

Minutes

10:00 – 12:00, 12 January 2015

Meeting title/subject: Future of Airport Charges - Applying Environment & Sustainability to Airport Charges

Meeting location: Jewel Tower, Compass Centre

Meeting chair: Andy Garner, Airline Business Development Director

Lead: Matt Gorman, Sustainability & Environment Director

Attendees:

Pam Lovell	BA	Jeremy Pennington (JPn)	HAL
Tony Buss	BA	Jonathan Pepper (JPr)	HAL
Peter Jukes	BA	Manish Madhas	HAL
Pushpa Bakshi	GF	Andrew Chen	HAL
Bette Wiley	AA	Richard Norman	HAL
Louis de Joux	AA	Alyson Playford	HAL
Sylvain Fleury	AA		
Gabriele Stoll	LH		
Kevin Chung	BR		
Ronei Silva	JJ		
Simone Cruz	JJ		
Conor McAuliffe	UA		
Lauren McNicholas	EI		
Richard Niland (RNi)	EI		
Martin Picken	BA		
Simon Laver	VS		
David Joseph	VS		
Geoff Clarke	VS		
Simon Arthur	AOC		
Cesar Raffo	AOC		
Tatjana Lipinski	SU		
Mikael Berg	SK		
Gijs van Oostveen	AF/KL		

Notes and Actions:

A slide pack was presented at the meeting ('Sustainability and Landing Charges 12.01.2015'), the slides are attached with the minutes.

Item		Action
	<p>Agenda</p> <p><u>Section 1 – Welcome (Andy Garner)</u></p> <ol style="list-style-type: none"> 1. Introductions 2. Purpose of today’s session 3. Activity timeline <p><u>Section 2 – Context (Matt Gorman)</u></p> <ol style="list-style-type: none"> 4. Why good environmental performance is important 5. Heathrow’s environmental objectives <p><u>Section 3 – Noise (Richard Norman)</u></p> <ol style="list-style-type: none"> 6. Heathrow’s obligations 7. International standards for measuring noise 8. How Heathrow charges <p><u>Section 4 – Air Quality (Richard Norman)</u></p> <ol style="list-style-type: none"> 9. Heathrow’s obligations 10. International standards for measuring air quality 11. How Heathrow charges <p><u>Section 5 – Questions</u></p> <p><u>Section 6 – Summary and Next Steps (Andy Garner)</u></p>	
	<p>Section 1 – Welcome</p>	
	<p>Introductions, Purpose and Timeline</p> <p>AG thanked all those present for attending and introduced himself in addition to the Heathrow team leading the session.</p> <p>AG explained that this session was following on a request from airlines at the previous engagement session on the future structure of airport charges.</p> <p>AG set out the purpose of the meeting was to provide an educational session to help inform understanding of the environmental aspects of <i>current</i> airport charges.</p> <p>CR requested that all presentations be sent to delegates in advance of the meeting.</p> <p>JPN confirmed this would be done in future.</p> <p>AG reminded the stakeholders how the current structure of charges was</p>	

	<p>constructed and that this session related to the 21% allocated to landing charges.</p> <p>AG continued noting how this session fits within the overall framework of the consultation process, the formal consultation not due to begin until April.</p> <p>AG then introduced MG who would lead the session along with RN.</p>	
	<p>Section 2 – Context (Matt Gorman)</p>	
	<p>MG thanked the delegates for their attendance and stressed the importance of environment & sustainability to Heathrow.</p> <p>MG continued that a responsible Heathrow needs to earn the benefits to grow and as both a large local employer & good corporate neighbor needed to look after those people that were affected by Heathrow’s footprint in the area. As Heathrow only directly employed less than 10% of all LHR staff there was also a real need to engage broadly within the community.</p> <p>MG noted that over 99% of aircraft flying into Heathrow were already Chapter 4 compliant, however, the Heathrow target set in the Heathrow Action Plan 2020 was 100% by 2020.</p> <p>MG also stressed that there was a very good track record of making Heathrow quieter. He pointed to today’s A350 demonstration as a good example of new technology supporting the reduction in noise and emissions over time, but these two areas in particular continue to be key challenges for Heathrow in the future as expectations evolve.</p> <p>MG noted the blueprint for noise reduction as part of the strategy for mitigating this challenge and placing us in the right direction for the future.</p> <p>CR asked if the Heathrow Action Plan 2020 were hard targets.</p> <p>MG noted that there were a number of targets (c. 60) that had been committed.</p> <p>LdJ asked how a significant impact was measured.</p> <p>MG replied that >57db over the course of the day was considered a significant impact.</p> <p>PJ wondered if government requirements were aligned with the HAL action plans.</p> <p>MG noted that government requirements were outlined at a high level for Heathrow to define and interpret as appropriate. In addition to this, it was also in Heathrow’s interest to be a good corporate neighbor.</p> <p>PJ asked what the consequences were for not achieving commitments.</p> <p>RN replied that as a designated airport the government approves Heathrow action plans and has the ability to put restrictions on HAL if it fails to deliver. This would likely lead to stricter reviews in future.</p> <p>AG asked for clarity that sanctions could include further restrictions.</p>	

