



The Shaw Report
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By email only to shaw.secretariat@shawreport.gsi.gov.uk

24th December 2015

Dear Sir or Madam

The future shape and financing of Network Rail

Heathrow Hub Ltd is pleased to respond to this consultation, and specifically to questions 23-28 regarding alternative financing and funding options.

We are the promoters of one of three schemes for airport expansion shortlisted by the Airports Commission and which the Government are considering prior to a decision in Summer 2016. Our scheme uniquely adopts an integrated approach to airport expansion and enhanced rail surface access.

Our rail scheme proposes enhancements to the Great Western and South Western routes to place Heathrow, one of Europe's largest transport interchanges and the UK's only hub airport, at the heart of the national rail network. This follows the successful precedent of airport stations served by through running services at for example Amsterdam Schiphol, Frankfurt and Paris Charles de Gaulle.

Our proposed airport interchange on the Great Western route would allow direct trains from a large catchment, avoid the need for public investment in the alternative Western Rail Access scheme and facilitate limited stop Crossrail Express trains between Reading, Heathrow and Paddington, relieving capacity constrained long distance high speed services.

We have also participated in Network Rail's Southern Rail Access Study to develop our proposals for similar direct airport access from London Waterloo via Richmond, and from the important markets on the Southampton and Portsmouth lines. The latter services would run through Heathrow to Paddington, assisting in relieving the increasingly capacity constrained South Western Main Line between Woking and Waterloo. This also enables passengers from the South and South West to make a direct interchange with Crossrail, relieving the LUL network at Waterloo.

Our proposals have been extensively discussed with Network Rail and are agreed to be deliverable. They are also compatible with both our own airport expansion scheme and the alternative promoted by Heathrow Airport Ltd.

Crucially, our analysis shows we are able to privately deliver the infrastructure enhancements necessary to enable these significant and wide ranging benefits.



We have committed in excess of £10m in developing our airport and surface access schemes to date, which includes the detailed technical work necessary in liaising with the Airports Commission, Network Rail and their technical consultants.

Going forward our investor group sees a clear opportunity for investing in the stable, regulated and growing UK rail market. Such private investment is currently largely stalled by the absence of any clear enabling mechanism but our simple proposal unlocks this potential.

Our enhancement scheme is particularly suitable to act as an exemplar private sector investment because it is;

- Simple to deliver, requiring no complex interfaces with existing assets;
- Affordable, in part because it can be largely developed outside the existing railway boundary;
- Optimising use of scarce capacity on the most congested parts of the network;
- Non-abstractive of existing rail revenues;
- High value, as it serves two of the most growing and capacity constrained rail markets as well as the UK's only hub airport, an attractive and currently largely un-served rail market even if Heathrow remains constrained to two runways;
- Able to deliver substantial wider economic and environmental benefits;
- Capable of transferring capital risk to the private sector.

We firmly believe that it is essential to develop new ways to fund enhancements, by linking the highly attractive investment opportunity presented by the regulated and growing rail market to available private capital seeking stable infrastructure assets. Our proposals provide a significant opportunity to realise this objective.

We trust this proposal is of interest and would of course welcome the opportunity to discuss this in more detail with you.

Yours faithfully

A handwritten signature in black ink, appearing to read "Steven Costello", written in a cursive style.

Steven Costello

Director

Heathrow Hub Ltd/Runway Innovations Ltd.