

Economic regulation of Heathrow: programme update (CAP1914)

Heathrow's Response

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Executive Summary

1. We are now in a very different position from when Heathrow published its Initial Business Plan (IBP) in December and even when the CAA last consulted on the regulatory framework for H7 in January of this year. On 27 February, the Court of Appeal concluded that the Government was required but failed to take account the Paris Climate Agreement when preparing the Airports National Policy Statement ('ANPS'). The Court declared that the ANPS has no legal effect unless and until the Government carries out a review of the policy. Since then, we have also seen Covid-19 and related travel restrictions present a seismic challenge for the aviation industry as a whole, transforming Heathrow's business environment.
2. Covid-19 has had a huge impact on the sector. Heathrow has seen a sharp decline in passenger numbers, with volumes dropping around 97% year-on-year for the month of April. This has had a significant impact on Heathrow's aeronautical and non-aeronautical revenues with EBITDA for Q1 2020 down 22.4% with only the early impacts visible. Heathrow is fully exposed to volumes and has high fixed costs and ongoing financing needs meaning a very significant financial impact. The full impact of Covid-19 continues to be unknown and we expect there to be large implications for the future at Heathrow and across the aviation sector. In order to manage the impact of Covid-19 to the maximum extent possible we have taken swift action to ensure the safety of our colleagues, maintain operations at Heathrow and protect our financial resilience.
3. The Court of Appeal judgment regarding expansion has also had a material impact on Heathrow's future capital plans. In agreement with the airline community, Heathrow has paused most of the work on the expansion programme whilst we appeal this judgment to the Supreme Court, with permission to appeal granted on 7 May.
4. Expansion remains in consumers' interests by driving increased competition and choice and lowering airfares. As such, expanding Heathrow remains a key plank of our long-term strategy. It is, therefore, important that the regulatory framework provides the flexibility to allow it to be delivered in the future.
5. Given this dramatic change of environment, the CAA needs to change its own approach rapidly. The landscape across the sector is different, airlines and airports have less time and resource to engage in the regulatory process. With only a short time left before the start of H7 and limited resources with whom to engage, the CAA cannot continue its previous approach of drawn out policy consultations, in many cases taking years to establish a policy. The CAA needs to streamline and simplify its approach.
6. Now is not the time for introducing complex new processes or adding additional regulatory reporting and burden. The change in market dynamics provides the CAA with the perfect opportunity to take a step back and focus on the big picture of ensuring that the regulatory process delivers the right outcomes for consumers, not on implementing a process to examine every detail of Heathrow's business. The future regulatory framework needs to be:
 - a. Simple to implement and monitor;
 - b. Able to manage uncertainty through the period;
 - c. Balanced in providing a symmetrical risk/ reward balance;
 - d. Flexible to react to future changes in the external environment and changes in consumer requirements and preferences; and

- e. Grounded in the Better Regulation principles, ensuring action is targeted and proportionate.
7. The CAA needs to be guided by its primary duty in establishing the framework. Future decisions should not be defined by what airlines are willing to pay, but by ensuring that the interests of users are furthered in relation to the provision of services at Heathrow. The absence of the CCB will make it harder for the CAA to provide an independent and objective view on whether both Heathrow's plans and its own H7 policies can protect consumers. The CAA needs to set out a clear plan for how this will be achieved.
8. The current framework is not properly calibrated. Ensuring that the framework furthers the interests of consumers means ensuring that it incentivises private investment in the things that matter to consumers. To do this, the framework needs to provide a 'fair bet' for investors. The current regulatory framework has proved to be inadequate in this regard with the effect only being magnified by the impact of Covid-19. Heathrow has failed to earn its cost of capital in a settlement for two decades. It is now clear to see that Heathrow does not have the same risk profile as a utility and the calibration of the price control need to reflect this.
9. There are regulatory structures that would allow the CAA to simplify the regulatory process, manage uncertainty, retain flexibility and ensure that Heathrow is subject to the appropriate level of scrutiny. These include new risk sharing mechanisms, price control adjustment triggers and the retention of the development and core framework.
10. Outside of the H7 framework, there are a number of issues that require a more immediate resolution. The CAA cannot rely on H7 to solve all of these problems. Important policy decisions need to be taken in the short-term to ensure that Heathrow can continue to finance its activities and provide the airport services that passengers need:
 - a. Heathrow is facing short term financeability constraints due to the structure of the framework which could limit our ability to provide services for passengers. Resolution requires an immediate policy review by the CAA.
 - b. There is still no policy for the treatment of Category B and pre-DCO Category C costs. This debate has been on-going since 2017 and needs to be finalised.
11. The focus of engagement between Heathrow and the airline community in the regulatory process should be the plans we are putting in place and ensuring that they meet the needs of consumers, including ensuring that consumers feel safe and secure at the airport. We are already working in collaboration with the airline community to understand the impact of Covid-19 on demand and how to translate this into future demand scenarios. While ensuring we consider the impact of different demand scenarios on our plans is particularly important in the current environment, given the inherent uncertainty it should not be the sole focus of engagement.
12. Our IBP methodology provides the right framework for analysing the impact of scenarios on our costs and revenues. The driver-based methodology will allow us to robustly and transparently show the impact of these scenarios on the H7 price control while flexing with the level of demand. It also gives the airline community and the CAA enough detail to scrutinise and challenge our assumptions to ensure we are operating efficiently. We will use this methodology to update our assumptions on the regulatory building blocks in a 2-runway scenario this summer for engagement with airlines.

