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Christian Draeger
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Dear Sir,

Response to CAP2098 reference HAL's request for a COVID-19 related RAB adjustment

Further to the publication of the above consultation, Star Alliance Services GmbH would like to offer the following response of behalf of us and the 24 member airlines which operate to LHR.

Having worked as part of the LACC and AOC teams to formulate the wider airline community response (being submitted imminently), we are fully supportive of the detailed points contained therein and this response should be read in conjunction with that fuller document. We note that several of our member airlines are individually responding to this consultation and we have also liaised with them accordingly.

In addition, the following is written in the context of the points of principle as summarised in our CAP1966 response. These have not changed and not repeated here.

The following is a summary of the key points of feedback, in direct response to the questions raised in the CAP2098 summary section.

Has the CAA identified an appropriate framework to assess the case for regulatory intervention in HAL's price control arrangements? Which is preferred?

Our preference is for 'framework (c)', as set out in CAP2098 (**no intervention**)

- As stated in both our initial response to HAL's application (7th August 2020) and our response to CAP1966 (4th November 2020), we are of the firm view that the objective position is for the CAA to make no intervention from a regulatory perspective.
- HAL's application for an adjustment is contrary to both the actuality and spirit of the Q6 settlement because passenger volume risk (including shocks) was priced into that settlement accordingly.

However, if the CAA determines that some form of intervention is necessary to protect the interests of consumers, then framework (b) (**consideration as part of the H7 settlement**) is far preferable to framework (a).

- The H7 discussions will continue throughout 2021 and the impact of COVID-19 that we have all experienced over the last year will undoubtedly be encompassed within those discussions.

Our view is that framework (a) (**intervention as part of Q6**) is totally inappropriate and should be rejected out of hand.

Do you agree with the CAA's assessment that the options of package 1 and package 2 represent the best way forward?

Of the two packages under consideration, package 1 is the only option we could support. This would be accepted with some reluctance, but is the 'least bad' approach, if indeed any form of intervention is deemed necessary.

- The package 2 option is irrelevant in that there is no immediate issue to address and the timeline for doing so anyway is impractical, given the impending H7 determination over the next few months.

Thank you for the opportunity to respond to this consultation. We look forward to the CAA's considered and reasonable conclusion in respect of HAL's application.

Yours sincerely,

Christian Draeger