

General Notice

Tariffs with effect from 1 January 2023

Date: 09 December 2022

Reference: 01/23

Tariffs affected

From 1 January 2023

- **Airside licences**
- **Baggage**
- **Electricity**
- **Fixed electrical ground power (FEGP)**
- **Hold baggage screening (HBS)**
- **Passengers with reduced mobility (PRM)**
- **Pre-conditioned air (PCA)**
- **Staff car parking**
- **Staff identity cards**
- **Waste services**
- **Water**
- **Airline Operators Committee (AOC)**

1.0 INTRODUCTION

This General Notice (“**GN**”) sets out the charges for the services listed above at Heathrow Airport effective 1 January 2023. This GN supersedes GN 01/22 published on 30 November 2022.

Heathrow’s Other Regulated Charges (“**ORC**”) are governed by the economic licence (“**Licence**”) set by the Civil Aviation Authority (“**CAA**”) as well as the agreed principles set out in the Other Regulated Charges Protocol (“**ORC Protocol**”).

Heathrow is currently awaiting a final decision from the CAA on the H7 regulatory arrangements and framework. In the absence of a final H7 determination from the CAA, Heathrow sets out in this GN the approach that will be taken when setting the ORC tariffs for the period 01 January 2023 – 31 December 2023. Should the final H7 regulatory framework lead to a requirement for changes to be made to this GN, this GN will be amended and republished in due course.

Heathrow has provided transparency on the cost build up set out in this GN to the Other Regulated Charges Group (“**ORCG**”) and a Non-airline ORC User Group via the publication of the Heathrow ORC Pricing consultation on the 16th September 2022, subsequent sessions held on the 29th September 2022, dedicated sessions on the 2022 forecast outturn were held on the 1st September 2022 and the November governance meetings on the 24th November where updated financial figures were provided.

Heathrow has set out in the 2023 Consultation reports the feedback received on the pricing proposals and included responses to the key themes and questions raised by the community.

ORC pricing is based on the following principles and transparency arrangements¹:

- Prices are set to enable only the recovery of costs (no profit margin is included) with the exception of Staff Car Parking which has included a ‘floor’ price for sustainability reasons;
- Costs consist of direct expenditure only. Annuities and allocated costs have been removed from ORC individual unit prices as set out in Heathrow’s marginal cost approach and consultation documentation;
- No cross-subsidisation of income between categories occurs;
- Where income is greater than the costs in the previous year, this “over recovery” will be returned by a reduction in prices the following year, the opposite is true where an “under recovery” has been generated with the exception of Staff Car Parking whereby any over recovery generated by the ‘floor’ price will form a sustainable travel fund to be allocated via a governance forum with community representatives;
- Pricing must be supported by transparency on costs and revenues and externally verified Trading Statements.

If you have any questions concerning the new charges or require further information relating to ORCs or Heathrow’s Other Regulated Charges Group, please contact us at: halorc@heathrow.com or visit: <https://www.heathrow.com/company/doing-business-with-heathrow/regulated-charges>.

¹ Note that these pricing and transparency principles may also require amendment following publication of the final H7 Licence.

2.0 BACKGROUND

Prices in this GN cover the period 1 January – 31 December 2023.

Heathrow is awaiting a final decision from the CAA on the H7 regulatory arrangements and framework. The absence of a final H7 determination from the CAA has created a challenge for the 2023 Other Regulated Charges price setting process as the CAA Final Proposals (FP) agree with Heathrow in that a marginal cost approach to ORCs is correct, but have amended the methodology to move only annuities, allocated costs and business rates attributable to airlines out of ORCs and into the airport charge. This means that the proposals assume fixed costs for non-airline users of ORCs will continue to be recovered through ORCs.

At this stage, the marginal cost approach set out in the Final Proposals remains under consultation with no final decision made by the CAA. It has also been clear from discussions on 2023 ORC pricing that there is no agreement among the community on how this approach could be implemented and that there is widespread disagreement with the approach taken by the CAA in the Final Proposals.

Whilst Heathrow are of the view that the CAA's approach to setting ORCs differentially between airline and non-airline users is arbitrary and that non-airline is not non-passenger, there are several practical challenges in implementing the FP approach. With such fundamental challenges and disagreement and without certainty on this matter from the CAA, it is not practicable for Heathrow to publish final 2023 ORC tariffs on the basis set out in the Final Proposals.

