# Heathrow Airport Limited

# Airport Charges for 2024

## Consultation Document

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## Contents

## Context and executive summary

Resilient demand and improving service aligned to investment in people have resulted in a positive start to 2023. Passengers can now choose from over 225 destinations as airlines add more routes and frequencies to their Heathrow networks. 14 UK airports are now connected to the UK's hub airport, Heathrow remains the best gateway in Europe for flights to the US, with 248 daily flights to 31 US destinations, and is currently better connected to India and China than European hub competitors.

However, overall passenger numbers still remain consistently below pre-pandemic levels, and the cost of living crisis is a material headwind. The UK Government position on Tax Free Shopping continues to let British businesses and the UK economy lose out on the benefits from recovering markets to European neighbours. In addition, the introduction of the Electronic Travel Authorisation scheme for transiting passengers creates further disincentives for passengers to use the UK's hub airport.

Despite this, we are preparing to kick off the next phase of our investment in Heathrow to improve service which will include the replacement of the Terminal 2 baggage system and streamlining security in all terminals.

We continue to be one of the industry leaders in reducing the use of fossil fuels. In 2022, Heathrow's world leading Sustainable Aviation Fuel (SAF) incentive scheme was launched and airlines representing 76% flights at the airport have made a commitment to at least 10% SAF usage by 2030. This year, Heathrow's SAF incentive is expected to save over 81,000 tonnes of CO2. On the ground, numbers of passengers using public transport to get to the airport has steadily improved to 45% at the end of Q2 2023.

We are also the first airport in the world to issue a sustainability-linked bond which includes ambitious targets for reducing carbon emissions from aircraft in flight as well as on the ground. We continue to urge policymakers to create a domestic sustainable aviation fuels industry which will create new green jobs, reduce costs for UK consumers and help achieve net zero targets.

The charges proposal for 2024 has been set to secure the recovery of passenger volumes, maintain our responsibilities to the local community and commitments to sustainability whilst continuing to drive improvements in passenger service and operational performance.

Heathrow is proposing to set 2024 prices to recover a Maximum Allowable Yield (MAY) of £26.77 per passenger, which is in line with the H7 Final Decision.

Our 2024 consultation proposals include:

- The rebalancing of MAY recovery between Europe and Rest of the World passengers to recognise passenger demographic changes and market practice at other European hub airports;
- An increase in the transfer and transit discount from 25% to 40% to incentivise higher load factors, making best use of scarce slot resource and lowering the per passenger environmental impact;
- The redefinition of Europe for the purposes of charging to seek to incentivise new markets serving Eastern European destination passengers;

- The acceleration of the multi-year SAF incentive from 1.5% to 3.0% SAF mix at Heathrow, designed to encourage uptake at Heathrow and stimulate UK SAF production;
- The introduction of a carbon emissions based charge, aligning with aviation industry jet zero commitments;
- An increase in free parking periods on remote stands to encourage the release of pier served stand capacity;
- An increase in the remote stand rebate of 10%; and
- An extension of the domestic route noise discount reflecting industry research into the length of time it takes to establish a new route.

Publication of this consultation document initiates the consultation process required under the Airport Charges Regulations 2011 (ACR11). We are keen to listen to customer feedback throughout this process and we thank those who have already expressed early views, following on from our invitation to engage as part of our pre-consultation engagement. The consultation has commenced earlier than required by the ACR11 in response to airline feedback and in order to deliver maximum opportunity for airline engagement on this important topic.

We will hold a consultation meeting on 5 September 2023 to present the details of our 2024 charging proposals and respond to any questions. We request written responses from the airline community by 29 September 2023 and will consider all comments received during the consultation period. We intend to issue our decision by 31 October 2023 for implementation from 1 January 2024. The finalisation of the 2024 tariffs is dependent upon the outcome of the Competition and Markets Authority appeal, expected to be received by the 17 October 2023. Any subsequent impact on the CAA H7 Final Decision may cause the above timeline to be extended and changes to the tariffs. Should this situation arise, we will endeavour to provide a direction statement at the end of October to support 2024 business planning processes by airlines.

In addition, we would welcome additional feedback on:

1 the extension of the SAF incentive to cover the period 2026 to 2030, aligning with industry ‘Jet Zero’ commitments; and
2 the inclusion of an incentive to encourage the efficient use of the airport and reduce both disruption and costs which would benefit the entire airport community. Specifically (but not exclusively), the potential of a weighted operational performance score based on agreed metrics which would negate the impact of one off events and present a consistent picture of performance over a defined time period.

# 1 Introduction and consultation programme

## 1.1 Purpose

1.1.1 The purpose of this document is to set out Heathrow's proposal for the level and structure of airport charges for 2024 and invite the airline community to provide views.

1.1.2 We are proposing to set airport charges for 2024 based on the H7 Final Decision (FD) issued by the Civil Aviation Authority (CAA) in March 2023.[1]

## 1.2 Economic regulation

1.2.1 In December 2012, the Civil Aviation Act 2012 (Act) came into force. The Act allows the CAA to set the maximum yield per passenger that may be levied by Heathrow through the application of a price control condition under a licence. The H7 Final Decision (H7 FD) introduced a new version of the licence which came into force in May 2023. This includes the price control conditions for 2023 – 2026, along with other provisions such as the Outcomes Based Regulation (OBR), an incentives scheme which replaces the Q6 Service Quality Rebate and Bonus (SQRB) scheme.[2]

1.2.2 Airport charges are levied on operators of aircraft in connection with the landing, parking, take-off of aircraft, or use of the facilities and services at the airport (including charges that are to any extent determined by reference to the number of passengers on board the aircraft).

1.2.3 Under the terms of the Licence granted to us, the CAA requires us to (i) meet service quality conditions; and (ii) consult on capital investment and other regulated charges.

1.2.4 The CAA conditions for service quality require[3] us to make payments to airlines if it fails to meet the assigned targets. The service quality measures subject to financial incentives include: cleanliness, way-finding, helpfulness / attitude of security staff, Wi-Fi performance, Security queue times (for direct and transfer passengers, as well as Control Posts), availability of equipment (lifts, escalators, travelators, baggage carousels), availability of infrastructure (check-in, stands, fixed electrical ground power, stand entry guidance, pre-conditioned air, pier-served stands), track transit system, hygiene safety testing and runway operational resilience. We publish the monthly scores on service quality measures and the full details of the Measures, Targets and Incentives (MTI) on our website[4]. The Q6 service quality regime remained in place until April 2023, and the H7 MTI scheme has been in place since May 2023.

[1] https://www.caa.co.uk/commercial-industry/airports/economic-regulation/h7/consultations/final-and-initial-proposals-for-h7-price-control/

[2] https://www.caa.co.uk/commercial-industry/airports/economic-regulation/licensing-and-price-control/economic-licensing-of-heathrow-airport/

[3] https://www.caa.co.uk/media/n4dbpdwr/heathrow-licence_20220202.pdf - schedule 1 page 29 to 78

[4] https://www.heathrow.com/company/about-heathrow/performance/airport-operations/quality-rebate-and-bonus-scheme

1.2.5 Details of the measures can be found at table 3.1 and 3.2 in CAP2365B[5]

1.2.6 Monthly performance will be published on our website under the above link.

1.2.7 Details of Heathrow's capital investment plan can be found at www.heathrow.com[6], a list of other regulated facilities and services can be found at www.heathrow.com/orc and a list of property accommodation can be found at www.heathrow.com/property. Services and infrastructure provided by Heathrow as part of airport charges form part of the quinquennial licence determination, details of which can be found at www.heathrow.com[7]. In addition, the full schedule of airport charges is listed in the Conditions of Use, which can be found at www.heathrow.com/cou.

## 1.3 Approach to setting the 2024 airport charge

1.3.1 The CAA published its H7 FD on 8 March 2023 which sets out the price control condition that determines the MAY for each year from 2024 to 2026. For the purpose of this consultation, we have calculated the airport charge based on the price control condition C1 contained in the H7 FD. Sections 2 – 9 in the document set out the calculation of the MAY for 2024.

1.3.2 Following the CAA's FD on 8 March, Heathrow and British Airways plc, Delta Air Lines Inc and Virgin Atlantic Airways Ltd made an application to the Competition and Markets Authority (CMA) to appeal against the Civil Aviation Authority's H7 FD on the Economic regulation of Heathrow Airport Limited (CAP2524). On 11 May 2023 the CMA granted its permission to appeal on all grounds pleaded by British Airways plc, Delta Air Lines Inc, Heathrow Airport Ltd and Virgin Atlantic Airways Ltd.

1.3.3 The CMA is planning to issue a provisional decision early September 2023 with a final decision by 17 October 2023. The final decision from the CMA may impact the 2024 MAY. In the event that it does, Heathrow will consider whether that change requires amendments to the consultation process.

1.3.4 Full details on the appeal can be found on the CMA website at: https://www.gov.uk/cma-cases/h7-heathrow-airport-licence-modification-appeals#cma-decisions-on-permission

## 1.4 Airport charges consultation programme

1.4.1 We are consulting on the level of charges for 2024 with the airline community and plan to announce our final decision by 31 October 2023, in accordance with the requirements of the Airport Charges Regulations 2011. The publication of this consultation document is the start of our formal consultation on the annual setting of airport charges.

1.4.2 The airport charges consultation programme is as follows:

[5] CAP2365B: Economic regulation of Heathrow Airport Limited: H7 Final Proposals Section 1: Overall approach and building blocks (caa.co.uk)
[6] https://www.heathrow.com/company/about-heathrow/economic-regulation/h7-update
[7] https://www.heathrow.com/company/about-heathrow/economic-regulation/h7-update

Table 1 - Consultation time frame

| Date | Milestone |
|---|---|
| 11 Aug 2023 | Publication of our airport charges consultation document |
| 05 Sep 2023 | Consultation meeting |
| 29 Sep 2023 | Airline written response deadline |
| 31 Oct 2023 | Publication of 2024 prices |
| 1 Jan 2024 | Prices and updated Conditions of Use applicable |

1.4.3 The consultation meeting will be held on 5 September 2023 which will provide the airline community with the opportunity to comment on the pricing and Conditions of Use proposals, in addition to providing any written comments by 29 September 2023. The meeting will be open to all airlines and their representative bodies.

| | |
|---|---|
| Date: | Tuesday 5 September 2023 |
| Time: | 10:00 to 13:00 |
| Location: | Hyatt Place, The Grove, Bath Road UB7 0DG |

Please let us know if you would like to attend the consultation meeting using the **email address provided below.**

## 1.5 How to respond

1.5.1 We invite interested parties to submit written responses to the proposals set out in this document by **close of business on 29 September 2023. Responses should be sent to:** airline.relations@heathrow.com**. You should also use this email address in the event you have any questions on the consultation document, associated process or would like to arrange a bilateral session to further engage on the proposals.**

1.5.2 Please clearly mark any **information that should be treated as confidential in responses to this consultation.**

1.5.3 Heathrow representatives will also be available for bilateral sessions should any relevant party request it.

# 2 Calculating the forecast Maximum Allowable Yield (MAY)

## 2.1 Price control MAY formula

2.1.1 Based on the CAA's H7 Final Decision price control licence condition, the following price formula has been used for calculation of the 2024 forecast MAY:

$$\mathrm{M}_{2024} = \mathrm{Y}_{2023} \times (1 + \mathrm{CPI}_{2024} + X_{2024} + \mathrm{B}_{2022}) + \frac{\mathrm{AC}_{2024}}{\mathrm{Q}_{2024}} - \frac{\mathrm{T}_{2024}}{\mathrm{Q}_{2024}} + \frac{\mathrm{TDO}_{2024}}{\mathrm{Q}_{2024}} - \mathrm{AK}_{2024} - \mathrm{K}_{2024}$$

Where*:*

a) $\mathrm{M}_{2024}$ is the maximum revenue yield per passenger using the Airport in Regulatory Year 2024 expressed in pounds sterling;

b) $\mathrm{Y}_{2023}$ is the maximum revenue yield per passenger using the Airport in Regulatory Year 2023 at £31.57, as defined in Condition C1.6(a)[8];

c) $\mathrm{CPI}_{2024}$ is the percentage change between:

i. the average value of the Office for National Statistics monthly D7BT Consumer Price Index over Regulatory Year 2024; and

ii. the average value of the Office for National Statistics monthly D7BT Consumer Price Index over Regulatory Year 2023;

d) $\mathrm{X}_{2024} = -20.07\%$;

e) $\mathrm{B}_{2022}$ is the bonus factor in Regulatory Year 2024, based on the Licensee's service quality performance in Regulatory Year 2022, as defined in Condition C1.9[9];

f) $\mathrm{AC}_{2024}$ is the allowed capex adjustment in the Regulatory Year 2024, as defined in Conditions C1.10 to C1.15[10];

g) $\mathrm{Q}_{2024}$ is the number of passengers using the Airport in the Regulatory Year 2024;

h) $\mathrm{T}_{2024}$ is the capital trigger factor in the Regulatory Year 2024, as defined in Conditions C1.16 to C1.17[11];

i) $\mathrm{TDO}_{2024}$ is the terminal drop-off charge factor in Regulatory Year 2024, as defined in Condition C1.18 to C1.19[12];

j) $\mathrm{AK}_{2024}$ is the additional correction factor for Regulatory Year 2024, as defined in Conditions C1.22 to C1.23[13]; and

k) $\mathrm{K}_{2024}$ is the correction factor in Regulatory Year 2024, as defined in Condition C1.24.[14]

[8] See pp.11-14 of CAA's H7 Final Decision
[9] See p. 14 of CAA's H7 Final Decision
[10] See pp. 14-18 of CAA's H7 Final Decision
[11] See pp.18-19 of CAA's H7 Final Decision
[12] See pp. 19-20 of CAA's H7 Final Decision
[13] See pp.22-23 of CAA's H7 Final Decision
[14] See pp.23-24 of CAA's H7 Final Decision

2.1.2 The Regulatory Year *t* means the period of twelve months from 1st January to 31 December. In the context of this consultation, *t* has the value of 2024.

