Open-access passenger

Open-access with the X

This year Hamburg-Köln-Express will break new ground for open-access operators in Germany when it goes head-to-head with DB on one of the national operator’s most lucrative long-distance routes.

Keith Barrow talks to the team behind HKX.

With Europe’s long-distance passenger rail market just starting to develop, the open-access community in this sector still retains something of a frontier atmosphere, populated by a handful of enterprising operators navigating genuinely unchartered territory. They are the first to test the new regulatory structures designed to accommodate liberalisation, often encountering opposition from incumbent operators, and in some instances, discriminatory practices.

For the investors behind new entrants, it is a challenging world of risk, albeit one with potentially rich rewards beyond.

Later this year one such company will begin competing directly with German Rail (DB) on the Hamburg - Cologne main line. Hamburg-Köln-Express (HKX) is a joint venture between Railroad Development Corporation (RDC), United States, Locomore Rail Germany, and investor Mr Michael Schabas.

“We took up the challenge because we felt that the railway travel market in Europe will support competition,” explains RDC chairman Mr Henry Forster III. “If you look for example to Britain you can see quite a number of open-access operators, with the result that overall service quality, in terms of both the number of connections and onboard service for travellers has improved. We will be proud to have initiated the same type of development in Germany.”

HKX will initially operate three trains per day between Hamburg and Cologne, running via Münster, Essen, and Düsseldorf, with a journey time of 4h 3min. The fastest journey currently offered by DB is 4h 2min.

Each train will be formed of five Basic class coaches and one Premium-class vehicle.

Differentiating service

HKX aims to differentiate its services from those of its competitor in three ways. “First of all we will have a different pricing policy from DB, and our fares will be lower and demand-driven, meaning early bookers will get the best prices,” explains HKX CEO Mrs Eva Kreienkamp. “Secondly our trains are very spacious with plenty of legroom and an additional multi-purpose area for storing bicycles and other items. There will be Wi-Fi throughout the trains, with tables and power sockets at most seats, so passengers will be able to work and access the internet during travel. There will also be meals included in the ticket price for Premium passengers. Thirdly, booking will be easy with the internet being the main sales channel. But our biggest asset will be our onboard staff, who will be trained to be attentive and helpful.”

Each train will consist of a modern electric locomotive and six rebuilt former Austrian Federal Railways class 4016 electric coaches, one of which will be a driving trailer to allow push-pull operation. These vehicles were built between 1965 and 1978, and are highly regarded for their excellent ride and build quality.

The coaches are being refurbished by H Cegielski in Poznan, Poland. HKX expected to receive the first completed vehicles as IRJ went to press, with the reminder due to be completed by the end of next month. The delivery of the first set will allow the Federal Railway Authority (EBA) to begin certification of the trains in February, and when this process is complete HKX will announce a launch date for its services. “We are working closely with the EBA and the tests are going well, and we plan to start operations no later than the second quarter of this year,” says Kreienkamp.

“At the moment we are recruiting staff and we plan to start training next month. Preparations for the start of booking and our advertising campaign are well underway,” says Kreienkamp.

HKX had originally planned to launch its services in August 2010, but suffered a setback when the paths it had identified for its services were taken by Keolis for a proposed Mulhouse - Strasbourg - Cologne - Hamburg open-access service. However, when Keolis abandoned its plans HKX was able to reapply for the paths. “This caused about a year of delay,” explains HKX COO Mr Carsten Cansiers. “Because we could not be sure we would be granted the paths we wanted, we could not start the investment in rolling stock, so for a while the project was put on hold. However, since Keolis withdrew we have been progressing well in realising our plans.”

Uncertainty over the availability of train paths also made securing investment more difficult. “The real challenge is getting investors, trains and access rights converging at the same point in time,” says Cansiers. “If one is missing, the others will not help you. We first evaluated possible routes and timetables with [infrastructure manager] DB Networks as we need track access rights as a guarantee for investors. To be granted a 15-year track access agreement, you have to start operations within 18 months. If you don’t own trains, this is simply impossible. It takes around three years from ordering new trains to receiving them, and you need investors to help pay for them. But how do you convince investors to pay without a framework contract? We got around this by purchasing used trains that were available immediately.”

The pioneering nature of the HKX project meant finding investors was another challenge. “Most were not keen to start such an adventure without any forerunners and examples of successful enterprises in this sector,” Kreienkamp says. “Thus we were very glad to find RDC, which has experience of railway operations and investment in new markets, and understands the return on investment will take time to achieve.”

Despite the challenges in securing appropriate paths, Cansiers says HKX was treated fairly by DB Networks during the track access application process. “When constructing a timetable within the very tight constraints of German rail traffic, particularly in the regions we are operating in, one is not completely free to choose the optimal path,” he says. “DB Networks supported us by using its knowledge to optimise our paths, with the result that our trains start only a little later than DB’s services between Hamburg and Cologne, and just a few minutes earlier in the other direction, which makes them very competitive, particularly when you consider the journey time is about the same for both operations.”

While DB Networks has strived to accommodate HKX’s needs, Kreienkamp says the operator still experiences discrimination from other parts of the company. “What we find all the time is that DB is certainly not used to having to deal with competition, and that many of their processes, while certainly effective internally, were not set up for dealing with competitors,” she explains. “We generally find that it is easy to get results on a pragmatic working level, but when we have to deal with DB on a higher, more strategic level we are treated far less fairly and are even discriminated against.”

HKX would like to sell tickets through DB’s travel counters at stations and through the incumbent’s ticket machines, but this is proving problematic. “If you look to Britain this is common practice, but not in Germany” says Kreienkamp. “Here the idea is that the infrastructure for selling tickets is not open-access but is solely owned by DB. We feel this is not fair and have now started talking about this with DB.”

Kreienkamp is under no illusion that DB, with all the resources at the disposal of such a large and established operator, will respond strongly to the emergence of on-rail competition, and HKX expects its rival to rise to the challenge. “So far we have no clear indication of what they will do, but when we plan to go to on a good service, we expect them to raise their standards too,” she says. “If that is the case, all customers will profit and it is certainly a worthwhile goal.”

The Basic-class interior features 2+1 seating arrangements with big overhead storage, the Basic-class interior features 2+1 seating arrangements with big overhead storage.