For this reason and in the absence of any further direction from the CAA until the H7 decision which has no current timescale, Heathrow has finalised ORC prices for 2023 on the basis of a full marginal cost approach, as agreed with the community for 2022, and as set out in our consultation documents.

Heathrow has engaged with the community via an extensive consultation process that commenced at the beginning of September with sessions on the forecast 2022 outturn input into the 2023 pricing build. Formal documentation was issued on the 16th September prior to sessions on the content on the 29th September. Formal feedback and Heathrow responses has been incorporated into the Consultation reports that have been distributed to both the airline and non airline ORC communities. In addition, further updates on both the 2022 outturn and 2023 cost and chargeable unit assumptions were provided at the ORC governance meetings on the 27th October and 24th November.

Key elements of the 2023 ORC price calculations are as follows:

- Annuities and allocated costs have been removed from individual unit ORC prices as set out in the Heathrow consultation;
- Business Rates have been removed from individual unit ORC prices as set out in the Heathrow consultation;
- Prior year over or under recoveries (as verified by external auditors) are accounted for in the prices effective 1 January 2023 unless stated otherwise;
- Check-in desks and Common use self service (CUSS) kiosks, Common IT Infrastructure and Gas have been removed as ORCs for H7 and will be recovered through airport charges;
- Taxi feeder park (TFP), Central Bus Station (CBS) and West Ramp Coach Park (WRCP) have been removed as ORCs for H7 and will be recovered through commercial revenue;
- Fixed Electrical Ground Power ("**FEGP**") and Pre-Conditioned Air ("**PCA**") will continue to be invoiced based on metered consumption; and

- Hold Baggage Screening (“**HBS**”) will continue to be an ORC, following the CAA Decision Letter dated 30 July 2020² and inclusion in the Final Proposals.

² <https://www.caa.co.uk/Commercial-industry/Airports/Economic-regulation/Licensing-and-price-control/Economic-licensing-of-Heathrow-Airport/>

3.0 PRICING

All prices set out in this GN are exclusive of VAT.

The prices set out in this GN will be effective from 1 January 2023 and will continue in force unless and until updated by a further GN. Heathrow reserves the right to amend prices during the year where a material change occurs which significantly impacts the assumptions upon which these prices were initially based or to take into account the outcome of any escalation. Prior to implementing any changes, Heathrow will consult with the ORCG and a Non-airline ORC User Group on matters relevant to the respective governance groups. Additionally, as set out above, should the final H7 regulatory framework lead to a requirement for changes to be made to this GN, this GN will be amended and republished in due course.

The prices set out in this GN take into account:

- 2023 costs;
- Any under or over recoveries shown in the Trading Statements for 2021, not previously included in the pricing for 2022; and
- any forecasted over or under recovery relating to 2022 (covering the 12 months from 1 January 2022 to 31 December 2022).

The drivers of cost base increases and decreases are set out below and/or have been explained and recorded through ORCG and Non-airline ORC User Group engagement and the Heathrow 2023 ORC Pricing consultation.

Airside licences

Airside licence costs consist of the operating and maintenance costs of the ramp operations' team as well as the very small under recovery generated during 2022. Changes to these costs have been presented to the Airport Users' Committee ("**AUC**"). The annuities and allocated costs have been removed from the airside licences unit price, in line with the marginal cost approach adopted for 2023 pricing.

In 2022, the IATA Safety Audit for Ground Operations ("**ISAGO**") costs were introduced as part of the Airside Licence price. This cost has been spread over two years reflecting the validity of accreditation and smoothing the price impact, as consulted on with the AUC.

The price for 2023 will be £3,203 per licence per annum for the period 1 January – 31 December 2023.

Baggage

Baggage costs consist of direct costs which include operations and maintenance of the infrastructure and utilities. Business rates and allocated costs have been taken out of the baggage unit price, in line with the marginal cost approach adopted for 2023 pricing.

Bag volumes are calculated using a bag per departing passenger ratio. The unit rate for 2023 is based on 30.17m departing bags in the period 1 January to 31 December 2023.

Baggage prices will continue to be charged on a 'per departing bag' basis and will continue to cover the costs of all departing bags, arriving bags, transferring of bags and gate bags. This charge will be invoiced monthly in arrears against each airline's actual number of direct and transferring departing bags as reported in MerlinLite.