The Strategic Challenge

13. The key challenge facing us all is ensuring that the regulation in place at Heathrow is fit for purpose given the current challenges posed by both Covid-19 and the change in timeline for expansion. This is both in terms of ensuring that the process reflects the new profile of the industry and in ensuring that the framework is futureproof and resilient to the ongoing challenges we are facing.
14. As set out in the CAA's document, we continue to support the establishment of a new price control beginning in 2022. It is clear that we need a revised framework to better reflect the situation we're now in and ensure that consumer interests can continue to be protected.
15. The paragraphs below set out our view on what is needed from the CAA to manage the challenges the industry is facing. At a high level this is:
 - a. Reconsider its position on the actions that can be taken in the short-term to manage the impacts of Covid-19. The CAA needs to ensure it is fulfilling its duties to future consumers and financeability in the decisions it is taking now;
 - b. Close down the long-running policy question regarding early expansion costs to secure financeability and allow timely future investment;
 - c. Step back from the regulatory process to give industry the space to find the right solutions and forward plans that work in the current environment;
 - d. Ensure the regulatory framework is appropriately calibrated with clear mechanisms to manage uncertainty and allow flexibility to react to the changing operational environment and needs of consumers;
 - e. Avoid locking in decisions about the duration of the price control too early to avoid the potential distortion of key incentives;
 - f. Ensure that scenarios are not the only focus of our engagement ahead of H7, ensuring the plans are fit for purpose should be the top priority; and
 - g. Not requesting a level of detail which makes discussion of potential future scenarios practically impossible.

Short-term priorities for developing new price control arrangements

16. In its document, the CAA states that price control levers can do relatively little to help support the financeability and liquidity of Heathrow or airlines in the current situation. Consequently, it seems to dismiss its ability to take any actions ahead of H7 to support Heathrow and its customers. This is not the case and the CAA should reconsider.
17. The CAA has a primary duty to carry out its functions in a way which will further the interests of users in regard to the range, availability, cost, continuity and quality of airport operation services.¹ It also has a secondary duty to ensure that airports can finance their provision of airport operation services.²
18. It should therefore be paramount for the CAA to ensure that the price control conditions allow Heathrow to take long-term investment decisions in the interests of consumers. However, in the current circumstances, Heathrow's regulatory framework is a potential blocker to this. Without any protection from downside risk, we are unable to take decisions that could benefit passengers in the long run and instead are having to prioritise taking short-term decisions to

¹ <http://www.legislation.gov.uk/ukpga/2012/19/section/1/enacted>, Section 1, paragraph 1

² <http://www.legislation.gov.uk/ukpga/2012/19/section/1/enacted>, Section 1, paragraph 3(a)

protect financeability. It is clear that Investors also now regard Heathrow as a riskier proposition.³ This is likely to cause an increase in Heathrow's cost of capital and, consequently, the airport charges we levy.

