



# HEATHROWWEST

Your Choice For A New Terminal

## Response to CAP1940, Economic Regulation of Heathrow: policy update and consultation

Heathrow West Ltd is pleased to make this submission to the CAA in response to CAP 1940.

### Executive Summary

Until the suspension of the expansion programme at Heathrow, and then the outbreak of the Covid-19 virus, Heathrow West Ltd was in the process of working up its application for a Development Consent Order (DCO) to construct a new terminal adjacent to Terminal 5. We believed that this terminal provision would have been over £10bn cheaper than HAL's proposals, and would have been delivered faster, thereby accelerating the delivery of airline competition.

Heathrow West incurred significant costs in developing its application for a DCO. The CAA is consulting on allowing Heathrow Airport Limited (HAL) to recover its costs of developing its DCO. We request that the same approach is applied to Heathrow West's costs and strongly believe this is the only approach compliant with fairness principles, with the CAA's duties and powers and with Government policy, for the following reasons:

1. Competition from Heathrow West's proposals is consistent with the regulatory framework under the Civil Aviation Act 2012 (CAA 2012), Government policy under the Airports National Policy Statement (ANPS) and encouraged by CAA policy on alternative delivery mechanisms for expansion;
2. Competition to provide terminal capacity, which Heathrow West's proposals ensured, was in the interests of airlines and passengers and widely supported by the airline community, with demonstrable benefits which Heathrow West's proposals were already arguably delivering;
3. Allowing Heathrow West to recover its costs is compliant with fairness principles, with the CAA's statutory duties and its policy on recovery of Category B costs for Heathrow expansion; and
4. The CAA is able to allow Heathrow West to recover its costs through the RAB, which it already does for other third parties.

We therefore request that the CAA put in place arrangements to allow Heathrow West to recover its costs, whether through existing arrangements, a new policy or imposing a new licence condition on HAL.

### Introduction

The prospect of expansion at Heathrow (or in fact any South East airport) now seems to be some way off. The impact of Covid-19 on long term traffic volumes cannot yet be known. It is possible that air traffic recovers quickly, such as after the financial crash of 2008. It is also possible that we are seeing a fundamental shift in demand for air travel.

Clearly, the Government's view on runway expansion is also unclear, with the Department for Transport seemingly wanting to wait until the case for airport expansion is reviewed by



# HEATHROWWEST

Your Choice For A New Terminal

the Supreme Court. Nevertheless, Heathrow West, along with HAL, had announced that it was to seek permission to build a terminal at Heathrow, in a way that would be consistent with Government airport expansion policy. In doing so, Heathrow West incurred costs that we believe should be recoverable from airlines at Heathrow. We note that work is currently paused while the future of expansion at Heathrow is being considered.

Nonetheless, for the reasons set out below, we consider that Heathrow West's costs of developing its proposals should be recoverable by Heathrow West as they have been for HAL.

## **1. Heathrow West's proposals were consistent with the CAA 2012 regulatory framework, Government policy and CAA policy**

The break-up of the South East airports' monopoly has been demonstrably successful in generating competition and improving the passenger experience across all the London airports, as the Competition and Market Authority (CMA) has found in its report on the evaluation of the Competition Commission's 2009 market investigation remedies. The CMA noted that stakeholders considered there was clear evidence of significant improvement at all the major London airports, including improvements in the customer satisfaction scores at the London-served airports, with service quality at Heathrow reaching a historic high.<sup>1</sup>

However, the Competition Commission (the predecessor to the CMA) was explicit that the scope for competition could extend not just between airports, but also within airports. The Competition Commission considered that competition for a new terminal at Heathrow is an obvious way for such competition to be delivered. In pursuit of this policy objective, the CAA 2012 is clear that there can be more than one operator within an airport and cites the separate operation of a terminal as one scenario in which that might be delivered.<sup>2</sup>

