Thameslink Rolling Stock Project

Invitation to Tender

27 November 2008
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## GLOSSARY OF TERMS

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Acceptable Performance Level</strong></td>
<td>As defined in the TSA and the Lease</td>
</tr>
<tr>
<td><strong>Accepted Units</strong></td>
<td>Units in respect of which Provisional Acceptance or Qualified Provisional Acceptance has occurred</td>
</tr>
<tr>
<td><strong>Act</strong></td>
<td>Railways Act 1993, as amended or supplemented from time to time</td>
</tr>
<tr>
<td><strong>AEI</strong></td>
<td>Average Earnings Index Manufacturing, excluding bonuses not seasonally adjusted</td>
</tr>
<tr>
<td><strong>Applicable Laws and Standards</strong></td>
<td>All the laws, rules, regulations, recommendations and instructions, including codes of practice and conduct which have the force of law or with which it is generally accepted within the rail industry in Great Britain that it is good practice to comply, relating to the performance of the TRSP Agreements and / or applicable to the Rolling Stock which are or have been issued by any government authority or other person from time to time legally authorised to set standards in respect of the rail industry</td>
</tr>
<tr>
<td><strong>Associated Equipment</strong></td>
<td>As defined in the MSA</td>
</tr>
<tr>
<td><strong>ATO</strong></td>
<td>Automatic Train Operation, being a system that allows for automatic operation of trains, through control of acceleration and braking</td>
</tr>
<tr>
<td><strong>Balancing Payment Account or BPA</strong></td>
<td>As defined in the TSA</td>
</tr>
<tr>
<td><strong>Base Scheme</strong></td>
<td>As defined in Section 4.4.5(c)</td>
</tr>
<tr>
<td><strong>Bidder</strong></td>
<td>A party to whom this ITT is addressed and who considers making and / or makes a Proposal in response to this ITT</td>
</tr>
<tr>
<td><strong>Business Day</strong></td>
<td>A day (other than Saturday) on which banks are open for business in London</td>
</tr>
<tr>
<td><strong>Cancellation</strong></td>
<td>The total or partial cancellation of a Diagram</td>
</tr>
<tr>
<td><strong>Change in Circumstance</strong></td>
<td>As defined in Section 2.8.1 <em>(Changes in Circumstances)</em></td>
</tr>
<tr>
<td>Clarification Question</td>
<td>A question or request for clarification in respect of this ITT, submitted by a Bidder using the Q&amp;A template available from the Data Site and complying with the requirements in Section 2.4.3 (Submission of Clarification Questions)</td>
</tr>
<tr>
<td>------------------------</td>
<td>--------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Compatibility Matrix</td>
<td>The tables shown in Sections 5.3.6 and 5.3.7 indicating acceptance of, and / or compatibility with, the Technical Requirements of the TTS and TIIS</td>
</tr>
<tr>
<td>Concept Train Maintenance Regime</td>
<td>Each Bidder’s proposed regime for maintenance of the Fleet, as further described in Section 5.4.2 (Concept Train Maintenance Regime)</td>
</tr>
<tr>
<td>Contract Award</td>
<td>The award of the TRSP to the Preferred Bidder</td>
</tr>
<tr>
<td>Daily Service Charge</td>
<td>As defined in the TSA</td>
</tr>
<tr>
<td>Data Site</td>
<td>Electronic based data site hosted by Connect Internet Solutions as further described in Section 2.3 (Data Site)</td>
</tr>
<tr>
<td>Default Package</td>
<td>As defined in the TSA</td>
</tr>
<tr>
<td>Department</td>
<td>Department for Transport</td>
</tr>
<tr>
<td>Deployment Plan</td>
<td>A Bidder’s deployment plan conforming to the requirements of Section 5.6.4 (Deployment Plan)</td>
</tr>
<tr>
<td>Depot</td>
<td>Each of the permanent facilities for maintenance, servicing and storage of the Rolling Stock, one to be located north of the Performance Core and one to be located south of the Performance Core, as further described in Section 5.4 (Maintenance)</td>
</tr>
<tr>
<td>Depot Access Conditions</td>
<td>The depot access conditions based on Standard Depot Access Conditions, as provided at <a href="http://www.rail-reg.gov">www.rail-reg.gov</a>, and which are to be substantially in the form annexed to the Depot Agreements for Lease, subject to any modifications required by the ORR</td>
</tr>
<tr>
<td>Depot Agreement for Lease</td>
<td>Each agreement for asset protection, works and grant of leases in respect of each Depot to be entered into by Network Rail, the Secretary</td>
</tr>
</tbody>
</table>
of State, the Depot SPC, the Operator, the TMM, and, if applicable, the Depot Facility Owner

**Depot Base Scheme**
The drawings provided by the Department to assist with gaining necessary consents and planning permission for the Depots

**Depot Change**
The procedure contained in Parts B and C (as applicable) of the Depot Access Conditions.

**Depot Deed of Undertaking**
As defined in Section 7.3.1(c) (*Post Completion Phase*)

**Depot Facility Owner**
The party identified as such in the Depot Agreement for Lease

**Depot Head Lease**
As defined in Section 7.3.2(a) (*Post Completion Phase*)

**Depot Phasing Plan**
A Bidder’s plan for introducing the Depots, conforming to the requirements of Section 5.6.4 (*Depot Phasing Plan*)

**Depot SPC**
Each special purpose company expected to be established by a Bidder to exercise the rights and perform the obligations given to it under the Depot Agreement for Lease and other relevant TRSP Agreements

**Depot Sub-Lease**
As defined in Section 7.3.2(b) (*Post Completion Phase*)

**Depot Term Sheet**
Each term sheet setting out the principal terms of one of the agreements to be entered into in connection with the Depots as described in Section 7.3 (*Depot Agreements*), other than the Depot Agreement for Lease and the Depot Deed of Undertaking

**Depots Information Part 2 and Depots Information Part 3**
As defined in Section 4.4.5 (*Depots*)

**Depots Maintenance Responsibility Matrix**
The matrix showing which party is responsible for which aspect of Depots building and equipment maintenance as set out in Depots Information Part 2
Depots Maintenance Schedule

As defined in Agreement for Lease and Section 5.5.4

Depot Under Lease

As defined in Section 7.3.2(c) (Post Completion Phase)

Design

The design of the Units to be produced by the TMM in accordance with the specifications set out in this ITT

Design Authority

The role identified for approving design changes throughout the life of the Rolling Stock after acceptance into service

Diagram

A plan for the deployment of one Unit on a single day from first entry into service to final exit from service

Disclosed Information

The information contained in this ITT, including this document and its appendices and the Data Site

Final Acceptance

The final acceptance of each Unit by the Owner under the MSA, as such term is further defined in the MSA

Financial Close

The date on which all conditions precedent to the first drawdown under the debt financing arrangements of the Preferred Bidder in respect of the TRSP have been met

Financier

(a) any financial institution which from time to time agrees to provide financing facilities to, or directly for the benefit of, the Owner which is used in relation to the Units and / or for the Owner Owned Spares and / or the Special Tools and / or the Mock-ups and / or the Simulator Equipment and for whose benefit any Security Interest over, or rights relating to, the Units and / or the Owner Owned Spares and / or the Special Tools and / or the Mock-ups and / or the Simulator Equipment and / or rights under this Agreement is granted; or
any financial institutions which from
time to time serve as security agent
and / or trustee for one or more
financial institution falling within
paragraph (a)

Fleet
The total number of Units and the formations to
be specified in the MSA

Full Length Unit or FLU
A Type 1 Unit, as further described in Section
4.1 (Introduction to the specification)

Interim Lead Bidder
As defined in Section 3.3(a)

Initial Operator
First Capital Connect Limited, a company
registered in England & Wales with number
05281077

ITT
This Invitation to Tender, including its
appendices and all information and
requirements provided in the ITT section of the
Data Site

KO2
Key Output 2 is a stage of the TRSP where an
enhanced service of 24 trains per hour
commences to be offered to passengers

Lease
The lease in respect of the Rolling Stock to be
entered into between the Owner and the
Operator

Legion®
A propriety brand of pedestrian modelling
software package

Management Plans
The Bidders’ management plans that describe
the organisational structures, processes and
procedures, which will be deployed in the
TRSP, in accordance with the requirements of
Section 5.7 (Management Plans)

MSA
The Manufacture and Supply Agreement in
respect of the Units and Associated Equipment
to be entered into between the TMM, the
Owner and the Operator

Network Change
As defined in Part G of the Network Rail
National Track Access Conditions

Network Rail
Network Rail Infrastructure Limited
(Registered Number 2904587) a company
incorporated in England and Wales whose
registered office is at Kings Place, 90 York
Way, London N1 9AG, and includes any
successor or subsidiary or subsidiaries to the functions of Network Rail Infrastructure Limited or the person authorised under any Applicable Laws and Standards to produce mandatory operational and engineering standards associated with safety and interworking of the operation of rolling stock or Network Rail’s facilities and infrastructure

**NPV**
Net present value

**Operator**
(a) Until the expiry or termination of the current Franchise Agreement in respect of the Thameslink Network, the Initial Operator; and thereafter

(b) any franchise company, any franchisee or franchise operator under any franchise agreement, or a subcontractor within the meaning of section 51 of the Act (or other nominee of the Secretary of State), or the Secretary of State, or British Railways Board or a subsidiary of British Railways Board which at the relevant time operates services for the carriage of passengers by railway on the Thameslink Network

**ORR**
The Office of Rail Regulation established by Section 15 of the Railways and Transport Safety Act 2003 and having duties and obligations as set out in the Act

**Overall Programme**
Each Bidder’s programme for delivering the TRSP, containing the Project Programme, Risk, Register, Depot Phasing Plan and Deployment Plan, as described in Section 5.6 (*Overall Programme*)

**Owner**
The party named as such in the TRSP Agreements, which will, amongst other things, commission and pay from the Rolling Stock under the MSA and lease the Rolling Stock to the Operator under the Lease

**Performance Core**
Those routes or parts of routes on the Thameslink Network that fall within the area bounded by the Performance Core Boundary Recording Points
<table>
<thead>
<tr>
<th><strong>Performance Core</strong></th>
<th>Each of the Recording Points (as defined in the Track Access Agreement) which monitor the timing of trains, located at or most proximate to West Hampstead station, Finsbury Park station, Elephant and Castle station and Bermondsey Junction</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Boundary Recording Points</strong></td>
<td>The performance regime set out in Schedule 5 <em>(Performance Regime)</em> of the TSA</td>
</tr>
<tr>
<td><strong>Performance Regime</strong></td>
<td>The performance regime set out in Schedule 5 <em>(Performance Regime)</em> of the TSA</td>
</tr>
<tr>
<td><strong>Performance Remedial Plan Level and Performance Remedial Plan</strong></td>
<td>As defined in the TSA and the Lease</td>
</tr>
<tr>
<td><strong>Preferred Bidder</strong></td>
<td>The Bidder selected by the Department on conclusion of Stage 4, as further described in Section 3.3 <em>(Selection of Preferred Bidder)</em></td>
</tr>
<tr>
<td><strong>Priced Options</strong></td>
<td>The priced options described in Section 8 <em>(Priced Options)</em></td>
</tr>
<tr>
<td><strong>PRM</strong></td>
<td>Passengers of restricted mobility</td>
</tr>
<tr>
<td><strong>PVPM</strong></td>
<td>Per vehicle per mile</td>
</tr>
<tr>
<td><strong>Proformas</strong></td>
<td>The proforma financial documents located in the Data Site, which are to be completed by the Bidders as described in Section 6.3.3 <em>(Financial Proformas)</em></td>
</tr>
<tr>
<td><strong>Project Programme</strong></td>
<td>Each Bidder’s project programme containing the information required under Section 5.6.1 <em>(Project Programme)</em></td>
</tr>
<tr>
<td><strong>Proposal</strong></td>
<td>Each Bidder’s entire offering in response to this ITT</td>
</tr>
<tr>
<td><strong>Provisional Acceptance</strong></td>
<td>The provisional acceptance of a Unit by the Owner under the MSA, as such term is further defined in the MSA</td>
</tr>
<tr>
<td><strong>RADAR®</strong></td>
<td>Results, Approach, Deployment, Assessment &amp; Review, being a method used for the evaluation and assessment of delivery plans and programmes</td>
</tr>
<tr>
<td><strong>Reduced Length Unit or RLU</strong></td>
<td>Either a Type 2 Unit or a Type 3 Unit, depending upon its interior configuration, as further described in Section 4.1 <em>(Introduction to</em></td>
</tr>
</tbody>
</table>
the specification)

**Rental**
As defined in the Lease

**RGS**
Railway Group Standard

**Risk Register**
The risk register prepared by Bidders in accordance with Section 5.6.2 (*Risk Register*) and the Risk Management section of the Project Management Plan

**Rolling Stock**
The Units, the Associated Equipment, and any other rolling stock, including any part of such rolling stock and any spares and tools supplied with such rolling stock, which is to be procured pursuant to the MSA by the Owner from the TMM and to be maintained pursuant to the TSA by the TMM and leased to an Operator under a Lease for operation on the Thameslink Network

**ROSCO**
Rolling stock company

**Route**
An operational routes within the Thameslink Network as described in the Tender Deployment Plan on the Data Site

**RPI**
Retail Price Index

**RSSB**
Rail Safety and Standards Board

**Secretary of State**
Secretary of State for Transport

**Section 54 Undertaking**
The applicable of any of the undertakings by the Secretary of State (a) in Clauses 7 and 8 of the Umbrella Agreement; and (b) Clause 2 of the Depot Deed of Undertaking

**Security Bonds**
The security bonds described in Section 6 (*Finance*)

**SPC**
Special purpose company

**Stage 1**
The first stage of the Department's evaluation of the Proposals, as further described in Section 3.2.1 (*Stage 1 – Mandatory Requirements*)
Stage 2  
The second stage of the Department’s evaluation of the Proposals, as further described in Section 3.2.2 (Stage 2 – Evaluation of Proposals)

Stage 3  
The third stage of the Department’s evaluation of the Proposals, as further described in Section 3.2.3 (Stage 3 – Project Deliverability)

Stage 4  
The fourth stage of the Department’s evaluation of the Proposals, as further described in Section 3.2.4 (Stage 4 – Value Assessment)

Stage 1 Compliant Proposal  
A Proposal that complies with the requirements of Stage 1

System Assurance  
The processes by which the Bidder will ensure that the Rolling Stock, Depots and other deliverables comply with the requirements of the TRSP Agreements

Termination Performance Level  
As defined in the TSA and the Lease

Thameslink Network  
The network of routes on which Thameslink services operate as set out in Annex B to the TIIS

Thameslink Programme  
The programme for the upgrade of infrastructure, procurement of rolling stock, network expansion and increase of service frequency on the Thameslink Network, as further described in Section 1.1 (The Thameslink Programme)

TIIS  
Train Infrastructure Interface Specification, as further described in Section 4.4.2 (Train Infrastructure Interface Specification (TIIS))

TMM  
The party named as such in the TRSP Agreements, which will carry out the manufacture and maintenance of the Rolling Stock in accordance with the TRSP Agreements

TOC  
Train operating company

Tph  
Trains per hour

Train Maintenance and Each Bidder’s proposals for, amongst other
**Depot Technical Proposal**

things, train maintenance, depot works and depot phasing, conforming to the requirements of Appendix S (Train Maintenance and Depot Technical Proposals)

**Train Maintenance Strategy**

Each Bidder’s proposed strategy for train maintenance, conforming to the requirements of Section 5.4.1 (Train Maintenance Strategy) and Appendix S (Train Maintenance and Depot Technical Proposals)

**Train Maintenance Responsibility Matrix**

The matrix showing which party is responsible for which aspect of the management, maintenance and operation of the Fleet, as set out in Appendix I (Train Maintenance Responsibility Matrix)

**TRSP**

Thameslink rolling stock project, as outlined in Sections 1.2 (Introduction to the TRSP) to 1.5 (Contractual Structure)

**TRSP Agreements**

The MSA, the Lease, the TSA, the Umbrella Agreement, the Depot Agreements for Lease, Depot Term Sheets, Depot Deed of Undertaking, TTS, TIIS, TSS and all agreements to be entered into in connection with the foregoing

**TRSP Process Agreement**

The process agreement in relation to the procurement process contemplated by this ITT, which the Bidder was required to enter into as a condition of pre-qualifying to receive this ITT

**TSA**

The Train Services Agreement to be entered into between the TMM, the Owner and the Operator

**T-SPA**

Track Strategic Planning Application, being a model for long-term forecasting of track renewal volumes and the assessment of alternative output scenarios

**TSS**

Train Service Specification, being an indicative specification, for bidding purposes only, of services to be provided on the Thameslink Network

**TSSSA**

A technical services, support and supply agreement in relation to the Rolling Stock, as further described in Section 7.2.5 (TSSSA)
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>TTS</td>
<td>Train Technical Specification, as further described in Section 4.4.1 <em>(Train Technical Specification (TTS))</em></td>
</tr>
<tr>
<td>Umbrella Agreement</td>
<td>The agreement to be entered into between the Secretary of State, the TMM, the Owner and the Operator, which will, amongst other things, govern the termination of the MSA, Lease and TSA and provide for certain Section 54 Undertakings by the Secretary of State</td>
</tr>
<tr>
<td>Unacceptable Performance Level</td>
<td>As defined in the TSA and the Lease</td>
</tr>
</tbody>
</table>
| Unit                 | Each of the following types of train formation, to be supplied under the MSA:    
|                      | (a) a nominal 240 metres formation of outer suburban, dual voltage, electric trains (a *Type 1 Unit*);                                           |
|                      | (b) a nominal 160 metres formation of outer suburban, dual voltage, electric trains (a *Type 2 Unit*); and                                     |
|                      | (c) a nominal 160 metres formation of inner suburban, dual voltage, electric trains (a *Type 3 Unit*)                                          |
| Unit Concept Design  | A Bidder’s concept design for the Units, containing the information required in Section 5.3.1(e)                                                 |
| Vampire®             | A rail vehicle dynamic simulation software developed by DeltaRail                                                                                  |
| Vehicle              | Any vehicle of any configuration which forms part of a Unit                                                                                       |
| VTISM                | Vehicle Track Interaction Strategic Model                                                                                                         |

Any term not defined above shall have the meaning specified in the TRSP Agreements. If there is any inconsistency between definitions set out above and the definition of the same term in the TRSP Agreements, then the definition in the TRSP Agreements shall prevail.

