

Sir Stephen Hillier
Civil Aviation Authority,
Aviation House,
Beehive Ring Road,
Crawley,
West Sussex,
RH6 0YR



Via Email

17 December 2021

Dear Sir Stephen,

HATF response to CAP2265A 'Initial Proposals' Consultation

Heathrow Area Transport Forum (HATF) is a partnership between organisations in the private and public sectors with a shared goal of improving accessibility and increasing public transport use to and from the airport and the surrounding area. It operates in line with guidance set out by the DfT in their Aviation Policy Framework 2013.

HATF have responded to the previous consultation on this subject (CAP2098) highlighting a greater need to consider the importance of decarbonisation in the assessment framework being employed by the CAA when determining the adequacy and acceptability of the airport's Business Plan. Clearly HATF have a particular view of this in respect to promotion of sustainable transport for airport users.

Despite these previous representations, and the fact that this consultation launched in the run up to the UK hosting the COP26 summit, there is still little discernible evidence that the national challenge of decarbonisation is being properly considered in the CAA's processes. As evidence, there is, quite incredibly, no mention of carbon reduction, net-zero or even sustainability more generally in the CAA's summary document accompanying this consultation. We can therefore find little evidence to suggest that our previous submissions have been properly considered as required.

There is now clear direction on decarbonisation from the top of government, most recently articulated in their Net Zero Strategy, and also their draft Jet Zero strategy for removing carbon specifically from the aviation sector. It is our understanding that there is an emerging plan by the airport to rise to this challenge, however the current process of economic regulation that applies to Heathrow appears to be standing in the way of achieving this objective by limiting available resources for delivery. The lack of focus on reducing carbon is therefore wildly out of step with the wider policy direction.

Other regulators seem to be ahead of the CAA on decarbonisation, with explicit reference to net zero often a key or even core objective. By contrast, the CAA appears to interpret its duty to mitigate adverse impacts on the environment in a reactive way, rather than proactively working with its regulated company and stakeholders to facilitate net zero. The fact that the CAA 'only' regulates Heathrow and not other airports or airlines is not considered an acceptable reason for them to ignore this imperative given the scale of the environmental impact of the airport's operations and its high public profile in this space.

It is also evident that decarbonisation is powerfully in the interest of airport users. Leaving aside the wider economic impacts of global warming that will affect us all, it is likely there will also be direct economic benefits from action in this space. Achieving the net zero target as set out in the draft Jet Zero strategy relies on technological fixes, which ultimately comes down to funding resources (opex and capex). If sufficient funding to deliver these fixes are not in the system, it is inevitable that measures will need to be

brought in to curb demand in order to meet the required emission reduction trajectory. This will have avoidable negative local economic impacts and would also seem to be a clear breach of CAA's primary duty to users, given it infers higher costs. It is not clear this reality is properly being considered within the assessment framework at present.

We also make the following more detailed points on your 'Initial Proposals':

- We welcome the evolution of the current Service Quality Rebates and Bonuses ("SQRB") arrangement into a more structured Outcome Based Regulation (OBR) framework, and the inclusion of an indicator around reducing Heathrow's carbon footprint (on the ground and in the air) in this proposed structure. However we note there is currently no target presented under this indicator, nor any decipherable direct link between this framework and how this is used to determine the adequacy of the business case. For example, it is not clear how the inclusion of an indicator for reducing carbon, as proposed for the H7 period, can then lead to an outcome where measures being proposed by HAL for delivery in 2022-2026 to achieve this (e.g. Electric Vehicle charging points across airport campus) are potentially being struck out of their draft business plan.
- We understand that there are various delivery models that can be used to facilitate decarbonisation across the airport's operations – not just via capital investment that is added to the Regulated Asset Base. HATF has no view on the correct balance between these different models. The polluter pays principle is a useful framework in this respect, however we understand that this will still need to be seen through the filter of the pros and cons of different financial vehicles for facilitating the necessary investment. A greater focus on Total Expenditure (TOTEX) may be useful in understanding the relative merits of different delivery approaches. We would urge the CAA to take the lead in facilitating a 'flight plan' for achieving net-zero at the airport as soon as practicable, ultimately arbitrating and leading these discussions with a focus on delivering change on the ground as quickly as practicable.
- We support the proposal to increase wider stakeholder engagement and oversight of the capital programme. Such enhanced oversight and focus also needs to be given to carbon reduction more generally, and should include engagement with appropriate experts in this field alongside wider stakeholders including those representative of the local community. Developing a proposal for an independent scrutiny panel for reviewing the airports net zero plan may have merit, using the model of HATF and the important role we play in monitoring the surface access strategy.

In summary, HATF again urge the CAA to properly consider your requirement to reflect wider higher-level policies and strategies in your decision-making framework and start playing a proactive role in facilitating the investment necessary to decarbonise the airport at the pace the science requires.

I look forward to hearing from you.

Yours sincerely,



Valerie Shawcross CBE
Independent Chair, Heathrow Area Transport Forum