

General Notice

Tariffs with effect from 1st April 2011

Date : 10th December 2010

Reference: 12/10

Tariffs affected

From 1st April 2011

- **Airside licences**
- **Airport waste services**
- **Electricity**
- **Fixed electrical ground power (FEGP)**
- **Gas**
- **Pre conditioned air (PCA)**
- **Water and sewerage**
- **Low temperature hot water**
- **Domestic hot water**
- **Chilled water**
- **Baggage**
- **Check-in desks and Common use self service (CUSS)**
- **Passengers with reduced mobility (PRMs)**
- **Staff identity cards and vehicle apron passes**
- **Staff car parking**

1.0 INTRODUCTION

This General Notice sets out revised charges for the services listed above at Heathrow Airport effective from 1st April 2011.

Some of these activities and services are “Specified Activities” as prescribed by the Civil Aviation Authority (CAA). In these cases, the CAA has stated the principles to be used to set prices:

- prices are set to enable full recovery of costs;
- costs consist of allocated costs, annuities and direct costs;
- pricing must be supported by transparency on costs and revenues and externally audited Trading Statements.

Other services are not designated as Specified Activities but a similar pricing methodology is used.

This Notice follows the completion of consultation by Heathrow Airport Limited (HAL) on 2011/12 prices for these activities and services through the Heathrow Non Regulated Charges Group (NRCG). The NRCG operates in accordance with the constructive engagement framework set out by the CAA and its membership includes airline representatives and the Heathrow Airline Operators’ Committee (AOC).

HAL has sought to provide full transparency on costs to the NRCG, focusing particularly on reasons for variance to the current year 2010/2011.

If you have any questions concerning the new charges or require further information relating to non regulated charges or Heathrow's Non Regulated Charges Group, please contact HAL’s Commercial Team on 0208 745 7072, or visit www.heathrowairport.com/nrc

Any reference to “Q5” in this notice relates to the current 5 year pricing period (Quinquennium 5), 1st April 2008 to 31st March 2013.

2.0 BACKGROUND

Following the work commenced in August 2009, HAL and the NRCG have continued to review costs via the Governance Groups and the recommendations of these groups formed the basis for the pricing consultation during Autumn 2010.

- Annuities and allocated costs are being recovered at the levels agreed within the CAA decision dated 11 March 2008, subject to inflation.
- There are some variances to prices for the period 2011/2012, as a result of the one off adjustments made for the period 2010/2011 but HAL and the NRCG are working together to introduce more stability into pricing where possible.

3.0 PRICING

All prices exclude VAT.

The prices set out in this Notice are intended to apply for the entire period, 1st April 2011 through 31st March 2012. However, HAL reserves the right to amend prices during the year, where a material change arises which significantly impacts the assumptions upon which these prices were initially based. Prior to implementing any changes, HAL will consult with the NRCG.

The prices take into account any under or over recoveries shown in the Trading Statements for 2009/10, not previously included in the pricing for 2010/11 and the forecast for the remainder of 2010/11.

Airside licences

The prices for Airside Licences are set by the Airport Users Committee (AUC).

Airport licences will increase by 25% to £3,227 each per annum.

Note: This price increase is the direct result of previous years' under recoveries against costs. The Airside team and AUC are continuing to reduce direct costs.

Airport waste services

The costs for waste services predominantly consist of third party supplier costs for managing the airport waste contracts. An average airport rate is derived from an airport wide assessment of costs.

As a result of savings delivered during 2010/2011, Airport Waste charges will reduce by 4% to £53.70 per assessed unit per quarter.

Electricity

The costs for electricity consist of purchase costs, allocated costs and annuities. Forecast consumption is then used to calculate an average unit price for electricity.

The price of both high voltage and medium voltage electricity will increase by 6.6% for 2011/12, this increase has been driven by increases in supplier prices and the implementation of the Carbon Reduction Commitment. Individual prices are as set out in the attached schedule to this GN.

Fixed Electrical Ground Power (FEGP)

FEGP costs consist of electricity costs (using the airport rate set out in the attached schedule to this GN), allocated costs and annuities.

As a result of the one off adjustment made in General Notice for 2010/11 (GN10/11) for allocated costs and annuities, a 23% increase was predicted for 2011/12. Increases in electricity pricing, the impact of the Carbon Reduction Commitment, as above and essential unplanned safety works. have resulted in an under recovery for 2010/2011.

Therefore the price of FEGP will increase by 26% to £2.94 per quarter hour.

Gas

For customers billed for gas supplied directly, the price of gas will increase by 4.2% to 5.4 pence per kwh.