Unless otherwise specified, reference to a “Section” or to an “Appendix” respectively mean a section of, or appendix to, this ITT.
IMPORTANT NOTICE

All references in this ITT to the Department include, where appropriate and unless the context otherwise requires, references to the Department’s predecessors and successor(s).

All references in this ITT to Network Rail include, where appropriate and unless the context otherwise requires, references to Network Rail’s successor(s).

The Disclosed Information has been prepared to assist interested parties in considering whether or not to make a Proposal in relation to the TRSP and, if so, how to make it. It does not purport to be all-inclusive or to contain all of the information that a Bidder may require. The descriptions of existing and proposed contractual arrangements are of a general nature only. Where the Disclosed Information describes any contractual arrangements which are not yet in force, those arrangements are subject to change. Any reference to a contract or other document is qualified in full by reference to the entire terms of the contract or document referred to.

The issue of this ITT in no way commits the Secretary of State to award the TRSP to any person or party. The Secretary of State reserves the right to terminate the competition, to award the TRSP without prior notice, to change the basis, the procedures and the timescales set out or referred to in this document, or to reject any or all Proposals and to terminate discussions with any or all Bidders at any time. Nothing in this ITT should be interpreted as a commitment by the Secretary of State to award the TRSP to a Bidder.

Neither the Secretary of State nor his officials or appointed agents makes any representation or warranty (express or implied) as to the accuracy, reasonableness or completeness of the Disclosed Information. All such persons or entities expressly disclaim any and all liability (other than in respect of fraudulent misrepresentation) based on or relating to any such information or representations or warranties (express or implied) contained in, or errors or omissions from, this document or based on or relating to the recipient’s use, or the use by any of its subsidiaries or the respective representatives of any of them, in the course of its or their evaluation of the TRSP or any other decision. In the absence of express written warranties or representations as referred to below, the Disclosed Information shall not form the basis of any agreements or arrangements entered into in connection with the TRSP.

The only information which will have any legal effect and / or upon which any person may rely will be such information (if any) as has been specifically and expressly represented and / or warranted in the TRSP Agreements or other relevant agreements entered into at the same time as the TRSP Agreements are entered into or become unconditional.

This ITT is not a recommendation by the Secretary of State, or any other person, to bid for, enter into or agree to enter into any contract in connection
with the TRSP, nor to acquire shares in the capital of any company that is to carry out any part of the TRSP, or in any parent company of that company. In considering any investment in the shares of any company or in bidding for the award of the TRSP contracts, Bidders, potential contractors, funders and investors should make their own independent assessment and seek their own professional financial, taxation, insurance and legal advice and conduct their own investigations into the opportunity of being awarded the TRSP and of the legal, financial, taxation and other consequences of entering into contractual arrangements in connection with the TRSP.

This ITT and the Disclosed Information is confidential and is being issued only to persons who have entered into an appropriate TRSP Process Agreement with the Secretary of State. In the event of any conflict between the terms of such TRSP Process Agreement and the terms of this ITT, the terms of the TRSP Process Agreement shall prevail.

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The Secretary of State reserves the right at any time to issue further supplementary instructions and updates and amendments to the instructions and information contained in this ITT as it shall in its absolute discretion think fit.

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Neither the Secretary of State nor the Department will be responsible for the costs or expenses of any Bidder in relation to any matter referred to in this ITT howsoever incurred, including the evaluation of the TRSP opportunity, the award, or any Proposal for the award of the TRSP, or negotiation of the associated contractual agreements.
SECTION 1 BACKGROUND

1.1 The Thameslink Programme

The Thameslink Programme is a major element in the development and improvement of the London commuter network which will allow the operation of longer trains at a frequency of up to 24 trains per hour (tph) in each direction through the Performance Core. The Thameslink Programme will include the connection of the East Coast Main Line to St. Pancras Thameslink station and the expansion of the existing Thameslink network south of London to include additional routes and destinations in Kent, Surrey and Sussex. The TRSP will have a key role in the success of the overall programme.

The current Thameslink route has significant capacity constraints since it is restricted to trains of 160m in length and the route has numerous junction bottlenecks, which severely restrict the frequency that trains can operate through the Performance Core.

The purpose of the Thameslink Programme is to remove the above constraints and provide a step change in capacity for the route, thus providing significant congestion relief and capacity for future growth in passenger demand on National Rail and London Underground.

The Thameslink Programme includes:

(a) a £3.55bn infrastructure investment scheme that will be managed and delivered by Network Rail;

(b) a planned set of rolling stock transfers, introductions and acquisitions of new stock to meet the needs of the passenger timetable throughout the life of the Thameslink Programme; and

(c) franchise changes and variations to meet the needs of the passenger timetable throughout the life of the Thameslink Programme.

1.2 Introduction to the TRSP

The TRSP covers the rolling stock acquisition element of the Thameslink Programme and includes the procurement of a fully financed package for the manufacture, entry into service and maintenance support of a new fleet of Rolling Stock. The procurement will also include new Depots for the new rolling stock and associated depot facilities management.

The Thameslink Programme enables interim capacity enhancements of 240m train operation at up to 16tph in each direction through the Performance Core section and along the Midland Main Line to Bedford by December 2011 and K02 by 2015.

To deliver the enhanced capacity of 24tph in each direction through the Performance Core, a new fleet of rolling stock will ultimately be required. Due
to the specific performance requirements of the Thameslink Network (for example, the dwell time requirement in the Performance Core), a new design of train is required. These vehicles will in effect be the first build in a new generation of electric units.

The Rolling Stock will operate through central London between St. Pancras International and Blackfriars stations, providing inner and outer urban services to destinations.

The Rolling Stock will require higher capacity, improved performance and energy efficiency, high reliability, improved infrastructure and operational interfaces and provide a high quality passenger environment compared to the current Thameslink rolling stock. To deliver these requirements will require rolling stock that exploits advances in technology and adopts world class proven solutions in one package.

Proposals are sought for the provision of a fleet of trains along with depots and associated maintenance services for a number of train Diagrams. These are detailed in the Data Site. Subject in all respects to the detailed requirements of this ITT, the objective of this ITT is to procure:

(a) the manufacture, entry into service and reliable operation with maintenance and servicing support of the new Rolling Stock;

(b) new Depots and depot facilities management for the new Rolling Stock; and,

(c) financing for the TRSP.

1.3 The Department’s objectives for the TRSP

The objectives for the TRSP as a whole are to:

(a) deliver increased capacity on the rail network;

(b) deliver a reliable journey time;

(c) meet customer requirements by providing an enhanced passenger environment;

(d) improve safety;

(e) deliver an environmentally sustainable solution;

(f) minimise whole-life, whole-system cost;

(g) offer flexibility of deployment; and

(h) manage the transition during the replacement of existing fleets.
These objectives have been used to inform the specification of Units in the TTS and of infrastructure in the TIIS, the conduct of the procurement process, the TRSP Agreements and the evaluation criteria for selecting the Preferred Bidder.

1.4 TRSP Overview

1.4.1 Fleet Size

The Department has not specified the number of Units to be provided by a Bidder. Instead, the TRSP is based on a number of required Diagrams, as described in the Data Site. It is for the Bidders to propose a sufficient number of Units to enable the operation of the required Diagrams.

A feature of the TRSP is the concept of fixed configuration Units of nominally 240m and 160m lengths with variances within the 160m Units for inner and outer suburban internal configurations.

Proposals should be based on the provision of the required number of Diagrams per day by Unit type.

1.4.2 Financing

The requirements of the Bidders and financiers set out in this ITT are drafted on the assumption that the Rolling Stock and Depots will be owned by separate special purpose companies (SPCs). However, it is not a requirement that separate SPCs are established or that the Rolling Stock and the Depots are separately financed. Bidders are expected to provide the ownership structure that they believe best meets the Department’s requirements for value for money, robustness and deliverability.

The Department has adopted a bundled approach to the TRSP procurement which requires the Bidder to raise the necessary finance for the project. The bidding and contractual structure will require a close working relationship between the TMM and the Owner. The rationale for requiring the TMM and the Owner to work closely together to prepare their bids is that the Department wishes to procure Rolling Stock which will be highly reliable throughout its life and readily maintainable whilst delivering a value for money outcome. Encouraging the TMM and the Owner to work closely together at the bidding stage will facilitate an optimised solution. This approach also takes into account the large scale of the procurement and the need to develop a financeable solution.

Further details of financing requirements are provided in Section 6 (Finance).
1.5 Contractual Structure

1.5.1 The TRSP Agreements

The TRSP Agreements are divided into a set of agreements in relation to the Rolling Stock and a set of agreements in relation to the Depots. The TRSP Agreements are described in more detail in Section 7 (TRSP Agreements). In summary, they consist of the following:

(a) In relation to the Rolling Stock:

(i) the MSA between the Owner, the TMM and the Operator, in relation to the manufacture and supply of the Units and associated equipment by the TMM;

(ii) the TSA between the Owner, the TMM and the Operator, in relation to the maintenance of the Rolling Stock by the TMM;

(iii) the Lease, which is a lease of the Rolling Stock from the Owner to the Operator; and

(iv) the Umbrella Agreement, in which the Owner, the TMM and the Operator enter into a direct relationship with the Secretary of State, in which, amongst other things, the Secretary of State undertakes pursuant to Section 54 of the Act to designate the TSA and the Lease as primary franchise assets for a specified period in the franchise agreements of the Operators for the Thameslink Network, as further described in 6.5.1 (Section 54 Undertakings).

These documents are in a form which will be familiar to participants in the railway industry. Given the context of the TRSP within the Thameslink Programme as a whole, the documents (and in particular the MSA and the TSA) require a close cooperation between the Operator, the Owner and the TMM.

(b) In relation to the Depots, a suite of agreements centred on the Depot Agreement for Lease will be entered into in relation to the design and construction phase of the Depots, with a leasing structure put in place following completion of construction of the Depots. The Depot agreements will be supported by a Deed of Undertaking in which the Secretary of State undertakes to the Depot SPC to procure that one or more operators will lease the Depots for a specified period.
1.5.2 Train Manufacturer and Maintainer

The contractual structure and drafting is based on an assumption that there will be a single train manufacturer and maintainer entity that will enter into the TRSP Agreements. The use of a single TMM is the strong preference of the Department in order to avoid the complications of an interface between two contractors. If Bidders wish to have separate manufacturer and maintainer entities, then they must clearly define the contractual and project structure of these entities and explain in their Proposal why separate entities are required. If Bidders propose separate manufacturer and maintainer entities, then they must ensure that the contractual obligations of these entities are in no way different from, and are not compromised compared to, those of the TMM under the structure set out in the ITT.
SECTION 2 INSTRUCTIONS TO BIDDERS

2.1 Procurement Process

2.1.1 Overview of the Procurement


The Department is managing the TRSP procurement as a service contract under the negotiated procedure of the European Union procurement directives. European procurement rules allow for a public sector entity / utility to procure on behalf of or for the benefit of another / others.

2.1.2 Procurement plan and timescales

The following key milestones are anticipated between issue of the ITT and Contract Award.

Table A – Key milestones

<table>
<thead>
<tr>
<th>Stage</th>
<th>Responsibility</th>
<th>Indicative Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issue ITT</td>
<td>Department</td>
<td>27 November 2008</td>
</tr>
<tr>
<td>ITT clarification period starts</td>
<td></td>
<td>27 November 2008</td>
</tr>
<tr>
<td>Depots Information Part 2 issued</td>
<td>Department</td>
<td>December 2008</td>
</tr>
<tr>
<td>Depots Information Part 3 issued</td>
<td>Department</td>
<td>March 2009</td>
</tr>
<tr>
<td>ITT clarification period ends</td>
<td></td>
<td>15th April 2009</td>
</tr>
<tr>
<td>Closing date for Proposal submission</td>
<td>Bidders</td>
<td>30th April 2009</td>
</tr>
<tr>
<td>Negotiations/clarifications complete</td>
<td>Department</td>
<td>September 2009</td>
</tr>
<tr>
<td>Approval process</td>
<td>Department</td>
<td>October 2009</td>
</tr>
<tr>
<td>Financial Close and Contract Award</td>
<td>Department – Preferred Bidder</td>
<td>March 2010</td>
</tr>
</tbody>
</table>
2.2 ITT Proposal documents

The TRSP ITT is being made available to Bidders on 27th November 2008 via the Data Site (see Section 2.3 (Data Site)). This will include the MSA, TSA, Lease, Umbrella Agreement, Depot Agreement for Lease, Depot Deed of Undertaking and Depot Term Sheets. Other TRSP Agreements required to be entered into at Contract Award will be provided on the Data Site prior to the end of the ITT clarification period.

2.3 Data Site

A secure, internet based, electronic data site containing information provided by the Department, Network Rail and other parties will be provided to support the Bidders. Hard copies of the information will not be provided, but the Bidders will be free to download and print information contained within the Data Site. Once information and data has been downloaded by the Bidders, they will be solely responsible for the internal management of the same and will be required to manage the data in accordance with the confidentiality provisions in the TRSP Process Agreement. The Bidders should note the following in respect of the Data Site:

(a) The Data Site will be maintained by the Department’s procurement team who will control user rights, document version control, Clarification Questions and other matters.

(b) The Bidders have been notified of the Data Site web address (url), authorised users and passwords. Additional users may be added to the system by contacting the Department’s procurement team via the TRSP e-mail account. Such requests must originate from the bid manager (or their nominated deputy) and be routed via the TRSP e-mail account.

(c) Technical support will be provided by the Department’s procurement team in the first instance.

(d) Access to the Data Site is restricted to authorised users only.

(e) The Data Site will be the preferred medium for communication between the Department and the Bidders, see further Section 2.4.3 (Submission of Clarification Questions).

2.4 Bidder Liaison

2.4.1 Dialogue with the Bidders

The primary contact point for the Bidders will be the Department’s procurement team, who will be responsible for managing the interface and relationships between the Department and the Bidders.
The Department’s procurement team will lead the engagement of, and dialogue with, the Bidders in accordance with the negotiated procedure.

The overarching objectives of this dialogue are to ensure efficient communication and to help refine and develop the Bidders' Proposals to achieve the most economically advantageous tenders and ensure the development of the most cost effective whole life, whole industry solutions for the TRSP.

Dialogue about the ITT will generally take place with each Bidder individually, with the exception of any group workshops held to clarify specific aspects of the ITT. Consistent with the principles set out in Section 2.4.3 (Submission of Clarification Questions), the Bidders are advised that any output of general relevance to the competition, excluding confidential information or commercially sensitive information (as determined in accordance with Section 2.4.3) (Submission of Clarification Questions), which results from meetings or exchanges with the Bidders will be recorded and circulated to all Bidders.

2.4.2 Individual Bidder Workshops

The Department has set aside 22 weeks for the Bidders to develop their Proposals. During the bidding period it is intended that regular meetings are held every four weeks to discuss the progress of the Proposal development and provide a forum at which the individual Bidders can raise questions. The agenda for these meetings will be developed in advance to ensure that the relevant disciplines / stakeholders are represented (or have prepared the requested information).

The Department will co-ordinate (on behalf of the Bidders) any meeting requests with Network Rail, TOCs or other stakeholders to discuss aspects of their Proposal. It is the Bidders' responsibility to satisfy themselves as to appropriateness of disclosing any information they choose to disclose during any such meeting (see further Sections 2.4.1 (Dialogue with the Bidders), 2.4.3 (Submission of Clarification Questions).

2.4.3 Submission of Clarification Questions

The following rules apply to Clarification Questions:

(a) Clarification Questions to the Department must be submitted by the Bidders via the TRSP e-mail account.

(b) Any Clarification Question must be submitted using the Q&A template available from the Data Site and meet the requirements stated below. Failure to satisfy the Department of the value of the information sought may result in the request not being accorded priority attention and / or being viewed as an unreasonable request for information. The Department also reserves the right not to answer questions it views as unreasonable.
(c) A Bidder may request that the Department treat a Clarification Question and its response as “commercially sensitive”. Any such requests must be made at the time of submission of the Clarification Question. If the Department considers, in its discretion, that it is able to answer the Clarification Question on a confidential basis, then it will do so. If the Department considers, in its discretion, that it is unable to answer the Clarification Question on a confidential basis, then it will notify the Bidder of its decision and the Bidder will have the opportunity either to withdraw the Clarification Question, or accept that the Clarification Question and the response will be circulated to all Bidders.

(d) The Department aims to respond to Clarification Questions within 10 Business Days, but the Bidders should note that the Department cannot guarantee this. Clarification questions will not be accepted after the end of the ITT clarification period (anticipated to be 15 April 2009).

(e) Subject to the preceding paragraphs relating to commercially sensitive information, the Department will transmit to other Bidders the questions asked by, and the answers provided to, any Bidder. This will be done by means of bulletins published periodically on the Data Site.

(f) Before accepting any question, the Department will require the Bidder presenting the question to:

   (i) confirm that the Bidder has checked the Data Site for the information requested prior to issuing the request;

   (ii) demonstrate how the question will help the Bidder to formulate its Proposal; and;

   (iii) clarify whether or not the information is available on standard industry systems.

(g) In all cases, the Bidder must specify to the extent possible as to the expected source, scope and format of the material required, including the period to which it relates.