## 2.2 Forecast MAY for 2024

2.2.1 The combined impact of all the elements of the formula results in a forecast 2024 MAY of £26.777 (passenger only flights). The full details of the formula are shown below in sections 2.3 – 2.11 and chapters 3 - 8.

## 2.3 CPI 2024

2.3.1 The price control condition requires Heathrow to use the quarterly D7BT time series produced by the Office for National Statistics (ONS), which shows actual inflation. In setting the airport charges for 2024, actual inflation is not known for the quarters Q3 2023 to Q4 2024. The CAA's Final Proposals[15] require Heathrow to use an up-to-date and publicly available forecast in consultation matters which relate to future inflation.

2.3.2 The May 2023 Monetary Policy Report[16] from the Bank of England (BoE) provides an up-to-date CPI forecast.

2.3.3 Heathrow has used the actual D7BT CPI index[17] up to Q2 2023 as a starting point in the calculations and then applied the Bank of England's CPI forecast between Q2 2023 – Q4 2024 to calculate the CPI forecast for each quarter in 2024. The table below shows the calculations.

**Table 2 - 2024 CPI calculations**

| Year / Quarter | BoE Yearly Inflation (Median) | CPI Index (Quarterly) | Actual or Forecast | CPI Index - Average of last 4 quarters | 2024 Forecast CPI |
|---|---|---|---|---|---|
| **2022 Q2** | - | 120.9 | Actual | 115.8 | - |
| **2022 Q3** | - | 123.2 | Actual | 118.6 | - |
| **2022 Q4** | - | 126.7 | Actual | 121.7 | - |
| **2023 Q1** | - | 127.7 | Actual | 124.6 | - |
| **2023 Q2** | - | 131.1 | Actual | 127.2 | - |
| **2023 Q3** | 6.97% | 131.8 | Forecast | 129.3 | - |
| **2023 Q4** | 5.12% | **133.2** | Forecast | **130.9** | - |
| **2024 Q1** | 4.41% | 133.3 | Forecast | 132.4 | - |
| **2024 Q2** | 3.38% | 135.5 | Forecast | 133.5 | - |
| **2024 Q3** | 2.91% | 135.6 | Forecast | 134.4 | - |
| **2024 Q4** | 2.28% | **136.2** | Forecast | **135.2** | **3.233%** |

[15] See p. 132 of the CAA H7 Final Proposals, Section 3, paragraph 12.52: https://publicapps.caa.co.uk/docs/33/CAP2365D%20H7%20Proposals%20Section%203-kb.pdf
[16] https://www.bankofengland.co.uk/monetary-policy-report/2023/may-2023
[17] https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/d7bt/mm23

2.3.4 Heathrow has adopted the percentage change between 2024 average forecast CPI Index, at 135.2 and 2023 average forecast CPI Index, at 130.9. This results in a forecast CPI of 3.233%.

2.3.5 Any difference between the forecast and outturn CPI will be corrected through the K Factor when setting the 2026 airport charges.

## 2.4 Bonus factor

2.4.1 The formula includes a bonus factor that allows the airport to recover a bonus when performance on certain service quality measures exceeds a specified service standard. The bonus term in any given year is based on actual service quality, based on the period preceding the relevant year by two years, which is 2022 for the 2024 airport charges. Heathrow achieved a bonus in 2022. Further detail is provided in Chapter 3.

## 2.5 Allowed capex adjustment factor

2.5.1 The allowed capex adjustment adjusts the MAY to account for the cumulative difference between the capex allowance included in the H7 settlement, as set out in the CAA's H7 Final Decision, and forecast capex spend over 2024.

2.5.2 Heathrow forecasts to transition a lower amount of cumulative capex up to 31 December 2024 than the CAA's allowance, which lowers the MAY for 2024. Further detail is provided in Chapter 4.

## 2.6 Capital trigger factor

2.6.1 The CAA's H7 Final Decision sets out that triggers will continue to apply for projects started in the Q6 Regulatory Period, with triggers reducing the MAY in the cases when Heathrow has not met specified capital investment project dates. As of August 2023, all Q6 projects that fall into 2024 are forecast to meet their trigger milestone date. Therefore, the MAY is not impacted by this factor. Further detail about the calculation is provided in Chapter 5.

2.6.2 Any trigger payment which may arise in 2024 due to new triggered projects or any deviation in actual completion dates will be corrected through the K Factor when setting 2026 airport charges.

## 2.7 Terminal drop-off charge

2.7.1 The Terminal Drop-Off Charge (TDOC) mechanism includes a risk sharing mechanism under which Heathrow bears 35% of any differences between the actual revenue and the CAA forecast for drop-off charge revenues in each year.

2.7.2 Heathrow forecasts to recover in 2024 the same amount as set out in the CAA's H7 FD, therefore there is no adjustment applied to the 2024 MAY from the TDOC. Further detail about the calculation is provided in Chapter 6.

2.7.3 Any differences between the actual and forecast TDOC revenues which may arise in 2024 will be corrected through the K Factor when setting the 2026 airport charges.

## 2.8 Passengers forecast

2.8.1 The Heathrow passenger forecast for 2024 is 77,316k for the twelve months – January 2024 to December 2024. This is discussed further in Chapter 9.

## 2.9 Additional correction factor

2.9.1 The Additional correction Factor (AK Factor) in the formula is used to compensate for the unanticipated over-recovery against the MAY in 2020 and 2021.

2.9.2 The mechanism in the H7 Licence permits Heathrow to determine how much of the 2020 and 2021 over-recoveries are returned in the 2024 airport charges, so long as the over-recoveries are returned in full by no later than the 2026 airport charges.

2.9.3 Heathrow does not intend to include any adjustment for 2024. This is further explained in Chapter 7.

## 2.10 K factor

2.10.1 The K Factor in the formula adjusts the MAY in a Regulatory Year to account for the any under- or over-recovery against the MAY two years before, together with an allowance for interest.

2.10.2 The MAY in 2024 is increased due to an under-recovery in 2022. The K Factor calculation is shown in Chapter 8.

## 2.11 Application of the regulatory pricing formula

2.11.1 Based on the regulatory pricing formula, the 2024 forecast maximum allowable yield is set out below.

$$\mathrm{M}_{2024} = \mathrm{Y}_{2023} \times (1 + \mathrm{CPI}_{2024} + X_{2024} + \mathrm{B}_{2022}) + \frac{\mathrm{AC}_{2024}}{\mathrm{Q}_{2024}} - \frac{\mathrm{T}_{2024}}{\mathrm{Q}_{2024}} + \frac{\mathrm{TDO}_{2024}}{\mathrm{Q}_{2024}} - \mathrm{AK}_{2024} - \mathrm{K}_{2024}$$

*Where:*

| Term | Value | Calculation reference |
|---|---|---|
| $\mathbf{Y_{2023}}$ | £31.570 | |
| $\mathbf{CPI_{2024}}$ | 3.23% | See Chapter 2.3 |
| $\mathbf{X_{2024}}$ | -20.07% | |
| $\mathbf{B_{2022}}$ | 0.34% | See Chapter 3 |
| $\mathbf{AC_{2024}}$ | -£3,019 (k) | See Chapter 4 |
| $\mathbf{T_{2024}}$ | £0 (k) | See Chapter 5 |
| $\mathbf{TDO_{2024}}$ | £0 (k) | See Chapter 6 |
| $\mathbf{Q_{2024}}$ | 77,316 (k) | See Chapter 9 |
| $\mathbf{AK_{2024}}$ | £0.000 | See Chapter 7 |

| | | |
|---|---|---|
| $K_{2024}$ | -£0.45 | See Chapter 8 |

2.11.2 Using the above values, the MAY calculation becomes:

$$M_{2024} = £31.57 \times (1 + 3.23\% + -20.07\% + 0.34\%) + \frac{-£3{,}019\ (k)}{77{,}316\ (k)} - \frac{£0\ (k)}{77{,}316\ (k)} + \frac{£0\ (k)}{77{,}316\ (k)} - £0 + £0.45$$

2.11.3 Applying the above formula results in a 2023 forecast MAY of £26.777.

2.11.4 Heathrow proposes to set charges to recover the forecast MAY for 2024.

2.11.5 The views we set above are based on the CAA H7 FD published in March 2023. Certain aspects of the H7 FD are subject to an appeal to the CMA. Should the outcome of the appeal impact the variables used in the 2024 MAY calculation, Heathrow will reflect the required changes and publish them as necessary as part of its decision.

# 3 Bonus factor

3.1.1 The price control licence condition for the MAY includes a bonus component for performance of certain service quality measures. A service quality bonus can be achieved when performance for certain measures exceeds the specified target levels. Full details of the bonus can be found in the Licence granted to Heathrow Airport Limited.

3.1.2 For the purposes of the 2024 forecast MAY, the service quality bonus can be recovered for the Regulatory Year 2022 from 1 January 2022 to 31 December 2022. During the 2022 Regulatory Year, the service quality bonus scheme included the following measures: departure lounge seating availability, cleanliness, way-finding and flight information.

3.1.3 Heathrow has achieved the service quality bonus for 2022 at 0.340%. This is shown below in table 3 and included in the 2024 forecast MAY formula.

**Table 3 – Heathrow Airport Bonus performance**

| Departure lounge seating availability (QSM) | Jan-22 | Feb-22 | Mar-22 | Apr-22 | May-22 | Jun-22 | Jul-22 | Aug-22 | Sep-22 | Oct-22 | Nov-22 | Dec-22 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Terminal 2 (actual) | 4.52 | 4.53 | 4.54 | 4.50 | 4.48 | 4.45 | 4.40 | 4.39 | 4.39 | 4.37 | 4.36 | 4.35 | |
| Terminal 3 (actual) | 4.46 | 4.46 | 4.44 | 4.38 | 4.34 | 4.27 | 4.25 | 4.22 | 4.21 | 4.20 | 4.20 | 4.19 | |
| Terminal 4 (actual) | | | | | | 4.54 | 4.38 | 4.35 | 4.40 | 4.41 | 4.41 | 4.39 | |
| Terminal 5 (actual) | 4.33 | 4.33 | 4.30 | 4.25 | 4.22 | 4.19 | 4.13 | 4.09 | 4.07 | 4.05 | 4.04 | 4.01 | |
| BNS(T2)KJ | 0.0300% | 0.0300% | 0.0300% | 0.0300% | 0.0285% | 0.0263% | 0.0225% | 0.0218% | 0.0218% | 0.0203% | 0.0195% | 0.0188% | |
| BNS(T3)KJ | 0.0270% | 0.0270% | 0.0255% | 0.0210% | 0.0180% | 0.0128% | 0.0113% | 0.0090% | 0.0083% | 0.0075% | 0.0075% | 0.0068% | |
| BNS(T4)KJ | 0.0300% | 0.0300% | 0.0300% | 0.0300% | 0.0300% | 0.0300% | 0.0210% | 0.0188% | 0.0225% | 0.0233% | 0.0233% | 0.0218% | |
| BNS(T5)KJ | 0.0173% | 0.0173% | 0.0150% | 0.0113% | 0.0090% | 0.0068% | 0.0023% | -0.0007% | -0.0022% | -0.0037% | -0.0045% | -0.0067% | |
| Bonus term = | 0.0173% | 0.0173% | 0.0150% | 0.0113% | 0.0090% | 0.0068% | 0.0023% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% | **0.079%** |

| Cleanliness (QSM) | Jan-22 | Feb-22 | Mar-22 | Apr-22 | May-22 | Jun-22 | Jul-22 | Aug-22 | Sep-22 | Oct-22 | Nov-22 | Dec-22 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Terminal 2 (actual) | 4.46 | 4.45 | 4.44 | 4.40 | 4.38 | 4.35 | 4.33 | 4.31 | 4.30 | 4.29 | 4.28 | 4.27 | |
| Terminal 3 (actual) | 4.34 | 4.32 | 4.31 | 4.29 | 4.27 | 4.25 | 4.23 | 4.21 | 4.21 | 4.20 | 4.20 | 4.19 | |
| Terminal 4 (actual) | | | | | | 4.40 | 4.25 | 4.24 | 4.27 | 4.28 | 4.28 | 4.28 | |
| Terminal 5 (actual) | 4.40 | 4.39 | 4.38 | 4.36 | 4.36 | 4.34 | 4.33 | 4.31 | 4.30 | 4.30 | 4.29 | 4.27 | |
| BNS(T2)KJ | 0.0260% | 0.0250% | 0.0240% | 0.0200% | 0.0180% | 0.0150% | 0.0130% | 0.0110% | 0.0100% | 0.0090% | 0.0080% | 0.0070% | |
| BNS(T3)KJ | 0.0140% | 0.0120% | 0.0110% | 0.0090% | 0.0070% | 0.0050% | 0.0030% | 0.0010% | 0.0010% | 0.0000% | 0.0000% | -0.0010% | |
| BNS(T4)KJ | 0.0300% | 0.0300% | 0.0300% | 0.0300% | 0.0300% | 0.0200% | 0.0050% | 0.0040% | 0.0070% | 0.0080% | 0.0080% | 0.0080% | |
| BNS(T5)KJ | 0.0200% | 0.0190% | 0.0180% | 0.0160% | 0.0160% | 0.0140% | 0.0130% | 0.0110% | 0.0100% | 0.0100% | 0.0090% | 0.0070% | |
| Bonus term = | 0.0140% | 0.0120% | 0.0110% | 0.0090% | 0.0070% | 0.0050% | 0.0030% | 0.0010% | 0.0010% | 0.0000% | 0.0000% | 0.0000% | **0.063%** |