This price change is reviewed and priced via the Airline Operators' Committee Rents Group.

Pre-conditioned air (PCA)

The price of pre-conditioned air will increase by 4% to 28 pence per kwh as a result of the reasons outlined above for Electricity pricing.

Water, sewerage, chilled and heated water

Water costs consist of maintenance, purchase costs, staff, allocated costs and annuities. Forecast consumption is then used to calculate an average unit price.

The price of water will increase by 110% for 2011/12 to £2.74 per cubic metre. This is a result of the one off adjustment made in General Notice for 2010/11 (GN10/11) for allocated costs and annuities (which represented a £1.67 per cubic metre reduction last year compared to a £1.63 per cubic metre increase this year) and an under recovery for 2010/2011 caused by an unforecast shortfall in income.

A breakdown of individual prices is set out in the attached schedule to this GN.

Charges for low temperature hot water, domestic hot water and chilled water are calculated via an agreed escalator against the base water price. This reflects the additional cost incurred by HAL in heating or chilling water and has previously been agreed with the AOC. The escalators are 15% for low temperature hot water and chilled water and 48% for domestic hot water.

In circumstances where a user has a separate trade effluent consent from Thames Water, HAL levies charges for the supply of water only ie. the sewerage proportion of the charge is removed.

Baggage

Baggage costs consist of allocated costs, business rates on baggage facilities, HAL maintenance and operating costs (mainly third party suppliers) for departing, arriving and transfer bags.

Baggage prices will continue to be charged on a per departing bag basis.

The charge per departing bag will decrease by 5% to £2.97 as a result of cost saving initiatives implemented during 2010/11 and forecast increases in bag volumes. This charge will be invoiced monthly in arrears against each airline's actual number of direct and transferring departing bags processed.

This price calculation assumes 36.8 million departing bags during the period. In the event that bag volumes deviate significantly from this assumption, HAL following consultation with the NRCG, will revise the charge per departing bag.

Check-in desks and Common Use Self Service (CUSS)

The costs for Check-in and CUSS consist of allocated costs, amortisation, business rates, maintenance, operating costs and site fees.

There will be no change to last year's combined Check-in and CUSS charge model. Check-in desk charges will continue to be based upon use of desk time. These charges are assessed monthly and invoiced monthly in arrears. CUSS is included within the Check-in charges.

The average unit price will reduce slightly to £20.37 per desk per day as a result of cost saving initiatives implemented during 2010/11.

Note: This unit price is based on full utilisation. In practice charging rates vary monthly depending on utilisation.

Airline self service kiosk machines will remain outside of the above structure.

Passengers with reduced mobility (PRMs)

The prices for passengers with reduced mobility have been revised resulting in reductions of 8% for airlines with PRM pre-notification levels above 85%, Category 1, and 7% for airlines with pre-notification levels between 65% and 84.99%, Category 2. For airlines with PRM pre-notification levels between 55% and 64.99%, Category 3, the price will increase by 33%. For airlines with PRM pre-notification levels below 54.99%, Category 4, the price will increase by 29%. The tariffs have been adjusted to encourage further improvements in levels of PRM pre-notification from Airlines.

For airlines with total PRM numbers that represent less than 0.5% of departing passengers across the measurement period, PRM categorisation shall continue to be revised upwards by 1 category (e.g. an airline with categorisation rates of 4, would be revised to category 3 for charging purposes).

Staff identity cards and vehicle apron passes

Staff identity card costs and vehicle apron pass costs consist of allocated costs and costs associated with control and administration activities.

The prices of all staff identity cards and vehicle apron passes will reduce by 4% as a result of changes to structure and processes introduced during 2010/11. Some new tariffs have been introduced in order to ensure equitable recovery of costs and promote greater compliance with current security standards.

Further information about the ID Centre's processes is available at:

[BAA ID Centre: BAA ID Centre](#)

Staff car parking

Staff car parking costs consist of allocated costs, annuity, business rates and operating costs. A £12 levy per pass is also included in each parking pass price to help fund public transport initiatives.

Perimeter passes will reduce by 12% to £586.33 per pass. The terminal adjacent parking (CTA & T4) pass prices will increase by 32% to £2,500 per pass as part of the transition to true cost allocation.

As per last year's General Notice, HAL is introducing a revised pricing model, in phases that reflects the true cost allocation of terminal adjacent and perimeter parking. The reduction in perimeter pass prices and corresponding increase in terminal adjacent parking (CTA & T4) pass prices are the next step to implementing this intention.