(h) Access to the Department’s Clarification Question process is restricted to authorised users only.

2.4.4 Site visits

Site visits to Depots and stabling locations identified in the ITT will be co-ordinated and arranged by the Department. These are planned to take place during the week commencing 5 January 2009, with a maximum of up to 2 representatives per Bidder. Within 30 calendar days of issue of the ITT, the Bidders shall identify any additional sites, preferably in order of priority, where
they believe a visit is necessary in order for them to develop their Train Maintenance and Depots Technical Proposal. The Department will manage the stakeholder arrangements for site visits, with a maximum of up to 2 representatives per Bidder. All Bidders will be invited to the site visits for the Depot sites and stabling locations identified by the Department. Where a Bidder has identified additional sites, then arrangements will be made with that Bidder for visits of those sites, to which other Bidders will not be invited. In all cases, Bidders should indicate in advance the purpose of the visit so that appropriate arrangements can be made. All visitors will be subject to the safety arrangements mandated by the Depot Facility Owner and / or Network Rail.

### 2.4.5 VTISM training and Help Desk

Training will be provided for three representatives of each Bidder by RSSB on a date to be advised. All Bidders will be offered the opportunity to attend this joint session. This will be an opportunity for the Bidders to ask questions on VTISM in an open forum with the other Bidders and receive hands on training on the use of VTISM. If a Bidder cannot attend the training day, the Department will provide the training materials to the Bidder.

All requests for VTISM assistance following the training session should be submitted to the Department as Clarification Questions.

### 2.5 Presentation and Submission of Proposals

#### 2.5.1 Content of Proposals

Each Bidder’s Proposal must include a covering letter confirming that the enclosures to the letter constitute the entirety of the Bidder’s Proposal. The covering letter must be binding on the Bidder and signed by duly authorised representatives of the Bidder.

Bidders are required to provide the following when submitting their Proposals:

**Table B – Proposal Contents**

<table>
<thead>
<tr>
<th>Part</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part 1</td>
<td>Executive summary</td>
</tr>
<tr>
<td>Part 2</td>
<td>Fleet Size Programme and Delivery Plans (Response to ITT Sections 5.2 and 5.6)</td>
</tr>
<tr>
<td>Part 3</td>
<td>Technical Proposals (Response to ITT Sections 5.3 to 5.5)</td>
</tr>
<tr>
<td>Part 4</td>
<td>Management Plans (Response to ITT Section 5.7)</td>
</tr>
<tr>
<td>Part 5</td>
<td>TRSP Agreements and legal matters (Response to ITT Sections 2.7 to 2.10)</td>
</tr>
</tbody>
</table>
Further details of the requirements in respect of Priced Options are set out in Section 8 (*Priced Options*). Priced Options will only be assessed following selection of the Preferred Bidder. The Bidders should note that the Priced Options will not be taken into account in the Department's evaluation of their Proposal.

### 2.5.2 Format of Proposals

The Bidders are required to submit their Proposals in accordance with the requirements listed in this Section 2.5 (*Presentation and Submission of Proposals*) of this ITT and in the following formats:

(a) **Hard Copy**

Two hard copies are required of all parts of the submission. Contents should be contained in ring binders, each of which must be labelled clearly with the volume name, copy number, the Bidder's name and an index of the contents of the binder. One copy will be archived as a formal record of the Proposal and the other used for reference.

The Proposals must be submitted in boxes marked ‘COMMERCIAL IN CONFIDENCE – TRSP Competition in response to ITT’. The boxes should not be marked in any way that would indicate the identity of the Bidder. The Bidders should obtain a formal receipt from the Department at the time of the submission of their Proposal.

The hard copy Proposals are to be submitted to:

Dale Ward  
National Networks Procurement Projects  
Department for Transport  
Rail Group  
3/27 Great Minster House  
76 Marsham Street  
London SW1P 4DR

by 12.00 hours BST on 30th April 2009.

(b) **Electronic Copies**

Electronic copies should be in CD format. Each CD must be labelled clearly with the part, copy number, the Bidder's name and the contents of the CD.
Information is required to be stored in Microsoft Word/Excel 2003 (or later) format. Documents should not be submitted in Acrobat, except where unavoidable. All electronic copies should be packaged separately from the hard copy sets and identified as "Additional CDs".

Three electronic copies are required of Parts 1-5, 6, and 7. Parts 6 and 7 should be provided on separate CDs.

(c) Additional Electronic Copies

One electronic un-priced copy of Parts 1-5 and 6 and 7 is required in CD format, labelled clearly with the copy number, the Bidder's name and the contents of the CD. Parts 6 and 7 should be provided on separate CDs. Information is required to be stored in Microsoft Word / Excel 2003 (or later) format. The Department will send this copy to Network Rail. Documents should not be submitted in Acrobat, except where unavoidable.

One copy of Parts 1-5 is required in HTML format to provide full electronic search functionality without changes to data or formatting. Please note that elaborate navigation is not required. Bidders may create an HTML version from Microsoft Word by using "File, Save As", then Save as type Web Page, Filtered (*.htm, *.html). Further details of the HTML requirement may be obtained from Dale Ward (dale.ward@dft.gsi.gov.uk, tel: 020 7944 3693).

No other documents or information shall be submitted with the Proposals.

Proposals received after the Department’s stated date for submissions or which are not duly completed and signed may be disregarded by the Department. Nevertheless, the Department expressly reserves the right, in its absolute discretion, to treat any Proposal as valid and to proceed with the inclusion of any Proposals notwithstanding any defect in relation to the submission of the Proposals.

All Proposals are required to be in English and amounts denominated in thousands of pounds sterling (£000's).

2.5.3 Size of Proposals

The Department will not be imposing either a word or page count limit on the Proposals. The Bidders are asked to consider the extent of information that they provide with their Proposal and ensure that it is meaningful and relevant.

For main text the minimum font size is 11pt and minimum line spacing is 13pt. Double sided printing will be permitted. The Bidders are encouraged to use a simple presentation style, avoiding expensive bindings, colour photographs and other high cost elements of production which do not directly add value to the substance of the Proposal. The Department does not wish to receive any models or mock ups relating to Proposals.
2.6 Post Proposal Submission

2.6.1 Post Submission Presentation

Bidders will be required to present in person key elements of their submissions to the Department within three Business Days following Proposal submission. The presentation will include a brief summary of all aspects of the Proposal, including technical and financial deliverability plans and concept designs but will not detail any financial aspects included in the value assessment (see Section 3.2.4 (Stage 4 – Value Assessment)). The Bidders are to limit their presentation to material lasting not more than one hour with an additional 30 minutes being allowed for questions and answers.

2.6.2 Debrief for Bidders

Debriefing of the Bidders is an important element to an open and transparent competition. This assists the Department in learning lessons from the bid process and provides input that may help shape the development of future competitions. Each Bidder will be invited to a separate debrief session after Contract Award. The objective of this session is to help Bidders understand how their Proposal performed and how future proposals could be improved. This will include the Bidder’s overall evaluation result and ranking against other Bidders.

Following the debrief session Bidders will be advised that they may submit a list of questions to which the Department will provide a written answer. After that point, a letter of closure will be sent to the unsuccessful Bidders to close the process.

2.7 Validity of Proposals

Bidders shall confirm the validity of their Proposals including the terms, Proposal price and any subsequent changes for an agreed period of 365 calendar days from the date of Proposal submission. The Proposal price for Depots will need to be held for a period of 730 calendar days.

2.8 Changes in Circumstances and Competition Matters

2.8.1 Changes in Circumstances

Bidders are required to notify the Department of the occurrence of any of the events listed below (each a Change in Circumstance) immediately upon becoming aware of any event, and in any case no later than 21 days after such Change in Circumstance occurs and not later than 21 days before Proposal submission. A Change in Circumstance means the occurrence of any of the following:

(a) any change to their corporate structure or the structure of the Bidder entity from that set out in their application to qualify to receive this ITT. This includes the grant of any options to acquire shares, any
agreement relating to the exercise of rights attaching to such shares, and any amendments to a shareholders’ agreement, articles of association or similar constitutional documents;

(b) any changes to the information provided to the Department as part of the pre-qualification process; or

(c) any other changes to their circumstances, or the basis of their Proposals, which may be expected to influence the Department’s decision on the suitability of the Bidder entity to implement the TRSP.

Any such notification shall provide full details of the proposed Change in Circumstance, including in the case of (a), final form copies of the documentation required to put such change into effect.

The Department reserves the right to reject a change to the corporate structure of the Bidder entity, or to impose such conditions as it considers appropriate.

Bidders are required to include in their Proposals in the format set out in the following table, details of any Change in Circumstance or competition matters that affect their bidding position.

**Table C – Format of Statement of Changes in Circumstances**

<table>
<thead>
<tr>
<th>Change</th>
<th>Reporting Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in Circumstance</td>
<td>The Bidders should include details in response to the instructions contained in Section 2.8.1 (<em>Changes in Circumstances</em>)</td>
</tr>
</tbody>
</table>

**2.8.2 Competition Matters**

Bidders are responsible for complying with any applicable domestic and European competition law requirements and for obtaining any clearances required under these requirements. For the avoidance of doubt, this includes but is not limited to any merger control clearances which may be required for the creation of the Bidder entity.

**Table D – Format of Statement of Competition Matters**

<table>
<thead>
<tr>
<th>Change</th>
<th>Reporting Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competition Matters</td>
<td>The Bidders should include full details of any matter under consideration, or which may reasonably be expected to be the subject of consideration, by the Office of Fair Trading and / or the Competition Commission or the European Commission as referenced in Section 2.8.2 (<em>Competition Matters</em>)</td>
</tr>
</tbody>
</table>
2.9 Non-Acceptance Statements and TRSP Agreements

2.9.1 Requirements for Bidders

(a) Bidders are required, when submitting their Proposals, to list in the format set out in the Table E below, all requirements of this ITT to which they are not able to confirm acceptance in full. Full details of the reasons for the non-acceptance should be given. Any provision not so listed and detailed by a Bidder will be regarded as having been accepted unconditionally by that Bidder.

(b) Bidders shall submit with their Proposals, mark-ups of the TRSP Agreements issued with the ITT and any additional TRSP Agreements issued prior to the closing date for Proposal submission. The Bidders shall populate each provision in respect of which the Department has invited Bidders to make Proposals. If a Bidder wishes to mark up a TRSP Agreement by amending the terms proposed by the Department, then that Bidder is required to include a footnote with each such amendment, with full details of why the Bidder is unable to accept the provision as drafted. Each marked up TRSP Agreement should be submitted in a clean Microsoft Word version and a version prepared using document comparison software such as Deltaview. The Bidders are also required when submitting their Proposals to list in the format set out in Table E below, all clauses, sections and schedules of the issued TRSP Agreements to which they are not able to confirm acceptance in full. Full details of the reasons for non-acceptance should be given. Notwithstanding any mark-up by a Bidder of a TRSP Agreement, any provision not so listed and detailed by that Bidder will be regarded as having been accepted unconditionally by that Bidder. The Bidders should identify drafting clarifications as such.

(c) Where a non-acceptance has been identified by a Bidder in the Non-Acceptance Statement, which results in any of:

(i) an amendment to the proposed levels of liability; or

(ii) an amendment to the performance regime; or

(iii) an amendment to the allocation of risk,

the Bidder shall state the reasons for the non-acceptance and the financial adjustment it would require to accept the allocation of the relevant risk in accordance with the ITT. Such financial impact will constitute a value adjustment in Stage 4. Where the Bidders fail to identify the financial adjustment they would require in order to accept the allocation of risk, the Department will make its own assessment of
the financial impact (using its own professional judgment, and that of its advisers) and will use this figure for the value adjustment in Stage 4.

Table E – Format of Non-Acceptance Statement

<table>
<thead>
<tr>
<th>Document</th>
<th>ITT Sections / Terms and conditions / provisions of TRSP Agreements which have NOT been accepted</th>
<th>Reasons for non-acceptance</th>
<th>Section of the relevant financial model or other document setting out the cost impact of non-acceptance</th>
</tr>
</thead>
<tbody>
<tr>
<td>ITT</td>
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<tr>
<td>TIIS</td>
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<td>TTS</td>
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<td>MSA</td>
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<td>TSA</td>
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<tr>
<td>TSSSSA</td>
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<td></td>
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<tr>
<td>Lease</td>
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<tr>
<td>Depot Agreement for Lease</td>
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<tr>
<td>Depot Term Sheet</td>
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<tr>
<td>Depot Deed of Undertaking</td>
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<tr>
<td>Umbrella Agreement</td>
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</tbody>
</table>

2.9.2 Effect of Non-Acceptance

If, upon evaluation by the Department, it is evident that a Proposal does not accept the Department’s requirements, specifications and risk allocation (including whether or not any non-acceptance is specified in a Non-Acceptance Statement), and lacks, in the opinion of the Department, the information necessary to enable the Department to properly evaluate such Proposal, or is found to contain inconsistent information, the Department may:

(a) evaluate the Proposal as submitted in accordance with Section 3 (Evaluation Process) of this ITT by exercising its professional judgment and that of its advisers; or

(b) seek additional information or clarification from the Bidder.
2.10 Communications and Information

2.10.1 Restriction on Communications / Press Releases etc during the TRSP Competition

The Bidders are reminded that external communication and press releases during the TRSP competition are governed by the TRSP Process Agreement which includes the confidentiality agreement between the Department and the Bidders.

2.10.2 Freedom of Information Act 2000

The Freedom of Information Act 2000 provides a general right of access to all information held by public authorities, including the Department. The general right of access to information is qualified by a number of exemptions. On receipt of a request for information, the Department must release that information unless one of the exemptions applies and, in relevant cases, the balance of the public interest favours non-disclosure.

In submitting their Proposals, Bidders are invited to identify which parts, if any, of their Proposals are provided to the Department in confidence and which parts, if any, they believe are commercially sensitive. Bidders should provide reasons why such information should not be disclosed following a request for information under the Freedom of Information Act 2000. Bidders should be aware that the Department may nevertheless be required to disclose parts of a Proposal which have been so identified where no exemption applies or where, in relevant cases, the balance of the public interest favours disclosure.

Bidders’ attention is also drawn to the provisions of the TRSP Process Agreement.
SECTION 3 EVALUATION PROCESS

3.1 Outline of the Evaluation process

3.1.1 Introduction

Proposals will be evaluated in a four stage process. The first two stages examine the degree to which the Bidders’ Proposals meet the requirements as set out in the specifications for the TRSP and the ITT. The third stage assesses (through the use of RADAR® evaluation of plans and programmes) the deliverability of the Bidders’ Proposals. The fourth stage assesses the value of those bids which have successfully passed the first three stages. The Preferred Bidder will be determined upon the conclusion of Stage 4.

Appendix U (Stages at which information is evaluated) indicates the stages at which the information required from the Bidders will be assessed in the evaluation process.

The Bidders are not expected to repeat evidence of their general competency which will already have been submitted and assessed as part of the evaluation undertaken at the prequalification stage. The evaluation will consider not only the claims made by the Bidders, but will also consider the extent to which those claims are supported by evidence. Where the level of evidence provided is insufficient or lacks relevance the scores will be reduced accordingly.

Bidders should be aware that their acceptance of Applicable Laws and Standards and the obtaining of all required authorisations for putting the Units into service on the Thameslink Network, within the requirements and constraints of the TTS and TIIS, remains at all times their risk and responsibility. The Bidders’ acceptance of Applicable Laws and Standards and legislation will be assessed in the stages of evaluation as described in Section 3.2 (Stages of evaluation).

3.2 Stages of evaluation

3.2.1 Stage 1 – Mandatory Requirements

The Department has identified criteria, which must be satisfied by Bidders in order for their Proposals to be considered further. These are the basic characteristics required for any Unit to be able to gain access to the Thameslink Network and operate the Thameslink KO2 service. A full list of the these mandatory requirements is shown in Appendix K (TTS and TIIS Evaluation Criteria).

In addition, Bidders shall provide an overall statement of acceptance against Clause 4.1 of the TTS, confirming that they will comply with all Applicable Laws and Standards, subject to any areas where the Bidders will be seeking derogations. Bidders shall specifically identify any such derogations.
A Bidder’s Proposal will not be taken forward for the Stage 2 assessment if:

(a) the Bidder does not meet any of the mandatory requirements to the satisfaction of the Department; or

(b) the Department is not satisfied with each Bidder’s statement of acceptance of Applicable Laws and Standards.

3.2.2 Stage 2 – Evaluation of Proposals

Bids assessed as having passed Stage 1 will then be evaluated as to the degree to which they meet the overall technical requirements and requirements for financial deliverability.

Bidders’ acceptance of specific Applicable Laws and Standards and legislation referred to in the TTS and the TIIS will not be scored in Stage 2, unless specifically identified as being subject to evaluation in the evaluation criteria. Bidders should ensure that their mark-ups of the TRSP Agreements are consistent with all other elements of their financial and technical deliverability proposals.

Scores will be weighted as follows: 30% for financial deliverability and 70% for technical requirements. In order to pass Stage 2, each Proposal must achieve an overall combined financial deliverability and technical requirements threshold of 60% along with meeting the specific threshold scores for each sub-element as described below:

(a) Technical Requirements

The score allocated for technical requirements will be the aggregate of the score achieved in each of the three elements described below with associated weightings. Within each of the three areas a series of sub-criteria with associated weightings has been developed and is described in Appendix K (TTS and TIIS Evaluation Criteria).

(i) Train Technical Specification (TTS): (60% weighting)

A score of 100% will be awarded to Proposals that fully accept the TTS and associated Annexes. The Proposals must achieve a score of 75% of the available marks in this section in order to enable the Proposal to progress to Stage 3.