The Government also explicitly acknowledged the possibility of multiple operators in the ANPS setting out Government policy on new airport capacity in the South East. Although the Government's preferred option for airport capacity expansion in the South East is the Northwest runway scheme at Heathrow, this does not mean that HAL is the one, nor the only one, to take forward these plans. The ANPS stated:<sup>3</sup>

*"For the avoidance of doubt, the Airports NPS does not identify any statutory undertaker as the appropriate person or appropriate persons to carry out the preferred scheme"*

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<sup>1</sup> BAA airports: Evaluation of the Competition Commission's 2009 market investigation remedies, paragraphs 1.6 (c), 5.49 and 6.33

[https://assets.publishing.service.gov.uk/media/57399d43ed915d152d00000b/evaluation\\_of\\_baa\\_market\\_investigation\\_remedies.pdf](https://assets.publishing.service.gov.uk/media/57399d43ed915d152d00000b/evaluation_of_baa_market_investigation_remedies.pdf)

<sup>2</sup> See e.g. sections 5 to 10, 69 to 70, and the explanatory note to Section 5.

<sup>3</sup> Paragraph 1.15



## HEATHROWWEST

Your Choice For A New Terminal

Further<sup>4</sup>,

*“It is possible that an applicant for development consent in respect to the preferred scheme will promote more than one application for development consent, dealing with different components individually. To the extent that this is the case, the Secretary of State will apply the Airports NPS to such applications to the extent that he or she determines to be appropriate in the circumstances”*

The CAA itself has been open to, and even explicitly inviting, alternative delivery mechanisms consistently throughout consultations on expansion. A few selected examples are set out below:

- In CAP 1510, the first consultation on priorities for developing the regulatory framework for capacity expansion, the CAA noted *“there are advantages in market arrangements that put downward pressure on capital, operating and financing costs”* and *“we remain open to the idea that certain parts of the programme could be subject to commercial agreements between HAL and the airlines (or other parties). (...) This may include projects such as car parks and possibly the construction of terminal buildings.”*
- CAP 1541: *“We are open to the development of such commercial approaches, and proposals to incentivise such developments. We therefore encourage parties to bring such proposals forward and expect that HAL will actively consider the full range of commercial mechanisms and delivery arrangements to promote efficiency, including those brought to it by third parties and proposals for joint delivery of assets.”*
- CAP 1658: *“In the December 2017 Consultation, we reiterated our long standing position that the CAA is in favour of competitive arrangements where they can be shown to be in the interests of consumers. We confirmed our view that the CAA12 is flexible enough to accommodate a wide range of commercial structures at Heathrow, even if it does not permit the imposition of commercial structures, forced divestment of assets, or the licensing of a new participant without first conducting a market power determination. (...) We confirmed that we are seeking to support and encourage the timely introduction of more competitive arrangements in the interests of consumers.”*

*“We have consistently supported the exploration of alternative commercial and delivery arrangements with a view to establishing whether they could be integrated into the overall plans for capacity expansion in a way that would help protect the interests of consumers. During 2017, a range of stakeholders expressed support for alternative arrangements that could see a greater role for competitive forces in helping ensure the efficient delivery of capacity expansion. Nonetheless, we considered there was a lack of detail on the commercial underpinnings for such arrangements, and how they could be integrated into the existing regulatory framework and planning processes.”*

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<sup>4</sup> Paragraph 1.16



# HEATHROWWEST

Your Choice For A New Terminal

- CAP 1722: *“In previous consultations, we have explained the advantages of HAL exploring alternative commercial and delivery arrangements for capacity expansion at Heathrow airport. Our intention was that HAL should explore a full range of alternative arrangements, such as third parties designing and building significant elements of capacity expansion and/or developing alternative proposals for financing and delivering aspects of the capacity expansion programme. The aim of this approach is for HAL to exploit competitive forces to a greater extent than its business as usual approach to procurement, with these alternative arrangements being demonstrably efficient, delivered in a timely way and consistent with protecting the interests of consumers.”*