| Way finding (QSM) | Jan-22 | Feb-22 | Mar-22 | Apr-22 | May-22 | Jun-22 | Jul-22 | Aug-22 | Sep-22 | Oct-22 | Nov-22 | Dec-22 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Terminal 2 (actual) | 4.43 | 4.43 | 4.43 | 4.41 | 4.39 | 4.37 | 4.35 | 4.35 | 4.34 | 4.34 | 4.33 | 4.32 | |
| Terminal 3 (actual) | 4.37 | 4.36 | 4.35 | 4.34 | 4.33 | 4.30 | 4.29 | 4.28 | 4.28 | 4.27 | 4.27 | 4.26 | |
| Terminal 4 (actual) | | | | | | 4.30 | 4.28 | 4.29 | 4.30 | 4.31 | 4.31 | 4.31 | |
| Terminal 5 (actual) | 4.36 | 4.35 | 4.34 | 4.33 | 4.33 | 4.31 | 4.30 | 4.29 | 4.28 | 4.28 | 4.27 | 4.27 | |
| BNS(T2)KJ | 0.0230% | 0.0230% | 0.0230% | 0.0210% | 0.0190% | 0.0170% | 0.0150% | 0.0150% | 0.0140% | 0.0140% | 0.0130% | 0.0120% | |
| BNS(T3)KJ | 0.0170% | 0.0160% | 0.0150% | 0.0140% | 0.0130% | 0.0100% | 0.0090% | 0.0080% | 0.0080% | 0.0070% | 0.0070% | 0.0060% | |
| BNS(T4)KJ | 0.0300% | 0.0300% | 0.0300% | 0.0300% | 0.0300% | 0.0100% | 0.0080% | 0.0090% | 0.0100% | 0.0110% | 0.0110% | 0.0110% | |
| BNS(T5)KJ | 0.0160% | 0.0150% | 0.0140% | 0.0130% | 0.0130% | 0.0110% | 0.0100% | 0.0090% | 0.0080% | 0.0080% | 0.0070% | 0.0070% | |
| Bonus term = | 0.0160% | 0.0150% | 0.0140% | 0.0130% | 0.0130% | 0.0100% | 0.0080% | 0.0080% | 0.0080% | 0.0070% | 0.0070% | 0.0060% | **0.125%** |

| Flight information (QSM) | Jan-22 | Feb-22 | Mar-22 | Apr-22 | May-22 | Jun-22 | Jul-22 | Aug-22 | Sep-22 | Oct-22 | Nov-22 | Dec-22 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Terminal 2 (actual) | 4.58 | 4.58 | 4.56 | 4.55 | 4.54 | 4.51 | 4.49 | 4.48 | 4.48 | 4.47 | 4.47 | 4.46 | |
| Terminal 3 (actual) | 4.52 | 4.53 | 4.51 | 4.48 | 4.49 | 4.48 | 4.46 | 4.44 | 4.44 | 4.43 | 4.43 | 4.42 | |
| Terminal 4 (actual) | | | | | | 4.50 | 4.51 | 4.49 | 4.49 | 4.49 | 4.50 | 4.49 | |
| Terminal 5 (actual) | 4.53 | 4.51 | 4.49 | 4.49 | 4.48 | 4.47 | 4.45 | 4.45 | 4.44 | 4.42 | 4.42 | 4.41 | |
| BNS(T2)KJ | 0.0180% | 0.0180% | 0.0160% | 0.0150% | 0.0140% | 0.0110% | 0.0090% | 0.0080% | 0.0080% | 0.0070% | 0.0070% | 0.0060% | |
| BNS(T3)KJ | 0.0120% | 0.0130% | 0.0110% | 0.0080% | 0.0090% | 0.0080% | 0.0060% | 0.0040% | 0.0040% | 0.0030% | 0.0030% | 0.0020% | |
| BNS(T4)KJ | 0.0300% | 0.0300% | 0.0300% | 0.0300% | 0.0300% | 0.0100% | 0.0110% | 0.0090% | 0.0090% | 0.0090% | 0.0100% | 0.0090% | |
| BNS(T5)KJ | 0.0130% | 0.0110% | 0.0090% | 0.0090% | 0.0080% | 0.0070% | 0.0050% | 0.0050% | 0.0040% | 0.0020% | 0.0020% | 0.0010% | |
| Bonus term = | 0.0120% | 0.0110% | 0.0090% | 0.0080% | 0.0080% | 0.0070% | 0.0050% | 0.0040% | 0.0040% | 0.0020% | 0.0020% | 0.0010% | **0.073%** |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Bonus term =** | **0.0592%** | **0.0552%** | **0.0490%** | **0.0413%** | **0.0370%** | **0.0287%** | **0.0183%** | **0.0130%** | **0.0130%** | **0.0090%** | **0.0090%** | **0.0070%** | **0.3397%** |
| **Rounded to 3 decimal places Bt =** | **0.059%** | **0.055%** | **0.049%** | **0.041%** | **0.037%** | **0.029%** | **0.018%** | **0.013%** | **0.013%** | **0.009%** | **0.009%** | **0.007%** | **0.340%** |

# 4 Allowed capital adjustment

4.1.1 H7 continues with capital investment being classified as either Development or Core. This requires Heathrow to forecast the amount of capital that will transition from Development to Core (including Development spend).

4.1.2 Core capital represents firm investment commitments where scope and cost estimates can be reasonably certain. Core capital investment is estimated at a P50 level (where the likelihood of the cost being higher than the estimate is equal to the likelihood being lower). Development capital projects have a lower definition of scope and cost estimations than Core projects (and are estimated at a P80 level).

4.1.3 Development and Core capital investment are subject to the Gateway process with airline community. The Gateway process has a number of Gateway events. The first two Gateways are where the scope and cost estimates are developed. The project is transitioned to Core after Gateway 3 when the scope and cost estimates are well defined. The project is then progressed through the remaining Gateways.

4.1.4 This two-tier approach to capital investment is designed so that Heathrow does not earn a return on any Development capital allowance that has not been used. The mechanism to take this into effect is the allowed capex adjustment in the maximum allowable yield. This requires Heathrow to make an estimate on a cumulative basis of how much Development capital allowance will be spent or transitioned to Core. This adjustment only applies to Development capital investment.

4.1.5 The H7 FD sets out the formulae to calculate the AC term. These are shown in the tables 4 and 5 below.

**Table 4 – Allowed capex adjustment calculation for Regulatory Year 2024**

| For projects in Regulatory Year | Adjustment for revenue requirement in Regulatory Year 2024 | Calculation ($d_t$ values expressed in thousands) |
|---|---|---|
| **2022** | $\frac{P_{2024}}{P_{2022}} \times d_{2022}$ | $\frac{376.58}{340.33} \times £43{,}493{,}000 = £48{,}125{,}000$ |
| **2023** | $\frac{P_{2024}}{P_{2023}} \times d_{2023}$ | $\frac{376.58}{370.57} \times -£96{,}183{,}000 = -£97{,}743{,}000$ |
| **2024** | $0.5 \times d_{2024}$ | $0.5 \times -£50{,}223{,}000 = -£25{,}111{,}000$ |
| | Sum Rows $\times$ RWACC | $(£48{,}125{,}000 + -£97{,}743{,}000 + -£25{,}111{,}000) \times 4.04\% = -£3{,}019{,}000$ |

, where:

- $P_t$ is the average value of the Office for National Statistics monthly CHAW

Retail Price Index (RPI) over Regulatory Year $t$;

- $d_t$ is the allowed capex adjustment in Regulatory Year $t$, further defined below; and
- $RWACC$ is the pre-tax RPI-real weighted average cost of capital which has a value set by the CAA at 4.04%.

4.1.6 The allowed capex adjustment ($\mathbf{d_t}$) in Regulatory Year **t** is further defined as an amount equal to the difference between the capex allowance included in the H7 settlement and the total capex associated with capex projects in Regulatory Year **t**, and is calculated as follows:

$$d_t = IC_t - AV_t \times \frac{P_t}{P_{2018}} + AddC_t \times InfAddC_t, \text{ where:}$$

(a) $IC_t$ is the total capex incurred by Heathrow in Regulatory Year $t$ in accordance with the governance arrangements;

(b) $AV_t$ is the available capex allowance in Regulatory Year $t$ in 2018 RPI-real prices; and is given by: £339.643 million (2022), £509.400 million (2023), £625.871 million (2024);

(c) $P_{2018}$ is the average value of the Office for National Statistics monthly CHAW Retail Price Index over Regulatory Year 2018 and is equal to 281.58;

(d) $AddC_t$ is additional capex allowance for Regulatory Year $t$ determined by the CAA through the Capex Adjustment Mechanism. It has the value zero unless otherwise directed by the CAA; and

(e) $InfAddC_t$ is the inflation adjustment applicable to $AddC_t$ for Regulatory Year $t$.

4.1.7 The $\mathbf{d_t}$ and ACt calculation is shown in table 5 below.

**Table 5 – Calculation of the dt term**

| **t** | **2022** | **2023** | **2024** |
|---|---|---|---|
| $\mathbf{IC_t}$ | 454,000,000 | 574,200,000 | 786,800,000 |
| $\mathbf{AV_t}$ | 339,643,000 | 509,400,000 | 625,871,000 |
| $\mathbf{P_t}$ | 340.33 | 370.57 | 376.58 |
| $\mathbf{P_{2018}}$ | 281.58 | 281.58 | 281.58 |
| $\mathbf{AddC_t}$ | 0 | 0 | 0 |
| $\mathbf{InfAddC_t}$ | 0 | 0 | 0 |
| $\mathbf{d_t}$ | £43,493,000 | -£96,183,000 | -£50,223,000 |

4.1.8 Using the calculations in tables above, the cumulative adjustment for 2024 is $\mathbf{-£3,019,000,}$ therefore reducing the MAY for 2024 by $\mathbf{-£0.039}$ per passenger.

# 5 Capital triggers

5.1.1 The CAA's MAY formula for H7 continues to include a trigger element for projects that commenced in Q6, which means that if a trigger project is not complete by a specified project trigger date, then the allowable yield is reduced.

5.1.2 Q6 triggers are placed around a subset of "key projects". Triggers have been attached to projects at Gateway 3 through governance with the airline community.

5.1.3 During the Regulatory Year 2024, all projects are forecast to meet their trigger milestone dates that fall into 2024. Therefore, there is no impact on the 2024 maximum allowable yield for trigger payments.

5.1.4 Any trigger payments which may arise in 2024 due to any deviation in actual completion dates will be corrected through the K Factor when setting 2026 airport charges.

# 6 Terminal drop-off charge

6.1.1 The CAA has added a TDOC mechanism to the Licence which includes a risk sharing mechanism under which Heathrow would bear 35% of any differences between the actual revenue and the CAA forecast for drop-off charge revenues in each year. In the case of a change in legislation which prevents Heathrow from recovering the full amount of the forecast, the risk sharing mechanism allows Heathrow to recover 100% of the difference between forecast and outturn.

6.1.2 $\mathbf{TDO_t}$ is the TDOC factor that:

a. implements risk sharing; and
b. provides protection to Heathrow from the risk that a change to legislation prevents it from recovering revenue from TDOC in Regulatory Year t.

6.1.3 $\mathbf{TDO_t}$ is calculated in accordance with the formula below:

| **If $w_t = 0$** | **If $w_t = 1$** |
|---|---|
| $-0.65 \times (\mathrm{OTDO_t} - \mathrm{FTDO_t})$ | $-1.00 \times (\mathrm{OTDO_t} - \mathrm{FTDO_t})$ |

*where:*

c. $w_t = 1$ if a change to legislation comes into force in Regulatory Year t that prevents the Licensee from recovering the full amount of the Forecast, and $w_t = 0$ otherwise;
d. $\mathrm{OTDO_t}$ is the outturn revenue collected by Heathrow from TDOC in Regulatory Year t; and
e. $\mathrm{FTDO_t}$ is CAA's forecast of the revenue that Heathrow is expected to collect from TDOC in Regulatory Year t and is set out in the CAA's final decision setting the price control applicable to the Licensee for H7.[18]

6.1.4 At the time of consultation $\mathbf{w_{2024}}$ = 0, since new legislation has not come into force.

6.1.5 $\mathbf{OTDO_{2024}}$ equals £44m, and $\mathbf{FTDO_{2024}}$ also equals £44m, since our revenue expectation is in line with the CAA's figure in the Final Decision

6.1.6 The calculation is therefore: -0.65 x (44 – 44) = 0. This results in no adjustment to the 2024 forecast maximum allowable yield.

