

LACC RESPONSE TO ORR CONDOC ON HEATHROW TRACK CHARGES – RAIL

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Background

The Heathrow Airline Community of 82 airlines, represented by the London (Heathrow) Airline Consultative Committee (LACC) and the Airline Operators Committee (AOC), is grateful for the opportunity to provide our comments on the ORR's draft response to the Heathrow Network Statement – Rail. The airline community notes the requirement for compliance to The Railways Infrastructure (Access and Management) Regulations 2005.

Aviation, and the Heathrow hub in particular, plays an important role in the UK economy. A recent report by the respected Oxford Economics group has estimated the contribution of the aviation industry to the UK economy at £52bn in terms of overall GDP. It is very much in UK Plc's interest to ensure that surface access to Heathrow is fast, reliable, resilient and affordable.

For the airlines, it is important that the Network Statement is able to support the development of services to all terminals for our 3 main groups of customers:

- a) Time-sensitive passengers requiring non-stop or limited-stop services to Central London and the planned HS2 interchange at Old Oak Common.
- b) Price-sensitive passengers requiring stopping services to local and other catchments and interchanges with national rail and other networks.
- c) Employees requiring stopping services primarily to local areas, including interchanges with bus and other networks.

Response to the ORR draft decision

In our submission to HAL's consultation on the Heathrow Network Statement, the LACC supported the principle of cost recovery of both OPEX and long term investment subject to meeting regulatory tests, whilst arguing that a balance needed to be struck to ensure that passengers and staff have effective access to Heathrow Airport via public transport and that the widest range of services are available to them.

To our mind the ORR's recommendation has missed the chance to strike such a balance, and instead has interpreted the issue of infrastructure charge recovery as a Yes or No outcome. Unfortunately this is likely to result in higher future airport charges: as Crossrail comes fully on stream from 2019, HEX revenues will be inevitably impacted, in turn impacting the single till. If Crossrail is only covering its Opex costs, then the shortfall may need to be made up by increased user charges.

In terms of future surface access improvements, the LACC and HAL have already paid substantial sums for building and safeguarding the infrastructure links required to support further expanded rail links to Heathrow Airport including turn-outs to the west of Terminal 5 and a station box to enable the delivery of additional platforms if required. Having made these investments, we support the development of schemes such a Western and Southern Access which can use this infrastructure at the airport. However the ORR's interpretation has increased the risk that these schemes will increase airport charges (as the airport is effectively full they cannot increase passenger numbers).

We note that the ORR's proposal would not prohibit HAL from recovering future long-term costs from rail users, if the 'Paragraph 3 Test' can be met. We would expect this to apply in the case of the need to commission the spare T5 station box, for instance.

In conclusion, a more balanced solution is required to achieve a fairer recovery of historical investment costs, whilst avoiding setting charges so high that rail operators are discouraged from serving the airport.

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