



Thameslink Rolling Stock - Frequently Asked Questions

Scope of Procurement

What is DfT seeking to procure?

DfT is seeking to procure the design, manufacture and maintenance of a reliable fleet of trains from a combination of:

- (a) A manufacturing and maintainer of the rolling stock; and
- (b) An owner of the Thameslink rolling stock who will make it available to the relevant Train Operating Company.

When the Invitation to Tender (ITT) is issued to accredited bidders it will be seeking a manufacturing/maintenance solution bundled with finance i.e. the Bidder will need to supply a technical bid accompanied by offers to provide finance (the requirements for which will be defined in more detail in the ITT). DfT does not expect to receive unfinanced bids.

How many vehicles does DfT intend to procure and why has a range been quoted?

A range has been quoted for the purpose of the OJEU notice in order to retain flexibility and also because DfT has not yet finalised the train service specification or determined the overall fleet requirement. Further details will be provided in the ITT. DfT's planning figure for TSRP is 1,100 vehicles of notional 20m length. If the length were to vary from this, so would the number of vehicles in order to deliver the planned capacity.

Process and Timing

Who should submit the OJEU response/Accreditation Questionnaire and therefore receive the ITT?

The Questionnaire specifies that:

âThe Applicant should provide an introductory statement with its AQ submission that sets out the

Applicant's credentials to deliver and maintain a rolling stock fleet that will help meet the objectives of the Thameslink Programme as set out in the Summary and Overview document and Rolling Stock High Level Specification. In particular, the statement should demonstrate at a high level that the Applicant possesses the capability and technical expertise required to design, manufacture and maintain dual voltage electric passenger carrying trains such as those described in the Rolling Stock High Level Specification.

The Applicant may be a consortium, for example two manufacturers or a manufacturer and a maintenance provider but is not expected to be or include a financial institution or prospective owner of the stock.

Section D9.0 of the Questionnaire asks about financing experience but is not intended to include provision of finance. The questions in this section may be satisfied by stating the experience of the manufacturer/maintainer itself in arranging/raising finance and/or that of its appointed financial adviser if any (who may be either a financial institution or a professional advisory firm). In deciding whether to appoint an adviser and how to complete this section, it is important that applicants bear in mind the size of transaction envisaged for the TSRP.

Are bidders required to appoint financial advisers at the Accreditation Questionnaire stage?

Depending on the experience of the manufacturer/ maintainer, the manufacturer/ maintainer might decide that it is not necessary to appoint a financial adviser for the purposes of gaining accreditation. This is a matter for the manufacturer/ maintainer. Applicants should however bear in mind the size of transaction envisaged for the TSRP when they consider their response to the Questionnaire.

Details of prospective owners/financiers are not required.

When will bidders be required to raise finance?

The Invitation to Tender will require financed bids. However, DfT does not anticipate that accredited manufacturer/ maintainers will seek to appoint financiers until after the publication of the Invitation to Tender which will be supported by a detailed specification of the rolling stock requirements and drafts of the relevant contracts. DfT does not require owners/financiers to be exclusively committed to one manufacturer/maintainer but would expect a lead arranger of finance to be exclusive at bid submission stage.

How would DfT conduct a funding competition post appointment of Preferred Bidder as envisaged in the Summary and Overview document?

DfT would wish to conduct a funding competition only in the event that it was not satisfied that the financing arranged by the Preferred Bidder was good value for money. In this event, DfT would work with the Preferred Bidder, its financial adviser and lead arranger(s) to define the most efficient process in the light of the financing package submitted, which might for example involve inviting funders in the market to re-price the financing terms which had been obtained by the Preferred Bidder. DfT will accept a pre-defined right to match for committed funders for up to 50% of the funding required. Given the tight timescale for delivery of the trains, DfT would prefer that Bidders demonstrate with their bids that

they have obtained a financing package which is good value for money and/or if necessary propose a process for ensuring that the financing is good value for money when put in place at financial close.

Please explain the rationale for the challenging timetable for bids and train delivery

DfT believes that the proposed timescale is deliverable, based on informal consultation with the industry. To facilitate timely preparation of bids, DfT expects to provide accredited bidders with draft specifications for consultation in advance of issuing the ITT and believes that February 2012 is the starting date for production train deliveries which is likely to offer best overall value for money.

However, it is emphasised that value for money depends primarily on achieving the essential technical requirements which will be described in the ITT for the complete train fleet in support of the KO2 outputs by 2015. This has priority over the achievement of the desired timescale for initial train deliveries.

Why is DfT not procuring the manufacturer/ maintainer and finance separately or in parallel as opposed to bundled?

Given the scale of the transaction and the desire for owners to have some exposure to performance risk, DfT believes that it will obtain a better value, more bankable solution if manufacturers and financiers work together to prepare bids and define the terms of the manufacturing agreement during the bid submission stage.

Commercial structure

What will be the duration of the usage undertaking which the DfT plans to offer pursuant under s.54 of the Railways Act 1993?

The terms of the s.54 undertaking are being developed and will be detailed in the ITT. It is expected that the undertaking will last at least until the end of the second term of the Thameslink operating franchise post award of the TSRP contract (i.e. approximately 7-10 years). The precise length is expected to be determined by DfT based on criteria related to value for money.

Will the asset owner be entitled to hell or high water payments?

It is expected that the asset owner will sign a lease with the train operator for the same term as each franchise agreement and that during the life of each lease, payments to the owner will not be related to the performance of the fleet but will be on a hell or high water basis. However, DfT is considering ways to incentivise the asset owner to take an active role in bid preparation and the subsequent maintenance of the assets. This may involve a greater degree of conditionality in the section 54 undertaking than has historically been the case, which would be triggered by persistently poor performance of the fleet. DfT is continuing to develop these proposals and further details will be provided in the ITT.

The commercial structure is explained in more detail in the [Summary and Overview](#) document published on the DfT website on 9th April 2008.