

Stewart Carter
Programme Director
Consumers and Markets
Civil Aviation Authority
Sent by email to: economicregulation@caa.co.uk

Date: 13 August 2026

Dear Stewart,

Star Alliance response on CAA's "Heathrow capacity expansion – update on the approach to the regulatory framework" (CAP3286)

Thank you for the opportunity to submit views as part of the above consultation. Star Alliance has worked with the airline community to formulate the response submitted jointly from the LACC and the LHR AOC. We are fully supportive of the contents of that response but would like to take this opportunity to stress the below points, which are of particular interest to Star Alliance and its members:

- We appreciate the CAA's clear recognition that changes to the current regulatory model are required, but that recognition is only the first step. Now **it is important to progress to structural change as quickly as possible**, as the requirement for change is not driven only by the prospect of expansion. Rather there is a critical need to establish a single, unified capex governance regime for expansion, H8 business-as-usual expenditure, early expansion costs and rolled-forward projects.
- The primary concern for our members is that the anticipated economic and consumer benefits of Heathrow expansion will be lost if the airport is not affordable for airlines and passengers. We therefore believe that **affordability must be a primary pillar of the future regulatory framework**, and we fully support the CAA's intention to consider an overall cap for expansion costs and how such a cap will be enforced.
- **Capital governance must have practical force.** Users should be involved before strategic decisions are taken and expenditure is committed. The governance committee should have meaningful approval powers over RAB recovery, or at minimum a fast, effective and enforceable escalation route to the CAA, with clear consequences where expenditure is inefficient or benefits are not delivered.
- **Independent assurance must be genuinely independent.** Assurance bodies or experts should be appointed by airline members of the governance committee or by the CAA, not by HAL. Their remit should cover the full capital lifecycle, supported by stakeholder engagement on scope, appointment and findings.

- **Risk should sit with those best placed to manage it.** Current users should not be required to fund development risk for future infrastructure before that infrastructure is available for use. Any departure from competitive market principles should be justified by clear, demonstrable consumer benefits.
- **Long-term frameworks must not transfer project risk to consumers.** Any longer-term framework should deliver demonstrable consumer benefits and should not lock in returns, risk-sharing arrangements or financing protections that could become detached from market conditions. If Model 3 remains under consideration, robust reopeners and anti-gaming protections will be essential.
- **Competitive discipline should remain a core objective.** The CAA should continue to develop competitive procurement and direct competition as separate but complementary workstreams.

Please note that some of our airline members will be responding individually to this consultation and this Star Alliance submission should be read in conjunction with those.

Yours sincerely,

SD Ralph

(sent by email)

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cc Simon Scoggins, Regional Director, Heathrow