The approach of the Government in facilitating terminal competition in the CAA 2012 is consistent with the approach taken to delivering infrastructure in the UK. Competition in infrastructure provision is increasingly being adopted by UK regulators. Thus, Ofgem is seeking to introduce competition in the provision of transmission infrastructure. Ofwat has always allowed competition for the provision of new infrastructure by way of inset appointments. More recently, Ofwat allowed the construction of the Thames Tideway by a company not owned by Thames Water, the incumbent company. Ofcom has allowed competition between telecoms infrastructure companies, as well as competition to part of the mail delivery network. Thus, competition amongst infrastructure providers has been found by regulators to be in the interests of end consumers. We see no reason why this would not be the case in airports.

Heathrow West’s proposals were not only consistent with these policy objectives, they provided the opportunity finally to implement the Competition Commission’s recommendations and complete the competitive journey since the 2009 market investigation, as explicitly envisaged in the CAA 2012 regulatory framework and left open by the Government in the ANPS. They were encouraged by the CAA’s consistent position on alternative delivery mechanisms and, as evidenced by the CAA’s decision to focus on these proposals in CAP 1722 and CAP 1782, its proposals were plausible and the only credible alternative to HAL’s proposals.

## **2. Heathrow West’s proposals ensured competition beneficial to airlines and passengers**

### ***There was strong support for competition***

The benefits of competition for the provision of terminal capacity were highlighted in IAG’s evidence to the Transport Committee, particularly in respect of Heathrow West’s proposals. The Chief Executive of IAG, Willie Walsh, was quoted:

*“Arora has a very credible alternative. I am not supporting the overall proposal, which included him building the runway, but in terms of alternative terminal capacity I see no reason why not. He has more experience than probably anybody, including Heathrow, of building facilities at Heathrow airport. He does so in a commercial fashion and he builds very good facilities. I have absolutely no doubt that he does it at a fraction of the cost of Heathrow. There is strong merit in looking at that. He is very credible, but the issue should not be restricted to one person. The CAA should have the power to force it and the NPS should allow it. I would not specifically say*



## HEATHROWWEST

Your Choice For A New Terminal

*that it should be Arora or Heathrow. What Arora has done is very credible. He deserves credit, because even the idea of somebody proposing an alternative has forced Heathrow to look at cheaper delivery. As soon as that is removed, Heathrow will breathe a big sigh of relief. We have to facilitate that competition.”<sup>5</sup>*

There is also ample evidence that airlines supported the concept of terminal competition. As we reported in our submission to CAP 1541, airlines are fundamentally unhappy with the regulatory framework at Heathrow. In consultation with the airlines, we heard the following feedback:

- Airlines have no choice, but to receive services from HAL as the single owner and operator at Heathrow. They would prefer choice to be introduced.
- Regulation acts as a (limited) check on HAL’s dominant position, but true competition would be much more effective.
- HAL is inefficient in implementing its capital expenditure and the current RAB approach does not incentivise HAL to keep its costs down.
- Airlines have limited confidence that HAL will be able to deliver an efficient and effective Heathrow expansion project.
- There is inadequate transparency on the RAB.
- HAL’s operating costs are too high.
- The current WACC is too high and doesn’t reflect the underlying risks.
- There is an absence of partnership between HAL and airlines in addressing the interests of passengers.

The views of IAG are also given in its response to CAP 1541:

*“16. Importance of competition in the provision of terminal facilities. We strongly endorse the CAA’s openness to alternative delivery mechanisms and the promotion of competition at LHR. We believe that competition would work best in the area of development, provision and operation of terminal facilities.*

*17. The aim of introducing competition would be to promote the delivery of better facilities for the customer, delivered at a more efficient cost, and in a timelier manner than would be the case under a single monopolistic developer. This approach already works at other major hubs around the world. Ideally, terminals or terminal complexes would develop long-term competing expansion plans, and would compete for airline customers on service and cost. A good recent example of this would be the Irish Government’s consideration of having a third party provider own/develop a third terminal at DUB, rather than DAA.”*

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<sup>5</sup> Transport Committee, HC 548, response to Question 609.



