



HEATHROW COMMUNITY
ENGAGEMENT BOARD

PASSENGER SERVICES GROUP

RESPONSE TO

ECONOMIC REGULATION OF HEATHROW AIRPORT LIMITED FROM JANUARY 2020: INTERIM H7 PRICE CONTROL PROPOSALS

Background

(1) The Passenger Services Group (PSG) of the Heathrow Airport Community Engagement Board exists to represent the interests of passengers using Heathrow Airport, our terms of reference are contained in the Appendix to this response.

Specific points on iH7

(2) The PSG support the need for, and the objectives described in the proposal for interim price control arrangements for 2020 and 2021 and potentially for 2022 in the event of capacity expansion delay.

(3) The PSG believe that Scenario 2 as calculated by CEPA most closely represents the uplift in passenger numbers which will occur at Heathrow. Furthermore, considering the UK Parliament have effectively removed, at the time of writing, a 'no-deal' Brexit from the list of possible Brexit scenarios and the comprehensive and effective planning which the Department of Transport, Heathrow Airport Limited, Airlines and associated service providers have undertaken we believe that the impact of Brexit has been overstated by Heathrow Airport Limited.

(4) The PSG support the principle of Heathrow Airport Limited negotiating commercial arrangements directly with the airlines on the basis that all airlines are content with this approach.

(5) The PSG see no logic or fairness to the passenger (the ultimate payer) of the rebates being phased over four years following the year in which the fixed rebate has been established. Rather than the rebate for 2020 being paid in equal instalments in 2021, 2022, 2023 and 2024 it should be paid entirely the year after it was "earned" in the case of 2020 this would be in 2021 and, for 2021 in 2022.

(6) The sums involved for airlines will be dependent on their size, for smaller airlines the amount over four years will be low. Better, and fairer, to all that this passenger money is returned to the airlines as soon as is practical to allow passenger service enhancement to occur in ways which the airlines believe best serve their Heathrow passengers.

(7) Paying the full rebate in the year immediately after the rebate is earned still allows changes to passenger numbers to be reflected thus protecting Heathrow Airport Limited in the unlikely event of a fall in passenger numbers.



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(8) Unless the PSG is missing something we see phasing of the rebate over four years simply a mechanism by which Heathrow Airport Limited hold on to the money for longer.

(9) In the absence of a change to the phasing proposal, the PSG is unable to support the CAA proposal.

Mark A Izatt

Chair

Passenger Services Group, HCEB

17th April 2019

Appendix 1

About the Heathrow Community Engagement Board Passenger Services Group

Terms of Reference

To consider on their own initiative, or by the direction of the HCEB, any issue in connection with Heathrow Airport that would improve the passenger experience, and to report their conclusions and recommendations to HCEB.

To monitor the procedures and facilities available to passengers and to make recommendations for their improvement to Heathrow Airport.

To use quarterly meetings to receive briefings and opinions from Heathrow Airport stakeholders and internal (Heathrow) and external experts and use the outcomes and insights to make recommendations to the HCEB and the airport.

To provide a passenger perspective on airport developments, particularly at the design stage.

The membership of the PSG is;

1 x Which?

1x ABTA

1 x GTMC

1 x Airline member of AOC

6-8 independent representatives