The main drivers impacting the 2023 baggage price are the increase in expected bag volumes driven by higher passenger numbers, inflation and increased utilities cost due to the higher electricity unit prices as a result of macro economic factors partially offset by the forecast over recovery carried forward from 2022.

A forecast over recovery of £21.3m in the period 1 January – 31 December 2022 is being carried forward and recovered in the 1 January to 31 December 2023 pricing period.

The price for 2023 will be £2.97 per departing bag for the period 1 January – 31 December 2023.

Electricity

Electricity costs consist of the purchase costs for the provision of high and low voltage electricity at the airport. The annuities and allocated costs have been taken out of the electricity unit price, in line with the marginal cost approach adopted for H7 and the CAA's IPs.

Forecast consumption is used to calculate average unit prices for electricity.

The main drivers impacting the 2023 electricity price are significant increases in the purchase price as a result of macro economic factors and the forecast under recovery carried forward from 2022

partially offset by hedging the baseload demand throughout 2023 and a reduction in the 3rd party share from 33% to 27%.

A forecast under recovery of £3.8m in the period 1 January – 31 December 2022 is being carried forward and recovered in the 1 January to 31 December 2023 pricing period.

Only High Voltage users pay the Capacity Charge.

Individual prices are as set out in the Pricing Schedule of this GN.

Fixed Electrical Ground Power (FEGP)

FEGP costs consist of direct costs which include staff, maintenance, parts and electricity costs. Electricity costs are calculated using the airport rate set out in the Pricing Schedule of this GN. The annuities and allocated costs have been taken out of the FEGP unit price, in line with the marginal cost approach adopted for 2023 pricing.

Consumption will continue to be billed on a per kilowatt hour (“**kwh**”) basis. Automatic Meter Reading (“**AMR**”) meters have been installed on the FEGP equipment enabling electricity consumption to be measured at five minute intervals. Meter data is cross referenced with aircraft on stand data to create an invoice showing the number of kwh consumed. There is no maximum cap per day, the actual kwh used are invoiced.

The main drivers impacting the 2023 FEGP price are the higher electricity unit price as a result of macro economic factors and the forecast over recovery carried forward from 2022.

A forecast over recovery of £0.8m in the period 1 January – 31 December 2022 is being carried forward and recovered in the 1 January to 31 December 2023 pricing period.

The price for 2023 will be £0.38 per kwh for the period 1 January – 31 December 2023.

Hold Baggage Screening (HBS)

Following the CAA Hold Baggage Screening (“**HBS**”) decision letter dated 30 July 2020 and inclusion of HBS in the CAA Final Proposals, HBS will continue to be charged as an ORC. HBS costs consist of direct costs, which include staff costs and operational contract costs.

Bag volumes are calculated using a bag per departing passenger ratio. The unit rate is based on 30.17m departing bags in the 1 January to 31 December 2023 pricing period.

HBS prices will be charged on a “per departing bag” basis and will cover the costs of all departing bags, arriving bags, transferring of bags and “gate bags”. This charge will be invoiced monthly in arrears against each airline’s actual number of direct and transferring departing bags as reported in MerlinLite.

The main drivers impacting 2023 HBS price are inflation, the increase in expected bag volumes and the forecast over recovery carried forward from 2022.

A forecast over recovery of £1.8m in the period 1 January – 31 December 2022 is being carried forward and recovered in the 1 January to 31 December 2023 pricing period.

The price for 2023 will be £0.22 per departing bag for the period 1 January – 31 December 2023.

Passengers with reduced mobility (“PRM”)

The cost of the PRM service consists of the direct operating cost, which is primarily the costs of the contracted service provider. The allocated costs have been taken out of the PRM unit prices, in line with the marginal cost approach adopted for 2023 pricing.

The main drivers impacting the 2023 charges are the increased volume of PRM movements, inflation and more PRM operatives partially offset by the forecast over recovery carried forward from 2022.

A forecast over recovery of £5.4m in the period 1 January – 31 December 2022 is being carried forward and recovered in the 1 January to 31 December 2023 pricing period.

The pre-notification charging categories and bandings have been reviewed as a result of the Heathrow 2023 pricing consultation and following feedback from the airline community, the differential multipliers between categories have been amended to the following:

- Category 1 = 1x
- Category 2 = 1.2x
- Category 3 = 3x

Heathrow and the service providers are committed to working with the airlines to help improve their pre-notification levels.

