



Group Director's Office

Kathryn Leahy
Heathrow Airport Limited
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Heathrow AOC Limited
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Mark Gardiner
British Airways Plc
Waterside PO Box 365
Harmondsworth
UB7 0GB

1 August 2014

Dear Kathryn, Edwina and Mark,

Re: Notice under Condition D1.6 of the Heathrow Airport Limited licence granted under the Civil Aviation Act 2012 to modify Schedule 1 to that licence

The CAA has received two written agreements from Heathrow Airport Limited (HAL) and the Heathrow Airline Operators Committee (Heathrow AOC) under Condition D1.6 of the HAL licence granted under the Civil Aviation Act 2012 (the Licence) to modify Schedule 1 to the Licence in the following ways:

- To continue measuring the QSM scores on the moving annual average basis for Terminal 1 and start measuring QSM scores for Terminal 2 from June 2014 (paragraph 2.3). This modification is made so that the licence condition correctly captures the CAA's intended ways of measurement.
- To exclude British Airways off-pier short-haul services from the pier-served stand usage target from April to September 2014 (footnote 68 under Table 3d: Terminal 3 – airline operational elements). This modification is made to reflect the latest operating situation of British Airways at Terminal 3.

I enclose a notice accepting those written agreements and modifying the licence accordingly with immediate effect.

I am placing a copy of this letter and attachments on the CAA website.

Yours sincerely,

Iain Osborne
Group Director, Regulatory Policy

Notice of modification of Licence pursuant to section 21(4) of the Civil Aviation Act 2012

1. On 10 January 2014, the Civil Aviation Authority (CAA) made a market power determination under section 7 of the Civil Aviation Act 2012 (the Act) that the market power test is met in relation to the operation by Heathrow Airport Limited (HAL) at London Heathrow Airport (the Airport).
2. On 13 February 2014, the CAA granted a licence to HAL under section 15 of the Act which authorises HAL and those persons listed in section 3(3) of the Act to require a person to pay a relevant charge in respect of airport operation services that it provides at the Airport (the Licence), subject to the conditions contained in the Licence. The Licence came into effect on 1 April 2014.
3. Pursuant to sections 21(3) and (4) of the Act, the CAA may modify the Licence if the Licence contains a provision for its modification which specifies the circumstances in which it may be modified, the types of modification that may be made, and the period or periods in which it may be modified. The CAA has included such a provision in Condition D1 of the Licence.
4. In accordance with Condition D1.6 of the Licence the CAA may modify the Licence by notice with immediate effect where there is a written agreement between HAL, the Licensee, and Heathrow Airline Operators Committee (Heathrow AOC), which represents all airlines at the Airport.
5. On 30 June 2014, the CAA received written agreements from HAL and Heathrow AOC jointly requesting the modifications listed below to be made to Schedule 1 to the Licence (the Written Agreements). The Written Agreements set out the details of, and the reasons for, the proposed modifications, and are attached at annexes A and B to this notice.
 - Annex A: To continue measuring the QSM scores on the moving annual average basis for Terminal 1 and start measuring QSM scores for Terminal 2 from June 2014 (paragraph 2.3).
 - Annex B: To exclude British Airways off-pier short-haul services from the pier-served stand usage target from April to September 2014 (footnote 68 under Table 3d: Terminal 3 – airline operational elements)
6. The CAA has carefully considered the proposed modifications and considers that they are appropriate and necessary. Therefore, the CAA hereby modifies Schedule 1 to the Licence with immediate effect in accordance with the proposed modifications contained in the Written Agreements. These are the first modifications to the Licence under Condition D1.6 since the Licence came into effect.

Iain Osborne
Group Director, Regulatory Policy
1 August 2014