

YOUR LONDON AIRPORT

Gatwick

24 JANUARY 2014

Tim Griffiths
Regulatory Policy Group
Civil Aviation Authority
CAA House, 45-59 Kingsway
London, WC2B 6TE

Dear Tim,

Gatwick representation to the CAA on the proposal to grant the licence, including the proposed licence conditions

We set out below Gatwick's comments on the draft licences annexed at Chapter 3 of CAP 1139. In doing so, we are maintaining our previously stated position that we do not believe that Gatwick meets the Market Power Test and as such the licence is not required; our comments are without prejudice to this position. Further, we have not repeated previous points that we have made on early drafting but, in so far as these have not been taken on board, they remain of concern to us.

The following comments use the paragraph numbering from Chapter 3 of CAP 1139:

- Licence expiration: We request that the CAA establishes an expiration period for the licence, after which the licence could be renewed, but only on further action from the CAA. This is consistent with the intention of Parliament and the Act for the requirements of a licence not to exist in perpetuity, and follows regulatory precedent. We suggest the relevant period would cover the 7 years of the Commitments, to allow for a new market power assessment in year 5. Suggested drafting is included in the annex below;
- C.1.8: We see no reason for the addition of a £10 million cap when the Conditions of Use include a commitment to follow CAA policy guidance;
- C.1.11: (x) the name of the Manual has now been changed at the airlines' request to Gatwick Airport Core Service Standards Handbook;
- D.1.2: in each of (a) (b) and (c) there is added at the end of the certificate "*of which the Licensee is aware or could reasonably be expected to make itself aware it is or will be subject for a period of two years from the date of this certificate*". These words are taken from the NERL licence and relate to the preceding wording "*to enable the Licensee to comply with its obligations under the Act and under its licence*". The wording does not work in a Gatwick licence where the preceding wording is "*to provide airport operations services at London Gatwick*". We suggest this might be better drafted by deleting the wording and amending the preceding wording to "*to provide airport operations services at London Gatwick Airport in accordance with the Commitments.*"; and

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- D.1.7: We propose that Ivy BidCo Limited is the Covenantor, but are happy to discuss with the CAA.

Please let us know if you have any questions.

Yours Sincerely



Andrew Williams-Fry
Chief Economist

Annex

Suggested drafting:

A1.5 This Licence shall come into force on 1 April 2014 and shall continue in force until the earlier of:

- a) it being revoked in accordance with Condition B2 of this Licence; or
- b) 31 March 2021 unless prior to such date the CAA has made a further market power determination under section 7 of the Act and finds that, for the purposes of section 3 of the Act, the Licensee is the operator of a dominant airport area at a dominant airport.