The pre-notification threshold is the regulation 36 hours and it should be noted that a valid pre-notification must include the following:

- Passenger name (first initial and full last name).
- Flight details into or out of LHR (including date).
- Full Special Service Request (SSR) code.
- Type of assistance and/or equipment required.

Where assistance information has been received from a PRM passenger, as per Article 6 of Regulation EC 1107/2006 (as has been made ‘retained EU law’ following the UK’s exit from the European Union in accordance with the European Union (Withdrawal) Act 2018 and as amended from time to time) (“PRM Regulation”), airlines have an obligation to pre-notify the airport with that assistance information. The above PRM information is required by Heathrow in order to provide assistance in accordance with the PRM Regulation. The pre-notification performance is important in that it facilitates the most efficient use of resources and therefore impacts on cost.

The charges for PRM are as follows, for the period 1 January – 31 December 2023:

- **Category 1** – at 65%+ pre-notification at 36 hours shall be **£1.10** per departing passenger.
- **Category 2** – between 50% and 64.99% pre-notification at 36 hours shall be **£1.32** per departing passenger (consisting of £1.10 base price + £0.22 supplement).
- **Category 3** – less than 49.99% pre-notification at 36 hours shall be **£3.31** per departing passenger (consisting of £1.10 base price + £2.21 supplement).

Pre-conditioned air (“PCA”)

Heathrow is working in collaboration with the airline community to evaluate future PCA options. These options will be consulted on at ORCG.

During this period, Heathrow has agreed to hold the price of PCA at a discretionary reduced rate of £1.00 per kwh notwithstanding, and without prejudice to, Heathrow’s right to charge PCA at a higher rate reflective of the direct costs of PCA to Heathrow. At the time of pricing there was an under recovery of £18.5m

Staff car parking

Staff car parking costs consist of direct costs which include bussing and fuel, car park management, property costs and maintenance. The annuities, allocated costs and business rates have been taken out of the staff car parking unit price, in line with the marginal cost approach adopted for 2023 pricing.

The main drivers impacting the 2023 staff car parking price are a significant over recovery carried forward from 2022 and the introduction of a ‘floor’ price.

A forecast over recovery of £4.6m in the period 1 January – 31 December 2022 is being carried forward and recovered in the 1 January to 31 December 2023 pricing period.

The price of the perimeter pass will decrease to £350 per annum for the period 1 January – 31 December 2023.

Floor price introduction

The current Licence conditions state “Where charges for the Specified Facilities are not established in relation to cost the Licensee shall provide to the CAA and to users of the Specified Facilities or their representatives a statement of the principles on the basis of which the charges have been set with full background information as to the calculation of such charges including statements of any comparables used”.

Heathrow’s sustainable transport objectives, articulated in Heathrow 2.0, our plan to connect people and planet³ state that “We want to reduce congestion, cut carbon emissions, improve local air quality, raise the quality of life for our local communities, and increase our economic value to the UK” and seek to “achieve a colleague single-occupancy-car mode share of 57% by 2026”.

Therefore, Heathrow will introduce a Staff Car Parking floor price of £350 and agree the appropriate governance arrangements in due course with the community via the Surface Access Airline Stakeholder Committee but which will include community representation on the forum which determines the allocation of funds.

The driver for the specific level of £350, is that it is less than the underlying price of £430 and no less than 50% when compared to previous Q6 charges.

The staff car park passes are charged for each month, or part month, that a pass is active. Invoices are sent quarterly in arrears, after each quarter finishes. If a pass is cancelled or submitted during a month, the pass will be still charged for the full month regardless of the time of the pass is cancelled or submitted.

³ [Heathrow 2.0 Sustainability Strategy | Heathrow](#)

For further information on parking, please contact: employeeparking@heathrow.com.

Staff identity cards and Vehicle Apron Passes (“VAPs”)

The cost of the staff identity card and vehicle apron pass service consists of direct costs which include administrative and property costs. The annuities and allocated costs have been taken out of the staff identity cards unit price, in line with the marginal cost approach adopted for 2023 pricing.

The main drivers impacting 2023 price are the increased number of passes forecast in 2023 and the forecast over recovery carried forward from 2022.

A forecast over recovery of £0.8m in the period 1 January – 31 December 2022 is being carried forward and recovered in the 1 January to 31 December 2023 pricing period.

The price per originating staff identity card application will be £19.22, a temporary employment pass will be £9.61 and a temporary visitor pass will be £4.00 for the period 1 January - 31 December 2023.

