



Our Ref: L-BU-OW-00005-04-HSO

To Industry parties

29 October 2008

Dear Sirs

**Third Prospective Consultation on the Proposed Operational Arrangements and the Principles for the Allocation of Capacity for the High Speed 1 Railway**

1. The Railway Infrastructure (Access and Management) Regulations 2005 ("Railway Regulations") impose a number of obligations on the infrastructure manager of the HS1 railway. One of the key obligations is to develop and publish a Network Statement for the HS1 railway which sets out, amongst other things, the basis by which capacity on the HS1 railway will be allocated.
2. The purpose of this consultation is to seek comments from industry parties on the proposed principles for the allocation of capacity on the HS1 railway and the proposed operational rules and arrangements which will apply to the use by train operators of such capacity.

**Background**

3. CTRL (UK) Limited ("CTRL UK") is the infrastructure manager of Section 1 of HS1 and HS1 Limited (formerly known as Union Railways (North) Limited) ("HS1 Ltd") is the infrastructure manager of Section 2 of HS1. Both CTRL UK and HS1 Ltd are wholly-owned subsidiaries of London & Continental Railways Limited ("LCR").
4. Network Rail (CTRL) Limited ("NR CTRL") is currently contracted by CTRL UK and HS1 Ltd to be the infrastructure operator for the HS1 railway and is responsible for operating and maintaining the HS1 railway. Under the Railway Regulations, NR CTRL is carrying on the functions of the Charging Body and the Allocation Body for Section 1 and Section 2 of the HS1 railway (ie selling and allocating capacity on the railway in accordance with the terms of the Network Statement).
5. As the HS1 railway will be maintained and operated as a single asset HS1 Ltd and CTRL UK intend to consolidate Section 1 and Section 2 of the HS1 railway into HS1 Ltd. The consolidation is expected to occur by the end of 2008 following the receipt of a number of third party consents and approvals. LCR is also engaged in wider restructuring of its businesses following the completion of the construction of the HS1 railway.
6. In accordance with the Railway Regulations, in late 2006 a Network Statement for the HS1 railway was issued by NR CTRL on behalf of CTRL UK and HS1 Ltd. As part of the consolidation of Sections 1 and Section 2 of the HS1 railway and the wider restructuring of LCR's business, the current Network Statement is being revised. HS1 Ltd and CTRL UK proposes to issue an interim update to that Network Statement in mid-November 2008.



7. This consultation is, however concerned with the long term position which is expected to be settled during March 2009. As part of the review of the long term arrangements the principles by which capacity on the HS1 railway is allocated are also being considered by CTRL UK and HS1 Ltd to ensure that they continue to be appropriate following the consolidation of the HS1 railway and restructuring of LCR's business.

### **Prospective Nature of Consultation**

8. This consultation represents the third prospective consultation undertaken by CTRL UK and HS1 Ltd.
9. In October 2007 a first stage prospective consultation was issued jointly by CTRL UK and HS1 Ltd. The first stage prospective consultation dealt with the proposed levels of access charges for the HS1 railway and primarily the level of the investment recovery component of the track access charge and the basis on which it would be applied.
10. In September 2008 a second stage prospective consultation was issued jointly by CTRL UK and HS1 Ltd ("Second Prospective Consultation"). The Second Prospective Consultation set out revised proposals in relation to the investment recovery charge and provided further detail of the other elements which are proposed to form part of the track access charges for the HS1 railway.
11. This consultation is a prospective one and the proposed operational arrangements and the principles for the allocation of capacity described in this letter are subject to further review following the end of the consultation period. It is currently envisaged that consultation on the form of the revised Network Statement containing, amongst other things, the principles of capacity allocation will take place during the Winter 2008/2009. It is anticipated that the new regime will come into force in March 2009 when a revised Network Statement will be published.
12. It should be noted that the Secretary of State has signalled its intention to transfer to the Office of Rail Regulation ("ORR") some of the regulatory functions in relation to the HS1 railway which currently fall to the Secretary of State under the Railway Regulations. The principles and practicalities of these changes are presently being discussed with the ORR. Detailed proposals will be included in the draft regulations to implement the Third Rail Package which should be consulted upon by the Department for Transport in late 2008.

### **Proposed Operational Arrangements and Capacity Allocation Principles**

13. A description of the proposed operational arrangements are set out in Appendix A to this letter. To be consistent with the practice used in relation to the domestic rail network it is proposed that these arrangements take the form of:
  - a HS1 Network Code;
  - a HS1 Emergency Access Code;
  - a HS1 Performance Data Accuracy Code; and
  - a HS1 Railways Systems Code.



A copy of each of each of these codes is contained on the CD-ROM enclosed with this letter.

14. Appendix B describes the proposed principles by which capacity will be allocated on the HS1 railway.

#### **Consultation Timetable and Process**

15. Consultees are asked to respond to this prospective consultation by 17<sup>th</sup> December 2008. Comments from consultees will be considered by HS1 Ltd and CTRL UK and will inform the development of the revised Network Statement for the HS1 railway.
16. The development and publication of a revised Network Statement will be concluded after HS1 Ltd becomes the sole infrastructure manager for the HS1 railway. The process of revising the Network Statement will be informed by the preceding prospective consultations.
17. We look forward to receiving your comments on the third stage prospective consultation and would be grateful if you could respond to Brian Blackwell, HS1 Business Planning Director, and Naina Mistry, Regulatory Affairs Manager, at the following address:

High Speed 1  
73 Collier Street  
London  
N1 9BE

or by e-mail to [brian.blackwell@highspeed1.co.uk](mailto:brian.blackwell@highspeed1.co.uk) and [naina.mistry@highspeed1.co.uk](mailto:naina.mistry@highspeed1.co.uk).

Yours sincerely

A handwritten signature in blue ink, appearing to read "Paul Chapman".

**Paul Chapman**  
**Managing Director**