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To: [economicregulation](#)
Cc: [Sławewski Marcin](#); [Petrykowski Michał](#); [Lofts Robert](#); [Laszczyk Michał](#)
Subject: [External] interim price cap HAL - position of LOT
Date: 17 November 2021 22:59:29
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Dear Sirs,

Taking advantage of the opportunity to present our position on the interim price cap consultations for London Heathrow Airport currently conducted by CAA, we would like to strongly disagree to the proposed cap on the level of GBP 29.50 as being not sufficiently and reasonably justified and being simply too expensive to afford by passengers. However, we urge CAA to roll over the existing level of charges and settle the cap at the GBP 19.39 level.

There are two main arguments supporting this position. First, in our opinion CAA has not sufficiently considered detailed analysis carried out by the CAA's own advisors on Opex and Commercial Revenues and putted in favour analysis of HAL's RBP. This is obvious that HAL aims to overestimate its operating expenditures and to underestimate commercial revenues. Therefore it is really difficult for us to understand such an approach of discrediting an independent advisor. In fact, analysis of the CEPA/TA justify the price at the level of GBP 10 lower on average. We strongly urge CAA to review these analysis and to adjust Opex and Commercial Revenues.

Furthermore such a high price cap proposal which is in fact a 50% increase results from underestimated and outdated forecasts made in April 2021. Since that many travel restrictions, including the most important for HAL to the United States, were lifted. Therefore it is clear that it will boost HAL's revenues and should lower a price cap. In addition, from our perspective we do plan to serve 182.319 pax to LHR next year which will represent approximately 75% of our 2019 traffic. We kindly ask you to review your forecasts.

Finally, while it is correct that HAL initial proposal on price cap was significantly higher than the actual proposal of CAA, however it is not a justification to settle it still on extremely high level. This needs to be justified in a proper and independent financial and traffic forecasts and we believe that was not a case while proposing price cap on a mid-level of GBP 29.50. At the end we would like to remind you that LHR is already the most expensive airport in Europe, being nearly 50% more expensive than the 2nd one, and one of the most expensive in the world. Such an 50% increase will definitely lower the current position of LHR which has in the market as there is a limit of prices which passenger can't afford.

Miłosz Madejski
Airport Charges Expert

Robert Lofts
LHR Station Manager
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*Pozdrawiam,
Kind regards,*

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