## HEATHROWWEST

Your Choice For A New Terminal

Our continued engagement with airlines only reinforced these views, as did Heathrow West's engagement with HAL. While we would not go as far to say airlines preferred Heathrow West over HAL, we are confident that they wanted the concept of terminal competition to be considered by the CAA. This is confirmed in various CAA consultations and responses to them, for example:

- CAP 1722: The CAA noted that airline respondents expressed strong support for the introduction of more competitive pressure and discipline into the capacity expansion programme at Heathrow airport. The CAA also recognised that Arora Group's current proposals involve a strong element of competition and rivalry with HAL.
- Virgin's response to CAP 1722: *"We have noted our support for the consideration of alternative delivery arrangements or proposals that encourage competition in the design, build and operation of an expanded Heathrow. We agree it is important to develop a regulatory framework that facilitates and supports alternative delivery arrangements and as such we expect the CAA to resource itself accordingly to complete the work (whether a credible alternative emerges or not). The CAA should ensure that the viability of HAL's scheme is assessed and where alternative providers do come forward their plans should be benchmarked against HAL's to ensure the best outcome for consumers."*<sup>6</sup>
- IAG's response to CAP 1722: *"The CAA must give due focus to the Arora Group proposals for its development plans at Heathrow as these offer a genuine alternative that can be designed, built and operated and not simply extend HAL's monopoly."*

*IAG view alternative delivery arrangements as a key element to ensuring that Expansion is delivered effectively and affordably for all stakeholders.*

*The Arora Group scheme offers a genuine alternative to HAL's proposal that could be built, delivered and operated and has brought competitive pressure to bear on HAL. This is of huge importance to the Expansion process as a whole highlighting that there are alternatives to the continued HAL monopoly of airport services and the design and build of Expansion at Heathrow. The consumer interest in the Arora Group scheme going forward is clear.*

*It is telling that whereas the CAA is withholding judgment on the Arora Group proposals that include separate terminal delivery operation and/or delivery that HAL has already rejected these. IAG's view is that the introduction of even limited competition to the provision of terminal and airport services at Heathrow would provide a better outcome than the sole regulation of HAL itself. Arguments based on concerns over operational co-ordination and safety risks are clearly undermined by the fact that this type of separate terminal operation form the basis of many airport operations throughout the world and so can demonstrably*

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<sup>6</sup> Virgin Airlines Response to CAP 1722, paragraphs 20-22.



## HEATHROWWEST

Your Choice For A New Terminal

*be delivered. Furthermore, the competitive pressure that would be introduced would also spur an improved commercial proposition as well.*

*IAG supports the CAA's approach to focus on the proposals from the Arora Group. These clearly offer the greatest benefits to consumers by introducing competitive tension to the masterplan development process and ensuring HAL take account of other methods of delivery whilst also offering a genuine alternative to sole HAL ownership and operations. Full and fair consideration of this by the CAA is clearly in the consumer interest."*<sup>7</sup>

- CAP 1782: the CAA noted airline respondents focussed on the advantages that competition from Arora could bring to the process of capacity expansion.

***There is compelling evidence that Heathrow West's proposals would deliver benefits to passengers and airlines, and may in fact have already begun to do so***

First, we published our schemes for Heathrow expansion in June 2017. In response, HAL immediately cut the costs of expansion that it had been using in discussions with the Airports Commission.

Second, Heathrow West would allow the Department's affordability test to be met. The Heathrow West terminal proposal was that it would have allowed prices to be held flat. By building in one location, with construction taking place quicker than had been proposed by HAL, our analysis was that airport charges would not have to increase. This is in contrast to the HAL scheme which, we estimate, would increase charges by over 50%, an increase which we believe would have been opposed by airlines.