For and on behalf of
Commercial Director, Heathrow Airport Limited

Distribution: Full
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HEATHROW AIRPORT LIMITED

PRICING MATRIX

EFFECTIVE FROM 1ST APRIL 2011

Product/ service	2010/11 price	Price change	2011/12 price
Airside licences	£2,590 per annum	25%	£3,227 per annum
Airport waste services	£55.73 per assessed unit per quarter	- 4%	£53.70 per assessed unit per quarter
Electricity (medium voltage)	14.74 pence per kwh	6.6%	15.71 pence per kwh
Electricity (high voltage)	10.06 pence per kwh	6.6%	10.72 pence per kwh
Availability	£2.35 per month per kva available capacity	6.6%	£2.50 per month per kva available capacity
Maximum demand			
Nov & Feb	£6.18 per kva per month	6.6%	£6.59 per kva per month
Dec & Jan	£19.98 per kva per month	6.6%	£21.30 per kva per month
FEGP per 1/4 hour	£2.33 per 1/4 hour	26%	£2.94 per 1/4 hour
Gas	5.2 pence per kwh	4.2%	5.4 pence per kwh
Pre-conditioned air	27 pence per kwh	4%	28 pence per kwh
Water & sewerage	£1.31 per cubic metre	110%	£2.74 per cubic metre
Low temperature hot water	£1.16 per cubic metre		£2.44 per cubic metre
Chilled water	£1.16 per cubic metre		£2.44 per cubic metre
Domestic hot water	£1.54 per cubic metre		£3.24 per cubic metre
Waste water only	£0.39 per cubic metre		£0.82 per cubic metre
Water supply only	£1.01 per cubic metre		£2.12 per cubic metre
Baggage	£3.11 per departing bag†	- 5%	£2.97 per departing bag††
Check-in desks & CUSS	£20.40 per desk per day†††	Nil	£20.37 per desk per day††††

Product/ service	2010/11 price	Price change	2011/12 price
Passengers with reduced mobility (PRMs)			
Category 1 (Above 85%)	42 pence per departing passenger	- 8%	39 pence per departing passenger
Category 2 (65>84.99%)	46 pence per departing passenger	- 7%	43 pence per departing passenger
Category 3 (55>64.99%)	52 pence per departing passenger	33%	78 pence per departing passenger
Category 4 (less than 54.99%)	83 pence per departing passenger	29%	£1.17 per departing passenger
Staff identity cards-			
32k machine readable ID pass ▲ - issue	£114.91 per pass	- 4%	£110.32 per pass
32k machine readable ID pass ▲ - re-issue	£99.06 per pass	- 4%	£95.10 per pass
32k machine readable ID pass ▲ - amendment	£39.54 per pass	- 4%	£27.96 per pass
Penalty charge for lost or stolen pass - 32k ▲	£40.00 per penalty	- 4%	£38.40 per pass
64k machine readable ID pass * - issue	£149.58 per pass	- 4%	£143.60 per pass
64k machine readable ID pass * - re-issue	£135.95 per pass	- 4%	£130.51 per pass
64k machine readable ID pass * amendment	£47.95 per pass	- 4%	£46.03 per pass
Penalty charge for lost or stolen pass -64k *	£47.95 per penalty	- 4%	£46.03 per pass
Machine readable ID pass - landside	£19.75 per pass	-4%	£18.96 per pass
Temporary photographic ID pass (1 to 5 days)	NEW	- 4%	£15.00 per pass
Temporary photographic ID pass (1 to 30 days)	£39.54 per pass	- 4%	£30.00 per pass
Application "no show"	£114.91 per "no show"	- 4%	£110.32 per "no show"
Unsurrendered passes (60 days+ from expiry)	NEW		£50 per pass

Product/ service	2010/11 price	Price change	2011/12 price
Vehicle apron passes			
Liveried vehicle airside pass - annual	£59.53 per pass	- 4%	£57.15 per pass
Liveried vehicle airside pass - temporary	£14.64 per pass	- 4%	£14.05 per pass
Private vehicle airside pass	£1,723.44 per pass	- 4%	£1,654.50 per pass
Private vehicle airside pass - temporary	£32.95 per pass	- 4%	£31.63 per pass
Staff car parking			
CTA & T4 passes	£1,900 per pass per annum	32%	£2,500 per pass per annum
Perimeter passes	£664 per pass per annum	- 12%	£586.33 per pass per annum

Assumptions:

† 34.5m departing bags.

†† 36.8m departing bags.

††† All airport check-in desks are fully utilised. Average across entire airport, rates in T1, T3 and T4 differ from T5.

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▪ The symbols used denote the different types of Identity Card. ▲ denotes 32K machine readable ID Passes and * 64k machine readable ID Passes.