19. Through the Q6 process, the CAA clearly set out that the price control could be reopened in the event of 'extreme circumstances'⁴. We are developing our thinking on how a reopener might best work to deliver consumer benefits. While it is understandable that the impact of any reopener might also be considered through the H7 process, it is imperative that the CAA considers other options and takes policy decisions well before 2022. This would provide certainty for investors to ensure that Heathrow is free to take decisions in the interests of consumers and airlines and mitigate any preventable increase in Heathrow's cost of capital.
20. Another issue requiring short term resolution is the CAA's policy on the treatment of early expansion costs. Even though the CAA has been clear in stating that capacity expansion would deliver large benefits for consumers, conversations regarding the treatment of the costs to enable expansion have been ongoing since December 2017 with still no policy clarity. While the Court of Appeal ruling has changed the nature of Heathrow's spend in the short-term, we still need certainty on how the costs will be treated to both: provide clarity on when and how costs already invested will be recoverable; and to allow any future spend to be carried out with confidence. This will ensure that, with a reinstated ANPS, expansion can be delivered in a timely manner to maximise the benefits for consumers.
21. The question of treatment for Category B costs is of particular importance following the confirmation that Heathrow can appeal the JR decision to the Supreme Court. The costs of this appeal fall squarely into the CAA's definition of Category B costs as they are for legal and professional advice associated solely with seeking planning permission for the delivery of new runway capacity at Heathrow. The CAA must therefore work quickly to ensure that a clear policy is in place for this Category B spend.
22. The CAA's proposal to consult again on these issues in its June consultation with no further timeline for policy resolution is, therefore, inadequate. We need a clear policy timeline for clarity on these issues. This cannot be the beginning of another protracted debate. We are happy to engage with the CAA and support as required to ensure a timely decision is made.

Dealing with uncertainty

The CAA's approach to the price control

23. As the CAA sets out, the shape of the aviation market has fundamentally changed due to the impact of Covid-19. It is therefore appropriate that the CAA is considering whether a fundamental change to regulation is required.
24. The CAA also identifies that Heathrow's position within the aviation market may also be altered. The CAA states in footnote 2 that a market power determination to fully explore this would not be possible in advance of the next regulatory period. We disagree that it is not possible, whilst timelines might be challenging, we do not consider they would be insurmountable for the CAA. Further, the CAA appears to extrapolate from the fact that it does not consider there to be time to carry out an MPD that Heathrow must therefore still have market power. This does not logically follow. We accept that whilst the current MPD is extant Heathrow will be treated as having market power, however, we strongly refute that this means

³ Heathrow's bond spreads have increase by 0.7% compared to other corporate debt.

⁴ CAP1151, *Economic regulation at Heathrow from April 2014: Notice granting the licence*, pages 66 & 67

Heathrow does have market power. The CAA cannot simply assume that Heathrow continues to have market power as a matter of convenience.

25. This change provides the perfect opportunity to allow the industry to work together to find a more commercial solution to the current issues that works for Heathrow, the airline community and, ultimately, consumers. We are encouraged by the CAA's apparent consideration of the Gatwick regulatory model, a suggestion that has previously been made by Heathrow in consultation responses. To allow this to happen, the CAA needs to take a step back from the regulatory process and provide space for industry to discuss the best way forward.
26. This will serve to reduce the burden of regulation on the industry at time when resource is limited and better reflect the current market reality. It will also allow the CAA to deploy its resources more efficiently and focus on the key issue of ensuring the price control is properly calibrated to allow delivery of key consumer outcomes.
27. Over the past four years, the CAA has consulted on a number of alternative regulatory mechanisms for Heathrow's framework with no real decisions to show for it. Throughout these consultations, there are clear instances where the issues under consultation are not supported by industry and have no clear benefit other than to put the CAA in line with the approach taken by other regulators. The CAA needs to stop this if it has any chance of establishing a fit for purpose regulatory framework for H7.
28. A clear example of this is the CAA's proposals on ex-ante capital incentives. Throughout the CAA's consultation process its proposal for ex-ante incentives has received, at best, lukewarm support from the industry with both Heathrow and the airlines raising concerns about the potential impact on cost and risk. Heathrow has repeatedly raised concerns about the impacts of this change on the required cost of capital as well as on Heathrow's organisation and ways of working.
29. In the current environment, the CAA should review previous policy proposals and consider whether the proposals are really key to the H7 regulatory framework. In particular where they require large changes in ways of working or involve a potential increase in costs for consumers.
30. The CAA should return to first principles. It should ensure that any policy changes it proposes are clearly linked to the delivery of its duties. Changes should only be made where they are required in order to ensure the regulatory framework delivers in the interests of consumers. They should be targeted at where action is really needed and be proportionate.