Finally, the Arcadis report concluded that terminal competition was good for passengers. As part of its work on Heathrow West, the CAA commissioned Arcadis<sup>8</sup> to consider whether the project was sufficiently developed to warrant CAA work to develop a regulatory framework. The Arcadis report was published along with CAP 1940. Arcadis were asked, by the CAA, to assess whether there was a reasonable prospect that the Heathrow West proposals would be in the interests of consumers. Arcadis reviewed a number of commentaries on the benefits of terminal provision, including the Competition and Markets Authority, the Adam Smith Institute, Alix Partners and Frontier Economics.

Arcadis concluded that "*prima facie, this provides some evidence that such competition is in the interests of passengers*" and that it was clear the interest of the consumer was considered a core objective in the delivery of Heathrow West's proposals.

In response, the CAA concluded that Heathrow West's proposals were reasonably mature and credible, and would likely be sufficient to allow CAA to commence more detailed work on them. Throughout consultations on expansion the CAA has recognised the potential benefits of introducing competition through alternative delivery mechanisms and in CAP

<sup>7</sup> IAG response to CAP 1722, paragraphs 4, 35, 38-40.

<sup>8</sup>

<https://publicapps.caa.co.uk/docs/33/Arcadis%20review%20of%20the%20initial%20tests%20for%20the%20Heathrow%20West%20proposal.pdf>



## HEATHROWWEST

Your Choice For A New Terminal

1722 it recognised that Heathrow West's proposals involve a strong element of competition and rivalry with HAL.

Heathrow West's proposals were therefore on track to deliver benefits to consumers through the introduction of competition, a concept widely supported by the airline community.

Part of this work would have been to develop a regulatory framework for a separately owned terminal. It was Heathrow West's working assumption that the CAA would wish to licence Heathrow West. As such, Heathrow West made a submission to the CAA which set out how a separately owned terminal could be regulated. Had the application for DCO approval been successful, we would have expected revenue recovery of Category B and Category C costs in the way that is currently being proposed for HAL.

### **3. Allowing Heathrow West to recover its costs is consistent with fairness principles, the CAA's statutory duties and the CAA's existing policy on Category B costs**

The CAA has been consulting for some time on the costs incurred by HAL with respect to delivering expansion. The CAA is broadly proposing (most recently in CAP 1940) that HAL's costs are to be incorporated into HAL's RAB and recovered from 2022. These costs were termed Category B (planning) and Category C (early construction) costs. These costs are to be subject to an efficiency review. Such costs include the costs of winding down the expansion project given the judicial review proceedings. The CAA review of HAL's costs is intended to take place during 2020.

We estimate that Heathrow West has spent around £30m of costs in preparation for its DCO application. These include items such as project management, airline consultation, public consultation, environmental investigations and financial modelling, all incurred to support its DCO application. The CAA defines Category B costs as those which are "*directly associated with, and incurred solely for the purpose of, seeking planning permission*" for the delivery of new runway capacity at Heathrow airport.<sup>9</sup> While not the scale of HAL's costs (over £500m and counting), Heathrow West's costs clearly fall within the CAA's definition of Category B costs. We note that Heathrow West's request to have its Category B costs to be recovered is noted in CAP 1940<sup>10</sup>.

Allowing Heathrow West to recover its costs is the only approach which is consistent with fairness principles, the CAA's statutory duties and the CAA's policy on recovery of Category B costs, for the following reasons.

First, it is consistent with fairness principles. While Heathrow West was in effect compelled to develop a competing DCO application due to HAL's lack of engagement, Heathrow West developed proposals in line with CAA and Government policy, and even encouraged by the CAA's previous consultations on Heathrow expansion calling for alternative delivery mechanisms (see section 1 above). The CAA required Heathrow West to undertake substantial work and meet certain tests before its proposals could be considered in full. Heathrow West duly complied and in CAP 1940, the CAA (and Arcadis) recognised that Heathrow West's proposals met the tests and were credible and sufficiently mature to merit further consideration. It stated:

<sup>9</sup> CAP 1513, paragraph 1.11 ; CAP 1871, paragraph 7.

