

I Osborne Esq  
Director Regulatory Policy  
Regulatory Policy Group  
Civil Aviation Authority  
CAA House  
45-59 Kingsway  
London WC2B 6TE

25<sup>th</sup> June 2013

Dear Mr Osborne

Thomson Airways welcomes the CAA's initial proposals for the appropriate economic regulatory framework for Gatwick Airport Limited (GAL) that will apply when the present regulatory arrangements expire in April 2014.

Thomson Airways is part of TUI Travel PLC, one of the world's leading leisure travel companies operating in over 180 countries with more than 30 million customers in 31 key source markets. As a major operator at Gatwick Airport (third largest carrier) Thomson Airways has a significant interest in Q6, as the CAA decision will affect a large number of our passengers and businesses within our group.

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As a principle participant in the construction and execution of the Gatwick Airport Consultative Committee (ACC) submission, this letter is in support of the response of the ACC to the CAA's initial proposal (CAP1029).

Thomson Airways acknowledges the CAA's initial projections for a fair price. However, with the lack of progress made to date between the ACC and GAL on commitments, we are unable to support the CAA's initial projections for a fair price that are equivalent to RPI+1.0% per year in Q6 and RPI+0.0% per year over the seven years of the GAL commitments. (See also ACC submission on price commitments)

The CAA's initial proposals for a RAB-based price cap of RPI+1.0% over five years is a disappointing initial price cap proposal by the CAA and fails to represent a fair price for either passengers or airlines at Gatwick Airport. In January 2013, the ACC submitted a response to GAL's 2012 initial business plan which included a forecasted price cap of RPI-9.0%. Subsequent to the CAA's initial proposals, the ACC and its airline members have now built upon their January 2013 submission (ACC response to CAA's initial proposals June 2013) providing further evidence that supports our price cap of RPI-9.0%.

Following the disappointment of the CAA's initial proposals in April 2013 (RAB-based price cap of RPI+1.0%), Thomson Airways urges the CAA to consider carefully the ACC submission, including their new evidence that supports a true fair price that will benefit both passengers and airlines operating at London Gatwick Airport throughout the Q6 regulatory period.

Thomson Airways looks forward to working closely with the CAA over the next 6 months in the lead up to its final proposals.

Yours sincerely



**Andrew Flintham**  
Planning and Trading Director  
**TUI** UK and Ireland