	<p>RN confirmed.</p> <p>CM asked if there were any more specific requirements from government.</p> <p>MG noted that the government's overall objective was to limit and where possible reduce the number of people in the UK significantly affected by aircraft noise.</p> <p>RN continued that the traditional way is to reduce the noise contour, however, there is a bigger debate taking place on ways to measure noise impacts.</p> <p>CR asked about the effectiveness of government and airports working together on the issue.</p> <p>MG responded that this was reasonably joined up, given that the government makes the requirement, we propose the level of the requirement and they approve. However, further work can be done to communicate more effectively between the parties as a matter of best practice.</p> <p>MG handed over to RN to take through the detailed aspects of noise and air quality.</p>	
Section 3 – Noise (Richard Norman)		
	<p>RN explained that for current airport charges Heathrow used international set standards for both noise and air quality measurements. Within the ICAO guidelines, there are 3 points from where noise is measured and form the basis of information included within the noise certificate (similar to an MOT for a vehicle). The 3 points were carefully detailed as reference points at Approach, Lateral and Flyover.</p> <p>The primary objective of the standards was to provide guidance to manufacturers and ensure technology did not slip backwards on environmental best practice.</p> <p>RN noted that Chapter 14 was the newest noise chapter to be agreed within the ICAO governance, and that more than 50% already met this new standard at LHR.</p> <p>PJ asked for clarification of 50%.</p> <p>RN clarified that this was greater than 50% of all aircraft movements at LHR.</p> <p>RN explained the calculation of noise charges for invoicing landing fees at Heathrow. RN noted slide 16 and how a difference of a MTOW on a noise certificate can change the cumulative margin for calculating the charge chapter.</p> <p>CR asked how the limit was set.</p> <p>RN replied that this was set by ICAO in a range dependant on number of engines and MTOW of the aircraft.</p> <p>MG noted that ICAO used a strict code of governance within the committee</p>	

process including technical peer reviews to set this range.

RN explained the calculation of noise charges through two worked examples, a typical A320 and a typical A380.

RNi pointed out that these calculations were all done at the worst conditions, an aircraft operating at MTOW and maximum thrust on approach and take-off. He noted this never actually occurred at this level and can be quite penalizing. He suggested that the charging regime could take actual noise and emissions into account.

GS also shared this view (of RNi) and additionally noted from the LH engineering team, that the current (noise) charging model at Heathrow measures the performance of the aircraft engines versus the related limits only – which has nothing or little to do with actual measured noise.

RN noted and confirmed that he could only comment on what occurs today ..

JPn requested that these suggestions be brought for discussion to the next engagement session where these could be properly aired and debated along with any other thoughts for improving the structure moving forward.

RN noted that the overall objective of a MTOW was to provide a constant for benchmarking as well as ensuring that HAL attracts best in class aircraft.

SA noted over flight and arrivals as biggest issues and asked if any changes to measurement practices were expected.

RN noted that HAL's approach was changing, however not to the overall ICAO guidelines. He provided examples of changes including the operating protocol changes of the continuous decent approach in addition to current retro fitting of A320s.

MG noted that international standards won't capture everything for performance improvement, in addition, they do not measure actuals.

AG asked if HAL participated in ICAO governance.

MG confirmed through various forums including feedback into Airports Council International, etc.

PL noted the performance improvements of the A350/A380 family (especially on approach) over the aircraft they have been intended to replace.

JPn asked RN to expand on the retro fitting of A320s as an example of continuous improvement.

RN explained that the vortex generator attached to a certain section of the wing to reduce noise on Airbus family aircraft could reduce approach noise by 6-11db.

RNi asked if HAL encouraged the retro-fitting only or also offered financial credits for completing this work.