<sup>10</sup> Appendix C, paragraph 10.





## HEATHROWWEST

Your Choice For A New Terminal

*“We consider that the progress made on the tests alongside other evidence demonstrated that Heathrow West’s proposals were reasonably mature and credible, and would likely be sufficient to allow CAA to commence more detailed work on them.”<sup>11</sup>*

Heathrow West’s proposals would deliver benefits consistent with policy and the statutory framework, and while at a later stage than HAL’s, increasingly on a par with them: as evidenced by CAP 1782, Heathrow West’s proposals were the only credible alternative to HAL’s.

As a result of all the above, it would be seriously inequitable and contrary to fundamental fairness principles to disallow the recovery of costs for Heathrow West.

Second, allowing Heathrow West to recover its costs is consistent with the CAA’s statutory duties under the CAA 2012. Under section 1 CAA 2012, the CAA is under a general statutory duty to ‘*further the interests of users of air transport services regarding the range, availability, continuity, cost and quality of airport operation services*’, and in doing so, ‘*promote competition in the provision of airport operation services*’ where appropriate. This includes considering ‘*the need to promote economy and efficiency*’ on the part of licensees such as HAL. If it allows HAL’s costs to be recovered but denies that for a credible competitor like Heathrow West whose proposals were introducing competition and choice for airport users and airlines in airport operation services, were more time- and cost-efficient and were arguably already requiring HAL to be more efficient, the CAA would be failing in the statutory duties highlighted above. It would also be sending a very negative message for any future potential competitor considering entry and/or developing competing proposals: it would suggest the CAA and regulatory framework under the CAA 2012 do not support new entrants competing with incumbents and that the CAA is not serious about promoting competition.

Third, the CAA’s rationale for allowing HAL to recover its costs also applies to Heathrow West. The CAA has consistently maintained that consumers’ interest would be furthered by the timely development of additional capacity and that it should put in place regulatory arrangements to incentivise efficient and timely delivery. This position underpins the CAA’s policy decision regarding HAL’s recovery of Category B and early Category C costs. The CAA also noted that ‘*adding these costs to the RAB will facilitate their recovery over an appropriate period that should allow for both affordable prices and financeable expenditure*’ and that this broad approach is consistent with its statutory duties.<sup>12</sup> As noted above, Heathrow West’s proposals would deliver efficient expansion more quickly and cheaper than HAL’s proposals, with the additional benefit for consumers of introducing competition, which had arguably already begun to bear fruit. Its costs are also clearly Category B costs as defined by the CAA. Therefore allowing Heathrow West to recover its costs is consistent with CAA policy applicable to HAL.

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<sup>11</sup> CAP 1940, Appendix G, paragraph 9.

<sup>12</sup> CAP 1513, paragraph 2.6.



## HEATHROWWEST

Your Choice For A New Terminal

#### **4. The CAA can allow recovery of costs through the RAB, which it already does for other third parties**

Heathrow West considers that there is nothing preventing the CAA from using HAL's RAB to permit Heathrow West to recover its costs (including costs ahead of construction). Indeed the CAA already permits this in respect of certain third-party surface access schemes, based on certain principles which also apply to Heathrow West's proposals.