(ii) Train Infrastructure Interface Specification (TIIS) (20% weighting)

A score of 100% will be awarded to Proposals that demonstrate full compliance with the TIIS or, to the extent that additional infrastructure works are required, that these are undertaken at the Bidder’s cost and risk and within the requirements of the Thameslink Programme. A Proposal must achieve a score of
75% of the available marks in this section in order to enable the Proposal to progress to Stage 3.

(iii) Train Maintenance and Depots Technical Proposal: (20% weighting)

A score of 100% will be awarded to Proposals that demonstrate the continued achievement of the train design performance and reliability and availability undertakings throughout the design life of the train. The Proposals must achieve a score of 50% of the available marks in this section in order for the overall score in Stage 2 in order to enable the Proposal to progress to Stage 3.

(b) Financial Deliverability

The financial deliverability evaluation comprises two elements: funding deliverability and financial robustness. The score allocated for funding deliverability and financial robustness will be the aggregate of the score achieved in each of the two elements based on the evaluation criteria described below with equal weighting between the two.

Bidders are required to submit a Financial Deliverability Proposal explaining their ability to meet the financial deliverability evaluation criteria outlined below in this Section 3.2.2(b) (Financial Deliverability) and in accordance with Section 6 (Finance), Appendix B (Financial Deliverability Response Requirements) and Appendix C (Financial Assumptions and Instructions).

The Proposals must achieve a score of 50% of the available marks in each element in order for the overall score in Stage 2 to enable the Proposal to progress to Stage 3:

(i) Funding Deliverability

Funding deliverability will establish the extent to which the financing proposal demonstrates that there is full and unconditional commitment in place from all providers of finance (including equity, debt and other providers) to underwrite the financing and achieve Financial Close as per the TRSP timelines. However, reflecting the size of the procurement and current uncertainty in the current financial markets, a fully committed / underwritten debt financing for the entire amount of the debt financing required will not be required at this stage to be submitted with the Proposals.

The funding deliverability evaluation will assess the level of commitment required described in Section 6.4.3 (Level of Commitment) and will be based on:
(A) the extent to which the proposed funding structure and strategy have previously been shown to be deliverable and have market precedents, or, to the extent that there is no market precedent, the degree to which the Department is satisfied with an explanation from the Bidder and its financiers and advisers that the proposed funding structure and strategy are deliverable in the TRSP; and

(B) the strength of commitment and the level of approval by both equity and debt providers.

(ii) Financial Robustness

The determination of the financial robustness of a Bidder’s Proposal will be based on an assessment of the ability of the Bidder’s proposed commercial structure to mitigate and absorb the risks involved in the TRSP and minimise their impact on the financial structure. This will include (without limitation) an evaluation of the Bidder’s hedging strategies and any parent company guarantees, standby facilities, bonding arrangements and insurance arrangements.

3.2.3 Stage 3 – Project Deliverability

In Stage 3 the Bidders’ abilities to deliver the Proposals assessed against the criteria set out in Stage 2 will be evaluated. The evaluation will be split into two areas: management plans and programme, both of which use the RADAR® methodology to assess the robustness of the Bidders’ programmes and the three sets of plans which have been identified as being required. Bidders will need to describe their approach, deployment, assessment and review and results for managing and controlling the work necessary to convert their Proposals into a fully functional maintained fleet of Units.

The deliverability of the Bidders’ plans for acceptance with Applicable Laws and Standards and legislation, including proposed derogations, will be assessed in Stage 3.

Bidders should ensure that their mark-ups of the TRSP Agreements are consistent with all other elements of their project deliverability proposals. The assessment in Stage 3 of the Bidders’ abilities to deliver the TRSP will take into account the mark-ups of the relevant sections of the TRSP Agreements.

In order to pass Stage 3, a Bid must achieve a combined Overall Programme and Management Plans score of 40% and meet the specific threshold scores for each sub element as described below. A description of the contents expected in the Overall Programme and each plan are detailed in Section 5.6 (Programme), Section 5.7 (Management Plans), Appendix M (Management Plans) along with the RADAR® weightings as shown in Appendix L (RADAR® Weightings).
(a) **Overall Programme**

Each Bidder’s Overall Programme (see Section 5.6) will make up 40% of the available score in Stage 3. The Proposals must achieve a score of 50% of the Overall Programme score in order for the overall score in Stage 3 to progress to Stage 4. The score for deliverability of the Overall Programme will be allocated (out of 100%) on the basis of:

(i) 20% for demonstration of the ability to deliver 152 vehicles by the later of July 2013 or 39 months from Contract Award;

(ii) 30% for demonstration of the ability to deliver 452 vehicles by the later of June 2014 or 50 months from Contract Award; and

(iii) 50% for demonstration of the ability to deliver the full fleet by the later of December 2015 or 68 months from Contract Award.

In assessing the deliverability of these milestones the following sub-criteria will be used:

(i) clear and logical sequence of works with key dependencies clearly understood;

(ii) demonstration of the Bidder’s understanding of the key milestones within the programme and the critical activities necessary to achieve them;

(iii) evidence of the resources assigned to activities to complete the TRSP and the entity that will complete each activity;

(iv) timescales allowed to complete activities are practical and the activities are logically linked; and

(v) risks identified in the Risk Register assessment and the Bidders’ strategy to manage and mitigate such risks.

(b) **Management Plans**

Bidders’ management plans will make up the remainder (60%) of the Stage 3 score. The required plans and their weightings (out of 100) are shown in Table F below. The expected content of these plans and the terms referred to below are described in Section 5.7 (Management Plans) and Appendix M (Management Plans).
### Table F – Evaluation of Management Plans

<table>
<thead>
<tr>
<th>Project Management Plan - 30%</th>
<th>Weighting (within this plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Execution</td>
<td>30</td>
</tr>
<tr>
<td>Quality (Project / Service / Maintenance)</td>
<td>10</td>
</tr>
<tr>
<td>Safety</td>
<td>15</td>
</tr>
<tr>
<td>Security</td>
<td>15</td>
</tr>
<tr>
<td>Risk Management</td>
<td>20</td>
</tr>
<tr>
<td>Sustainability and Environmental Management</td>
<td>10</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Engineering Management Plan - 45%</th>
<th>Weighting (within this plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>System Assurance</td>
<td>15</td>
</tr>
<tr>
<td>RAMS</td>
<td>10</td>
</tr>
<tr>
<td>Design Management</td>
<td>10</td>
</tr>
<tr>
<td>Standards</td>
<td>10</td>
</tr>
<tr>
<td>Acceptance</td>
<td>15</td>
</tr>
<tr>
<td>Systems Integration (Trains / Depots/ Service)</td>
<td>15</td>
</tr>
<tr>
<td>Testing (not including commissioning) (Train)</td>
<td>5</td>
</tr>
<tr>
<td>Manufacturing Management (Train)</td>
<td>10</td>
</tr>
<tr>
<td>Commissioning / Hand-over (incl. Acceptance into Service)</td>
<td>10</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>In-service Management Plan - 25%</th>
<th>Weighting (within this plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training (Drivers / Train Crew / Operator)</td>
<td>10</td>
</tr>
<tr>
<td>Configuration Management</td>
<td>10</td>
</tr>
<tr>
<td>Business Management</td>
<td>30</td>
</tr>
<tr>
<td>Vehicle Modification Management</td>
<td>25</td>
</tr>
<tr>
<td>Train Maintenance Recovery</td>
<td>25</td>
</tr>
</tbody>
</table>

### 3.2.4 Stage 4 – Value Assessment

(a) All Bids which pass Stages 1 to 3 will be subjected to a value assessment based on whole life and whole industry cost of each Bidder’s Proposal. A cost model has been produced which calculates the costs over 30 years based upon the Bidder’s proposals for:

(i) train leasing costs;

(ii) train maintenance costs;
(iii) Depot leasing costs;
(iv) energy consumption (calculated at a rate fixed by the Department); and
(v) VTISM costs (calculated at a rate fixed by the Department).

The Bidders are required to populate the whole life cost model in Appendix Q (Whole Life Cost Model and Instructions) which is available in the ITT section of the Data Site.

(b) Value adjustments will be made to the costs identified by the Bidders on the following basis:

(i) **Performance adjustment:** A cost per delay minute will be identified in the cost model, which will then be applied to the expected number of delay minutes. The Department will have evaluated the expected number of delay minutes by identifying the assumed number of casualties in the Bidders’ technical proposals. The number of miles per casualty for the Fleet will be used in conjunction with the total fleet mileage to calculate a number of casualties per year. The values of delay minutes will be based on the value applied in the TSA performance regime, which is £800 per minute.

(ii) **TRSP Agreement acceptance:** To the extent that:

(A) a Bidder has indicated in commercial propositions or its response to the TRSP Agreements in accordance with Section 2.9 (Non-Acceptance Statements and TRSP Agreements), that there will be additional costs in accepting the risks and liabilities allocated to the Bidders; or

(B) the Department has, as described in Section 2.9, allocated costs to the change in risk allocation and liability proposed but not costed by aBidder,

the Department will adjust the Bidders’ cost models to include the relevant costs.

No further value adjustment is proposed in respect of the Proposals. Those bids that have proceeded to the Stage 4 evaluation will already have achieved the minimum levels of technical compliance in Stage 1 and demonstrated a high level of technical and commercial competence and deliverability in Stages 2 and 3. It is therefore considered that by reaching Stage 4 the Rolling Stock is expected to be capable of meeting the aims of the Department for the TRSP.
3.3 Selection of Preferred Bidder

At the conclusion of the Stage 4 evaluation, the Preferred Bidder will be determined on the following basis:

(a) All Proposals will be ranked in order of NPV, after risk and value adjustments, of their submitted Stage 4 cost model. The Bidder whose Proposal has the lowest NPV will be ranked first (the **Interim Lead Bidder**). If all the other lower ranked Proposals have an NPV that is more than 5% greater than the NPV of the Interim Lead Bidder, the Interim Lead Bidder will be identified as the Preferred Bidder.

(b) If one or more lower ranked Proposals has an NPV that is less than 5% greater than the NPV of the Interim Lead Bidder, then in respect of each of those Proposals and the Proposal of the Interim Lead Bidder the following shall apply:

   (i) The scores for Stage 2 and Stage 3 will be combined and the different evaluation methodologies normalised to produce a combined score (**CS**) out of one hundred per cent which will be calculated as:

   $$\text{CS} = (\text{Stage 2 score} \times 0.4) + (\text{Stage 3 score} \times 0.6)$$

   (ii) if the CS of the Interim Lead Bidder is 2.5% or more greater than the CS of the Bidder with the next highest CS, then the Interim Lead Bidder will be identified as the Preferred Bidder; or

   (iii) if the CS of the Interim Lead Bidder is 2.5% or more lower than the CS of any of the other Bidders, then the Bidder with the highest CS will be identified as the Preferred Bidder.

(c) If neither paragraphs (b)(ii) nor (b)(iii) applies, then the Proposals ranked under paragraph (b) will be ranked with respect to their scores in the financial deliverability elements of Stage 2. In such a case:

   (i) the Bidder whose Proposal has the highest ranked financial deliverability score will be identified as the Preferred Bidder; or

   (ii) if no single Bidder has a financial deliverability score higher than the financial deliverability scores of the other Bidders, the Interim Lead Bidder will be chosen as the Preferred Bidder.
SECTION 4 THE TRSP SPECIFICATION

4.1 Introduction to the specification

The Department’s requirement is for an integrated package comprising of the provision of a fleet of Units along with Depots and associated maintenance services to operate the train diagrams described in the Data Site. As stated in Section 1 (Background), the Department’s objective is the procurement of:

(a) the manufacture, entry into service and reliable operation with maintenance and servicing support of the new Rolling Stock;

(b) new Depots and depot facilities management for the new Rolling Stock; and

(c) financing for the TRSP.

Bidders should note that within the suite of ITT documents, there are references to 3 different types of Units: Type 1, Type 2 and Type 3. Within the TTS and TIIS, the terms FLU and RLU are used to denote Full Length Unit and Reduced Length Unit respectively. FLUs are the nominal 240m units, also referred to as Type 1 Units, a detailed description of which can be found within the TTS.

RLUs are the nominal 160m units and may have either of two interior configurations, described in detail within the TTS as outer suburban and inner suburban, the principal difference between them being the provision of first class accommodation within outer suburban units only.

4.2 TRSP Outputs

The expansion of the Thameslink Network will require the operation of an enhanced timetable planned to be introduced from December 2015. A train service specification has been produced which sets out the principles for achieving the enhanced timetable. From the TSS the Unit Diagram requirements have been derived, as shown in Table G below. Bidders are advised that further information relating to the TSS and the Diagrams, including weekends, is available on the Data Site.
Table G – Unit Diagram Requirements:

<table>
<thead>
<tr>
<th>Formation</th>
<th>Number of Diagrams</th>
<th>Total Mileage (SX)</th>
<th>Total Mileage (SO)</th>
<th>Total Mileage (SUN)</th>
<th>Average weekly diagram mileage</th>
</tr>
</thead>
<tbody>
<tr>
<td>240m fixed formation</td>
<td>59</td>
<td>148184.25</td>
<td>26029.75</td>
<td>21638.4</td>
<td>3319.5</td>
</tr>
<tr>
<td>160m fixed formation (total)</td>
<td>54</td>
<td>135103.25</td>
<td>23272.55</td>
<td>21117.9</td>
<td>3324.0</td>
</tr>
<tr>
<td>Of which</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>160m fixed formation (inner configuration)</td>
<td>15</td>
<td>31280.5</td>
<td>6256.1</td>
<td>5570.1</td>
<td>2873.8</td>
</tr>
<tr>
<td>160m fixed formation (outer configuration)</td>
<td>39</td>
<td>103822.8</td>
<td>17016.5</td>
<td>15547.8</td>
<td>3497.1</td>
</tr>
<tr>
<td>Totals</td>
<td>113</td>
<td>283287.5</td>
<td>49302.3</td>
<td>42756.3</td>
<td>3321.6</td>
</tr>
</tbody>
</table>

(a) Three 160m outer configuration Diagrams each day will have a zero mileage planned in order to provide the Operator with operational flexibility. The entry and exit points and times of these Diagrams will be determined in consultation between the TMM and the Operator.

(b) The TMM will be responsible for the provision of Units to the Operator for daily operational service to achieve the specified Diagrams. The TMM must ensure that they make available sufficient properly maintained Units to meet this requirement. The TMM will be required to price the maintenance service to 31 March 2045, but with a minimum duration of 10 years from the acceptance of the first Unit. Please refer to the summary of the TSA in Section 7.2.2 (Train Services Agreement (TSA)).

(c) The TMM will be responsible for selecting a fleet size which is sufficient to meet the required Diagrams whilst allowing downtime for maintenance and repair. The TMM will be responsible for the provision of all necessary resources (including the Depots, spares, staff, special tools and finance) to deliver their obligations.

(d) The Train Service Specification (TSS) along with the diagrams and stabling plan are indicative of the pattern of service that may operate post 2015. At this stage it must be considered indicative and work in progress.

(e) Bidders should also note that the final specification of the Thameslink franchise post 2015 is not yet decided and the Department will consult with stakeholders and the industry of what the future franchise will need to deliver, this will happen in 2012 / 13 and may change the structure of the TSS in terms of deliverables.
4.3 Rolling Stock Deployment Schedule

4.3.1 Service Deployment Schedule

The TMM will be required to make Units available to the Operator in advance of the implementation of the enhanced timetable planned for December 2015. The build up process to the enhanced timetable requires the achievement of operational milestones as set out in the following table:

Table H – Service Deployment Schedule:

<table>
<thead>
<tr>
<th>Latest deployment date</th>
<th>Cumulative quantity of Reduced Length Diagrams in service</th>
<th>Cumulative quantity of Full length Unit Diagrams in service</th>
</tr>
</thead>
<tbody>
<tr>
<td>The later of July 2013 or 39 months from Contract Award</td>
<td>4*</td>
<td>10</td>
</tr>
<tr>
<td>The later of June 2014 or 50 months from Contract Award</td>
<td>4*</td>
<td>35</td>
</tr>
<tr>
<td>The later of Dec 2015 or 68 months from Contract Award</td>
<td>54**</td>
<td>59</td>
</tr>
</tbody>
</table>

* Outer Suburban Unit

** Bidders shall refer to the Unit Diagrams provided in the Data Site for the split between inner and outer suburban configurations.

(a) A more detailed Deployment Plan indicating the routes on which Units will be introduced will be available on the Data Site.

(b) Bidders should note that the above figures reflect the number of Diagrams required for the TSS. Bidders will need to consider the quantity of Units necessary to meet the TSS and their maintenance and availability obligations.

(c) Bidders should plan an assumed rate of introduction of new Units by the Operator of no more than one new Unit per week. Any increase will be by agreement between the TMM and the Initial Operator.

(d) The TMM will be responsible for ensuring the availability of the Depot facilities, staff, spares and other resources as are necessary to support the introduction into service of the Units in line with the deployment schedule outlined above.

4.3.2 ATO integration testing Diagrams

(a) In addition to the requirement to make Units available to the Operator as described above, the TMM will be required to support Network
Rail’s integration of the Automatic Train Operation Service (ATO) system with the national rail infrastructure and to complete integration testing of the ATO aspects of the Rolling Stock. Network Rail is intending to provide an integration facility which will be located on the Thameslink Network as defined in the TIIS. The TMM shall be required to make available the following ATO testing Diagrams on a daily basis:

(i) One Full Length Unit (as defined in the TTS) at the integration facility for the purposes of system testing and infrastructure integration trials from May 2013 (or 36 months after Contract Award); followed by

(ii) Two Reduced Length Units (as defined in the TTS) at the integration facility from August 2013 (or 39 months after Contract Award).

