

Mr Robert Hodgkinson  
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6 December 2011

Dear Robert,

**Alliance Rail Holdings (Alliance) Section 17 and Section 18 Applications: Great North Western Railway (GNWR).**

Thank you for response to the Alliance Section 17 application. We note your comments regarding the West Coast Event Steering Group (WCESEG). We have forwarded these on to Network Rail.

Alliance received a significant number of responses to its recent consultation for WCML access rights, including your own. This letter addresses the specific points you made. We have now written to all consultation respondents in a similar manner.

At the industry stakeholder meeting held in York on 18 August, and in the written responses that followed, a number of people felt it was difficult to understand the reasons for Alliance's applications being split, with one to be made under Section 18 of the Railways Act and one under Section 17. In view of those comments and Alliance's further work with Network Rail we have decided that the formal submission to the ORR will be made as one Section 17 application. This means that there is no longer any interdependence between applications and that issues raised separately during consultation have been consolidated into a single list.

We note that you are not able to support the Alliance application unless the WCESEG is delayed so that capacity implications are addressed.


Since March 2011 Alliance and Network Rail have been working closely together on developing a timetable for Alliance services. The purpose of this timetable has been to identify possible capacity which could be used as part of any timetable recasts to support a workable solution. The capacity identified has been developed by applying the contractual flex available to Network Rail. The rights sought in the Section 17 agreement were for paths that Network Rail was unable to validate. Alliance

believes that the paths in the Section 17 can be validated with more timetabling work and further application of Network Rail's flexing rights.

The purpose of identifying capacity in this way is to make it clear to West Coast franchise bidders what competition will be in place during its franchise if the Alliance application is successful. We firmly believe this will reduce the risk associated with their bids, allowing them to offer premium payments with confidence. Indeed this is the position that the ORR has adopted in its recent consultation document regarding on-rail competition (*The potential for increased on-rail competition - a consultation document, October 2011*) which states that "...it is important for the extent to which a franchisee may be exposed to competition to be clear before bids for franchises are made."

With regard to your suggestion that the WCESG be delayed, Alliance does not support your view. Under the Network Code the definition of a Timetable Participant would include the Department for Transport (DfT) and the Secretary of State for Transport currently holds the Access Agreement for the timetable period in question. We believe that, before the successful bidder is announced, the DfT should consider if it wants to take part in the WCESG. We see no reason to delay the WCESG because of the DfT's delay in its refranchising process.

Yours sincerely,



Chris Hanks  
Head of Development