[18] The CAA's forecast of the TDOC revenue was published alongside the H7 FD, as part of the additional information on opex and commercial revenues (fds-opex-crs-tables-apr-23.xlsx): Final and Initial proposals for H7 price control | Civil Aviation Authority (caa.co.uk)

# 7 Additional correction factor

## 7.1 Overview

7.1.1 The CAA included an additional correction factor $\mathbf{AK_t}$ as part of the H7 Licence.

7.1.2 The aim of the Additional K Factor is to compensate for the unanticipated over-recovery against the maximum allowable yield in 2020 and 2021.

7.1.3 The AK Factor is subject to an appeal at the Competitions and Markets Authority (CMA). For this reason, Heathrow does not intend to include any adjustment for 2024. As per the calculation below, $\mathbf{wR2020_{2024} = 0}$ and $\mathbf{wR2021_{2024} = 0}$.

7.1.4 This is compliant with the H7 Licence condition, which gives Heathrow discretion to choose the amount to repay over each year, so long as the over-recoveries are returned in full by no later than the 2026 airport charges.

7.1.5 $\mathbf{AK_t}$ is calculated as follows:

$$\mathrm{AK_t} = \frac{1}{\mathrm{Q_t}} \times \left[ \mathrm{wR2020_t} \times (\mathrm{R_{2020}} - \mathrm{Q_{2020}} \times \mathrm{M_{2020}}) \times \frac{\mathrm{P_t}}{\mathrm{P_{2020}}} \times (1 + \mathrm{RWACC})^{\mathrm{t-2020}} + \mathrm{wR2021_t} \times (\mathrm{R_{2021}} - \mathrm{Q_{2021}} \times \mathrm{M_{2021}}) \times \frac{\mathrm{P_t}}{\mathrm{P_{2021}}} \times (1 + \mathrm{RWACC})^{\mathrm{t-2021}} \right]$$

*where:*

a. $\mathrm{Q_t}$ is the number of passengers using the Airport in the Regulatory Year t;
b. $\mathrm{wR2020_t}$ is the proportion of Heathrow's over-recovery of revenue from airport charges in Regulatory Year 2020 to be included in the adjustment of the maximum allowable yield for Regulatory Year t and shall be subject to:

$$\sum_{\mathrm{t=2023}}^{\mathrm{t=2026}} \mathrm{wR2020_t} = 1$$
$$0 \leq \mathrm{wR2020_{2023}} \leq 1$$
$$0 \leq \mathrm{wR2020_{2024}} \leq 1$$
$$0 \leq \mathrm{wR2020_{2025}} \leq 1$$
$$0 \leq \mathrm{wR2020_{2026}} \leq 1$$

c. Heathrow shall publish the value of $\mathrm{wR2020_t}$ in the annual consultation for setting charges for Regulatory Year t.
d. $\mathrm{wR2021_t}$ is the proportion of Heathrow's over-recovery of revenue from airport charges in Regulatory Year 2021 to be included in the adjustment of the maximum allowable yield for Regulatory Year t and shall be subject to:

$$\sum_{\mathrm{t=2023}}^{\mathrm{t=2026}} \mathrm{wR2021_t} = 1$$
$$0 \leq \mathrm{wR2021_{2023}} \leq 1$$
$$0 \leq \mathrm{wR2021_{2024}} \leq 1$$
$$0 \leq \mathrm{wR2021_{2025}} \leq 1$$
$$0 \leq \mathrm{wR2021_{2026}} \leq 1$$

e. Heathrow shall publish the value of $\mathrm{wR2021_t}$ in the annual consultation for setting charges for Regulatory Year t.
f. $\mathrm{R_t}$ is the total revenue from airport charges in respect of relevant air transport services levied at the Airport in Regulatory Year t expressed in pounds sterling;
g. $\mathrm{M_t}$ bears the same meaning as in Condition C1.2(b);

h. $P_t$ bears the same meaning as in Condition C1.7(a);
i. $P_{2020}$ is the average value of the Office for National Statistics monthly CHAW Retail Price Index over Regulatory Year 2020 and is equal to 293.14;
j. $P_{2021}$ is the average value of the Office for National Statistics monthly CHAW Retail Price Index over Regulatory Year 2021 and is equal to 305.00; and
k. $RWACC$ bears the same meaning as in Condition C1.7(c).

7.1.6 For the purposes of Condition C1.19, the values of $\mathbf{R_t}$, $\mathbf{Q_t}$ and $\mathbf{M_t}$ shall be calculated in accordance with the price control conditions applicable to the Licensee in this licence as they were in each of the Regulatory Years 2020 and 2021.

7.1.7 Based on the formula in the proposed Licence, the 2023 Additional K factor is set out below.

$$AK_{2024} = \frac{1}{Q_t} \times \Big[ wR2020_{2024} \times (R_{2020} - Q_{2020} \times M_{2020}) \times \frac{P_{2024}}{P_{2020}} \times (1 + RWACC)^{2024-2020} + wR2021_{2024} \times (R_{2021} - Q_{2021} \times M_{2021}) \times \frac{P_{2024}}{P_{2021}} \times (1 + RWACC)^{2024-2021} \Big]$$

*Where:*

| Term | Value |
|---|---|
| $Q_{2024}$ | = 77,316 (k) |
| $wR2020_{2024}$ | = 0 |
| $wR2021_{2024}$ | = 0 |
| $R_{2020}$ | = 572,000 (k) |
| $R_{2021}$ | = 466,000 (k)[19] |
| $Q_{2020}$ | = 22,110 (k) |
| $Q_{2021}$ | = 19,393 (k) |
| $M_{2020}$ | = 21.738 |
| $M_{2021}$ | = 15.461 |
| $P_{2024}$ | = 376.58 |
| $P_{2020}$ | = 293.14 |
| $P_{2021}$ | = 305.00 |
| $RWACC$ | = 4.04% |

[19] R2021 has been restated from £483m which is the figure published in the 2021 Regulatory Accounts to correct for an error identified after publication. The restated figure is £466m, which has been subject to a set of specified assurance procedures which have been carried out by an independent external party.

7.1.8 Heathrow has chosen to adopt a zero assumption for wR2020t and wR2021t thereby using the flexibility included in the licence condition.

## 7.2 $M_{2020}$ and $M_{2021}$ supporting calculations[20]

7.2.1 The following two tables support the calculation of $\mathbf{M_{2020}}$ and $\mathbf{M_{2021}}$

**Table 6 - M2020 calculation**

| Item | Calculation | Value |
|---|---|---|
| **Specified yield** | A | 23.183 |
| **12 months RPI movement April 2019** | 3.0% x A | 0.695 |
| **X** | -1.5% x A | -0.348 |
| **Bonus term** | 0.042% x A | 0.010 |
| ***Trigger payments (000s)*** | -3,072 / B | -0.139 |
| ***Development capex*** | - 40,154/ B | -1.816 |
| ***Category B*** | 10,000 / B | 0.452 |
| ***Business rates*** | -34,638 / B | -1.567 |
| ***Actual 2020 passengers (000s)*** | B | 22,110 |
| **K factor for 2018 under-recovery** | | 1.267 |
| $\mathbf{M_{2020}}$ | | 21.738 |

**Table 7 - M2021 calculation**

| Item | Calculation | Value |
|---|---|---|
| **Specified yield** | A | 23.531 |
| **12 months RPI movement April 2020** | 1.50% x A | 0.353 |
| **X** | -1.50% x A | -0.353 |
| **Bonus term** | 0.059% x A | 0.014 |
| ***Trigger payments (000s)*** | -1,440 / B | -0.074 |
| ***Development capex*** | -91,483 / B | -4.717 |
| ***Category B*** | 0 / B | 0.000 |
| ***Business rates*** | -40,639 / B | -2.096 |
| ***Actual 2021 passengers (000s)*** | B | 19,393 |
| **K factor for 2019 over-recovery** | | -1.197 |
| $\mathbf{M_{2021}}$ | | 15.461 |

7.2.2 Following the calculation methodology, $\mathbf{M_{2020}}$ has a value of £21.738 and $\mathbf{M_{2021}}$ has a value of £15.461.

[20] The full details of calculating $M_{2020}$ and $M_{2021}$ were presented in the 2023 Airport Charges Consultation document, on sections 7.2 and 7.3 (Pages 20 - 22): https://www.heathrow.com/content/dam/heathrow/web/common/documents/company/doing-business-with-heathrow/flights-condition-of-use/consultation-documents/2023%20Airport%20Charges%20Consultation%20Document%20-%20Final.pdf

# 8 Correction Factor

8.1.1 The K Factor sets out the level of over recovery or under recovery on a per passenger basis. This over recovery is when Heathrow exceeds the maximum allowable yield on a per passenger basis. The under recovery is when Heathrow does not achieve the maximum allowable yield on a per passenger basis. This over/under recovery generally reflects a change in mix of actual passengers and movements compared to the forecasts used to set the airport charges for that relevant year.

8.1.2 The K Factor formula has a component to calculate the actual allowable yield in the Regulatory Year t-2. The K Factor formula is shown below:

$$K_t = \frac{1}{Q_t} \times (R_{t-2} - Q_{t-2} \times M_{t-2}) \times \left(1 + \frac{I_{t-2}}{100}\right)^2, \text{ where:}$$

*where:*

(a) $R_{t-2}$ is the total revenue from airport charges in respect of relevant air transport services levied at the Airport in Regulatory Year $t-2$ expressed in pounds sterling;

(b) $Q_{t-2}$ is the number of passengers using the Airport in Regulatory Year $t-2$;

(c) $M_{t-2}$ is the maximum revenue yield per passenger using the Airport in Regulatory Year $t-2$ expressed in pounds sterling, except that in respect of Regulatory Year 2022, $M_{2022}$ it shall bear the value £30.19;

(d) $I_{t-2}$ is the appropriate interest rate for Regulatory Year $t-2$, which is equal to:

(i) the specified rate plus 3% where $K_t$ is positive; or

(ii) the specified rate where $K_t$ is negative.

8.1.3 The following components support the calculation of $\mathbf{K_{2024}}$:

| Term | Value |
|---|---|
| $\mathbf{Q_{2024}}$ | 77,316 (k) |
| $\mathbf{R_{2022}}$ | £1,827,507 (k) |
| $\mathbf{Q_{2022}}$ | 61,634 (k) |
| $\mathbf{M_{2022}}$ | £30.19 |
| $\mathbf{I_{2022}}$ | 2.81% |
| $\mathbf{K_{2024}}$ | $\frac{1}{77{,}316\ (\text{k})} \times (£1{,}827{,}507\ (\text{k}) - 61{,}633\ (\text{k}) \times £30.19) \times \left(1 + \frac{2.81}{100}\right)^2 = -£0.45$ |

8.1.4 The calculation for $\mathbf{I_{t-2}}$ is specified in the Final Decision as the average of the three-month Treasury Bill Discount Rate published by the UK Debt Management

Office during the 12 months from the beginning of May in Regulatory Year t − 2 to the end of April in Regulatory Year t – 1. This is shown in the table below.[21]

