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**To:** Moriarty Richard  
**Cc:** Andrew Winterton <Andrew.Winterton@easyJet.com>; Chris Gadsden <Chris.Gadsden@easyJet.com>; Michael Whitfield <Michael.Whitfield@easyJet.com>; John Cunliffe <John.Cunliffe@easyJet.com>; Calvin D'Aguilar <Calvin.D'Aguilar@easyJet.com>  
**Sent:** Wed Dec 14 18:56:38 2011  
**Subject:** easyJet response: indicative airport licences for Q6  
Dear Richard,

easyJet welcomes the opportunity to respond to your discussion document about indicative airport licences for the Q6 price control. We are particularly interested in this topic because these licences will most likely be applied to airports that currently have price controls, depending on the results of the CAA's competition assessments. We agree with the CAA's broad approach to drafting the licences but urge caution in a number of areas.

easyJet is the UK's largest airline. We operate from 18 of the UK's airports and we carry over 55 million passengers each year. However, Gatwick and Stansted airports are extremely important in our UK and European network and currently have price controls. We are the biggest airline at Gatwick airport, bringing 37% of total passengers to the airport, which is about 6 million departing passengers a year. At Stansted airport, we are the second largest airline and are responsible for 20% of all passengers, which is about 2 million departing passengers a year.

We believe that the clauses to reflect existing price control conditions do so and agree that this is the best starting point for drafting the new licences. However, it is very important that clauses to capture the draft Civil Aviation Bill do not have unintended consequences. In particular, it is important that the CAA ensures that penalties paid by the airport are funded by shareholders instead of being included as part of the regulatory settlement, which would mean they are paid for by airlines and ultimately the passenger. Another area of vigilance is that the financial resilience condition does not lead to passengers paying for the airports' mistakes through an additional financial barrier. We have seen in the recent banking crises that a 'hands off' approach by the regulator has not led to businesses ultimately facing the risks that they have created. Finally, we believe that the CAA should be cautious about the operational resilience condition being used by an airport to justify 'gold plating' its investment or spending money that passengers do not need or want in order to earn a guaranteed return for 20 years through the Regulatory Asset Base.

We look forward to working with you through the Q6 process on this topic and others.

Best wishes,

Thea.

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