The form of Heathrow's price control

31. There are a number of changes to Heathrow's regulatory framework which would be beneficial for consumers, Heathrow and airlines and would mitigate many of the risks associated with setting a price control in such an uncertain operating environment. These include:
 - a. The introduction of uncertainty mechanisms such as price control adjustment triggers and risk sharing mechanisms; and
 - b. The use of event trigger and notified items mechanisms to allow the price control to adapt to future changes.
32. Setting a forecast for the H7 period this year, or even through 2021, will involve making assumptions in an uncertain world. Therefore, there is a clear requirement to include mechanisms in the regulatory framework to manage this uncertainty. Heathrow proposed risk

sharing mechanisms in the IBP. These were linked to managing forecasting uncertainty that would be inherent in a longer regulatory period. Given the uncertainties that will be inevitable in the H7 forecasts, we support the need for simple mechanisms to manage this risk. Of paramount importance will be ensuring that there is a mechanism in place to manage larger shocks where outturn performance is substantially different to the assumptions on which the price control was set.

33. There should be a clear price control adjustment mechanism in Heathrow's licence to deal with future shock scenarios. Covid-19 has shown quite clearly that a formal mechanism for adjusting the price control is needed to protect consumers from higher prices and ensure that their long-term interests are protected.
34. Either alone or in tandem with other risk sharing mechanisms, an adjustment mechanism would help to mitigate the risk of forecasting uncertainty by ensuring that Heathrow and consumers are protected from unforeseen and unmitigable impacts. Setting out a clear mechanism at the start of the control period ensures that the level of protection provided is consistent with the overall risk/ reward balance of the framework and provides clarity on the conditions where the CAA would step in to review the price control conditions. This would ensure that Heathrow can have the confidence to continue to take decisions in the long-term interests of consumers regarding the development of Heathrow and allow the CAA to step in to ensure this happens in a structured way.
35. There is substantial regulatory precedent for simple mechanisms to provide this protection. The substantial effects clause in water sets out clear tests and processes for establishing whether there has been a material change in circumstances and whether changes are required to the price control to reflect this. There are also precedents for similar mechanisms at other European airports.
36. Additionally, further consideration should be given to the inclusion of a traffic risk sharing mechanism to manage forecasting uncertainty before any larger adjustment mechanism is triggered. A traffic risk sharing mechanism in particular could provide the right incentive properties for the H7 period while providing protection from forecasting uncertainty. If properly calibrated, it would provide an incentive for Heathrow and the airline community to work together to implement the right solutions to ensure that passengers feel safe to fly, commercial incentives are maximised and passenger numbers grow.
37. This mechanism could provide long-term benefits for consumers over the period by ensuring that consumers are not exposed to the risk of uncertain forecasting either causing Heathrow to earn windfall gains or impacting Heathrow's ability to invest in improving services. It could also allow consumers to benefit from increased passenger volumes during the period through lower charges.
38. Any risk sharing mechanism would need to be simple to implement and mechanistic in nature to ensure it can be managed easily throughout the period. There is a wide range of precedent in other price controls across the aviation sector to help guide the approach. This includes NERL's traffic risk sharing mechanism. We plan to engage with the airline community on options for these mechanisms through Constructive Engagement.
39. Flexibility to react to changing assumptions will also be key to managing uncertainty. It is likely that a number of assumptions will change through the H7 period as a result of changing operational and passenger requirements as we adapt to the 'new normal'. The regulatory framework needs to be able to adapt to take account of these and ensure they are delivered

quickly without the need for constant reopening or protracted debate about how to deal with them.

