

1. Porterbrook is one of the original ROSCOs (Rolling Stock Leasing Company) created on privatisation in 1996. It is based in Derby and owns approximately 32% of the current rolling stock in the UK employing 105 staff. Since it was created Porterbrook has invested in excess of £3.2 billion in new rolling stock purchasing approximately 2,400 new rail carriages.
2. Porterbrook currently leases to Arriva Train Wales (ATW) the following rolling stock:

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|---------------------|-------------|---------|
| Arriva Trains Wales | CI143 DMU | 22 cars |
| Arriva Trains Wales | CI150/2 DMU | 72 cars |
| Arriva Trains Wales | CI153 DMU | 3 cars |

3. All of these are classified as self-powered vehicles diesel trains. At this stage, none of them are compliant with the Technical Standard for Operability for Persons with Reduced Mobility (PRM-TSI). This legal requirement comes into force on 1 Jan 2020 and if they remain non compliant the trains will not be permitted to operate in passenger service.
4. At this moment in time, the Class 143 (referred to as Pacers) will have no commercial viability for re-leasing on the UK rail network past the PRM-TSI deadline given the requirement from the DfT for them to be replaced in the Northern franchise as part of the franchise re let process. As a consequence of this decision Porterbrook has no intention to invest in them to make them compliant with PRM-TSI legislation.
5. The Class 150 DMUs which are currently core to the operations of ATW and are suitable for conversion to comply with PRM-TSI. Such conversion work would be a substantial commercial risk to Porterbrook at this stage as the conversion is only financially viable if the trains go on lease for a time that is sufficient to recoup the circa £10m investment from incremental lease rentals beyond the

PRM-TSI compliant date of 1 January 2020. Discussions are ongoing about the future of this fleet and the viability of such a modification programme with ATW and TfW.

6. The Class 153 DMUs are only 3 single cars and whilst they do not have the same stigma as the Pacers, no firm plans are in place to convert them to be compliant with PRM-TSI legislation. There are however designs in existence if it was considered operationally and commercially viable to perform the conversion work on these trains.
7. Porterbrook is currently offering its self-powered rolling stock to 4 concurrent franchise competitions – South West, West Midlands, East Midlands and, of course, Wales and Borders. As no rolling stock can be “reserved” as we have to secure operating leases for our rolling stock against competing fleets from other lessors – we therefore have to target the commercial deals that work best for the company and the fleets we have at any point in time.
8. Looking at the refranchising process it would appear that the South West franchise will be awarded first by the DfT, followed by West Midlands, then Wales and Borders by TfW and finally East Midlands by the DfT.
9. All these franchises have requirement for PRM-TSI compliant rolling stock and bidders have the choice between existing stock fleets leased from ROSCOs or new stock to be ordered from manufacturers which would then be built and financed.
10. In order to fill a gap in the supply of good quality self-powered rolling stock and make use of partial electrification, Porterbrook has developed the concept of the 319 Flex unit. 319 Flex is the conversion of existing dual voltage electrical multiple units that used to run on the Thameslink route which have now been displaced with new rolling stock to hybrid technology bi-mode units. The concept allows to work as a diesel train if no electrical supply is available but also make full use of the electrification if present either on an AC or DC basis.
11. The first class 319 Flex units will be introduced into the Northern franchise in Dec 17 and will be available to other operators from 2018. In total, there are 86 four car units available for conversion with 32 units already committed to Northern until 2025.
12. Regarding the aspiration of TfW for a Metro Service in the new franchise, there will be, early in the next decade a surplus of Electrical Multiple units as a consequence of decisions that have been made to introduce new rolling stock

onto franchises such as Greater Anglia, South West and West Midlands. A large proportion of this surplus rolling stock will be capable of continued passenger service operation for many years. One such fleet which could be of interest for a Metro service is for Wales and Borders is the Class 323 fleet of trains. There are currently 43 units being used between the London Midland franchise (West Midlands franchise) and the Northern franchise. These units could be available for alternative franchises in 2021. Designed and built in the mid-90s, the so-called 3 car “regional EMU” was meant to be a large people carrier with excellent ingress/egress and good acceleration. These features make it ideal for a Metro type service. There may also be the possibility of utilising Class 319 Flex type technology to produce a flexible hybrid bi mode unit that would afford great flexibility in the electrification of any Metro based system.

13. We note the willingness of TfW to have a more vertically integrated Rail System with the appointment of an Operator and Development Partner (ODP). This is likely to attract different types of investors from the typical Rolling Stock Companies.
14. The length of the franchise of 15 years is atypical and, in the same way as the vertical integration, this will potentially attract long term infrastructure investors who would generally be more cautious on shorter DfT style franchises.
15. Finally, we note the iterative nature of the bidding cycle with a competitive dialogue phase with the bidders. As part of the supply chain, we can observe different ideas being explored by the different bidders. This is good news to achieve the optimum outcome. Caution is however necessary not to forego immediate pragmatism for futuristic aspiration. We are actively supporting the bidders, both for their short and long term aspirations.