	<p>RN noted that HAL currently only encourage airlines to make these improvements where possible.</p> <p>CR asked if it was possible for airlines to recertify their aircraft.</p> <p>RN confirmed but there is a cost for the airline involved.</p> <p>GS confirmed that this could be quite expensive.</p> <p>CR asked if you could have a noise certificate with a reduced MTOW.</p> <p>RN confirmed that different weights will result in different noise levels.</p> <p>RN stressed the importance of the annual All Up Weight Return Process at Heathrow and how critical this was for charging purposes.</p>	
	<p>Section 4 – Air Quality (Richard Norman)</p>	
	<p>RN continued on by noting the importance of air quality.</p> <p>RN explained that there were hard numbers attached to emissions targets. Heathrow was under an AQMA and breaches of emissions targets have penalties / sanctions which are placed on government. Therefore action plans are required from HAL. In addition, as part of the permission for building Terminal 5 a specific action plan for emissions reduction was committed.</p> <p>PJ asked if Heathrow breaches targets.</p> <p>RN confirmed yes, in some areas.</p> <p>MG noted this as an important point, stressing that it was not HAL that failed but us collectively as the Heathrow community that has failed. In addition, MG noted that the biggest air quality challenge was central London but this was no different than any other major city.</p> <p>RN continued by explaining the charging process for air quality under landing fees.</p> <p>RN noted that CAEP standards refer to the name of the committee who review and set limits within ICAO to keep pressure on manufacturers. He also noted that this committee is also considering carbon emissions standards as well.</p> <p>RN explained the calculation of air quality charges through two worked examples, a typical A320 and a typical A380.</p> <p>PJ asked for confirmation that charging was done on absolute terms for emissions versus relative terms on noise.</p> <p>RN confirmed.</p> <p>GC noted that new technology doesn't always drive lower emissions.</p> <p>MG noted and queried with an open question to be answered in future about how this may be best addressed.</p>	

	<p>AC was introduced by RN/MG and explained some of the work that the environmental team undertakes to proactively managing environmental challenges. He noted that the major emissions challenges in the area around the Heathrow campus tended to be from major rail/road ways. Emissions mapping however, is not applicable within the airport boundary as people do not reside within the boundary.</p>	
	<p>Section 5 - Questions</p>	
	<p>PL asked about targets for improvements and the ratio between new technology and operational procedures to best address.</p> <p>RN noted that fleet mix was a significant contributing factor but local operations were equally important but no set ratio.</p> <p>RNi asked why there was no consistency between air quality and noise (ie: absolute vs. relative measures).</p> <p>RN noted that Heathrow applied international standards and did not make these decisions.</p> <p>PJ asked about relative importance of air quality and noise (ie: current 85/15 split). Were these two issues now equally important.</p> <p>MG noted that externally the two issues were equally important. Noise created more headlines however the air pollution debate was becoming more challenging.</p> <p>PJ asked about benchmarking other airports, if others measured and charged differently.</p> <p>MG noted that there was an on-going debate on how these issues were best measured (ie: noise frequency vs decibels). Airports generally, however, tend to go to ICAO guidelines as de facto.</p> <p>RN noted the benefits of noise certificates given they are constant and supplied in controlled conditions.</p> <p>CR noted the 99% chapter 4 landings with the target of 100% by 2020 at Heathrow. He queried whether there was an end game or whether this would continuously evolve.</p> <p>RN confirmed that there was always continuous improvement and that expectations on noise continue to change as well. For now Heathrow want to be fully Chapter 4 compliant.</p> <p>CR asked how much money was spent annually on noise abatement at Heathrow.</p> <p>MG noted c. £25m across the 5 years of quinquennium 6 with the majority of money spent on house insulation.</p> <p>RN noted that this was part of the noise action plan to put hard numbers against</p>	

	<p>spend in future.</p> <p>CM asked if all noise revenues go towards noise abatement.</p> <p>MM corrected that noise was one part of the total 21% landing fees for Heathrow. It was a choice to structure the charges in such a way to incentivize better environmental practices.</p> <p>PJ noted the direct pass through community fund for noise breaches during the night curfew period.</p> <p>RN confirmed.</p> <p>RN also noted that there were also other discussions regarding air quality within CAEP to change to a relative benchmark rather than an absolute.</p> <p>CR asked if the noise contour was perhaps becoming smaller but denser.</p> <p>MG stressed that it was a complex topic but the trend over time was that the airport was becoming quieter and affecting less people.</p>	
	<p>Section 6 – Summary and Next Steps</p>	
	<p>AG thanked everyone for their attendance and noted the activity timeline for the informal engagement and formal consultation to follow.</p> <p>GVO asked about the airline feedback that had been submitted following the first engagement session.</p> <p>JPn confirmed that this would be discussed at the second engagement session on the 20th January 2015.</p>	