

28 November 2025

Selina Chadha

Group Director for Consumers & Markets - UK Civil Aviation Authority

(by e-mail)

Dear Selina,

### **Opposition to Request for Early Expansion Cost Recovery**

I am writing to express serious concerns about the request to recover early expansion costs from airlines. In any true commercial setting, granting this request would be premature and unjustified.

Both promoters seek to recover costs for a scheme that remains unapproved and unfunded. Allowing early cost recovery would transfer commercial risk from promoters to airlines, contrary to the fundamental principles of economic regulation.

Heathrow Airport Limited (HAL), as a privately owned regulated monopoly, must bear the risks associated with its own investment decisions. If HAL considers – as I understand it does – that it would otherwise be disincentivised to proceed or respond to the Government’s call for growth, they should put this in writing and be given the opportunity to be excused from the process – making way for other competitors to take their place. Furthermore, legal, environmental, and financial hurdles remain unresolved, with no clear timeline or verifiable cost envelope. It would not be appropriate to burden airlines and passengers with speculative development costs at this stage.

HAL’s request offers no controls over the level of early costs to be incurred, and no mechanism for refunding users if expansion does not proceed to plan. Allowing recovery on this basis would create regulatory inconsistency and grant unjustified privilege to a single monopoly operator compared to the protections consumers receive in other regulated sectors.

In contrast, airlines are at the forefront of delivering the Government’s call for growth, investing billions in new, more efficient aircraft; creating thousands of skilled jobs; supporting apprenticeships and training; and rebuilding critical supply chains after the pandemic. These investments are made entirely at commercial risk, with no mechanism for early or underwritten cost recovery. Allowing a regulated monopoly to pass speculative planning costs on to airlines and passengers would create an uneven and distortionary landscape.

In summary, the request for early expansion cost recovery represents an inappropriate shifting of commercial risk and cost burden onto airlines and passengers. We, therefore, consider that the CAA should deny applications for early expansion cost recovery in their entirety. If the CAA, as has been indicated, do decide to grant early costs to HAL, it’s important that there is equal (level playing field) access to all promoters to maintain a fair and competitive environment, and should come with strict limitations, subject to ring-fenced development allowances, strict gating, cost caps, and transparent clawback provisions to protect airlines and consumers.

Yours sincerely,

[sent via e-mail]

**Raghbir S. Pattar**

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