(b) The Units will become Accepted Units and will be considered part of the Fleet operating in accordance with the TSA. The Units will, however, be excluded from the performance regime during the operation of the ATO testing Diagrams. It is anticipated that the same three Units will be deployed in these Diagrams and that the Units will be retained for non-service trials at the integration facility, other than when required at a Depot for maintenance purposes, until July 2015 (or 62 months after Contract Award). After this time they will be prepared for passenger service and deployed in operational use in line with the deployment schedule as described in Section 4.3 (Rolling Stock Deployment Schedule).

4.4 Technical Specifications

The technical elements of the TRSP are described in the following subsections:

4.4.1 Train Technical Specification (TTS)

The TTS is available on the TRSP Data Site. The role of the TTS is to define the technical requirements for the Rolling Stock and includes those requirements that will be necessary for the achievement of the 24tph service including capacity, performance, reliability, infrastructure and operational interfaces as well as those requirements that deliver energy efficiency and offer a high-quality passenger environment.

4.4.2 Train Infrastructure Interface Specification (TIIS)

(a) The TIIS is available via the Data Site. The TIIS provides the information concerning the Network Rail infrastructure on which the Rolling Stock will or may operate and defines requirements that will ensure compatibility between the Units and the infrastructure. The TIIS covers the key interface areas including gauge, wheel / rail
interface, structures, power, signalling and electro-magnetic compatibility.

(b) The TIIS is intended to support the development of a train design which allows optimisation of the infrastructure – train system interfaces in order to deliver the programme outputs at lowest whole life, whole system cost.

4.4.3 Rolling Stock Maintenance

The TMM’s responsibilities as provider of the Rolling Stock maintenance service will include, but not be limited to, the following to enable the delivery of the whole life train maintenance:

(a) effective identification, implementation and management of all planned and unplanned train maintenance at Depots, platforms, sidings and other sites as detailed in the TSA;

(b) effective management of maintenance facilities, materials, plant and equipment;

(c) effective management of staff resources; and

(d) effective communication with the Operator and other key stakeholders.

4.4.4 Provisional Train Maintenance Responsibility Matrix

The Train Maintenance Responsibility Matrix (which is in draft form) identifies the share of responsibility between parties responsible for the management and operation of the Fleet.

The Train Maintenance Responsibility Matrix is contained in Appendix I (Train Maintenance Responsibility Matrix). The Operator will be involved in the planning and presentation of Units for maintenance and repair, to ensure that fleet availability and performance is optimised to best support the provision of services to passengers.

The matrix assumes that the Operator will have the right to direct the TMM’s staff to attend to defective trains at all stabling locations, stations and any other locations where a defective Unit exists.

4.4.5 Depots

To support the maintenance of the new fleet of Rolling Stock the Department has identified a requirement for the construction of two new maintenance depots, one to be located north of the Performance Core and one to be located south of the Performance Core.

(a) Location of the Depots: The preferred locations for the Depots are Hornsey in the north and Three Bridges in the south. The freehold of
suitable land at these locations is owned by Network Rail. Recognising that tenancy arrangements at these sites have yet to be resolved, an alternative location to Three Bridges has been identified at Tonbridge in case tenancy arrangements in respect of Three Bridges are not finalised in time to meet the objectives of the TRSP.

Feasibility reports documenting the selection of the sites for the Depots have been included on the Data Site.

Bidders must commit to procure the detailed design and the construction of the Depots and any stabling sidings contained within the Depot sites. However, the Bidder is not required to procure the upgrading of other smaller stabling locations.

(b) **Release of information in respect of the Depots:** Information in relation to the Depots is issued to the Bidders in three parts:

(i) the first part is included in the ITT on the date of its issue;

(ii) the second part (*Depots Information Part 2*) is expected to be issued to the Bidders in December 2008. It will include the Department’s Base Scheme for the Depots, topographical survey data, interim environmental report, CDM data, photographs and other depots information. Details are provided in Appendix J (*Depots Information*); and

(iii) the third part (*Depots Information Part 3*) is expected to be issued to Bidders in March 2009 and will contain ground investigation results and associated risk assessment.

(c) **Depot Base Scheme:** The Department, Network Rail and the Initial Operator have jointly developed the Depot Base Scheme to be used for the purposes of securing land availability in advance of Contract Award. A generic maintenance strategy has been assumed which reflects practices commonly accepted across the industry. This set of assumptions and the result of a spreadsheet-based modelling exercise will be included in Depots Information Part 2. Bidders shall develop their own Train Maintenance Strategy and associated Depots Technical Proposal.

(d) **Respective responsibilities of the parties:** The respective responsibilities of the Department, Network Rail, the Operator and the Bidders are detailed in Appendix H (*Depots Scope of Responsibility*).

The Preferred Bidder’s obligations in respect of the construction of Depots at the preferred locations will be conditional on the resolution of tenancy arrangements by the Department. If Bidders propose to use additional or alternative locations, they shall secure the availability of such locations while continuing to meet the necessary detailed design and construction timescales.
(e) **Completion date for the Depots:** The Department has not specified a date for completion of the Depots. Bidders are required to ensure they have adequate facilities available in sufficient time to support the testing, commissioning and passenger service requirements of the new Units.

(f) **Development rights:** The Department, in conjunction with Network Rail, has undertaken a review of the planning issues associated with the construction of the Depots at the sites identified above. As a result, it is anticipated that the construction of the Depots will be undertaken on the basis of Network Rail’s permitted development rights at Hornsey and Three Bridges and as a planning application at Tonbridge.

### 4.4.6 Stabling

Stabling at locations other than at the proposed Depots is being provided or upgraded through various other schemes, projects and developments. A full list of stabling locations will be provided in Depots Information Part 2.

Bidders are required to identify the facilities they require at each stabling location and to include the costs of the facilities as part of their Proposal.

In addition to the stabling as part of the preferred Depots sites, the larger stabling locations currently being considered are at Cricklewood, Bedford, Tonbridge, Norwood Junction, Peterborough and the Cambridge area.
SECTION 5  TECHNICAL RESPONSE REQUIREMENTS

5.1 Introduction

This section describes the technical responses the Bidders are required to submit with their Proposals.

5.2 Fleet Size and Delivery Profile

Bidders shall identify the total number of Units of each type to be supplied along with their expected Acceptance date (as defined in the MSA) in order to meet the Diagram commitments identified in Sections 4.2 (TRSP Outputs) and 4.3 (Rolling Stock Deployment Schedule).

Bidders are required to complete the fleet size and delivery profile tables in Appendix R (Fleet Size and Delivery Profile tables).

Bidders shall explain how they have derived their proposed Fleet size.

5.3 Rolling Stock Technical Submission Requirements

5.3.1 Technical documents.

In response to this ITT, Bidders shall provide the following technical documents:

(a) a clause by clause response to the Train Technical Specification;

(b) a list of Applicable Laws and Standards to which the Unit design will comply;

(c) confirmation that the Train Service Specifications (TSS) service requirements can be achieved without operating restrictions;

(d) confirmation that each Unit will be capable of operating all routes specified in appendix B of the TIIS;

(e) a complete technical description of the Unit Concept Design, giving a comprehensive description of the vehicle and subsystem design and functionality, and including the following:

   (i) Vehicle general layout drawings including cross sections;

   (ii) dynamic and static profile drawings;

   (iii) the traction system including concept diagrams and performance curves;
(iv) details of the intended wheel slide protection system and a general description of its method of control and previous examples of similar applications;

(v) the auxiliary supply system and auxiliary power consumption;

(vi) pneumatic brake system description and performance calculations;

(vii) door control system and functions covering “Fully Automatic Selective Door Opening” (FASDO) in the core and “Automatic Selective Door Opening” (ASDO) outside the Performance Core, in both “Driver Only Operation” (DOO) and “Driver and Guard Operation” (DGO) modes;

(viii) train control system including “Automatic Warning System” (AWS), “Train Protection and Warning System” (TPWS), “European Train Control System” (ECTS) and “Automatic Train Operation” (ATO);

(ix) suspension system showing floor height and variations under all operational and failure conditions;

(x) coupling and multiple operation in all specified modes;

(xi) fire performance data and description of the fire safety solutions;

(xii) crashworthiness solutions;

(xiii) cab layout drawings;

(xiv) Vehicle exterior and interior design book and renderings, as described in Appendix V (Interior Design Proposals);

(xv) interior design layout showing standing space, seating, luggage and crew accommodation;

(xvi) test, validation and integration plan;

(xvii) reliability framework in accordance with EN50126 (or equivalent approved framework) referenced to the train architecture and showing how the reliability targets will be archived and the requirements of Section 5.7 (Management Plans);

(xviii) a list of potential single point failures that will impact Unit performance or stop a Unit from operating;

(xix) indicative operation and maintenance plan;

(xx) indicative cleaning procedure;
(xxi) maintenance manual examples and training plan; and

(xxii) details of all equipment and materials ability to be recycled and the methods to be used for disposal.

5.3.2 Journey time and energy consumption evaluation.

Bidders shall perform train performance journey time and energy simulations over the Bedford to Brighton route and provide the results of those simulations as part of their Proposals. The details of this route are set out in Appendix D (Station Distances). The simulations shall conform with the requirements of this Section 5.3.2.

(a) Bidders are permitted to use their own proprietary traction performance software to produce the required simulations. However, the Bidders shall comply with the requirements of this Section 5.3.2 and provide sufficient results and information to allow the evaluation and assessment of the simulation’s credibility by the Department. The Bidders are reminded that during the type testing phase, actual performance and energy consumption will be validated by type tests.

(b) Bidders shall use the following basic assumptions in their simulations:

(i) the Unit is driven all out (i.e. at maximum acceleration) up to the maximum line speed;

(ii) the Unit brakes at the maximum TIIS compliant service brake rate;

(iii) the traction current limits along the route defined in the TIIS shall be taken into account;

(iv) for the purposes of the evaluation simulation the traction supply shall be considered to always be receptive to regenerated energy;

(v) for the purposes of the evaluation simulation the requirements of the maximum auxiliary electrical load per car shall be included in the calculations; and

(vi) for the purposes of journey time evaluation station dwell time shall be excluded.

(c) The simulations shall compare performance with the Class 319 Units that operate current Thameslink services. The Bidders shall use the Class 319 journey times in Appendix E (Class 319 Journey Times) as the benchmark when evaluating the performance of the proposed Unit design.
(d) The specified reduction in journey time, over the Class 319, shall be achieved for a DC nominal voltage of 750V with a high current limit in the core and an intermediate current limit outside the core (refer to TIIS section 2.4.2).

(e) The journey time evaluation against the requirements of TTS Section 6.1 shall be performed for a Full Length Unit with a full passenger loads operating a Bedford to Brighton semi-fast diagram.

(f) The evaluation simulation results shall provide the inter-station journey time including a graphical representation of speed profile for the Unit.

(g) The energy consumption evaluation, against the requirements stated in TTS Section 8.3, shall be performed for a Reduced Length Unit with a full passenger load operating a Bedford to Brighton semi-fast diagram.

(h) For a Bedford to Brighton semi fast diagram, the net energy consumption for current comparable rolling stock is 2660kWh, including the maximum auxiliary electrical load per car.

(i) The evaluation simulation results shall provide the total net energy for the journey and the inter-station energy consumed and the inter-station energy regenerated assuming the line is 100% receptive.

(j) Stabling energy consumption figures shall be provided for a RLU. For this calculation the stabling period shall be assumed to be 7 hours at night with an ambient temperature of 6ºC. The Unit shall be ready to enter passenger service without delay at the end of the 7 hour stabling period.

(k) In addition to the results required above the performance simulation shall be used to provide the journey times and energy consumption for the following Unit conditions on a Bedford to Brighton semi-fast diagram:

(i) a reduced length Unit with a full passenger load;

(ii) a full length Unit with a full passenger load;

(iii) a reduced length Unit with a 35% full passenger load;

(iv) a full length Unit with a 35% full passenger load;

(v) a reduced length Unit with a full passenger load with the loss of one traction subsystem; and

(vi) a full length Unit with a full passenger load with the loss of one traction subsystem.
(l) For each of the performance scenarios the following results shall be provided:

(i) the inter-station journey time, including a graphical representation of speed profile of the Unit;

(ii) the inter-station energy consumed; and

(iii) the inter-station regenerated energy assuming the supply is 100% receptive.

Bidders shall also supply a platform reoccupation time analysis demonstrating that their proposed train is capable of meeting TTS requirement 6.2.4.

5.3.3 Passenger Capacity

To allow assessment of the passenger capacity of the proposed Unit designs, the Bidders shall provide detailed and dimensioned interior layout and arrangement drawings, 3D models and a description of the interior facilities for each Unit type. This shall cover the following:

(a) the type, number and layout of seats;

(b) the number of standing passengers which can be accommodated whilst maintaining the dwell time, at four passengers per square metre of usable standing space within the Unit;

(c) identification of those seats designated as priority seating;

(d) the seat dimensions and pitch for all classes of seating;

(e) the size and location of luggage areas;

(f) the size, location and layout of toilets;

(g) the size, location and layout of areas allocated for use for passengers of restricted mobility space;

(h) the size, location and layout of standing areas including the facilities (e.g. grab poles); and

(i) the size and location of the first class area and a description of the method of conversion to and from standard class.

5.3.4 Passenger Flow and Station Dwell Time

To allow assessment of the ability to meet the passenger flow and dwell time requirements, Bidders shall provide a passenger flow and dwell time simulation. To ensure consistency in the results, the simulation shall be performed using Legion® crowd dynamics software. The Bidders will be provided with a Legion® compatible data file containing a fixed model template.
for the platform and passengers. This will be issued to the Bidders on a CD-ROM.

The presentation of the results of the simulation shall include the following

(a) confirmation that the proposed design will be capable of meeting the
dwell time requirements of the TTS, based on the Bidders’ own
analysis and the Legion® model results;

(b) a statement of the maximum seated and standing capacity which can
be accommodated whilst still meeting the dwell time;

(c) a statement of any additional door open time (beyond 27s, within the
45s dwell) that can be achieved using ATO.

Instructions on the use of Legion® with respect to the TRSP are available in
the Data Site in Appendix P (Legion Instructions).

5.3.5 Vehicle Track Interaction Strategic Model (VTISM) Evaluation.

To allow assessment of the proposed Unit design on the overall railway
system, the Bidders shall provide the results of VTISM simulation.

In order to ensure that all Bidders have a common understanding on the use
of VTISM, the Department are arranging for a briefing session with RSSB at
which training on the use of the model will be provided and pack of
instructions and data will be issued. The VTISM simulation shall be
performed for the virtual test track in accordance with VTISM instructions and
data issued to the Bidders at the VTISM briefing.

To enable the VTISM simulation the data provided at the briefing session will
include:

(a) virtual test track input data files for use in the Vampire® dynamics
simulation;

(b) representative rail profiles from the route;

(c) instructions on conditions to be used for the Vampire® simulation,
such as wheel / rail friction, speed or stopping profiles, loading
conditions to be simulated;

(d) instructions for setting up the T-SPA vehicle model, in particular a
procedure for determining ride coefficient values;

(e) instructions for the T-SPA settings to be used, including route
specification, traffic mix and maintenance policies; and

(f) instructions for the treatment of new and worn wheels in the
simulation.
In addition to the VTISM results the Bidders shall provide the following information:

(i) all vehicle models (Vampire® and T-SPA);

(ii) Vampire® input files as follows:
   (A) wheel and rail profiles;
   (B) wheel / rail contact data;
   (C) speed profiles;
   (D) traction and brake force files; and
   (E) run control files;

(iii) Vampire® output files; and

(iv) all VTISM files generated during the analysis.

5.3.6 Train Technical Specification (TTS) Acceptance

Bidders are to provide a clause by clause response to the TTS in the format set out in the table below:

Table I – TTS Compatibility Matrix

<table>
<thead>
<tr>
<th>TTS Requirement Number</th>
<th>Bidders to state either: ‘We accept’; or ‘We do not accept’</th>
<th>Proposed method of demonstration</th>
</tr>
</thead>
</table>

5.3.7 Train Infrastructure Interface Specification (TIIS) Compatibility

Bidders are to provide a response and evidence of compatibility against each area detailed in the TIIS in the format set out in the following table:

Table J – TIIS Compatibility Matrix

<table>
<thead>
<tr>
<th>Unique TIIS object identifier</th>
<th>Bidders to state either: “We accept”; or “We do not accept”</th>
<th>Evidence in support of the statement where acceptance is stated; or evidence of compatibility</th>
<th>Proposed method of demonstration</th>
</tr>
</thead>
</table>
Bidders are also to submit all the information identified as required in Annex C of the TIIS.

5.3.8 Train Reliability

The Units will be required to deliver the reliability requirements set out in the TTS. The Bidders will need to demonstrate through the provision of fault tree analysis and failure mode, cause and effects analysis that their train is designed to meet the requirements of the TTS. The analyses must demonstrate the predicted reliability of major sub-systems and overall train reliability.

Furthermore the Bidders shall demonstrate the redundancy arrangements in their train design, which are aimed at mitigating those causes of failure that could lead to a delay of one minute or more in the Performance Core and three minutes outside of the Performance Core. Evidence should be based upon the use of failure modes and effects criticality analysis and be consistent with the Engineering Management Plan.

5.3.9 Simulators

Two simulators will be required, which will be procured by the Operator with funding from the Owner. The TMM will be required to provide dials, switches, seats and other cab equipment for the simulators and shall incorporate the costs within their Proposal.

No specific simulator design proposals are required at the Proposal submission stage.

5.4 Maintenance

The Bidder’s Train Maintenance and Depots Technical Proposal will identify the approach necessary to achieve the performance and reliability requirements throughout the operational life of the Thameslink fleet. An outline of the contents of the Train Maintenance and Depots Technical Proposal is identified in the sections below, with further detail contained in Appendix S (Train Maintenance and Depots Technical Proposal) and the TSA.

5.4.1 Train Maintenance Strategy

As part of its Train Maintenance and Depots Technical Proposal, each Bidder shall provide a Train Maintenance Strategy which will give an overview of the proposed Rolling Stock maintenance (planned and unplanned) and identify the Bidder’s method for and approach to the delivery of the train operational performance through the whole life of the Unit.

