

Darren Horley
West Coast Trains Limited
Ground Floor
Victoria Square House
Victoria Square
Birmingham
B2 4DN

17 July 2017

Dear Darren,

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 in your Annex A below.

Executive summary

We note that Virgin comment that there has been a *“stifling of train service development”*. We fail to see how this is the case as there has been continuing and ongoing development of the train services on the WCML by both Virgin and London Midland. It is interesting to note that Virgin is seeking to develop the Blackpool market after its initial withdrawal from the market in 2003. Alliance has been working with Alstom to introduce its proposed tilting service, and it is unfortunate that we could not obtain the necessary derogations from the European Rail Agency, despite reducing the number of derogations accepted for the previous Virgin build from 120 to 17.

Access to the upstream markets for open access operations is very difficult and time consuming, and we note that Virgin's own proposal to serve Blackpool is relatively easy by comparison as it is seeking to use franchised assets despite this not being a franchise obligation (as outlined in your Form P). The use of franchised assets to develop a competing open access service gives a significant competitive advantage to Virgin, whilst the issue of illegal state aid is also brought into question.

Alliance Rail Holdings

88 The Mount, York, YO24 1AR

Tel: 01904 628904 – email: info@alliancerail.co.uk – Website: www.alliancerail.co.uk
Registered Office: Admiral Way, Doxford International Business Park, Sunderland, SR3 3XP
Registered in England Number: 07026295

Virgin also asked about why we need a capacity study. Alliance is still intending to operate broadly the same level of service (but with a reduced calling pattern) using 225 rolling stock. We also note that Network Rail has been asked for its position by Virgin. This is not something that Alliance can answer as it is for Network Rail to clarify.

4.1 Benefits

We have commented to the specific points you have raised:

- The Timetable Planning Rules used are the 2018 version 3.0
- With regard to a request for information regarding conflicts. We have dealt with conflicts by flexing other operator's services within their contractual rights. Flexing sheets and f3 prints have been provided to Network Rail and it is for them to assess in their role as system operator. We will not be providing this to Virgin. The proposed timetables are currently with Network Rail and are in the process of being validated by Network Rail.
- Virgin have asked when our rolling stock will be available. The 225 sets are expected to be available from August 2019. We plan to introduce services in the May 2019 subsidiary change date timetable from September 2019.
- Virgin have noted that we have stated "*it will be possible at a later date to increase capacity by adding vehicles*" and have asked us to confirm the performance and planning impacts as additional vehicles are added. For clarity our application is for a class 91 DVT and 7 passenger coaches. We are not planning to operate beyond this specification. Should we ever be in the fortunate position needing to provide additional coaches we would progress a separate supplemental application. However, our point is made that if required the sets can be strengthened.

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4.2 Adequacy

We have commented to the specific points you have raised:

- The SRT calculations have been provided to Network Rail in their role as system operator we are currently engaged in the process of agreeing these.
- Virgin also ask whether it is reasonable for us to expect a 30 year old train to operate at 140 mph. For clarity this application is not seeking operation beyond 110 mph. The point we are making is that these trains, like Virgin's 390 units were designed to operate at 140 mph. They are very powerful and will have more power per tonne than any other operators train. The trains are actually 29 years old, however as Virgin will be well aware that railway rolling stock is expected to last for many years and still deliver in line with its design outputs. The 225 sets still deliver 125 mph operation for Virgin Train's East Coast until they are off lease. The age of a train does not necessarily mean that it will import risk. In the case of the 225 sets, Virgin East Coast identified that the shortened sets are equivalent in terms of performance and planning to a new Hitachi unit. We also note that the HST sets despite being 40 years old are likely to continue to operate for a further 10 years as an intercity train, having become a design and operational icon. We also note that some of Virgin West Coast's fleet is 15 years old. However, we do not see its age as relevant if the train is well designed and maintained.
- The 225 sets have been well maintained during their operation with the East Coast franchise. We understand that the sets will be handed back to the ROSCO in excellent condition. The 225 sets trains have many more years of service left in a front line intercity role.

4.3 Flexing Rights

We have provided a great deal of flexibility as all operators have done on the WCML in their track access contracts. In order to accommodate the proposed services of Alliance it will be necessary to use the flex contained in track access contracts. By utilising this flex we will be able to provide the quantum necessary to operate our services.

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Virgin West Coast has its own application for Blackpool services, this too will require flexing to be used as per the contract. It would seem that Virgin is content to have flex used to accommodate its service but not those of competing operators.

4.5 Specified equipment

We recognise that this fleet has not operated on the WCML for a number of years and that we will need to progress clearance and other operational matters. However, we do not envisage any significant issues with this. The fleet route clearance will be completed before these trains are reintroduced onto the WCML.

5.1 Train Operator Performance

We note your comments regarding maintaining the sets at Arriva TrainCare and Wembley. We are confident that the small scale nature of our proposals can be accommodated and we will of course develop robust plans to minimise the impact on other operators train services. With regard to staff knowledge at depots on the specific fleet, we have identified the need to have expert knowledge of the fleet, both operationally and in terms of maintenance. We plan to secure this key knowledge and we have already had discussions in this area.

With regard to having a Thunderbird. We are exploring the options for recovery and we are currently weighing up whether a specific standby loco is the best option or whether to buy in the rescue capability from other operators. We do note that Virgin previously had class 57 Thunderbirds and withdrew this specific capability.

Virgin raise the issue of stranded passengers – we would look to negotiate similar arrangements to those are currently in place elsewhere on the network.

With regard to Class 91 performance assumptions (autumn). For our application we have assumed the same performance characteristics as outside the autumn period. This is normal for an application.

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With regard to Class 91 (Pantograph failure) – risk mitigation. The fleet is expected to have pan cameras fitted to assist with monitoring. Should we identify any specific risk in the use of these pantographs we will work with our maintainer to resolve.

Virgin has queried our self-dispatch proposals. We will introduce self-dispatch methods as is already in use by Grand Central on the ECML where TRTS exists.

With regards to control arrangements we plan to buy into an existing TOC control, and where possible have this co-located alongside Network Rail control.

6.1 Enhancement Details

The Stafford area improvements Project business was not based on EPS paths. I refer you to the letter sent to Virgin Trains from Network Rail in relation to our previous application.

Yours Sincerely



Jonathan Cooper

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