dep	From	To	Arr	T Load	Distance	GrColour	GrStyle	Trn Len	Trn Power	TSDBLim	TSDBLoad					
09:18	SNDR LND	KNGX	12:50	HST7-125	410981.00				HST	125						
Catering	Serv Code	Res	Loco	Trn Class	Trn Cat	Bus Sect	Op Char	Brand	Accom	Sleepers	UICCode	Head Code				
R	21755001	R		1	XX				B							
Location Name	Arr	Dep	PttArr	PttDep	Spec	*	Plat	Line	Eng	pth	prf	Adj	Stop - Path	±Arr	±Dep	Act
Sunderland		09:18		09:18	09:14 09:18		2									
Seaham		09:25½			/											
Hartlepool	09:40½	09:42	09:41	09:42	1½											
Billingham		09:50½			/											
Stockton		09:56			/											
Hartburn Jn		09:57½			/											
Stockton Cut Jn		09:58			/											
Eaglescliffe	10:00	10:01½	10:00	10:01	1½				1							
Northallerton	10:17½	10:19	10:18	10:19	1½			SL								
Thirsk	10:26½	10:28½	10:27	10:28	2			FL								
Tollerton Jn.		10:37			/			FL	1		3					
Skelton Jn. Yorkshire		10:45			/							1				
York	10:48	10:52	10:48	10:52	4		5									
Colton Jn		10:57			/											
Hambleton North Jn		11:01			/											
Temple Hirst Jn.		11:04			/						2					
Shaltholme Jn		11:10			/					4						
Doncaster		11:16			/		UF									K
Loversall Carr Jn		11:18			/					½						
Retford		11:26			/		1				1					
Newark Flat Crossing		11:36			/											
Newark North Gate		11:36½			/											
Claypole Loop		11:39			/					1						
Grantham		11:45½			/		1			1½						K
Stoke Jn.		11:50½			/			FL								
Tallington Jn.		11:58			/			FL								
Peterborough		12:02½			/		UF	FL								
Connington South Jn.		12:07½			/			FL								
Huntingdon		12:12			/			FL								
Sandy		12:19			/			FL			2					
Hitchin		12:27			/			FL								
Stevenage		12:29			/			FL								
Woolmer Green Jn.		12:31			/			FL								
Welwyn Garden City		12:33			/			FL								
Potters Bar		12:37			/			FL								
Alexandra Palace		12:42			/			FL								
Finsbury Park		12:43½			/			FL	2							
Belle Isle		12:47			/			FL1		1						
London Kings Cross	12:50		12:50		T		8									

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Train ID	Status
1N29GC	+

From	Until	Days	DateSet	Summary
19 May 2008	12 December 2008	SX	00	SX

Dep	From	To	Arr	Layer	SignalID	Distance	Variant Type
21:21	YORK	SNDRLND	22:53½	-1	1N29	123861	LT

RTK ID	TOC ID	TOC Code	Offer Status	Contract	Bank Hols	TSDB UID	TSDBFile
		GC				G18039	

Dep	From	To	Arr	T Load	Distance	GrColour	GrStyle	Trn Len	Trn Power	TSDBLim	TSDBLoad
21:21	YORK	SNDRLND	22:53½	HST7-125	123861.00				HST	125	

Catering	Serv Code	Res	Loco	Trn Class	Trn Cat	Bus Sect	Op Char	Brand	Accom	Sleepers	UICCode	Head Code
R	21755001	R		1	XX				B			

Location Name	Arr	Dep	PttArr	PttDep	Spec	*	Plat	Line	Eng	pth	prf	Adj	Stop - Path	±Arr	±Dep	Act
York		21:21		21:21	21:14 7 21:21		5									-D
Skelton Jn. Yorkshire		21:23½			/			FL								
Tollerton Jn.		21:28½			/			FL								
Thirsk	21:36	21:39	21:36	21:39	3			SL		1						
Longlands Jn		21:46			/											
Northallerton	21:47½	21:50½	21:48	21:50	3				2							
Eaglescliffe	22:08½	22:10	22:09	22:10	1½											
Stockton Cut Jn		22:12			/											
Hartburn Jn		22:13			/											
Stockton		22:14½			/											
Billingham		22:20			/											
Hartlepool	22:27½	22:29	22:28	22:29	1½											
Seaham		22:44			/				2							
Sunderland	22:53½		22:54		T		4									

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Train ID	Status
1N29XX	+

From	Until	Days	DateSet	Summary
19 May 2008	12 December 2008	SX	00	SX

Dep	From	To	Arr	Layer	SignalID	Distance	Variant Type
19:18	KNGX	YORK	21:14	-1	1N29	286415	LT

RTK ID	TOC ID	TOC Code	Offer Status	Contract	Bank Hols	TSDB UID	TSDBFile
		GC					

Dep	From	To	Arr	T Load	Distance	GrColour	GrStyle	Trn Len	Trn Power	TSDBLim	TSDBLoad
19:18	KNGX	YORK	21:14	222	286415.00				DMU	125	

Catering	Serv Code	Res	Loco	Trn Class	Trn Cat	Bus Sect	Op Char	Brand	Accom	Sleepers	UICCode	Head Code
R	21755001	R		1	XX				B			

Location Name	Arr	Dep	PttArr	PttDep	Spec	*	Plat	Line	Eng	pth	prf	Adj	Stop - Path	±Arr	±Dep	Act
London Kings Cross		19:18		19:18	19:18		7	FL1								
Belle Isle		19:20			/			FL								
Finsbury Park		19:22			/			FL								
Alexandra Palace		19:23½			/			FL		½						
Potters Bar		19:28½			/			FL		½						
Welwyn Garden City		19:33			/			FL		1½						
Woolmer Green Jn.		19:36			/			FL		1						
Stevenage		19:39			/			FL		½						
Hitchin		19:41½			/			FL								
Sandy		19:47½			/			FL		3						
Huntingdon		19:57½			/			FL		2½						
Holme Jn.		20:05			/			FL		1½	2					
Peterborough		20:13			/			DF								
Tallington Jn.		20:17			/			FL								
Stoke Jn.		20:24			/											
Grantham		20:27			/		2									
Claypole Loop		20:31½			/											
Newark North Gate		20:34			/		1									
Newark Flat Crossing		20:34½			/											
Retford		20:43½			/											
Loversall Carr Jn		20:50			/					2						
Doncaster		20:54			/		DF									K
Shaftholme Jn		20:56½			/											
Temple Hirst Jn.		21:01½			/											
Hambleton North Jn		21:04½			/											
Colton Jn		21:08			/						2					
York	21:14		21:14		T		5									

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