**Table 8 – Treasury Bill Discount Rates**

| Tender Date | Issue Date | Redemption Date | Average Yield (%) |
|---|---|---|---|
| 06-May-2022 | 09-May-2022 | 08-Aug-2022 | 0.949112% |
| 13-May-2022 | 16-May-2022 | 15-Aug-2022 | 0.887000% |
| 20-May-2022 | 23-May-2022 | 22-Aug-2022 | 0.860661% |
| 27-May-2022 | 30-May-2022 | 30-Aug-2022 | 0.867891% |
| 01-Jun-2022 | 06-Jun-2022 | 05-Sep-2022 | 1.072876% |
| 10-Jun-2022 | 13-Jun-2022 | 12-Sep-2022 | 1.158164% |
| 17-Jun-2022 | 20-Jun-2022 | 19-Sep-2022 | 1.208093% |
| 24-Jun-2022 | 27-Jun-2022 | 26-Sep-2022 | 1.246784% |
| 01-Jul-2022 | 04-Jul-2022 | 03-Oct-2022 | 1.367551% |
| 08-Jul-2022 | 11-Jul-2022 | 10-Oct-2022 | 1.545008% |
| 15-Jul-2022 | 18-Jul-2022 | 17-Oct-2022 | 1.734047% |
| 22-Jul-2022 | 25-Jul-2022 | 24-Oct-2022 | 1.793241% |
| 29-Jul-2022 | 01-Aug-2022 | 31-Oct-2022 | 1.820100% |
| 05-Aug-2022 | 08-Aug-2022 | 07-Nov-2022 | 1.912489% |
| 12-Aug-2022 | 15-Aug-2022 | 14-Nov-2022 | 1.972350% |
| 19-Aug-2022 | 22-Aug-2022 | 21-Nov-2022 | 2.084652% |
| 26-Aug-2022 | 30-Aug-2022 | 28-Nov-2022 | 2.235808% |
| 02-Sep-2022 | 05-Sep-2022 | 05-Dec-2022 | 2.525356% |
| 09-Sep-2022 | 12-Sep-2022 | 12-Dec-2022 | 2.531064% |
| 16-Sep-2022 | 20-Sep-2022 | 19-Dec-2022 | 2.576625% |
| 23-Sep-2022 | 26-Sep-2022 | 28-Dec-2022 | 2.420068% |
| 30-Sep-2022 | 03-Oct-2022 | 03-Jan-2023 | 2.909650% |
| 07-Oct-2022 | 10-Oct-2022 | 09-Jan-2023 | 2.960696% |
| 14-Oct-2022 | 17-Oct-2022 | 16-Jan-2023 | 2.904367% |
| 21-Oct-2022 | 24-Oct-2022 | 23-Jan-2023 | 2.732232% |
| 28-Oct-2022 | 31-Oct-2022 | 30-Jan-2023 | 2.587178% |
| 04-Nov-2022 | 07-Nov-2022 | 06-Feb-2023 | 2.609716% |
| 11-Nov-2022 | 14-Nov-2022 | 13-Feb-2023 | 2.760160% |
| 18-Nov-2022 | 21-Nov-2022 | 20-Feb-2023 | 2.878032% |
| 25-Nov-2022 | 28-Nov-2022 | 27-Feb-2023 | 2.978374% |
| 02-Dec-2022 | 05-Dec-2022 | 06-Mar-2023 | 3.155322% |
| 09-Dec-2022 | 12-Dec-2022 | 13-Mar-2023 | 3.194690% |
| 16-Dec-2022 | 19-Dec-2022 | 20-Mar-2023 | 3.408812% |
| 23-Dec-2022 | 28-Dec-2022 | 27-Mar-2023 | 3.629831% |
| 06-Jan-2023 | 09-Jan-2023 | 11-Apr-2023 | 3.715817% |
| 13-Jan-2023 | 16-Jan-2023 | 17-Apr-2023 | 3.837095% |
| 20-Jan-2023 | 23-Jan-2023 | 24-Apr-2023 | 3.912896% |
| 27-Jan-2023 | 30-Jan-2023 | 02-May-2023 | 3.930962% |
| 03-Feb-2023 | 06-Feb-2023 | 09-May-2023 | 3.966161% |
| 10-Feb-2023 | 13-Feb-2023 | 15-May-2023 | 3.959572% |
| 17-Feb-2023 | 20-Feb-2023 | 22-May-2023 | 3.924316% |
| 24-Feb-2023 | 27-Feb-2023 | 30-May-2023 | 4.012606% |
| 03-Mar-2023 | 06-Mar-2023 | 05-Jun-2023 | 4.113125% |
| 10-Mar-2023 | 13-Mar-2023 | 12-Jun-2023 | 4.173939% |
| 17-Mar-2023 | 20-Mar-2023 | 19-Jun-2023 | 4.129020% |
| 24-Mar-2023 | 27-Mar-2023 | 26-Jun-2023 | 4.206811% |
| 31-Mar-2023 | 03-Apr-2023 | 03-Jul-2023 | 4.288776% |
| 06-Apr-2023 | 11-Apr-2023 | 10-Jul-2023 | 4.293312% |

[21] Data originates from the UK Debt Management Office's Treasury Bill Tender results between 1st May 2022 and 30th April 2023: Treasury Bill Tender Results - Time series Report (dmo.gov.uk)

| | | | |
|---|---|---|---|
| **14-Apr-2023** | 17-Apr-2023 | 17-Jul-2023 | 4.370711% |
| **21-Apr-2023** | 24-Apr-2023 | 24-Jul-2023 | 4.481909% |
| **28-Apr-2023** | 02-May-2023 | 31-Jul-2023 | 4.519319% |
| **Average** | **-** | **-** | **2.81%** |

# 9 Forecast 2024

9.1.1 Our forecasting approach continues to be one which combines the advantages of using the full functionality of our proven, existing models, with a scenario-based approach that covers the range of outcomes, whilst giving the flexibility to update as we gain more information.

9.1.2 Our modelling suite is built up of three distinct parts: travel restrictions model; capacity supply model and econometric model. The capacity supply and econometric models were built pre-pandemic. In preparation for the Initial Business Plan, we had comprehensively reviewed our forecasting models with independent input to build on the improved accuracy of the Q6 models. This gives us confidence that the models are designed based on a robust forecasting methodology, sound mathematical techniques and industry best practice.

9.1.3 The travel restrictions model was initially created as a direct response to the challenges of forecasting passengers within the COVID-19 pandemic however it remains relevant considering there continues to be destination groups serving Heathrow under restrictions such as due to Russian airspace sanctions. The model is described below and was used to create Heathrow's current forecast for 2023 and beyond.

9.1.4 The travel restrictions model breaks down Heathrow demand into 40 geographic destination groups (e.g., UK, Greece, Western US) and has the functionality to predict the impact on demand under varying levels of travel restrictions for each group. The end output is a set of monthly volumes by group based on a set of scenario definitions.

9.1.5 We use this suite of forecasting models to build each forecast scenario individually and create a probabilistic output using Monte Carlo simulation. The output from each scenario is then combined using a weighting to reflect that each scenario is not equally as likely as the other. This weighting means producing more Monte Carlo runs from those scenarios which are more likely. A full probabilistic range is then created from the weighted combination of the scenarios. Our scenarios of 74m for 2023 and 77m for 2024, that underpin this consultation, are the mid case (the P50) which represent estimates where there is an equally likely chance of outperforming as underperforming.

# 10 Overview of proposed airport charges for 2024

## 10.1 Strategic objectives

10.1.1 Following strong demand recovery in 2023 after COVID-19, Heathrow's focus is on driving growth, promoting sustainability and incentivising the efficient use of airport infrastructure to deliver capacity and improvement in operational performance. Our pricing proposals for 2024 sit within each of these strategic objectives:

**Table 9 - 2024 aeronautical charging strategic objectives**

| Strategic Objective | Proposed Changes |
|---|---|
| **Growth and Connectivity** | a. Rebalancing of the LH/SH pax charge<br>b. Increase of the transfer pax discount<br>c. Redefinition of Europe |
| **Sustainability** | d. SAF Incentive – acceleration of ambition<br>e. Introduction of carbon-based charge |
| **Efficient use of airport** | f. Extension of free parking period at remote stands |

10.1.2 Additional changes proposed are an increase in the remote stand rebate amount and an extension to the Domestic noise discount period.

## 10.2 How Heathrow recovers the Maximum Allowable Yield

10.2.1 Heathrow does not propose to make any adjustments to the proportion of the MAY that is recovered across the charging categories of passenger, movement, and parking, as shown in the table below.

**Table 10 - MAY recovery structure**

| Charge | 2023 proportion | 2024 proportion |
|---|---|---|
| Passenger | 57% | 57% |
| Movement | 39% | 39% |
| Parking | 4% | 4% |

## 10.3 Passenger charges – domestic and common travel area

10.3.1 The UK Government has consistently maintained a policy of enhancing domestic connectivity and recently, through its levelling up agenda, has announced the introduction of a new domestic band of Air Passenger Duty in 2023[22], effectively cutting the levy by 50%, which will help to support greater connectivity within the UK. The Transport Secretary is also considering Sir Peter Hendy's Union Connectivity Review final report[23] which included recommendations to improve domestic aviation connectivity through revising subsidy rules, reducing tax and by intervening in the assignment of slots at London airports – the Government's formal response is expected later in the year. Supporting domestic connectivity is clearly in the public and general interest and the Government has stated its expectation that Heathrow plays its part. Ministers have been clear that they will

[22] Air Passenger Duty: banding reforms from April 2023 - GOV.UK (www.gov.uk)
[23] Union connectivity review: final report - GOV.UK (www.gov.uk)

hold Heathrow "*to account on how it has worked constructively with airlines and regional airports to protect and strengthen the domestic connections*"[24].

10.3.2 On 1 January 2017, Heathrow introduced a departing passenger charge reduction of £5.00 to the existing European Destination passenger charge for passengers travelling to UK destinations (including the nations and Crown Dependencies). This UK connectivity discount was introduced in direct response to the National Connectivity Task Force (NCTF) report which identified the need to make routes to regional airports more attractive.

10.3.3 In 2021, a new category of passenger charge was introduced for those destinations defined as the Common Travel Area Destinations, being the Crown Dependencies (the Bailiwick of Jersey, Bailiwick of Guernsey and the Isle of Man) and Ireland. Since that time, the UK connectivity discount has applied to passengers travelling to Domestic or CTA Destinations. Passengers travelling between UK and CTA destinations are subject to different government requirements from those passengers travelling between Domestic Destinations or travelling between the UK and European destinations. This includes variation in the customs arrangements for these passengers. In addition, there are differing infrastructure requirements between Domestic and CTA passengers. To recognise this a £0.25 differential was included in the charges for CTA passengers.

10.3.4 It is reasonable to expect that ticket prices to Domestic and CTA Destinations are more open to changes in the departing passenger charge. In 2022, we therefore increased the UK connectivity reduction to £7.50. We do not propose any further changes to the UK connectivity discount or the CTA differential for 2024 charges.

**Table 11 - Domestic passengers 2017 - 2023**

| Period | Total Number of Domestic Passengers (Excl. Channel Islands) |
|---|---|
| 2017 | 4,800,753 |
| 2018 | 4,792,859 |
| 2019 | 4,821,176 |
| 2020 | 1,458,244 |
| 2021 | 1,032,985 |
| 2022 | 2,260,614 |
| 2023 H1 | 2,046,418 |

10.3.5 To further stimulate the UK domestic connectivity and cognisant of the investment needed to establish new routes, in 2023 we introduced a noise discount for aircraft that:
a) operate on a new scheduled domestic route in 2023; or
b) operate on a domestic route where the average number of passengers per aircraft in 2022 were fewer than 100 pax.

[24] Airports National Policy Statement - Hansard - UK Parliament

The discount applied to the noise charge only and amounted to 50% in year one of operations and 25% in year 2.

10.3.6 Following the receipt of additional information regarding the establishment of new air routes which indicate between 30 – 50% fail[25][26], we are proposing to extend the duration of the discount to 4 years with a 50% discount lasting for years 1 and 2 of operations and 25% for years 3 and 4 of operations. Table 12 outlines the increase in the number of domestic routes since 2017 demonstrating that Heathrow's efforts to promote domestic connectivity are working.

**Table 12 - Domestic connections 2017 - 2023**

| Period | Total Number of Domestic Routes (Excl. Channel Islands) |
|---|---|
| 2017 | 8 |
| 2018 | 8 |
| 2019 | 9 |
| 2020 | 10 |
| 2021 | 9 |
| 2022 | 10 |
| 2023 H1 | 12 |

## 10.4 Passenger charges – change in the definition of Europe

10.4.1 The current definition of Europe aligns to the European Economic Area, which excludes several European countries, especially in the Balkans region. We propose that Heathrow adopt an updated definition of Europe which is more closely linked to geographical area rather than political entity. Therefore, as of January 2024, the following additional countries will be classed as Europe for the purposes of passenger charges: Albania, Belarus, Bosnia and Herzegovina, Kosovo, Montenegro, Moldova, North Macedonia, Serbia, and Ukraine.

10.4.2 The driver for this change is to both address the geographical anomaly highlighted in figure 1 and encourage passenger growth to those destinations from Heathrow with the opportunity highlighted in figure 2[27].

**Figure 1 - Passenger charges differentiation in Balkan area**

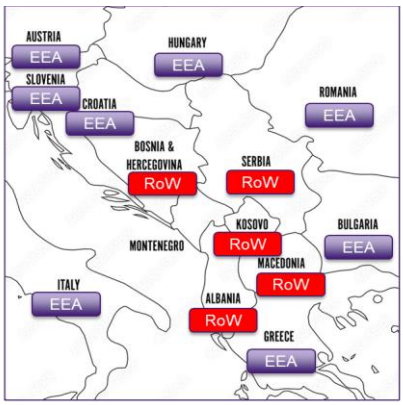
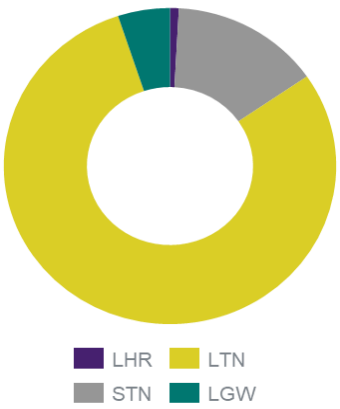



**Figure 2 - London market share**




[25] The practice of airport and airline route development (internationalairportreview.com)
[26] https://airserviceone.com/easyjet-and-ryanair-route-churn-at-uk-airports/
[27] Source: Airport IS

## 10.5 Passenger charges – Europe

10.5.1 The European destination passenger charge was reduced via a load factor discount in 2017 in order to stimulate demand. This was required as there was a notable imbalance in the load factors on flights to European destinations when compared with flights to Non-European destinations. Since the introduction of the reduction in 2017 and prior to COVID-19, the European load factor had increased by 3 percentage points. Pre COVID-19, the IATA average load factors for 2019 and 2022 were 82.6%[28] and 78.7%[29] respectively.

10.5.2 Taking into consideration the European load factor discount, the differential between European and Rest of the World (RoW) passenger charges in 2023 was 2.5. In 2024, to remove complexity, we propose to move away from the European discount and replace it with a simple multiplier.