40. A key one of these over H7 is the delivery of expansion. In our IBP, we proposed including an event trigger mechanism to trigger a predefined change in the framework if the circumstances around expansion changed. This mechanism is equally valid now.
41. Any event trigger mechanism should have clear triggers and a clear process that follows to provide certainty on how changes will be taken into account. Taking expansion as an example, the trigger process could look something like the following:
 - a. On reinstatement of the ANPS, Heathrow and the airline community begin discussions on the framework required to deliver expansion, based on the assumptions set out in the December 2019 IBP
 - b. This framework should be put in place through discussion and CAA consultation by DCO submission
 - c. The framework is triggered when the DCO is granted
42. A process such as the above, along with a clear policy on early expansion expenditure, would allow us to focus on establishing a 2R framework in the short-term while setting clear steps to ensuring expansion can be incorporated within any future price control. This would allow expansion to be delivered in a timely manner when there is a clear enabling policy in place and if market conditions allow, maximising overall benefit to consumers.
43. Another important flexibility mechanism would be the inclusion of a Notified Items type mechanism, as seen in the water sector. Here, costs that remain uncertain when the price control is set, or costs over which Heathrow has limited control, can be passed through during the period. Heathrow proposed this approach as part of the Q6 price control for uncertain costs associated with expansion. While the mechanism would not be appropriate for expansion costs at this stage, it could provide a clear mechanism for dealing with uncertain costs such as:
 - a. Operational changes/ investments required to as a result of new safety/ security standards due to Covid-19
 - b. Business rates, which could vary through the period depending on changes in rates policies and
 - c. CAA fees, which could vary with any ramp up in expansion activities
44. There is precedent for the inclusion of these types of pass throughs in Heathrow's current price control in both the S-factor adjustment and the business rates adjustment. As with the current business rates pass through mechanism, sharing rates can be applied and these mechanisms can provide the opportunity for Heathrow and the airlines to share in the benefits of changes in these costs.
45. This type of mechanism would ensure that Heathrow could react quickly to the changing operational and safety requirements through the H7 period, implementing changes faster. It would also allow for changes in external costs to be reflected accurately, avoiding the possibility of Heathrow making windfall gains at consumers' expense or preventing potential financing issues due to escalating external costs.
46. We also see the retention of the development and core capex framework as key to ensuring the future flexibility of the framework. The development and core framework allows Heathrow

and the airline community to review and agree the need for different capex investments through the regulatory period, ensuring that investments are only made when they are required. It also ensures that only the capex incurred is added to the airport charge through the period, keeping airport charges reflective of the capex invested.

47. Retention of this framework will ensure that Heathrow's investment pipeline can flex to meet changing consumer requirements through what is likely to be an uncertain period and ensure the airport is appropriately developed and enhanced to meet the needs of users. It also prevents the potential increase in Heathrow's risk exposure and therefore costs of capital caused by a move to an ex-ante framework.

The duration of Heathrow's price control

48. The CAA sets out the possibility of shortening Heathrow's price control from the standard five-year period in order to better manage forecasting uncertainty. We are not convinced that making a decision on the length of the period is either required or advisable at this point in time.
49. As the CAA notes, there are likely to be a number of opportunities to update assumptions for forecasts ahead of the start of H7. In this time, uncertainties will either lessen or it will become clear that the landscape will continue to be uncertain for some time to come. This will be the case with both expansion and Covid-19 uncertainties.
50. These different outcomes will naturally call for differing approaches to the length of the regulatory period. It would therefore be unwise to lock ourselves in to a shorter regulatory period at this stage in the process, which could have real impacts on the incentive properties of Heathrow's framework, when through 2021 it becomes clear that there is increased certainty around forecasting and that a traditional five-year period, or longer, would have been the best option. Equally, the introduction of uncertainty mechanisms and increased flexibility to deal with changes through the period could negate the need for a change in the duration of the period.
51. We therefore propose to continue with the assumption that H7 will be a five-year price control starting in 2022 for our summer 2020 building blocks update. We can then review with the airline community through Constructive Engagement and make a decision based on more information closer to our final business plan (FBP) and then in any subsequent updates.

The use of scenarios

52. We agree with the CAA that understanding potential scenarios can help us to better understand the potential impact of Covid-19 on our forecasts and plans for H7. We are continuously engaging with airlines to understand the impact that Covid-19 is having on their future passenger numbers to understand what this means for Heathrow.
53. There is no consensus on the nature of future demand, and individual airlines have revised their outlook as the response to the pandemic has progressed. We do not believe it would be appropriate to provide a single forecast or select a single main case from multiple forecasts.
54. In our 2020 building block update we intend to use 'book ends' to show potential high and low future demand scenarios. These will be illustrative only, provided to stimulate discussion. This will allow us to engage with the airline community on the potential plans that need to be put in place in these potential scenarios. In our view, it is the consideration of the future plan and

delivery of outcomes for consumers and wider stakeholders linked to the scenarios that should be the focus of engagement through the regulatory process, not the scenarios themselves.

