

‘One of the most important, creative and urgently needed projects in European rail today’

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Team outlines Global Centre of Rail Excellence vision to private investors

Investors from across Europe met in London last week with the management team behind the new Global Centre of Rail Excellence (GCRE) being constructed in South Wales.

Due to open in 2025, the purpose built GCRE facility will be a ‘one stop shop’ for the rail industry providing a site for world class testing of rolling stock, infrastructure and innovative new rail technologies that will fill a strategic gap in UK and European rail.

GCRE recently launched a major new procurement process to secure private investment for the project and the management team were in the city for a ‘Meet the Buyer’ event to brief potential investors on the project and the investment process.

The event included a presentation by the GCRE team followed by a series of one-to-one discussions with

those interested in investing. A feature of the day was a series of powerful endorsements by Welsh and UK Government Ministers, as well as major figures in the rail industry.



Outlining the Benefits

The day began with the Chief Executive of the GCRE project, Simon Jones, highlighting the main benefits of the facility. He said the UK and Europe had lacked an integrated, single site facility to undertake world class rail innovation.

He said that led to significant problems across the industry including major projects being impacted by significant delays and budget overruns, caused in part by a lack of early testing and integration. He said it forced operators to resort to inadequate, fallback options, including testing on the railway mainline.

Once constructed, the 700-hectare site for GCRE, equivalent to the size of Gibraltar, will provide a facility for international quality rail research, testing and certification. When it opens, GCRE will become the UK's first ever net zero railway. Outline planning consent for GCRE was granted by Neath Port Talbot Council and Powys County Council in 2021.

One of the major benefits of the facility stressed by Simon Jones was the ability of the facility to fast track innovation in rail so new technologies and ideas can be deployed on mainline railways quicker. While the

UK and Europe do have partial rolling stock testing sites, the nearest major rail infrastructure testing facility is in Colorado in the United States.

Simon Jones, CEO, GCRE, said: “GCRE represents one of the most important, creative and urgently needed projects in European rail today.

“It will support government to manage project costs much more effectively and be the UK’s first net zero railway during operations.

“Having a facility like GCRE will help speed up the process of innovation across the rail industry. Previously new innovations have had to be tested on live railways and could take years before they are approved. With the GCRE site we will have an integrated, world class centre operating 24/7, which can test new technologies earlier and, crucially, give the industry greater confidence about their deployment in major projects. In turn that will help the industry better manage the costs of rail.

“Our initial investment is allowing us to buy the site and start the groundworks, as well as establishing a storage facility so income can be generated straight away.”

GCRE has signed an agreement with the University of Birmingham’s Centre for Railway Research and Education (BCRRE) to partner on R&D and innovation activities connected to the GCRE site. Jones was keen to stress that the facility will be run on open access principles, so that any company can book and test there.

Next Step - finding private sector investment

The GCRE team outlined the detailed work that had been undertaken in recent years to develop the project. £50m of funding has been secured from the Welsh Government and £20m from the UK Government. A further £7.4m was being provided by Innovate UK for research and development activities.

The project is now taking the next step in its development with GCRE Ltd, which is currently wholly owned by the Welsh Government, seeking a joint venture partner (“Strategic Investor”) to develop and fund GCRE to completion. The Strategic Investor will play a lead role in the project’s successful and timely implementation, along with further commercialisation of the significant GCRE opportunities on site.

Jones said that the Strategic Investor could be a single investor or a consortium of investors, who will acquire a majority shareholding in and control of GCRE Ltd. A formal procurement process has begun with the publication of a Prior Information Notice (PIN).



As part of the process, GCRE is seeking equity investment of £330m from the private sector. A Contract Notice will be published in January, with an Invitation to Tender issued in April 2023. Once chosen, the strategic investor will take a minimum of a 51% share in GCRE. The investment process will run until the early autumn of 2023.

Simon Jones said the plan had always been to work with private sector partners to seek their investment as well as their knowledge and skills in key areas such as rail and energy to realise the exciting GCRE vision as strategic partners. He said that both Welsh and UK governments recognised that as a commercial venture GCRE needs private sector support to be built and become established. He said GCRE wanted to encourage partners from across the world to look at the GCRE project and see the strong investment on offer.

The GCRE team have been working with EY as financial adviser and Ashurst LLP as legal adviser to develop the procurement process, details of which have been published through a Prior Information Notice (PIN) on Sell to Wales.

Groundworks for the project started in December 2022 and, by the time the strategic partner has been determined and additional funding is provided, GCRE will be operating warm storage facilities, generating commercial income.

Skills sought

The GCRE project includes the construction of a facility operational 24 hours a day, seven days a week. The site will include two electrified test loops, one a 6.9km high speed rolling stock track and a 4km track

for heavy infrastructure testing. Further phases of investment include development of the wider commercial potential of the 700 hectare site – including the creation of a new business technology park and hotel.

Simon Jones said the investment opportunity was unique and that the GCRE team welcomed interest from investment partners with experience in areas including rail infrastructure, energy and major projects.

Jones said: “An important part of our work will be in energy. To ensure that we meet the power needs of our customers; deliver on our Net Zero ambitions and harness the commercial potential of our large site, we are also keen to talk to investment partners with experience of large energy systems with an appetite to invest in decarbonising the railway and supporting the work we are doing.”

With its consultant Mott Macdonald, GCRE has investigated the potential of an energy solution, using the site to host technologies including wind turbines, solar panels, and battery energy storage facilities. Through this, the site can become more self-sustainable from an energy perspective. As a low-risk brownfield site, GCRE is well placed to link in to the positive renewables planning regime set out by the Welsh Government.

Reaction

The event was accompanied by a series of high profile endorsements for the GCRE vision from new UK Government Rail Minister Huw Merriman MP and Welsh Government Economy Minister, Vaughan Gething MS. Senior industry figures including Lord Peter Hendy and Great British Railways Lead Director Anit Chandaranda also provided backing for the scheme, along with other major figures from the industry.

The day then continued in a series of one-to-one conversations with the GCRE team. Chief Executive Simon Jones said the reaction had been positive:

“The one-to-one sessions were hugely positive, and we are reassured by the discussions we have had so far. We know the demand that exists for a Global Centre of Rail Excellence and it is evident that potential investors understand that as well as the wider commercial opportunities that are available around the site.

“The energy opportunities around GCRE are some of the most interesting and significant parts of the commercial proposition and make this an attractive investment opportunity.

“We are looking for experienced partners who have relevant experience in rail operations and infrastructure, working in complex greenfield projects and in energy development. The initial talks we’ve had have been very positive and we are looking forward to working with partners to realise the ambitious we vision we have set out.”