10.5.3 For 2024 we propose to reduce the multiplier for RoW from 2.5 to 2.3. The primary drivers for this change are:

a) to reflect the change in passenger demographics at Heathrow post COVID-19;

b) to reflect the practice we see at other European competitor hubs; and

c) to encourage the use of Heathrow as a long haul hub.

## 10.6 Passenger charges – Rest of the World (RoW)

10.6.1 No changes are proposed to RoW passenger charges except for the multiplier change outlined above.

## 10.7 Passenger charges – Transfer and transit

10.7.1 Heathrow currently has a 25% discount applied to departing passenger charges for passengers transferring or transiting through the airport. This discount was introduced to encourage transfer passengers to travel through Heathrow and promote the hub status of the Airport. The key to any hub is to have a good mix of both transfer and origin and destination passengers, to feed the entire network. Doing so is beneficial for all airlines and ensures airport assets are used as efficiently as possible.

10.7.2 The following table sets out a summary of the level of transfer/transit passengers at Heathrow:

**Table 13 - Transfer/transit levels 2012 - 2023**

| Period | Total Passengers | Transfer/transit Passengers | Transfer/transit Passengers % |
|---|---|---|---|
| 2012 | 69,985k | 19,199k | 27.40% |
| 2013 | 72,333k | 19,479k | 26.90% |
| 2014 | 73,375k | 19,966k | 27.20% |
| 2015 | 74,959k | 19,754k | 26.40% |

[28] https://www.iata.org/en/iata-repository/publications/economic-reports/air-passenger-monthly---dec-2019/
[29] https://www.iata.org/en/iata-repository/publications/economic-reports/air-passenger-market-analysis---december-2022/

| | | | |
|---|---|---|---|
| 2016 | 75,676k | 19,500k | 25.80% |
| 2017 | 78,040k | 19,588k | 25.10% |
| 2018 | 80,102k | 19,895k | 24.80% |
| 2019 | 80,900k | 18,577k | 23.00% |
| 2020 | 22,111k | 4,572k | 20.61% |
| 2021 | 19,395k | 3,113k | 16.05% |
| 2022 | 61,605k | 12,084k | 19.62% |
| 2023 Jan - Jun | 37,079k | 8,542k | 23.04% |

10.7.3 As the above table shows, transfer/transit passengers continue to make up a significant proportion of Heathrow's passenger volume, despite COVID-19 volatility in 2020 and 2021 and remain key to the hub operation, providing benefit to the connecting network. In some cases, transfer/transit passengers are vital to route viability.

10.7.4 From 2024 we propose to increase the transfer/transit discount from 25% to 40%. The drivers of the proposal are:
a) Incentivise higher load factors to best utilise scarce slot resource – it is reasonable to assume that a cost reduction will make it more attractive for airlines to utilise Heathrow for connecting passengers.
b) Promote network diversity and Heathrow's hub status – improved load factors will drive the route profitability and support an investment case for new connectivity.
c) Support domestic connectivity – the transfer rate for domestic passengers at Heathrow is much higher than the overall average (44.4% vs 19.6% respectively). Increasing the transfer discount therefore will provide further support for domestic connections at LHR.

**Figure 3 - Transfer discount LHR vs EU hubs 2023[30]**

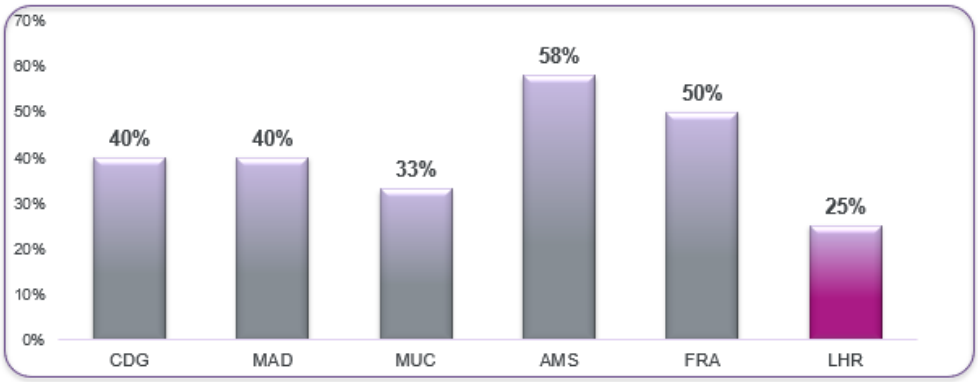
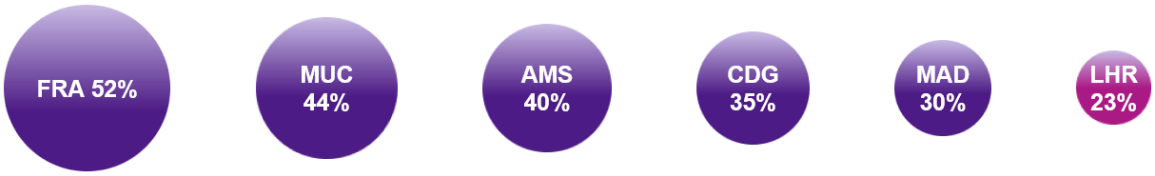



**Figure 4 - Percentage of transfers 2023 YTD LHR vs EU hubs[31]**




[30] Published 2023 airport terms and conditions documentation
[31] Source: Airport IS

## 10.8 Passenger charges – minimum departure charges (MDC)

10.8.1 In 2024, we propose that the structure of the MDC remains unchanged. The load factor equivalents for CTA, European and RoW destinations remain the same while domestic routes will continue to be excluded from the MDC.

10.8.2 The minimum departure charges proposed for 2024 are:

**Table 14 - MDC**

| Destination | 2023 Min Dep Charge | 2024 Min Dep Charge | Load factor equivalent |
|---|---|---|---|
| Domestic | £0.00 | £0.00 | 0 |
| CTA | £889.20 | £804.00 | 60 |
| European | £1,699.39 | £1,590.05 | 77 |
| RoW | £2,735.00 | £2,381.00 | 50 |

## 10.9 Passenger charges – remote stand rebate

10.9.1 Responding to airline feedback and to reflect the inflationary pressures on cost of services we propose to increase the remote stand rebate from £4.00 to £4.40 per passenger.

## 10.10 Environmental charges – introduction of a carbon emissions based charge

10.10.1 Heathrow's movement charges are linked to the environmental performance of an aircraft rather than its maximum take-off weight. This charging structure already incentivises reduced noise levels and lower Nitrous Oxide (NOx) emissions, contributing towards better local air quality and lower noise pollution for local residents. However, the broader industry focus on decarbonisation and 'delivering net zero aviation by 2050'[32] is not addressed.

10.10.2 During the consultation for the 2023 aeronautical charges, we proposed an increase in the percentage recovered via the NOx charge. However, the advent of new engine technology has resulted in a disconnect between NOx and carbon emissions. Engines certified from 2015 onwards have bucked the trend of reduced NOX emissions seen in pre-2014 certified engines. By increasing the Overall Pressure Ratio (OPR) for a given thrust output, the core temperature of the engine is increased which increases fuel efficiency, but with the trade-off of increased NOX output. Therefore, for 2024, we propose to introduce a specific carbon emissions based charge, which is better aligned with the decarbonisation ambition of the industry.

10.10.3 The carbon charge will be based on landing and take-off cycles (LTO) with the carbon emissions in each cycle calculated using fuel flow rates per engine sourced

[32] Jet Zero strategy: delivering net zero aviation by 2050 - GOV.UK (www.gov.uk)

from the ICAO Emission Databank[33] multiplied by 3.16[34] which is the conversion rate from kerosene to carbon.

10.10.4 Currently the environmental charges are recovered on the ratio of 80% noise and 20% NOx. We propose that, in 2024, this changes to 80% noise, 15% NOx and 5% carbon.

10.10.5 Carbon emissions will be charged on a per kg basis, on arrivals only, and will cover the entire LTO cycle. The tariff will be established by dividing the revenue required by the forecasted amount of carbon kilograms in 2024.

**Table 15 - LTO default cycles times**

| Cycle | Time in the cycle (seconds)[35] |
|---|---|
| Approach | 240 |
| Taxi/idle | 1,560 |
| Take off | 42 |
| Claim out | 132 |

## 10.11 Environmental charges – increase of the night jet multiplier

10.11.1 Heathrow 2.0 sets out our aim to "limit and where possible reduce the number of people highly sleep disturbed and highly annoyed compared to 2019"[36] and we are committed to working with airlines and other key stakeholders to achieve this.

10.11.2 The Noise Action Plan sets out how we intend to make progress against our Heathrow 2.0 noise objective and comply with the requirements of the Environmental Noise (England) Regulations 2006/2238 (ENR) (which implements the European Union Environmental Noise Directive 2002/49/EC) and other associated UK Government regulations[37].

10.11.3 Heathrow's charging regime has been successful in incentivising the use of quieter aircraft at Heathrow as demonstrated in table 16 below.

[33] ICAO emissions data: ICAO Aircraft Engine Emissions Databank | EASA (europa.eu)
[34] Source: Methodology ICAO Carbon Calculator_v10-2017.pdf
[35] Source: Local Air Quality Technology Standards (icao.int)
[36] Source: Heathrow 2.0 Connecting People and Planet FINAL.pdf
[37] Heathrow_Noise_Action_Plan_2024-2028-Consultation.pdf

**Table 16 - Noise performance per chapter 2016-2023**[38]

| Chapter | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 H1 |
|---|---|---|---|---|---|---|---|---|
| Chapter 3 **Maximum** | 0.1% | 0.1% | 0.1% | 0.0% | 0.1% | 0.0% | 0.1% | 0.0% |
| Chapter 4 high **Ultra High** | 12.8% | 11.2% | 8.8% | 8.9% | 6.6% | 4.6% | 3.7% | 1.5% |
| Chapter 4 base **Super High** | 27.6% | 28.6% | 28.6% | 25.7% | 22.4% | 17.5% | 17.2% | 17.1% |
| Chapter 14 high **High** | 8.8% | 8.6% | 7.5% | 8.4% | 8.6% | 10.3% | 7.5% | 7.0% |
| Chapter 14 base **Base** | 35.9% | 35.4% | 34.0% | 30.4% | 25.2% | 23.4% | 28.7% | 28.4% |
| Chapter 14 low **Low** | 14.8% | 16.1% | 21.0% | 26.6% | 37.1% | 44.2% | 5.5% | 5.7% |
| Chapter 14 super low **Super Low** | | | | | | | 37.3% | 16.3% |
| Chapter 14 ultra low **Ultra Low** | | | | | | | | 24.0% |

10.11.4 Sleep disturbance reduction is a crucial part of Heathrow 2.0. Over recent years there has been a decreasing trend of night jet movements. However, even small numbers have a significant impact on the local community. In 2022 we saw a significant rise in night jet movements, greatly impacting our local communities. Alongside the UK Government efforts to increase night-time noise abatement[39], Heathrow is proposing to increase the multiplier from x5 to x8 to further incentivise a reduction in night jet movements.

**Table 17 - Night Jet Movements 2016 – 2023**

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 H1 |
|---|---|---|---|---|---|---|---|---|
| Departure | 582 | 398 | 581 | 418 | 78 | 86 | 709 | 216 |
| Arrival | 315 | 224 | 297 | 268 | 49 | 53 | 382 | 135 |
| Total | 897 | 622 | 878 | 686 | 127 | 139 | 1,091 | 351 |

10.11.5 The proposed increase in the night jet movements multiplier responds to community feedback gathered during Noise Action Plan (NAP) engagement:

*"The charges need to be high enough to financially discourage those airlines that continue to both depart late and arrive early."*
**Richmond Council**

*"Alongside local residents, we are supportive of changes to increase landing charges, particularly for those aircraft operating in the night time period, to incentivise airlines to modernise and quieten their fleets taking off and landing at the airport."*
**MP for Twickenham**

*"HACAN has long called for higher landing charges on noisy aircraft, particularly those operating in the night period."*
**HACAN - Heathrow Association for Control of Aircraft Noise**

[38] Source: Heathrow billing data based on provided noise certificates

[39] Night-time noise abatement objectives for the designated airports from October 2025 - GOV.UK (www.gov.uk)

## 10.12 Environmental charges – Sustainable Aviation Fuel (SAF) acceleration of ambition

10.12.1 Climate change is possibly the greatest long-term challenge faced by aviation. There are different solutions which can contribute to decarbonising flying but it is widely accepted that SAF will play a significant role.

10.12.2 At Heathrow, our assessments show that SAF is central to achieving net zero and we want to be a leading hub for its development and deployment. To that end, in 2022 we introduced a multi-year sustainable fuel incentive, recovered via the NOx emissions charge. The SAF incentive is designed to reduce the high-cost premium of SAF compared to standard aviation fuel and encourage investment in SAF production, which in turn will help reduce the SAF premium and encourage further take up.

10.12.3 Our 2022 Airport Charges Decision Document set out details of a 4-year scheme covering 50% of the SAF cost premium to encourage the achievement of a SAF mix ambition at Heathrow of 0.5% in 2022, increasing to 1% in 2023, 2% in 2024 and 4% by 2025. The SAF deliveries in 2022 exceeded the incentive pot and the 2023 incentive was oversubscribed. We have received positive feedback from airlines and wider industry regarding the scheme and we see a continuing strong indication that Heathrow's scheme is promoting airline use of SAF.