The detailed requirements of the Train Maintenance Strategy are set out in Appendix S (Train Maintenance and Depot Technical Proposal). As a
minimum the Bidders must demonstrate how the proposed Train Maintenance Strategy will deliver a service that matches or exceeds the requirements for:

(a) **Train Availability**: the number of trains available for service as proposed by the Bidder in Section 5.2 *(Fleet Size and Delivery Profile)*;

(b) **Train Reliability**: demonstrate that the Concept Train Maintenance Regime and associated plans will deliver the required performance.

### 5.4.2 Concept Train Maintenance Regime

The Concept Train Maintenance Regime shall detail the proposed scope of maintenance activities for their proposed rolling stock design, and will communicate the periodicity for each of these activities and the proposed locations.

The Concept Train Maintenance Regime shall be provided with an explanation of the rationale behind the development of the regime. This explanation shall include reference to good industry practice to support the justification for the regime. The explanation shall also include the assumptions made to enable development of the Concept Train Maintenance Regime, the activities that have been excluded and the justification for this.

Bidders shall provide examples of maintenance manuals from previous fleets.

### 5.4.3 Use of Depot Facilities

Each Bidder shall provide details of its proposed concept design for the Depots. This shall include:

(a) an explanation of how the Depots and stabling facilities will be used in an efficient and effective manner and all associated assumptions;

(b) the application of the Concept Train Maintenance Regime within the Bidder’s proposed depot layout;

(c) an explanation of the organisation and capacity of facilities, staffing, shifts, components and material procurement process, storage and office space, etc.;

(d) an explanation of how train maintenance will be carried out in an energy-efficient manner; and an explanation of how the Concept Train Maintenance Regime will enable the required operational performance of the Fleet.

### 5.5 Depots

Bidders shall be responsible for the design, consents, construction, commissioning and on-going maintenance of the Depots required for the
maintenance of the Rolling Stock. The Bidders shall provide the following
details in support of their Proposal.

5.5.1 Base Depot Proposals

(a) Bidders must include a price and programme for:

(i) Base Case A - Hornsey & Three Bridges;

(ii) Base Case B – Hornsey & Tonbridge; and

(b) Alternative Proposal C – In addition, the Bidders may include a price
and programme for any alternative proposals including use of the
Bedford Cauldwell existing depot when the existing fleet is no longer
maintained at Bedford, which is expected to be during 2015. Bidders
shall be expected to secure all land, planning and consents for such
alternative locations whilst continuing to meet the necessary project
delivery timescales.

Alternative Proposal C shall only be considered when a Preferred Bidder has
been identified. Such consideration shall also take into account the difference
in the cost of empty stock movements (including track access charges,
maintenance costs, train crew costs and energy costs) when compared with
the preferred depot locations at Hornsey and Three Bridges.

5.5.2 Depots Operational Robustness

The Bidders are required to describe the interface of the Unit transits in and
out of the Depots, with the traffic on the running lines based on the Network
Rail Strategic Access Planning Report which is included in Depots Information
Part 2 and, in the case of Hornsey, with the existing depot activity for the
Great Northern fleet.

5.5.3 Depots Technical Proposals

Bidders shall submit their Depots Technical Proposal for each depot location.
This shall include:

(a) an explanation of how the Depots Technical Proposals align with the
    proposed Train Maintenance Strategy;

(b) the maintenance activities to be undertaken at each depot location
    and the proposed service levels for servicing and stabling;

(c) utilisation / capacity modelling to demonstrate sufficient capacity of
    Depots and percentage of excess capacity including the assumption
    on which the modelling is based;

(d) confirmation that the Bidders’ proposed Depots Technical Proposals
    are compliant with the land boundaries identified by the Department
or whether additional land acquisition is required, in which case the Bidders shall provide amended site drawings;

(e) an outline specification for each Depot

(f) simulations / process flow models for each Depot; and

(g) any additional proposals by Bidders in respect of the Depots.

Bidders shall provide a list of the main equipment which they intend to provide at each Depot location for inclusion in the Depot Agreement For Lease documents as the Minimum Requirements Specification (as defined in the Depot Agreement for Lease) of each Depot.

Bidders should confirm their requirements for any additional facilities proposed by it at the larger stabling locations with an explanation of how this links to their proposed Train Maintenance Strategy.

5.5.4 Depot Facility Maintenance

Bidders shall submit a Depots Maintenance Schedule which demonstrates how the best whole life asset management approach of the Depots will be achieved.

Bidders shall confirm their proposals for the overhaul, refurbishment and / or replacement of the main plant and equipment at the Depots, including the frequency at which such work is to be carried out. The Department intends that these proposals will form part of the relevant Depot Head Leases. A draft Depots Maintenance Responsibility Matrix for the Base Scheme will be included in Depots Information Part 2.

5.6 Overall Programme

Bidders will be required to demonstrate that sufficient programme planning has been undertaken to meet the requirements of the TRSP as set out in Section 4 (The TRSP Specification). Bidders shall provide the details set out in this Section 5 (Technical Response Requirements) in support of their Proposal.

5.6.1 Project Programme

(a) Bidders shall provide a fully integrated Level 3 project programme in Gantt chart format using Primavera P6 software which shall consist of the following information:

   (i) overall scope of the TSRP including key deliverables for the Rolling Stock and Depots to Level 3;

   (ii) details of how the Bidders will be fully resourced to the end of the TRSP;
(iii) critical dependencies on the Department, Network Rail, Her Majesty's Railway Inspectorate, TOCs, other stakeholders and third-party organisations;

(iv) consents and acceptance requirements;

(v) key milestones;

(vi) intended sequence of work; and

(vii) anticipated start and finish dates of the major work activities and phases as given in (c) below;

(b) In their Level 3 Project Programmes, the Bidders shall:

(i) develop a work breakdown structure to at least a third level and where necessary to lower levels, to include all discrete products and services to be provided. The Bidders are free to present a work breakdown structure which is in line with their own processes. However, a high level work breakdown structure is provided in Appendix N (Work Breakdown Structure) for reference;

(ii) ensure that all activities are logically linked, and include durations, resources as appropriate for a project of this magnitude;

(iii) ensure that no activity lasts longer than 20 Business Days, with the exception of submission review / acceptance and material fabrication / procurement activities, and the through life elements;

(iv) ensure that the Project Programme includes:

(A) completion dates, constraints, sequence of work and operational restrictions;

(B) approvals, tests or inspections required by or performed by the Department, regulatory agencies, TOCs or other third parties. This shall include submission, review and acceptance activities and shall allow for at least one revision and re-submission cycle for all major items;

(C) activities for maintaining system assurance and document control requirements;

(D) dependencies (or relationships) between activities;

(E) all mock-up submittals, mock-up review / acceptance, procurement, manufacture, manufacturer tests, test report
preparation, delivery, and installation activities, for all major systems, equipment and materials;

(F) procurement of any sub-contracted suppliers, major materials, systems and equipment through receipt and inspection, as a separate activity and include time for fabrication and delivery of manufactured products and dependencies between procurement and Rolling Stock production activities;

(G) activity descriptions which describe which work is to be carried out and where and use of the Primavera Log for additional descriptive information, as required;

(H) tabulated resources (manpower and equipment) required to complete each activity, as appropriate for a bid. Full detail will have to be provided at a later stage;

(I) the activities that constitute the controlling operations or critical path. No more than 25% of the activities shall be critical or near critical (critical activities being defined as float in the range of one to ten Business Days);

(J) the interface with the work of the other key parties such as the Department, Network Rail, and other third-party organisations;

(K) all interdisciplinary checks and interdisciplinary review workshops, during the design stages;

(L) tests, submission of test reports, and acceptance of test result information;

(M) plans for completion of the whole of the works and part of the works by route where applicable;

(N) detailed subcontractor work package programmes which have been incorporated in the Project Programme, to be provided at a later stage if required; and

(O) a list of key assumptions which have been made in the generation of the Project Programme including non-Business Days (such as weekends and holidays), durations of activities, review periods allowed, and key dependencies such as planning application periods.

(v) ensure that the Project Programme assigns a responsibility code for each activity corresponding to contractor or subcontractor work packages, the Department, TOC, regulatory agencies or others, responsible for performing the work;
(vi) provide an XER file (Primavera software) of the total programme along with paper and / or pdf copies; and

(vii) identify earliest and latest start dates on site for each of the Depots.

(c) The Project Programme shall be divided into a number of phases, as follows:

The Project Programme shall be defined into a number of phases, for the scope of the TRSP:

(i) commencement and initial mobilisation;

(ii) design and development;

(iii) manufacturing;

(iv) commissioning;

(v) first train introduction and operational service Route 1;

(vi) series introduction Route 1;

(vii) series introduction Route 2;

(viii) series introduction Route 3;

(ix) series introduction Route 4

(x) series introduction Route 5;

(xi) series introduction Route 6

(xii) series introduction Route 7;

(xiii) series introduction Route 8

(xiv) series introduction Route 9

(xv) series introduction Route 10; and

(xvi) commencement of K02.

The Bidders shall assume commencement of the Project Programme will be at Contract Award as indicated in Section 2 (Instructions to Bidders), paragraph 2.1.2 (Procurement plan and timescales).

Bidders shall also provide a Level 0 summary Project Programme that demonstrates at a high level (and preferably legible on one sheet of A3 paper) the overall timescales of key elements of the programme and key dependencies.
5.6.2 Risk Register

Each Bidder shall submit a Risk Register in accordance with its proposed Project Management Plan, complying with the following requirements:

(a) the Risk Register shall clearly identify and quantify risks such that the likelihood of the occurrence of the risk and its potential impact (time and cost) on the Project Programme can be clearly understood and assessed;

(b) all risks shall be clearly cross referenced to the activity or activities in the Project Programme which the risk would impact if it were to occur. The timing impact of each risk shall be provided such that the best, most likely and worst case timing impacts are understood; and

(c) the Risk Register shall identify the mitigation strategy for each risk.

5.6.3 Depot Phasing Plan

A Depot Phasing Plan (in the form of a written document that refers to the relevant section of the Project Programme) shall be provided by the Bidders that:

(a) demonstrates how the impact on existing railway operations will be minimised during construction;

(b) provides a commentary that identifies suitable ‘phases’ into which the Depot works can be divided;

(c) identifies areas of the Depot works which are currently used in support of the operational railway or may impact access to existing operational areas;

(d) identifies suitable alternative areas or access for affected parties where railway operations are affected and explains how the extent and duration of disruption to ongoing operations will be minimised;

(e) identifies key dependencies from the wider TRSP; and

(f) provides a basis for review and agreement by the Operator and Network Rail.

Further detailed requirements for the Depot Phasing Plan can be found in Appendix S (Train Maintenance Technical Proposal).

5.6.4 Deployment Plan

Bidders shall submit a detailed Deployment Plan (in the form of a written document that reflects the Project Programme and refers to the relevant section of the Project Programme and includes:
(a) a description of the scope and steps necessary for the successful introduction into service of the Rolling Stock;

(b) a deployment methodology and assumptions;

(c) the organisations and accountabilities of those involved, including stakeholders;

(d) an assessment of the resources necessary to support the deployment;

(e) identification of key dates and milestones;

(f) an alignment of Diagrams with Unit introduction sequence;

(g) an assessment of risks involved in the Deployment Plan (to be included in the Risk Register described in Section 5.6.2 *(Risk Register)*); and

(h) maintenance and stabling arrangements during the deployment phase.

The Deployment Plan shall be incorporated in the Programme and shall also be provided as a separate document.

5.7 Management Plans

In order to demonstrate each Bidder's capability to deliver its technical proposals, each Bidder is required to provide a series of Management Plans which describe the organisational structures, processes and procedures which will be employed on the TRSP.

The Management Plans cover three areas:

(a) Project Management;

(b) Engineering Management; and

(c) In-Service Management.

Details of the required content of these Management Plans are in Appendix M *(Management Plans)*.

The Management Plans will be evaluated in Stage 3 – Project Deliverability using the RADAR® excellence model and will be used to assess approach, deployment, assessment, review and results for managing and controlling the work necessary to convert Proposals into a fully functional maintained fleet of Units.

Bidders should note that the selected Preferred Bidder will be required to develop the Management Plans to a level sufficient for incorporation into the
relevant TRSP Agreements. The remaining Management Plans are expected to be developed during the term of and in accordance with the relevant TRSP Agreement.

A summary of the development of the Management Plans is set out in Table K below.

Table K - Development of Management Plans

<table>
<thead>
<tr>
<th>Project Management Plans</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Execution</td>
<td>To be developed and incorporated into Schedule 9 (Contract Programme) and Schedule 12 (Project Management) of the MSA at Contract Award</td>
</tr>
<tr>
<td>Quality (Project/Service/Maintenance)</td>
<td>To be developed into Schedule 11.1 (Quality Plan) of the MSA and Schedule 1.2 (Quality Plan) of the TSA at Contract Award</td>
</tr>
<tr>
<td>Safety and Security</td>
<td>To be developed into Schedule 11.2 (Safety and Security Plan) of the MSA and Schedule 1.3 (Safety and Security Plan) of the TSA at Contract Award</td>
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<tr>
<td>Risk Management</td>
<td>To be developed and incorporated into Schedule 9 (Contract Programme) and Schedule 12 (Project Management) of the MSA at Contract Award</td>
</tr>
<tr>
<td>Sustainability and Environmental Management</td>
<td>To be developed into Schedule 1.7 (Sustainability and Environmental Management Plan) of the TSA at Contract Award</td>
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</table>

<table>
<thead>
<tr>
<th>Engineering Management Plans</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>System Assurance</td>
<td>To be developed and incorporated into Schedule 2 (The Design Review Process) of the MSA at Contract Award</td>
</tr>
<tr>
<td>RAM</td>
<td>To be developed and incorporated into Schedule 2 (The Design Review Process) of the MSA at Contract Award</td>
</tr>
<tr>
<td>Design Management</td>
<td>To be developed and incorporated into Schedule 2 (The Design Review Process) of the MSA at Contract Award</td>
</tr>
<tr>
<td>Standards</td>
<td>To be developed and incorporated into Schedule 2 (The Design Review Process) of the MSA at Contract Award</td>
</tr>
<tr>
<td>Activity</td>
<td>To be developed and incorporated into Schedule 3 (Approvals Plan) of the MSA at Contract Award</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Acceptance</td>
<td></td>
</tr>
<tr>
<td>Systems Integration (Trains/Depots/Service)</td>
<td></td>
</tr>
<tr>
<td>Testing (not including commissioning) (Train)</td>
<td></td>
</tr>
<tr>
<td>Manufacturing Management (Train)</td>
<td></td>
</tr>
<tr>
<td>Commissioning/Hand-over (incl. Acceptance into Service)</td>
<td></td>
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**In-service Management Plan**

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<th>To be developed and incorporated into Schedule 5 (Training Requirements) and Schedule 10 (Manuals and Maintenance Plan) of the MSA post Contract Award in accordance with the terms of the MSA</th>
<th>Schedule 2 (The Design Review Process) of the MSA at Contract Award</th>
<th>Schedule 10 (Manuals and Maintenance Plan) of the MSA post Contract Award in accordance with the terms of the MSA</th>
<th>Schedule 10 (Manuals and Maintenance Plan) of the MSA post Contract Award in accordance with the terms of the MSA</th>
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<td>Training (Drivers, Train Crew, Operator)</td>
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SECTION 6 FINANCE

6.1 Introduction

This Section 6 is set out in a number of parts:

(a) Section 6.2: evaluation methodology;
(b) Section 6.3: financial information required from Bidders;
(c) Section 6.4: funding requirements;
(d) Section 6.5: required level of commitment; and
(e) Section 6.6: other matters, including useful information for Bidders.

At the time of issue of this ITT the Department recognises that financial market conditions are difficult and unpredictable. The Department therefore considers that early, regular and transparent engagement with Bidders will assist in building an understanding of key concerns and constraints, and the challenges to achieving Financial Close.

6.2 Evaluation methodology

Financial evaluation will comprise the following aspects:

(a) financial deliverability and robustness (as part of Stage 2); and
(b) value assessment (as part of Stage 4)

6.2.2 Financial deliverability

The financial deliverability and robustness evaluation criteria and methodology are described in Section 3 (Evaluation Process) and the detailed requirements and instructions for submission are provided at Appendix B (Financial Response Requirements).

6.2.3 Value assessment

Value assessment will comprise an analysis of the NPV of costs over a period to reflect the whole life of the assets. The value assessment will therefore cover the period 1st January 2016 to 31st March 2045. All relevant amounts will be discounted to 31 March 2009.

The NPV of whole life costs comprises four categories

(i) contractual payments proposed by the Bidders across:

(A) Rentals for Rolling Stock and associated equipment and spares: Bidders are to propose a fixed per Unit monthly Rental for each type of Unit for the entire Section 54
Undertaking period together with rentals for spares and associated equipment. These Rentals should be provided in the Bidder’s Lease financial model. For the purposes of whole life assessment, these Rentals will be extrapolated to 31st March 2045.

(B) **Maintenance service charge**: Bidder’s maintenance service charges under the TSA will be expressed as a Daily Service Charge per Unit across pre-defined mileage bands. The Daily Service Charges should cover all maintenance costs. The assessment of the cost will be based on the Daily Service Charges bid, weighted across the mileage bands.

The structure and requirements of Bidders’ bid submissions relating to Daily Service Charges are provided at Appendix C (*Financial Assumptions and Instructions*) and in the Proformas;

(C) **Depot lease rental**: Bidders are to propose a fixed, per Depot monthly rental for the entire Section 54 Undertaking period. Bidders should provide separate Depot lease rentals for each of the scenarios described in Section 5.5.1 (*Base Depot Proposals*). The NPV of the lease costs will be weighted for evaluation purposes as per weightings provided at Appendix C (*Financial Assumptions and Instructions*).