Heathrow's RAB allows HAL to recover its allowed returns, but the RAB is more than just a sum of undepreciated capital expenditure. The RAB has also been used to allow the recovery of third-party costs, such as for surface access. The CAA allows HAL to recover surface access costs and make contributions to third party schemes, including e.g. Western Rail and Crossrail.<sup>13</sup> The CAA has itself stated "*we do not agree that contributions made by HAL to a third party project should automatically be excluded from HAL's RAB*".<sup>14</sup>

In its surface access policy, the CAA permits HAL to bring forward proposals, to be funded through airport charges, for surface access costs or *to enhance the efficient operation of the airport*. The criteria considered by the CAA include the overall cost benefit to airport users, cost minimisation, and an overall holistic approach to consider whether the proposal is the most efficient approach to meeting requirement for planning consent (among others not applicable here).<sup>15</sup> As we have highlighted above, Heathrow West's proposals would deliver benefits for users, not least through the introduction of competition, and were on track to deliver aspects of expansion quicker and cheaper than HAL. Heathrow West therefore considers that applying some of the same principles from the CAA's policy which justify contributions to third-party surface access schemes leads to similarly allowing contributions to the costs Heathrow West has incurred.

This approach would also be consistent with "*the long established regulatory principle that efficiently incurred capital costs are added to HAL's RAB*".<sup>16</sup>

Clearly, there would have to be scrutiny of Heathrow West's costs, including a form of airline engagement, to explain and justify such costs. We are happy to engage in whatever form of consultation is required by the CAA.

Heathrow West considers that this could be taken forward as a standalone policy, within existing RAB arrangements, as for surface access, or in the form of a new licence condition on HAL. The CAA's licensing powers under the CAA 2012 are wide and permit it to include "*such other conditions as the CAA considers necessary or expedient having regard to the CAA's duties under section 1*" under section 18, including "*provision requiring the holder of the licence to enter into a contract or other arrangement for a purpose specified in a condition and on terms specified in, or determined in accordance with, a condition*" under section 19(1)(b). The CAA recognised the breadth of its potential powers to regulate

<sup>13</sup> We also note another example: Thames Tideway costs are recoverable from another company. The development of the super sewer under the Thames is being carried out by Bazalgette Ltd, owned by a consortium of infrastructure investors. It is not owned by Thames Water, but will be operated by Thames Water. It is being financed, including pre-funding, by a levy on customers of Thames Water.

<sup>14</sup> CAP 1847, paragraph 1.24.

<sup>15</sup> CAP 1847.

<sup>16</sup> CAP 1940, Appendix C, paragraph 25.



# HEATHROWWEST

Your Choice For A New Terminal

multiple airport operators in its Technical Information Notice of August 2018.<sup>17</sup> Heathrow West considers that the CAA has flexibility in terms of how it takes this forward and is happy to discuss this further with the CAA.

One aspect that Heathrow West discussed with CAA recently was whether the policy of funding construction prior to a terminal being in operation was feasible for Heathrow West. It is already the case that HAL is allowed to roll Assets in the Course of Construction into its RAB and allow recovery ahead of operation. Thus, HAL was able to start the recovery of Terminal 5 costs in advance of Terminal 5 opening. While not popular with airlines, such pre-funding reduces the cost of capital of a developer and smooths prices. Heathrow West considers that such advancement of revenue recovery could be applied to its terminal development, in the form of a levy on HAL's charges. We believe that the CAA agrees that it would be possible to advance revenue in this way.

## **Conclusion**

We therefore respectfully request that the CAA allow Heathrow West to recover its costs and put in place arrangements to do so, whether through existing arrangements, a new policy or imposing a new licence condition on HAL. We request that the CAA now puts in place the process to allow the consideration of this request. We remain available to provide more details on any of the views in this submission.

We are happy for this submission to be published.

**Heathrow West Ltd August 2020**

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[https://www.caa.co.uk/uploadedFiles/CAA/Content/Accordion/Standard\\_Content/Commercial/Airports/Files/TechnicalInformationNote-HeathrowCapacityExpansion.pdf](https://www.caa.co.uk/uploadedFiles/CAA/Content/Accordion/Standard_Content/Commercial/Airports/Files/TechnicalInformationNote-HeathrowCapacityExpansion.pdf)