10.12.4 This positive momentum, coupled with the increased supply of SAF in key supplier markets in Western Europe, has encouraged us to consider increasing the scheme ambition for 2024. As such, we propose to increase the SAF mix target for 2024 from 2% to 3%.

10.12.5 The incentive pot proposed for 2024 is therefore £85.9m and this has been calculated using the assumed fuel requirements for Heathrow as a whole, applying a 3% target SAF mix, multiplying by a SAF price premium of £920[40] and then adjusted to reflect 50% of the premium. The table below outlines the amended proposal:

**Table 18 - SAF incentive evolution**

| | 2022 | 2023 | 2024 new proposal |
|---|---|---|---|
| SAF Mix | 0.5% | 1.5% | 3.0% |
| Incentive pot | £10m | £37m | £85.9m |
| SAF premium | £920 | £920 | £920 |
| Contribution | 50% | 50% | 50% |

10.12.6 As in 2022 and 2023, the SAF incentive pot will continue to be recovered via the $NO_X$ emissions charge. The incentive pot will be apportioned between airlines using Revenue Passenger Kilometres (RPK) for 12 month rolling period Dec-22 – Nov-23.

10.12.7 To reflect additional revenue collected by NOx charges on cargo ATMs, we will continue to create a separate incentive pot for cargo operators. Based on the

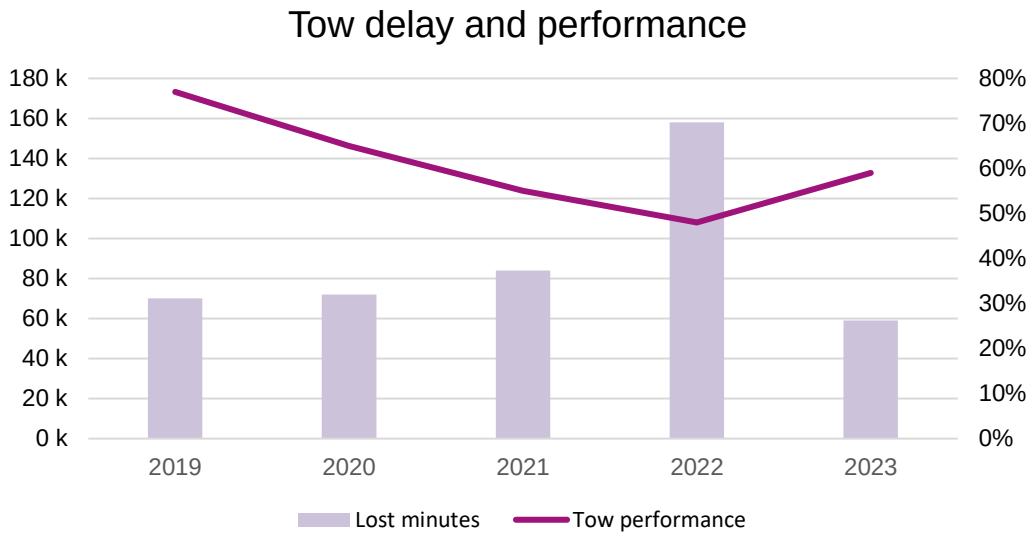
[40] Based on SAF cost at 3x kerosene; kerosene base price = $650USD per metric tonne

cargo ATM forecast and using the same methodology as passenger ATMs, we have calculated the incentive pot for 2024 to be £0.54m. The mechanism and rules of the incentive will be the same as for passenger carriers.

## 10.13 Parking charges – extension of free parking charges on the remote stands

10.13.1 To incentivise a quick turnaround, the current tariff structure includes a free parking period, 90 min and 30 min for wide and narrow body respectively.

10.13.2 Recognising that slot timings can impact the airlines' ability to turnaround promptly, aircraft with a long ground stay are, on occasion, requested to move from pier served stands to a remote one. This manoeuvre is an important part of capacity management and, if delayed, reduces the availability of pier served stands that can accommodate arriving aircrafts.




On-time towing performance has dropped significantly since pre-Covid and currently accounts for ~59k lost stand minutes (~41 days of wasted stand usage). Even if performance reverts to 2019 levels, further opportunities exist to save lost stand minutes as there were ~70k (~ 49 days of wasted stand usage) in 2019 at 77% towing performance.

10.13.3 To improve the towing performance, we propose to introduce an extended free parking period on remote stands. This measure is not to encourage remote stand parking but incentivise prompt responses to towing requests which will release pier served stand availability and stimulate improved overall punctuality and best use of airport assets.

10.13.4 On top of the current existing free periods of 30 and 90 min for narrow and wide body aircraft respectively, we propose additional free periods totalling 240 min when parked on remote stands. 240 min would be the maximum free period across pier served and remote stands. Examples of how the charge would be calculated are provided below in table 19 for illustrative purposes:

**Table 19 – Examples of the impact of extended remote stand free period on charges**

| Aircraft body type | Pier served stand (minutes) | Remote stand (minutes) | Charge (2024 consultation rate) |
|---|---|---|---|
| Narrow | 30 | 0 | Free |
| Narrow | 60 | 0 | £60.76 |
| Narrow | 0 | 60 | Free |
| Narrow | 30 | 30 | Free |
| Narrow | 30 | 240 | £60.76 |
| Narrow | 270 | 0 | £486.08 |
| Narrow | 60 | 240 | £121.52 |
| | | | |
| Wide | 90 | 0 | Free |
| Wide | 180 | 0 | £382.80 |
| Wide | 0 | 180 | Free |
| Wide | 90 | 90 | Free |
| Wide | 90 | 240 | £382.80 |
| Wide | 330 | 0 | £1,020.80 |
| Wide | 180 | 240 | £765.60 |

# 11 Calculating airport charges tariffs for 2024

## 11.1 Overview

11.1.1 The following steps have been applied to calculate the individual tariffs for 2024.

11.1.2 The forecast maximum allowable yield for 2024 is £26.777 per passenger.

11.1.3 Heathrow does not propose to make any adjustments to the charge proportions across which we recover the maximum allowable yield (MAY) therefore the previous year's apportionment still applies: Passenger 57%, Movement 39% and Parking 4%.

## 11.2 Passenger charges

11.2.1 The 2024 MAY uses a passenger forecast of 77.3 million.

11.2.2 In 2024, passenger charges comprise charges for Origin & Destination and Transfer & Transit passengers which are then split by destination group (Domestic, CTA, European and RoW)

**Table 20 - Passenger charges 2024**

| Passenger charge table | Destination | 2024 Single Tariff |
|---|---|---|
| O&D | Domestic | £13.15 |
| O&D | CTA | £13.40 |
| O&D | European | £20.65 |
| O&D | RoW | £47.62 |
| | | |
| Transfer | Domestic | £7.89 |
| Transfer | CTA | £8.04 |
| Transfer | European | £12.39 |
| Transfer | RoW | £28.57 |

11.2.3 The departure charge is calculated by reference to the set baseline charge then apportioned out based on transfer discount, UK connectivity discount and CTA differentiator.

11.2.4 Step 1 is to set the baseline charge which is determined by the departing passenger revenue required, factoring in the forecast remote stand rebate impact. This baseline is then apportioned out based on a multiplier to the individual destination groups and includes the application of the CTA differentiator of £0.25. The multiplier applied for transfer passengers is reduced to 60%.

11.2.5 Step 2 is only applicable to the passengers who are eligible for a Domestic connectivity discount of £7.50. The Domestic connectivity discount has the appropriate transfer multiplier applied as defined above to determine the final connectivity discount for the fare. This means that an O&D passenger receives

the full £7.50 discount whereas transfer passengers receive a proportion of the £7.50 discount.

11.2.6 Step 3 is to deduct the applicable Domestic connectivity discount (Step 2) and recover the balance from the RoW passenger charge calculated in Step 1.


## 11.3 Movement charges

11.3.1 The balancing of environmental charges is proposed to change so that 80% of the total environmental charge is recovered through noise charges, 15% through NOx charges and 5% through the newly proposed Carbon charge, as covered in section 10.10, above.

11.3.2 The applicability of noise charges remain unchanged, where airlines will incur a noise charge for both take-off and landing.

11.3.3 The noise charge is calculated by initially setting the baseline charge which is determined by the noise revenue required. This baseline is then apportioned out based on the multiplier for each individual noise chapter and reconciled back to the required revenue amount. There is no proposed change to the multipliers that were set up last year and published in the 2023 Airport Charges Decision document.

11.3.4 The NOx charge is determined by dividing the total of NOx revenue required & SAF incentive pot by the forecasted kg of NOx for the year, applicable on landing only. The SAF incentive pot will be re-distributed back to qualifying airlines who deliver SAF to Heathrow in 2024 as detailed in section 10.12 above.

11.3.5 The Carbon charge is established by dividing the Carbon revenue required by the forecasted amount of carbon kilograms emitted in 2024, from both arrivals and departures, but charged on landing only.

## 11.4 Parking charges

11.4.1 The parking charge is calculated by initially setting the baseline charge which is determined by the parking revenue required. This baseline is then apportioned out based on the multiplier for narrow and wide body aircraft and forecast chargeable parking periods and reconciled back the required revenue amount. There is no proposed change to the multiplier compared to previous years although the forecast chargeable periods have been reduced to account for the extension of free periods for remote stands.

## 12 Forecast revenue for 2024

| Movement Charge | | | | |
|---|---|---|---|---|
| **Noise Charge** | | | | |
| Fixed wing aircraft exceeding 16 metric tonnes – outside Night Quota Period | | | | |
| Maximum | [Landings] | 0 | £12,780.20 | £0 |
| Ultra high | [Landings] | 2,332 | £6,390.11 | £14,899,899 |
| Super High | [Landings] | 37,307 | £3,195.05 | £119,199,002 |
| High | [Landings] | 13,990 | £1,917.03 | £26,819,775 |
| Base | [Landings] | 62,956 | £1,278.02 | £80,459,326 |
| Low | [Landings] | 13,990 | £894.61 | £12,515,839 |
| Super Low | [Landings] | 39,639 | £702.91 | £27,862,727 |
| Ultra Low | [Landings] | 62,956 | £639.01 | £40,229,663 |
| Total | [Landings] | 233,171 | | £321,986,231 |
| Fixed wing aircraft exceeding 16 metric tonnes – outside Night Quota Period | | | | |
| Maximum | [Departures] | 18 | £12,780.20 | £232,473 |
| Ultra high | [Departures] | 2,332 | £6,390.11 | £14,899,899 |
| Super High | [Departures] | 37,307 | £3,195.05 | £119,199,002 |
| High | [Departures] | 13,990 | £1,917.03 | £26,819,775 |
| Base | [Departures] | 62,956 | £1,278.02 | £80,459,326 |
| Low | [Departures] | 13,990 | £894.61 | £12,515,839 |
| Super Low | [Departures] | 39,639 | £702.91 | £27,862,727 |
| Ultra Low | [Departures] | 62,956 | £639.01 | £40,229,663 |
| Total | [Departures] | 233,171 | | £322,218,704 |
| Fixed wing aircraft exceeding 16 metric tonnes – Night Quota Period | | | | |
| Unspecified | [Landings] | 0 | £102,241.60 | £0 |
| Ultra high | [Landings] | 1 | £51,120.88 | £51,121 |
| Super High | [Landings] | 6 | £25,560.40 | £153,362 |
| High | [Landings] | 3 | £15,336.24 | £46,009 |
| Base | [Landings] | 15 | £10,224.16 | £153,362 |
| Low | [Landings] | 15 | £7,156.88 | £107,353 |
| Super Low | [Landings] | 5 | £5,623.28 | £28,116 |
| Ultra Low | [Landings] | 5 | £5,112.08 | £25,560 |
| Total | [Landings] | 50 | | £564,884 |
| Fixed wing aircraft exceeding 16 metric tonnes – Night Quota Period | | | | |
| Unspecified | [Departures] | 0 | £102,241.60 | £0 |
| Ultra high | [Departures] | 1 | £51,120.88 | £51,121 |
| Super High | [Departures] | 6 | £25,560.40 | £153,362 |
| High | [Departures] | 3 | £15,336.24 | £46,009 |
| Base | [Departures] | 15 | £10,224.16 | £153,362 |
| Low | [Departures] | 15 | £7,156.88 | £107,353 |
| Super Low | [Departures] | 5 | £5,623.28 | £28,116 |
| Ultra Low | [Departures] | 5 | £5,112.08 | £25,560 |
| Total | [Departures] | 50 | | £564,884 |
| **Emissions Charge on landing** | | | | |
| Total kg Nox rating | [kg] | 5,597,310 | £36.70 | £205,421,266 |
| Average kg Nox per landing | [kg] | 24.0 | | £205,421,266 |
| **Carbon Charge on landing** | | | | |
| Total Carbon kg | [kg] | 1,046,924,334 | £0.04 | £41,876,973 |
| Average Carbon kg per Landing and Take-off C | [kg] | 4,489 | | £41,876,973 |
| SAF Incentive | | | | -£85,900,000 |
| **Total Movement Revenue** | **(a)** | | | **£806,732,943** |

