

From: Kathryn Greenhalgh [mailto:Kathryn_Greenhalgh@heathrow.com]
Sent: 06 November 2014 13:23
To: Carr Thomas
Subject: Provision of TANS in the UK: Call for evidence - Heathrow Response

Hi Tom

Heathrow's response to the above call for evidence is as follows:

Heathrow welcomes the developments observed in the market since the publication of CAP 1004. The notification by Gatwick Airport in July 2014 that it would be awarding its contract for TANS to DFS was a significant development, as was the notification of change of provider at Birmingham Airport. We believe competition is a much better driver to improve value and these developments indicate the tolerance towards the transitional risks for service provision has changed and that the extent to which there is a range of air navigation service providers from which airports can choose has improved. However, caution should be applied when reviewing these developments as in our opinion it is too early to conclude that an airport operator can successfully make a seamless transition from one supplier to another.

Heathrow has also been exploring options with regards to its own ANS contract which include among others renegotiation, self-supply and retendering options. We have been working closely with NATS and we are making significant progress in gaining greater transparency of costs and identifying opportunities to improve performance. Nevertheless, more progress is still needed and until we have a commercial deal that is in the interests of our airlines and passengers we cannot say it is a contestable market. However, if we are able to secure a commercial deal that is in the interests of both our airlines and passengers we do not see a need for additional regulation of the TANS market.

In terms of what further could be done to deal with the remaining issues identified in CAP 1004 we would like to see the CAA undertake a feasibility study into the benefits of devolving the terminal approach function back to Heathrow's tower. Terminal control usually consists of an approach service and a tower service. However, since the 1990's the governance of these two services has been separated out at Heathrow with the approach service being controlled by NERL from Swanwick. Market conditions have changed considerably since the 1990's and what was fit for purpose then may not be fit for purpose now. Every improvement in resilience at Heathrow makes disruption less likely. It makes for better passenger journeys and improved performance for the airport and its stakeholders. For Heathrow, the approach function plays an integral part to resilience as it effectively determines the spacing between aircraft on arrivals and therefore the number of aircraft the arrivals runway can handle. In support of our approach to driving through operational resilience improvements, the CAA have included within Heathrow's economic licence an operational resilience condition to secure the availability and continuity of the airport. Therefore the CAA should explore whether a combined approach and tower function at Heathrow could deliver operational resilience benefits to Heathrow and the South East which would improve passenger experience, provide greater transparency in terms of costs and services and provide greater clarity regarding the interface between en-route and approach.

We would welcome the opportunity to discuss further in a bilateral meeting.

Regards

Kathryn

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