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Sent by email to mike.goodliffe@caa.co.uk

Dear Mike

REF: LONDON APPROACH CHARGES CONSULTATION

British Airways ("BA") welcomes the opportunity to respond to the Civil Aviation Authority's ("CAA") request for feedback on its consultation paper regarding the future charging structure for the services known as London Approach ("LA").

As the CAA recognises, there is currently no common approach within the European Union ("EU") regarding the recovery of approach costs, with varying approaches demonstrated by different Air Navigation Service Providers ("ANSPs"), therefore there is no consistent precedent that the CAA can rely on for establishing its decision following this consultation.

EC Implementing Regulation EU No. 391/2013 fails to provide clear and unequivocal guidance on how member states and their ANSPs should recover the costs of approach services. Articles 8 and 9, respectively covering the allocation of costs and the transparency of such costs, as well as the charging methodology, would benefit from improved drafting to help in this process.

Article 5.3 of the EU Implementing Regulation could indeed be construed as supporting the contention that LA costs could actually be recovered through en route charges, i.e. supporting Option 3 of the CAA's consultation paper, while alternative interpretations are also possible.

BA is aware that the European Commission ("EC") intends to launch a study in early 2014 to consider the allocation of costs between terminal and en route, which begs the question whether the CAA's consultation should be deferred pending the outcome of the EC's study. As highlighted in paragraph 2.13 of the CAA's consultation paper, there is an apparent anomaly that states that an "allowance of 20 kilometres is made around airports to allow for en-route services whereas the performance regulation uses a distance of 40 nautical miles around airports when considering key performance indicators for terminal services". Hopefully the CAA will encourage the EC to use its study to consider this apparent contradiction.

In pursuit of consistency across the EU BA also suggests that the CAA encourages the EC to evaluate the overall logic of separate approach charges in complex Terminal Manoeuvring Areas ("TMAs"), i.e. not just for London, but also such TMAs as Paris and Milan.

As the CAA states, there are airspace design projects underway, including the London Airspace Management Programme ("LAMP"), which is linked to proposed changes in the Transition Altitude ("TA"), that are likely to affect the demarcation of airspace between terminal and en route. Therefore should the CAA be minded to implement a change to the current LA charging methodology before the end of Reference Period 2 ("RP2), we run the risk of further changes being required once LAMP and TA are delivered.

BA is also interested to understand the CAA's view on the implications of any changes to LA charges on NATS's commercial contracts with, for instance, Biggin Hill aerodrome. Will the CAA require NATS to negotiate revised terms to such contracts that are equitable to changes in LA charges ?

Furthermore, BA is keen to explore the existing inequity of the treatment of certain smaller aerodromes, airports and airfields within the London TMA in relation to liability for payment of LA charges, e.g. Battersea Heliport. Airspace users of, for instance, Battersea Heliport take the LA service and it could be contended that such users, given the nature of their operations, actually generate a greater cost burden per air traffic movement for NATS than airspace users of the main London airports. Therefore providing users of, for example, Battersea Heliport, with a waiver of charges would seem perverse and it is certainly unfair to expect users at London's main airports to provide such users with a subsidy. We would therefore request that the CAA considers all airspace users, including general aviation, within the scope of any future LA charge.

Having mentioned cost-relatedness between users of LA, and not to belabour the point, it is also appropriate for the CAA to consider the relevance of including a weight element in LA charges. BA would contend that weight is broadly irrelevant in establishing air traffic control ("ATC") charges in general and this view holds for LA too. Therefore while the tariff structure for LA is less weight-related than for some other ATC charges, it would still benefit from removing the weight element.

In summary should the CAA be minded to make changes to the LA charge at this time, BA would support the CAA's Option 3, as this is in line with the approach in other key member states, e.g. Germany, and hence creates a level playing field for UK airlines with their key European competitors, while removing one anomaly from the charging of approach services within the EU. Should the CAA, however, not be minded to make such a change in advance of the output from the EC's study, then BA strongly suggests that the CAA maintain the current charging mechanism, i.e. adopt Option 1 for the RP2 period.

We look forward to receiving your response to this letter in due course.

Yours sincerely



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cc Peter Jukes, Manager User Charges, BA
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