| Departing Passenger Charge | | | | |
|---|---|---|---|---|
| **Departing OD Passenger Charge** | | | | |
| Domestic | [Dep Pax] | 1,295,206 | £13.15 | £17,031,959 |
| Common Travel Area | [Dep Pax] | 1,050,191 | £13.40 | £14,072,566 |
| European | [Dep Pax] | 12,237,658 | £20.65 | £252,707,630 |
| Rest of World | [Dep Pax] | 15,898,165 | £47.62 | £757,070,632 |
| Total | [Dep Pax] | 30,481,220 | | £1,040,882,787 |
| **Departing Transfer Passenger Charge** | | | | |
| Domestic | [Dep Pax] | 701,338 | £7.89 | £5,533,560 |
| Common Travel Area | [Dep Pax] | 240,382 | £8.04 | £1,932,669 |
| European | [Dep Pax] | 1,923,309 | £12.39 | £23,829,794 |
| Rest of World | [Dep Pax] | 4,701,278 | £28.57 | £134,315,523 |
| Total | [Dep Pax] | 7,566,307 | | £165,611,546 |
| **Remote Stand Rebate** | | | | |
| Remote Stand Rebate | [Dep Pax + Arr Pax] | 6,262,610 | -£4.40 | -£27,555,483 |
| **Total Departing Passenger Charge Revenu** | **(b)** | | | **£1,178,938,850** |

| Parking Charge | | | | |
|---|---|---|---|---|
| Narrow bodied | | | | |
| Chargeable Period | [Units of 15 minutes | 587,718 | £30.38 | £17,854,858 |
| Wide bodied | | | | |
| Chargeable Period | [Units of 15 minutes | 1,016,845 | £63.80 | £64,874,686 |
| **Total Parking Charge** | **(c)** | **1,604,562** | | **£82,729,544** |

| | |
|---|---|
| **Terminal Pax Flights: Total Revenue** | **£2,068,401,337** |

| Non-Terminal Pax Flights (GA, Troops etc) | | |
|---|---|---|
| **Non-Terminal Pax Flights** | | |
| Movement Revenue | (e) | £748,430 |
| Departing Passenger Revenue | (f) | £1,093,736 |
| Parking Revenue | (g) | £76,751 |
| **Total Non-Terminal Pax Flights Revenue** | | **£1,918,916** |

| Total Regulated Revenue | | |
|---|---|---|
| **Total Regulated Revenue** | | |
| Movement Revenue | (a) + (e) | £807,481,373 |
| Departing Passenger Revenue | (b) + (f) | £1,180,032,586 |
| Parking Revenue | (c) + (g) | £82,806,295 |
| **Total Regulated Revenue** | | **£2,070,320,253** |
| **Total Passengers** | | **77,316,169** |
| **Total Regulated Yield** | | **£26.777** |

## 13 Proposed airport charges tariffs effective 1 Jan 2024

| | 2024<br>£ GBP | 2023<br>£ GBP |
|---|---|---|
| **Charges on Movement** | **2024** | **2023** |
| Fixed wing aircraft exceeding 16 metric tonnes – outside Night Quota Period (Departures & Landing) | | |
| Maximum | £12,780.20 | £14,046.20 |
| Ultra high | £6,390.11 | £7,023.10 |
| Super High | £3,195.05 | £3,511.55 |
| High | £1,917.03 | £2,106.93 |
| Base | £1,278.02 | £1,404.62 |
| Low | £894.61 | £983.23 |
| Super Low | £702.91 | £772.54 |
| Ultra Low | £639.01 | £702.31 |
| Fixed wing aircraft exceeding 16 metric tonnes – Night Quota Period (Departures & Landing) | | |
| Maximum | £102,241.60 | £70,231.00 |
| Ultra high | £51,120.88 | £35,115.50 |
| Super High | £25,560.40 | £17,557.75 |
| High | £15,336.24 | £10,534.65 |
| Base | £10,224.16 | £7,023.10 |
| Low | £7,156.88 | £4,916.15 |
| Super Low | £5,623.28 | £3,862.70 |
| Ultra Low | £5,112.08 | £3,511.55 |
| Helicopters (Departures & Landing) | £1,006.83 | £1,187.05 |
| Fixed wing aircraft not exceeding 16 metric tonnes (Departures & Landing) | £1,992.13 | £2,348.72 |
| Emissions charge (Landing) | £36.70 | £42.25 |
| Carbon charge (Landing) | £0.04 | |

| Charges on Departing Passengers | 2024 | 2023 |
|---|---|---|
| Origin and Destination | | |
| Domestic | £13.15 | £14.57 |
| Common Travel Area | £13.40 | £14.82 |
| European | £20.65 | £22.07 |
| Rest of World | £47.62 | £54.70 |
| Transfer and Transit | | |
| Domestic | £7.89 | £10.93 |
| Common Travel Area | £8.04 | £11.12 |
| European | £12.39 | £16.55 |
| Rest of World | £28.57 | £41.03 |
| Remote Stand Rebate | -£4.40 | -£4.00 |
| Minimum charge - Domestic | | |
| Minimum charge - Common Travel Area | £804.00 | £889.20 |
| Minimum charge - European | £1,590.05 | £1,699.39 |
| Minimum charge - Rest of World | £2,381.00 | £2,735.00 |

| Charges on aircraft parking | 2024 | 2023 |
|---|---|---|
| Narrow bodied | £30.38 | £31.37 |
| Wide bodied | £63.80 | £65.88 |

# 14 Future consultation direction

## 14.1 Sustainable Aviation Fuel incentive 2026 – 2030

14.1.1 Given industry commitment to reach 10% SAF mix usage by 2030, Heathrow would like to explore whether the continuation or modification of the SAF incentive to cover the period 2026 to 2030 is something that the airline community would like to explore.

14.1.2 To that end, Heathrow would welcome airlines sharing views on plans to achieve the 2030 goal and how Heathrow can support the achievement of that objective.

## 14.2 Operational performance incentivisation

14.2.1 As we recover from the impact of COVID-19, Heathrow continues to experience varying degrees of performance regarding key operational metrics which drive both financial consequences but also operational outcomes for not just the airport but the airline community and ultimately passengers.

14.2.2 Heathrow has previously explored airline views of introducing an incentive to drive improved operational outcomes and included this subject in the pre-consultation engagement sessions. Most airlines supported the principle however, implementation challenges remained.

14.2.3 Despite not progressing with a firm proposal in the 2024 charges consultation, we would like to continue to explore this as it is our view that incentivising the right outcomes would reward those airlines that contribute to an efficient airport, improving available capacity and reducing cost.

14.2.4 As a result, we would welcome any additional feedback on the possibility of building such an incentive into the airport charges regime. Recognising the issues presented previously, Heathrow is considering a weighted operational performance score which would incorporate a number of agreed metrics designed to provide a picture of operational performance across a period of time and which reduces the impact of one off events. This may include the ‘normalisation’ of scores to reflect baselines. Feedback on the appropriate metrics, timeframes and baselines would help further refine this notion.

14.2.5 We do not want to limit feedback to this concept alone however, and would encourage airlines to consider alternative methods of achieving the mutually beneficial outcome of a more efficient airport.

# 15 Financial and traffic information

## 15.1 Traffic statistics and charging parameters

15.1.1 The actual traffic statistics from 2014 to 2022 are set out below to provide more detailed data on those elements of the traffic mix at Heathrow airport which affect the airport charges yield per passenger.

## 15.2 Regulatory accounting information

15.2.1 Heathrow is a privately-owned company and a summary of its regulatory accounts are presented for the 12-month period between 1st January 2022 and 31st December 2022. These accounts compare the airport's financial performance for the Regulatory Year 2022 with the Regulatory Year 2021.

15.2.2 The regulatory accounts include revenue and cost comparison, and calculations of the Regulated Asset Base.

15.2.3 The full regulatory accounts are publicly available from https://www.heathrow.com/company/about-heathrow/economic-regulation/regulatory-accounts.

| £million (unless otherwise stated) | Section | 2022 | 2021 | Variance | % |
|---|---|---|---|---|---|
| **Total Passengers (thousands)** | *2* | **61,634** | 19,393 | **42,241** | **218%** |
| **Revenue** | *3* | | | | |
| Airport Charges | | 1,879 | 554 | **1,325** | **239%** |
| Other Revenue | | 1,014 | 647 | **367** | **57%** |
| **Total Revenue** | | **2,893** | 1,201 | **1,692** | **141%** |
| | | | | | |
| **Expenditure** | *4* | | | | |
| Operating costs | | (1,189) | (832) | **(357)** | **43%** |
| Assumed ordinary depreciation | | (1,062) | (869) | **(193)** | **22%** |
| **Total expenditure** | | **(2,251)** | (1,701) | **(550)** | **32%** |
| | | | | | |
| **Regulatory operating profit/(loss) (before exceptional operating costs)** | | **642** | (500) | **1,142** | **228%** |
| | | | | | |
| **Exceptional operating items** | *5* | **14** | (31) | **45** | **145%** |
| | | | | | |
| **Regulatory operating profit/(loss)** | | **656** | (531) | **1,187** | **224%** |
| | | | | | |
| **Capital expenditure** | *6* | **457** | 289 | **168** | **58%** |
| | | | | | |
| **Opening RAB** | *7* | **17,474** | 16,492 | **982** | **6%** |
| **Closing RAB** | *7* | **19,182** | 17,474 | **1,708** | **10%** |
| **Average RAB** | | **18,328** | 16,983 | **1,345** | **8%** |
| **Return on average RAB (before exceptional operating costs)** | | **3.50%** | (2.94)% | **6.45%** | **219%** |
| **Return on average RAB** | | **3.58%** | (3.13)% | **6.71%** | **214%** |
| | | | | | |

## 15.3 Passenger only flights – actual and forecast

| | Actual | | | | | | | | | Actuals | | H7 Mid |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2014** | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023** | | **2023** |
| | Jan - Dec | Jan - Dec | Jan - Dec | Jan - Dec | Jan - Dec | Jan - Dec | Jan - Dec | Jan - Dec | Jan - Dec | Jan-Jul* | | Jan - Dec |
| **Arriving Passengers** | **37,099,981** | **38,007,791** | **38,366,587** | **39,412,880** | **40,462,508** | **40,942,699** | **11,182,236** | **9,875,569** | **31,349,411** | **22,810,693** | | **37,595,694** |
| | | | | | | | | | | | | |
| ***Departing passengers*** | | | | | | | | | | | | |
| Origin and destination | | | | | | | | | | | | |
| Europe | 12,265,144 | 12,624,009 | 12,741,755 | 13,174,509 | 13,668,591 | 13,930,655 | 4,308,040 | 4,238,098 | 11,105,169 | 7,490,687 | | 13,125,543 |
| Other | 14,113,855 | 14,531,642 | 14,903,829 | 15,695,509 | 16,105,068 | 16,805,579 | 4,356,843 | 3,731,841 | 13,161,550 | 9,336,657 | | 15,618,243 |
| | | | | | | | | | | | | |
| Transfer passengers | | | | | | | | | | | | |
| Europe | 4,220,781 | 4,299,434 | 4,274,123 | 4,346,998 | 4,306,358 | 3,973,195 | 1,003,570 | 706,383 | 2,660,483 | 2,195,735 | | 3,438,056 |
| Other | 5,675,064 | 5,496,182 | 5,389,922 | 5,358,837 | 5,559,489 | 5,234,538 | 1,259,014 | 841,254 | 3,322,568 | 2,902,085 | | 4,204,873 |
| | | | | | | | | | | | | |
| Transit passengers | | | | | | | | | | | | |
| Europe | 1,103 | 349 | 3,757 | 1,258 | 2,617 | 1,371 | 476 | 319 | 1,419 | 493 | | n/a |
| Other | 32,467 | 30,625 | 35,273 | 24,126 | 21,686 | 2,503 | 479 | 1,570 | 13,612 | 16,832 | | n/a |
| | | | | | | | | | | | | |
| **Departing passengers** | **36,308,414** | **36,982,241** | **37,348,659** | **38,601,237** | **39,663,809** | **39,947,841** | **10,928,422** | **9,519,465** | **30,264,801** | **21,942,489** | | **36,386,715** |
| | | | | | | | | | | | | |
| **Total terminal passengers** | **73,408,395** | **74,990,032** | **75,715,246** | **78,014,117** | **80,126,317** | **80,890,540** | **22,110,658** | **19,395,034** | **61,614,212** | **44,753,182** | | **73,982,409** |
| | | | | | | | | | | | | |
| PATMs | 468,359 | 469,671 | 470,764 | 471,082 | 472,744 | 473,235 | 177,281 | 160,744 | 367,191 | 259,311 | | 442,032 |
| | | | | | | | | | | | | |
| UK (departing - origin and destination) | 1,558,413 | 1,480,713 | 1,340,789 | 1,367,353 | 1,345,333 | 1,440,158 | 464,594 | 606,054 | 901,758 | 639,245 | | 1,193,709 |
| UK (departing - transfers) | 1,067,349 | 1,089,749 | 986,012 | 1,058,093 | 1,079,454 | 1,006,443 | 276,699 | 289,132 | 773,165 | 580,116 | | 893,273 |
| UK (departing - total) | 2,625,762 | 2,570,462 | 2,326,801 | 2,425,446 | 2,424,787 | 2,446,601 | 741,293 | 895,186 | 1,674,923 | 1,219,361 | | 2,086,982 |

Classification: Public

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