55. It will also be important to ensure that our FBP and consequently the CAA's proposals are based on one credible scenario and associated set of future plans in order to provide a baseline for the price control. While sensitivities on this base case can be provided to review potential impacts on performance and financial resilience in order to calibrate the price control, alternative scenarios alone cannot be the focus of the CAA's attention. This will only serve to cause confusion and lead to the need for unsustainable amounts of detail.
56. The driver-based methodology set out in our IBP will allow us to clearly and transparently show the impact of alternative scenarios and sensitivities on our costs and revenues. We will therefore continue to use this methodology in our summer 2020 building block update, FBP and any future updates.
57. We are of the firm view that this methodology is robust and supported by well evidenced assumptions. It is a tried and tested methodology, reflecting business planning precedents from other regulated companies, including Dublin airport. It provides the CAA and the airline community the right level of detail and information in order to review and challenge Heathrow's assumptions and efficiency and ensure that the resulting airport charges are efficient and provide the right outputs for consumers. A bottom-up approach to business planning would not be compatible with providing a range of scenarios or flexibility to deal with uncertainty in actual outcomes.

Next Steps

Engaging with stakeholders and wider processes

58. We agree with the CAA's judgement that a more streamlined process is required for establishing the price control. However, we are disappointed at the lack of concrete proposals from the CAA on what this looks like in reality.
59. The CAA's proposal for shorter consultations will only work if the consultations are appropriately scoped and targeted at the key decisions that need to be made and have clear timelines for these decisions being communicated. Working this way will allow respondents to properly assess the proposal and provide an appropriately targeted response.
60. This however is not borne out in the CAA's proposed timeline for future consultations. Contrary to the commitment made regarding fewer set piece consultations, the CAA's timeline proposes only two, large set piece consultations ahead of the 2021 price control proposals. We expect the CAA to provide a more detailed timeline of the policy decisions it will be making ahead of its proposals, showing when the issues will be consulted on and when a decision is expected. This will allow the industry to better manage its resources through these challenging times, allow us to ensure conversations through Constructive Engagement reflect these policy priorities and would be in line with the approach taken by other regulators.
61. Accordingly, while we agree that Constructive Engagement is valuable and consider it forms an important part of the price control process, it will be critical that discussions are appropriately targeted and focused on the key outputs for H7 in order to ensure that we can have the best possible inputs in time to shape the FBP. At the start of the process we will set out the key strategic questions for the airline community and for the CAA as the body

responsible for protecting the interests of consumers. We will be seeking feedback from the airline community on these questions to put the focus on the key aspects that will inform the development of our FBP.

62. We therefore see the purpose of Constructive Engagement being to ensure that Heathrow provides the required information for the airline community to answer these questions and to provide the airline community with a forum in which to provide its feedback.
63. We are disappointed that the CAA's approach to ensuring that Heathrow's plans for H7 are grounded in robust consumer insight and reflect the priorities of consumers is given only one paragraph in its document. Following the dissolution of the Consumer Challenge Board (CCB) it will become increasingly difficult for the CAA to provide an independent and consumer focused assessment of Heathrow's plans. It is therefore important that the CAA sets out a clear plan for how it will take forward this role and carry out its assessment, building on the good work of the CCB.
64. We see merit in the CAA using its own consumer panel to review Heathrow's plans and provide this independent consumer focused insight. In particular for assessment of Heathrow's FBP, we see that there will be a need for a targeted review of the plan to assure the consumer insight used and provide a view on whether the plan meets the needs of consumers. We also see that such a review would be helpful in respect of the CAA's initial and final proposals, to ensure that the 'golden thread' of consumer insight is not lost throughout the process.

Overall timetable

65. We are encouraged to see a confirmed timeline from the CAA for the H7 process and, as set out in earlier sections of the response, Heathrow supports a process leading to a 2022 H7 start. Now a skeleton timetable is in place, we expect the CAA to provide a more definitive view of when its documents will be released, set out in months not seasons.
66. In line, with the timetable, Heathrow is working to provide the following outputs:
 - a. June - Close down of the initial phase of Constructive engagement
 - b. July – Updated view of the price control building blocks and price path in a 2R scenario with 'book ends' showing the potential impact of Covid-19
 - c. July-August – Constructive Engagement on the updated building blocks
 - d. November – Heathrow FBP
67. As set out in earlier sections of the response, we agree with the CAA's assessment that further updates through 2021 would be beneficial. These would not be full updates to our plan, but an updated view of the potential price path based on changes in assumptions fed through our forecasting model. We see that two updates could be useful to feed into the CAA's process:
 - a. Beginning of Q2 to feed into the CAA's Initial Proposals
 - b. Middle of Q3 to feed into the CAA's Final Decision