(ii) **Value adjustment comprising:**

(A) **Energy Consumption**: Bidders are to provide their stabled energy consumption and energy consumption per mile for each type of Unit on the basis of the detailed instructions provided at Appendix Q (*Whole Life Cost Model and Instructions*) and in the Proformas. The NPV of the cost of the power consumption will form part of the whole life costs assessment;

(B) **VTISM costs**: Bidders are to provide the VTISM charge for each Unit type using the Rail Safety & Standards Board’s VTISM model and following the detailed instructions provided at Appendix Q (*Whole Life Cost Model and Instructions*) and in the Proformas. The NPV of the VTISM costs will form part of the whole life costs assessment.
(iii) **Performance adjustment:**

The approach to determining performance adjustments is described in Section 3.2.4(b)(i) (*Performance adjustment*).

(iv) **Risk adjustment:**

The approach to be applied to making risk adjustments is described in Section 2.9 (*Non-Acceptance Statements and TRSP Agreements*),

Detailed instructions for financial submissions and whole life costs model are provided in Appendix C (*Financial Assumptions and Instructions*), Appendix Q (*Whole Life Cost Model & Instructions*) and in the Proformas. Bidders are required to provide their inputs in accordance with these instructions to facilitate the value assessment of their bids.

### 6.3 Financial information required from Bidders

Bidders are required to provide the following financial information as part of their Proposals:

(a) Capital prices for the Rolling Stock.

(b) Rentals for the Rolling Stock, together with a £ / million price for monies drawn to fund the development of the simulator software as set out in Schedule 3 of the Lease. The Rentals should be underpinned by a financial model showing the inputs and assumptions used to derive the Lease prices. Detailed instructions relating to the preparation of such a Financial model are set out in Appendix C (*Financial Assumptions and Instructions*).

(c) Daily Service Charges per unit type within defined mileage bands as set out in Schedule 6 of the TSA. Details should also be provided of the allocation of such charges between the TMM and the Balancing Payment Account on an annual basis as outlined in Section 6.3.2 (*TSA Daily Service Charges*). All of these amounts should be underpinned by a financial model linking costs to these amounts. Detailed instructions relating to the preparation of such a model are set out in Appendix C (*Financial Assumptions and Instructions*).

(d) Lease rentals for the use of each of the Depots reflecting the scenarios described in Section 5.5.1 (*Base Depot Proposals*). The lease rentals should be underpinned by a financial model. Detailed instructions relating to the preparation of such a financial model are set out in Appendix C (*Financial Assumptions and Instructions*).

At Financial Close the financial models referred to above and associated Proformas will be held in escrow in accordance with the Umbrella Agreement and used to inform any price changes (for example, upon variations).
An explanation of how this information will be evaluated is set out in Section 6.2 (Evaluation Methodology).

6.3.1 Pricing of Options

Bidders are required to price the Rolling Stock options identified in Section 8 (Priced Options) in the following manner:

(a) fixed manufacturing prices and rentals for options exercised prior to the 1st June 2015. That is, the are expected to bear the risk of any price movements in the underlying costs until the last Unit under the Fleet becomes an Accepted Unit;

(b) for any options exercised by the Department from the 1st June 2015 until 1st June 2025, lease prices are not required. The prices will be subject to an escalation mechanism based on:

(i) for 85% of costs a combination of RPI and/ or AEI, the mix of which shall be chosen by Bidders. Definitions of, and assumptions as to the rate of, each index are set out in Appendix C (Financial Assumptions and Instructions); and

(ii) for 15% of costs an index or combination of indices to be chosen by Bidders. Bidders are allowed to choose any index provided it is published by an appropriate statistical authority approved by Department; and

(c) Daily Service Charges by mileage bands in respect of maintenance service payments under the TSA in respect of each of the Options.

Options should be priced consistently with the base bid and prices should be supported in Bidders’ financial models.

The capital price indexation will be applied from 1st April 2015 onwards. Daily Service Charges will be subject to indexation in accordance with the general provisions in the TSA as outlined in Section 6.5.4 (Market testing / benchmarking and Re-basing).

6.3.2 TSA Daily Service Charges

The Department is not specifying the maintenance regime for the Rolling Stock. Instead it expects Bidders to develop a solution that represents best value for money whilst ensuring that requirements surrounding their availability, reliability and functioning on train facilities are met. Bidders are expected to price the costs of achieving these requirements into a Daily Service Charge. Daily Service Charges will be set for each type of Unit and by specified mileage bands. They will also be subject to indexation and adjustments as set out in Section 6.5.4 (Market testing / benchmarking and Re-basing).
The application of a Daily Service Charge will likely result in a relatively smooth annual maintenance service charge to be borne by the Operator. However, maintenance costs will likely to be lumpy reflecting the timing of major overhauls and refurbishments. This approach will therefore result, at times, in the prepayment of costs. Bidders are expected to provide for such prepayments to be paid into a Balancing Payment Account (BPA) which will then be drawn from when the relevant work is undertaken and costs are incurred.

Bidders are therefore required to provide the following information with their Proposals (all costs / charges to be expressed in nominal terms assuming the inflation rates specified in the ITT):

(a) Daily Service Charges by mileage band and Unit type to cover all maintenance costs (this should be derived from constant real prices for each mileage band);

(b) the expected costs of all maintenance and the expected timing analysed by year throughout the life of the TSA;

(c) the split of the charge at in paragraph (a) between:
   (i) amount to be paid directly to the TMM; and
   (ii) amount to be transferred to the BPA;

(d) the expected draw downs from the BPA in each year together with analysis (could be achieved by cross-referring to the maintenance plan) of the activities covered by the draw downs. This will form the basis for approving draw downs from the BPA and monitoring the balance on the BPA; and

(e) the Bidders' financial model should also show any financing costs and deposit interest arising from mismatches between payments in and transfers out of the BPA. These financing amounts will not be regarded as committed but must be deliverable. The precise arrangements for financing such mismatches will be discussed with Bidders once the profile of underlying payments is known.

6.3.3 Financial Proformas

Bidders are required to fill the Proformas located and identified as such in the Data Site and provide the financial details required in those Proformas. The Proformas are in addition to the financial models that Bidders are required to submit as part of their financial submissions and capture key financial information and details regarding the Project across the MSA, Lease, TSA and the Whole Life Cost Model.
6.4 Funding Requirements

6.4.1 Background

The Department requires that the Bidders’ approach to the financing of the Rolling Stock and the Depots is transparent. The Department may require access to all funding documentation throughout the financing process to understand the competitiveness of the terms and the process.

This section gives an overview of arrangements relating to the funding of the TRSP.

6.4.2 Financial discussions in advance of Proposal submissions

The Department expects Bidders to work together with their financiers to develop responses to the ITT and to demonstrate that they are engaging with financiers early in the bidding process. As part of a broader consultation process during the Proposal preparation period, Bidders will therefore be requested to advise the Department, within six weeks of the issue of the ITT, as to:

(a) the expected owners of the SPC(s), or the arrangements for selecting them and the candidates being considered; and

(b) details of the financial standing of the proposed owners of the SPC(s).

The information submitted at this stage will not be evaluated as part of either accreditation or Proposal evaluation but the Department may wish to discuss proposals with the Bidders as part of the regular dialogue during the tender period.

Details of financial discussions that will take place during the tender period are outlined in Appendix A (Financial discussions in advance of Bid submissions).

6.4.3 Level of commitment

The Department is seeking a level of committed finance reflecting the size of the procurement and current uncertainty in the financial markets. Fully committed / underwritten debt financing for the entire amount of the debt financing required will not be required at this stage.

For the funding deliverability evaluation, described in Section 3.2.2(b)(i) (Funding Deliverability) Bidders are required to demonstrate funding support for at least 30% of the total funding (debt and equity combined) required for the TRSP. This will comprise 100% of the expected equity requirement for the Rolling Stock and the Depots, together with 100% of the debt requirement for the Depots, with the remainder of the 30% being a proportion of the expected debt requirement for the Rolling Stock.
Bidders may wish to discuss the Department’s requirements surrounding commitments if they intend to offer any form of integrated finance or guarantee facilities.

(a) **Debt Finance**

For debt the following will be required:

(i) 100% debt finance committed for the Depots;

(ii) at least an ‘in-principle’ commitment from a minimum of 2 funders of the Rolling Stock. If different debt funding instruments are being used then this commitment will be required from at least 2 funders for each of the funding instruments;

(iii) evidence that such offers are made as a result of appropriate levels of due diligence;

(iv) appropriate level of approval of such commitment;

(v) strategy and time frame for closing all the outstanding issues; and

(vi) the steps and time frame required for achieving Financial Close.

If a Bidder offers a greater degree of funding commitment (as compared to ‘in-principle’), with substantial due diligence completed, a low level of conditionality and / or higher level of approval this will be evaluated as offering a higher level of funding deliverability and marked accordingly.

(b) **Equity Funding**

Bidders will be required to demonstrate that there is committed finance for the whole of the equity finance requirement of the SPC(s) and provide:

(i) the ownership structure of each SPC;

(ii) the amount of equity funding to be provided by each owner and in total;

(iii) proposals surrounding future capital provisions over the life of the TRSP and the Depots; and

(iv) details of the financial standing of each owner of an SPC (including credit ratings where available).

### 6.5 Other matters, including useful information for Bidders

This section provides information on a number of issues:

(a) Section 54 Undertakings;
(b) residual value;
(c) the payment and performance regimes;
(d) market testing / benchmarking and re-basing;
(e) interest rate and foreign exchange currency risk;
(f) manufacturing and construction cost risk;
(g) taxation;
(h) European Investment Bank;
(i) security bonds and parent company guarantees;
(j) refinancing;
(k) funding competition;
(l) alternative financing solutions; and
(m) funding strategy.

6.5.1 Section 54 Undertakings

(a) Rolling Stock

In recognition of the challenges of financing a rolling stock procurement of this size and achieving value for money, the Secretary of State will provide Railways Act 1993, Section 54 Undertakings in relation to:

(i) the transfer of the TSA between Operators at the end of their franchises; and

(ii) the expiry or early termination of the Lease for any reason other than default by the Owner, whereon a new lease on the same terms will be entered into with the new Operator.

Such undertakings effectively ensure that the relevant assets will be used, maintained and paid for beyond the term of the initial Lease (and replacement Leases) until the end of the Section 54 Undertakings. The Department proposes that the undertakings in respect of the TSA will be for the current projected life of the TSA (until 2045), and for the Lease, a maximum period of 20 years from acceptance of the first Unit.

Bidders should consider the proposed length of Section 54 Undertaking as maxima but may suggest a shorter Section 54 period based on their financing solution if this would offer better value for
money. However, the pricing proposed by Bidders will be fixed over 20 years from the delivery of first Unit even if the length of the Section 54 Undertakings is reduced.

(b) **Depots**

In addition, the Secretary of State intends to provide a Section 54 Undertaking for the Depots. A Section 54 Undertaking by the Secretary of State means the Department will use the franchising process to procure a new franchisee that will enter into the Depot Sub Lease on the same terms as the outgoing franchisee.

This Section 54 Undertaking will be for a period of 20 years and is expected to be conterminous with the Section 54 Undertaking for the Rolling Stock Lease. It is not intended that the Section 54 Undertaking will be in place for the entire period of the leasing chain, rather the Bidders will take an element of residual risk. When considering this risk Bidders are expected to consider the likelihood that the bespoke Thameslink commuter fleet will continue to be deployed on the Thameslink Network beyond the Section 54 Undertaking period and that the Depots will be located in a high density part of the network where alternative use may be realistic.

6.5.2 **Residual value**

The current structure of the industry is such that the Department is not the economic owner of rolling stock or depots. It is important to the Department that this structure is maintained. Bidders are required to demonstrate in their submission how their Proposals are consistent with this structure.

(a) **Rolling Stock**

The Rolling Stock will be leased be over the Section 54 Undertaking period (20 years from the acceptance of the first Unit) and upon expiry of the final Lease supported by the Section 54 Undertaking the train SPC will remain the owner of the relevant train assets and is expected to manage the residual value risk beyond the undertaking period.

(b) **Depots**

The term of the Depot Head Lease will be over the useful economic life of the depot asset and will extend beyond the Section 54 Undertaking period. Bidders are expected to define the length of the Depot Head Lease in line with their estimate of the useful economic life of the Depot assets. Upon expiry of the final Depot Sub Lease supported by the Section 54 Undertaking the Depot SPC will remain the lessee of the Depot assets and is expected to manage the residual value risk beyond the Section 54 Undertaking period.
However, included within the structure will be a call option to allow the Secretary of State to acquire one or both Depots to ensure that the Department’s interests are safeguarded in the event of a downstream change of usage. The Department will pay the Depot SPC fair compensation in the event that this option is exercised.

6.5.3 Payment and performance regime under Lease, TSA and Depot Sub Lease

The payment and performance regime under the Lease, TSA and the Depot Lease is as follows:

(a) **Lease**

Regular Rental payments will be made by the Operator to the Owner from the delivery of the first Unit. Rentals are based on a fixed amount, subject to a maximum deduction of 5% when performance of the trains falls to or below the Unacceptable Performance Level threshold.

(b) **TSA**

From delivery of the first Unit, the Operator will pay a maintenance charge to the TMM which will be based upon a Daily Service Charge per Unit determined across mileage bands for each type of Unit and paid on the basis of planned annual mileage. There will be an adjustment at the end of each year to cater for differences between the planned and actual mileages.

(c) **Depot Sub Lease**

The Operator will pay a fixed Depot lease rental payment to the Depot SPC for each of the Depots. The lease rental payment will be a single fixed payment (paid periodically) for the entire duration of the Depot lease. The amount payable will be equal to the payments made to Network Rail for Network Rail to discharge its obligations to insure the relevant part of the Depot.

6.5.4 Market testing / benchmarking and Re-basing

Bidders are required to offer a price for the maintenance of the Rolling Stock for the period to 31 March 2045. However, in order to share the risk of potential movements in maintenance costs, these costs will be subject to the following provisions for indexation, market testing / benchmarking and re-basing:

(a) **Indexation**

Daily Service Charge may be indexed annually in whole or in part to RPI. It is for Bidders to decide what proportion of this Daily Service
Charge they want indexed. Daily Service Charge must not be indexed on any basis other than RPI.

(b) **Market testing or benchmarking of operations and maintenance costs**

Bidders may identify up to a maximum of 15% of their operations and maintenance costs to be market tested. Benchmarking will be undertaken if market testing of these costs cannot be successfully undertaken. Bidders are required to provide as part of the Proformas which of these costs will be market tested or benchmarked.

(c) **Re-basing for differential inflation of labour rates for maintenance**

Maintenance costs (excluding those subject to market testing or benchmarking) will be re-based to take account of the impact of wage inflation since Financial Close on that element of the TMM’s projected costs in its TSA financial model which comprises direct labour. This will be achieved by reference to labour price indices produced by an appropriate UK statistical authority approved by the Department. Bidders are required to provide as part of the Proformas which of these costs will be market tested or benchmarked.

Re-basing, market testing or benchmarking of the above components of the maintenance costs will occur 10 years after Financial Close and subsequently every five years.

Re-basing of all maintenance costs will be possible after 20 years from acceptance of the first Unit. Bidders are invited to propose the mechanism for such a re-basing as part of their Proposal.

### 6.5.5 Interest rate and foreign exchange currency risk

(a) The Department will accept full interest rate and foreign exchange currency risk up to Financial Close.

(b) Bidders are required to set out in their Proposals the forecast expenditure on major components in foreign currencies (which will be limited to Euro, Yen and US dollar) the assumed exchange rates for those currencies and the basis of calculation of those exchange rates. If Bidders can demonstrate that it would be better value for money to use other currencies, they can raise this through a Clarification Question.

(c) Bidders must provide a full description of their approach to the risk of movements of future inflation rates and of interest rate and foreign exchange rates after Contract Award. This includes details of hedging strategies, financial instruments expected to be used and their estimated cost.
(d) The Lease and the TSA financial models will be adjusted at Financial Close by resetting relevant interest and exchange rates and confirming the Rentals and Daily Service Charges.

6.5.6 Manufacturing and construction cost risk

Bidders are required to formulate their Proposals based on fixed construction and manufacturing prices and are to take the risk of movements in underlying construction and manufacturing costs.

6.5.7 Taxation

It is assumed that the Owner will be able to claim the benefit of capital allowances on the relevant TRSP expenditure. Bidders are expected to obtain their own tax advice and the Department will not accept any risk in connection with a Bidder’s tax position.

6.5.8 European Investment Bank

The Department has held initial discussions to familiarise the European Investment Bank (EIB) with the TRSP. Further instructions will be issued shortly via the Data Site concerning the Bidder’s engagement with the EIB.

6.5.9 Security bonds and parent company guarantees

(a) Bidders are expected to provide the Operator with a performance bond of £10m in connection with their responsibilities under the MSA and a performance bond of £10m in connection with their responsibilities under the TSA as a condition precedent to Financial Close. The TMM is expected to provide a parent company guarantee in respect of its obligations under the TSA.

(b) It is also expected that the parent of the Depot SPC will provide a parent company guarantee in respect of its performance obligations.

6.5.10 Refinancing

(a) Bidders are encouraged to anticipate the gain from future refinancing(s) within their Proposals. The Department will also have the right to require the Bidder to carry out refinancing. The Department will not seek to share in the gain where such a refinancing actually occurs to the extent that it is clearly and fully included in the Bidders’ Lease financial model. Should the actual gain exceed that anticipated in the Lease financial model, the Department will expect to receive 70% of any gain above a threshold.

(b) The Department expects to receive 70% of any gain above a threshold realised by any refinancing that is not reflected in the Lease financial model in line with the latest HM Treasury Guidance on refinancing.
6.5.11 Funding competition

(a) The Department recognises the difficult conditions prevailing in the financial markets and wishes to maintain a close dialogue with Bidders concerning the challenges of financing the TRSP. Nevertheless it is looking for Bidders to demonstrate best value through their approach to arranging finance. To assist the Department in assessing best value, Bidders shall ensure that their financing structure and pricing is transparent.

(b) The Department expects to work closely with Bidders, throughout the procurement process to formulate a strategy for achieving Financial Close.

(c) The Department reserves the right to hold a debt funding competition where the Department considers that better value could be achieved. The equity component of the funding will not be competed.

(d) If the Department holds a debt funding competition, existing, committed funders will have the right to match the terms offered as a result of the funding competition. This right will attach to no more than 50% of the funding requirement. The Department will not seek to alter the commercial proposal put forward by Bidders when competing finance.

(e) Bidders may wish to discuss the application of this approach if they intend to offer any form of integrated finance or guarantee facilities.

6.5.12 Alternative financing solutions

In developing an optimal value for money solution, Bidders may develop more than one financing solution. The Bidders should provide, in response to the ITT, a brief description within their financing plan of any alternative financing solution(s) noting the potential value for money benefits. Financial models underpinning such alternative financing solutions are not required to be submitted at this stage but the Department may ask for financial models at a later date.

6.5.13 Funding Strategy

The Department recognises that it may become apparent subsequent to the date of this ITT that market conditions mean that it will not be possible for Bidders to deliver the funding required for financial close. Accordingly, the Department reserves the right to require Bidders to submit alternative bids based upon a revised funding strategy or strategies.
SECTION 7 TRSP AGREEMENTS

7.1 Introduction

The Bidders will be expected to have read and understood in full the TRSP Agreements provided with this ITT. The outlines of the contract structure, the TRSP Agreements and the performance regime, as set out below, are for information purposes only. The summaries of the TRSP Agreements do not constitute a substitute for the terms of the TRSP Agreements themselves nor do they constitute a binding statement of the Department’s interpretation of the TRSP Agreements.

Please refer to Appendix F (Thameslink Rolling Stock Agreements Wire Diagrams) and Appendix G (Thameslink Depots Agreements Wire Diagrams) for wire diagrams representing the TRSP contractual matrix.

7.2 Rolling Stock Agreements

7.2.1 Manufacture and Supply Agreement (MSA)

(a) The MSA will be a tripartite agreement between the Owner, the TMM and the Initial Operator.

(b) The TMM will design, develop, manufacture, test and commission the Rolling Stock, in accordance with a set of agreed specifications and tender such items, together with simulator equipment and mock-ups of the Rolling Stock for acceptance by the Owner in accordance with a contract programme which will be set out in the MSA.

(c) While the Owner is responsible for formally accepting the Rolling Stock from the TMM, the Owner will be required to obtain written confirmation from the Operator that the Rolling Stock fulfils the requirements set out in the MSA before accepting them.

(d) Liquidated damages will be payable by the TMM to the Owner and the Operator in certain circumstances, including late delivery of Rolling Stock. The TMM will be required to deliver a Minimum Fleet (as defined in the MSA) by an agreed date.

(e) In accordance with the terms of the Priced Options, the Owner will have the option to purchase more Rolling Stock from the TMM at fixed prices set out in the MSA and the terms of the MSA will apply to any Rolling Stock purchased under such Priced Options.

(f) The TMM will be required to provide training and training materials to the Operator and their employees to enable them to operate and maintain the Rolling Stock.
7.2.2 Train Services Agreement (TSA)

(a) The Rolling Stock will be maintained pursuant to the terms of the TSA, which is a tripartite agreement between the Owner, the Operator and the TMM. The TMM will carry out the maintenance activities from the Depots sub-leased to it by the Operator. The TMM will also be responsible for the routine maintenance of the depots.

(b) Payments shall be made by the Operator to the TMM such payments shall be subject to adjustments up or down in relation to availability, reliability and KPIs.

(c) The TMM is required to offer a fixed price for the maintenance of the Rolling Stock for 30 years subject to yearly indexation adjustments. Rebasing of the maintenance price will be allowed at the end of 20 years.

(d) The key elements of the performance regime under the TSA relate to reliability and availability:

   (i) **Reliability:** This will be based on two key measures:

      (A) The penalty for direct delay minutes attributable to a Unit will be applied at a rate that is related to the charges borne by the Operator pursuant to its track access agreement.

      (B) Service failures relating to the failure of a Unit to complete its journey. Cancellation charges will be applied for each failure, and failures in the Performance Core will be charged at a multiple of the normal cancellation charge.

   (ii) **Availability:** Bidders are required to specify the number of Units they believe are required to operate the Diagrams. In accordance with the availability regime the TMM will be required to compensate the Operator for the cost of the TMM being unable to make the requisite number of Units available.

(e) If performance of the Units falls to or below the Performance Remedial Plan Level, the Owner will have rights including:

   (i) a claim under the TMM’s warranty; and

   (ii) a right to require assistance of the TMM in preparation and implementation of a Performance Remedial Plan.

(f) If performance of the Units falls below the Unacceptable Performance Level, the Owner will have the right to terminate the TSA.
(g) The Owner will have the right to commission modifications (at its own cost). Such modifications are subject to the consent of the Operator.

(h) The TMM is incentivised to deliver the Acceptable Performance Level. Any arrangements between the Owner and TMM in connection with the performance regime should not prejudice the TMM’s liability to the Operator under the TSA, nor the Owner’s liability to the Operator under the Lease.

(i) The Operator will work closely with the TMM in scheduling, prioritisation and presentation of trains for maintenance. The Operator will also be responsible for servicing and cleaning the Units whilst they are outside of the control of the TMM. The Operator is also expected to work closely with the TMM to minimise disruption to passenger services caused by perturbations. In cases of disruption to the Network, when the location of Units may be different to that which was planned, the Operator and TMM will work together to prioritise the scheduling of maintenance to ensure that all required maintenance can be carried out within defined mileages and as per the terms of the MSA / TSA.

(j) The TSA provides a conditional break option by the Operator, which comes into effect ten years after the first Unit becomes an Accepted Unit. The break option applies only upon franchise re-letting and is only exercisable during the first year of each new franchise. Its exercise is subject to the approval of the Secretary of State. If the TSA is terminated following exercise by the Operator of the break option, the variable part of the Lease rental payments would no longer be contingent on performance but would be converted to a fixed continuing periodic payment (which would be based on the average of the previous two years actual variable payment). Once the break option has been exercised by the Operator, the Operator, the TMM and the Owner will be required to enter into the TSSSA.

7.2.3 Lease

The Owner will lease the Rolling Stock to the Operator under the terms of the Lease. The key features of the Lease agreement are as follows:

(a) Rentals are based on a fixed amount, subject to a maximum deduction of 5% when performance of the trains falls below the Unacceptable Performance Level threshold.

(b) The Owner benefits from a grace period in respect of performance levels at the beginning of the Lease. However, after 1 July 2016, where performance is at or falls below the Performance Remedial Plan Level, the Owner is obliged to submit a Performance Remedial Plan to the Operator and remedy performance in accordance with that plan. The Operator may require the Owner to submit further Performance Remedial Plans where the performance has not been
equal to or better than the Acceptable Performance Level. This may give rise to further Rental deductions, subject to the 5% maximum.

(c) The management of poor performance between the Operator and the Owner under the Lease is flowed down to management of the TMM by the Owner under the TSA.

(d) The Operator is entitled to terminate the Lease if performance falls below the Termination Performance Level.

(e) The Owner’s right to terminate the Lease arises primarily upon failure to pay by the Operator and insolvency events occurring to the Operator.

7.2.4 Umbrella Agreement:

The Umbrella Agreement is to be entered into by the Secretary of State, the TMM, the Owner and the Operator. It provides a means of coordinating the termination of the MSA, the TSA and the Lease, whilst enabling the Secretary of State to ensure the continuation of the TRSP in circumstances where it makes sense to do so. The key provisions of the Umbrella Agreement are as follows:

(a) The Secretary of State will provide, in connection with the Rolling Stock, the undertakings referred to in Section 6.5.1 (Section 54 Undertakings) pursuant to Section 54 of Railways Act 1993.

(b) The rights of the Operator to terminate (whether solely or jointly with the Owner) the MSA, TSA or Lease and / or step in upon a termination event occurring in relation to the Owner or the TMM may only be exercised with the consent of the Secretary of State.

(c) The Secretary of State will pay compensation on termination to the Owner and / or the TMM in circumstances where the Department considers that this provides value for money. These circumstances are (i) continuing force majeure during the Rolling Stock construction period; termination of the Lease for default by the Owner; and (iii) exercise by the Secretary of State of its voluntary termination rights. The compensation provisions are closely based on SoPC4\(^1\).

(d) In order to enable sufficient flexibility over the life of the TRSP, the Secretary of State has the ability to implement variations, and if necessary, finance such variations. The Secretary of State will pay compensation to the TMM on SOPC4 principles for qualifying changes in law.

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\(^1\) Standardisation of PFI Contracts: Version 4.
The Umbrella Agreement also includes SOPC4-based refinancing provisions and a process to ensure the transfer of the Rolling Stock upon termination of the TSA, MSA and Lease.

In order to deal with the financial implications of variations, refinancing and other events and circumstances that have a direct effect on lease rentals and service payments under the TSA and will in turn impact on the Secretary of State’s payment obligations under the franchise agreement with the Operator, the financial models for the Owner and the TMM (to the extent of the TSA) are held in escrow and controlled through the Umbrella Agreement.

7.2.5 TSSSA

(a) The TMM will be required to enter into a technical support and spares supply agreement in relation to the Rolling Stock with the Owner and each Operator (TSSSA). The purpose of the TSSSA is to enable the continuation of the provision of technical services and maintenance of the Rolling Stock if the TSA is terminated for any reason. The initial TSSSA will be entered into with the Initial Operator at Contract Award, but will not come into effect unless and until the TSA is terminated.

(b) The Department will issue the form of TSSSA on the Data Site during the ITT clarification period.

7.3 Depot Agreements

The parties shall be party to the following agreements establishing the structure for the design, procurement, construction and operation of the Depots. It is expected that separate, parallel agreements will be entered into for each Depot, though any security in respect of the obligations of the Constructor and the Depot SPC may be common to both Depots.

The leasing structure is shown in Appendix F (Thameslink Depot Procurement Wire Diagrams).

7.3.1 Design and Construction Phase

The following principal agreements will be entered into in respect of the design and construction phase of the Depots:

(a) a separate agreement for asset protection, works and grant of leases in respect of each Depot to be entered into by Network Rail, the Secretary of State, the Depot SPC, the Operator, the TMM and, if applicable, the Depot Facility Owner (the Depot Agreements for Lease);

(i) this Depot Agreements for Lease will set out the extent of the Depot SPC’s obligations to procure the design and the
construction of the relevant Depot as well as the rights and obligations of the other parties to the agreement and their role in procuring the design and construction of the relevant Depot;

(ii) the Secretary of State will have approval rights on the designs procured by the Depot SPC as well as the plans for construction. The Secretary of State’s approval shall also be required prior to the Depot SPC accepting completed parts of the relevant Depot under the Construction Agreement; and

(iii) the Depot Agreements for Leases will set out the conditions that are required to be satisfied prior to entry into the Depots leasing chain.

(b) a separate agreement for construction in respect of each Depot to be entered into by the Depot SPC and the appointed constructor (the Constructor) (the Depot Construction Agreement);

(c) a separate deed of undertaking in respect of each Depot to be entered into by Network Rail, the Secretary of State, the Depot SPC, the Operator and the TMM (the Depot Deed of Undertaking). The key features of the Deed of Undertaking are:

(i) the Secretary of State’s Section 54 Undertaking to the Depot SPC that it will procure an operator to lease the Depots from the Depot SPC for the specified term, subject to the relevant terms; and

(ii) the Secretary of State’s call option pursuant to which, upon exercise and the payment of the relevant exercise price, the Depot SPC is required to transfer its rights and obligations in and to the Head Lease to the Secretary of State or its nominee;

(d) the relevant security agreements which will establish the security for the Depot SPC’s and the Constructor’s obligations under the agreements relevant to the design and construction phase. Bidders are to propose what security (if any) is to be offered in respect of the Depot SPC’s obligations under the relevant agreements with reference to the ownership structure of the Depot SPC and its net worth. The beneficiaries of such security should be the Secretary of State, the Operator, Network Rail and, if applicable, the Depot Facility Owner. Subject to the ownership structure and the net worth of the Constructor, the Bidders are also to propose what security is to be offered in respect of the Constructor’s obligations pursuant to the relevant agreements and who will be the beneficiaries of such security;

(e) collateral warranties agreements in respect of each Depot to be entered into by the Constructor and each of Network Rail, the Secretary of State, the Depot SPC, the Operator, the TMM and (if
applicable) the Depot Facility Owner, the form of which is scheduled
to the Depots Agreements for Lease (the *Constructor Collateral
Warranty Agreements*); and

(f) collateral warranties agreement in respect of each Depot to be
entered into by each sub contractor and consultant appointed by the
Constructor and each of Network Rail, the Secretary of State, the
Depot SPC, the Operator, the TMM and, if applicable, the Depot
Facility Owner, the form of which is scheduled to the Depots
Agreements for Lease (the *Secondary Collateral Warranty
Agreements*, and together with the *Constructor Collateral
Warranty Agreements*, the *Collateral Warranty Agreements*).

7.3.2 Post-Completion Phase

The following leasing structure will be entered into upon completion of both
Depots and the satisfaction of all lease pre-conditions specified in the Depot
Agreements for Lease Term sheet style summaries providing a non-
exhaustive list of the material terms of each of the following are provided in
the Data Site:

(a) a separate head lease agreement in respect of each Depot to be
entered into by Network Rail and the Depot SPC (the *Depot Head
Lease*);

(b) a separate sub lease agreement in respect of each Depot to be
entered into by the Depot SPC and the Operator (the *Depot Sub
Lease*);

(c) a separate under lease agreement in respect of each Depot to be
entered into by the Operator and the TMM (the *Depot Under Lease*);

(d) the Depot Access Conditions (based on the industry standard
National Depot Access Conditions), particulars and framework
agreement in respect of each Depot to be agreed by the Depot SPC,
the Operator, the TMM and, if applicable, the Depot Facility Owner
(the *Depot Access Documents*); and

(e) a separate payment deed in respect of each Sub Lease to be entered
into by the Depot SPC and the Operator, which shall provide for the
calculation of the Sub Lease rentals to be paid by the Operator to the
Depot SPC and the call option price (the *Depot Payment Deed*).

7.3.3 Application of Depots Access Conditions and Regulated Depot
Regime

(a) **Depot Access Conditions**

The Department believes that, upon practical completion, the Depots will be
classified as ‘light maintenance depots’ as defined in the Act and therefore
both depots will be subject to depot licensing and the regulation of access as required by the Act and implemented by ORR.

The Department requires that all contract documents relating to this transaction shall be compliant with the ORR depot regulatory requirements. The Depot Access Conditions (where applicable) shall apply to the Depots upon completion and Bidders shall ensure that all contract documentation is consistent with and incorporates the Depot Access Conditions (where applicable). The Depot Access Conditions (where applicable) for each depot will be subject to the approval of the ORR.

(b) Depot Licence

The Depot Facility Owner of each Depot shall be the Operator. It is however for the Bidders to determine whether either or both of the TMM and the Depot SPC will be required to obtain an operating licence under the Act and, if required, demonstrate its plan for procuring such.

7.4 Industry standard direct agreements

(a) The Secretary of State intends to enter into direct agreements with the TMM and the Owner in relation to the MSA, the TSA, the Lease and the Depot agreements. These direct agreements will be on standard railway industry terms and will enable the Secretary of State to fulfil his statutory obligations to ensure the ongoing operation of passenger services on the Thameslink Network following termination of any of the TRSP Agreements.

(b) The direct agreements in relation to the TSA or the Lease are particularly aimed at the period following the expiry of the Section 54 Undertakings, though circumstances may require the Secretary of State to exercise his rights under these direct agreements prior to the expiry of the Section 54 Undertakings. There will be no Section 54 Undertaking in relation to the MSA due to the nature of the Operator's rights and obligations thereunder. The Secretary of State intends to rely on the direct agreement in relation to the MSA in order to ensure that he has the option to procure that he (or his nominee) can benefit from, and carry out, the Operator's rights and obligations under the MSA in the event of termination of the Operator's participation.

(c) The Department will issue forms of these direct agreements on the Data Site during the ITT clarification period.
SECTION 8 PRICED OPTIONS

Bidders are required to submit offers for the Priced Options which are set out below, in addition to their Proposals. Following selection of the Preferred Bidder, the offers will be assessed for both deliverability and value in line with the requirements laid out in Section 3 (Evaluation Process) and Section 6 (Finance). Bidders should ensure their bids in respect of the Priced Options identified in this Section 8 (Priced Options) allow the Department to make appropriate evaluations. For example, a Priced Option that requires a different approach to the plan to deliver the Proposal, as set out in its response to the requirements of Section 4 (The TRSP Specification), should provide details and show how the Priced Option will be delivered, using the same structure as appropriate.

The Priced Options required for the TRSP are described below.

8.1 Priced Option 1 – Additional Units

On or before 1st June 2015:

(a) the purchase of a minimum 10 Vehicles for the purpose of extending Units of 160 metres to 200 metres or 240 metres; and / or

(b) the purchase of a minimum one Unit of 160 metres or 240 metres or a combination of both.

8.2 Priced Option 2 – Extension of Units

After 1st June 2015:

The purchase of a minimum 60 Vehicles which may be:

(a) for the purpose of extending Units of 160 metres to 200 metres or 240 metres; and / or

(b) as Units of 160 metres or 240 metres or a combination of both.