Accreditation Checks

The regulatory change introduced in 2022 which incorporated enhanced background checks and the requirement for all airside pass holders to be subject to ongoing review by the Home Office, known as an “Accreditation Check” resulted in an additional application process and charge in addition to the Heathrow Staff identity card process.

Since 1 January 2022, this Accreditation Check must be ‘granted’ by the Home Office before any application can be made for new airside passes or in advance of renewal of airside passes. In addition, by 30 June 2024, all existing pass holders must also have been granted an Accreditation Check. Once obtained, all passes will be subject to ongoing review. This requirement drives IT and staff costs, as well as the charge from the Home Office.

The unit price for this Accreditation Check and the ongoing review is £9.27 per pass application for the period from 1 January – 31 December 2023, chargeable for full airside passes.

A charge will be levied per Accreditation Check submission regardless of whether the check is granted, refused or returns an error. A full pass application can only be submitted if an Accreditation Check has been granted. The charge for the full pass application of £19.22 still remains and is applied following the normal process for Staff identity cards.

Vehicle Apron Passes (“VAPs”)

The income from VAPs forms part of the ORC income for the ID Centre. Heathrow has maintained the forecast number of passes and associated revenue from 2022. No changes to these fees are proposed for 2023.

The 2023 charges per emissions category per vehicle per annum will remain unchanged as follows:

- Tier A: £16.77
- Tier B: £33.53
- Tier C: £50.30
- Tier D: £0.00 (free)

The below three tables explain the vehicle specifications that fall under each tier.

Full Road Vehicle Apron Pass (VAP) - Permanent Livery					
Prices (annual)	-	Tier A - £16.77	Tier B - £33.53	Tier C - £50.30	Tier D - £0.00
Year of manufacture	-	1st March 2015 – onwards	1st March 2009 – 28th / 29th Feb 2015	1st March 2000 – 28th / 29th Feb 2009	1st March 2000 – onwards
Euro Classification	-	Euro 6	Euro 5	Euro 4 & 3	Full electric / Hydrogen
Fuel type	-	<i>Fuel Type</i>	<i>Fuel Type</i>	<i>Fuel Type</i>	
Vehicle types (price/tier will be dependant on the fuel type it uses)	Blue Light Minibus Coach (Over 16-seater) Catering Vehicle Detainee Vehicle Service Water/Toilet Truck Aircraft refuelling Truck HGV (Heavy Good Vehicle) Lorry mounted support equipment De-icing Rig LDV (light duty vehicle) VIP Vehicle Car Small Van Large Van Airstart vehicle Security Truck / Van for transporting high Value goods vehicles Armoured Vehicle Road and Non Road / GSE Equipment	Red Diesel (Gas Oil) White Diesel (DERV) Petrol Hybrid Electric Petrol Hybrid Diesel LPG CNG Other Fuel	Red Diesel (Gas Oil) White Diesel (DERV) Petrol Hybrid Electric Petrol Hybrid Diesel LPG CNG Other Fuel	Red Diesel (Gas Oil) White Diesel (DERV) Petrol Hybrid Electric Petrol Hybrid Diesel LPG CNG Other Fuel	Full electric / Hydrogen Vehicle (more information below)

Full Road Vehicle Apron Pass (LDVAP) - Private with temporary Livery					
Prices (annual)	-	Tier A - £1,654.50	Tier B - £1,654.50	Tier C - £1,654.50	Tier D - £0.00
Euro Classification	-	Euro 6	Euro 5	Euro 4 & 3	Full electric / Hydrogen
Fuel type	-	<i>Fuel Type</i>	<i>Fuel Type</i>	<i>Fuel Type</i>	
Vehicle types (price/tier will be dependant on the fuel type it uses)	Blue Light Minibus Coach (Over 16-seater) Catering Vehicle Detainee Vehicle Service Water/Toilet Truck Aircraft refuelling Truck HGV (Heavy Good Vehicle) Lorry mounted support equipment De-icing Rig LDV (light duty vehicle) VIP Vehicle Car Small Van Large Van Airstart vehicle Security Truck / Van for transporting high value goods vehicles Armoured Vehicle	White Diesel (DERV) Red Diesel (Gas Oil) Petrol Hybrid Electric Petrol Hybrid Electric Diesel LPG Hydrogen CNG Other Fuel	White Diesel (DERV) Red Diesel (Gas Oil) Petrol Hybrid Electric Petrol Hybrid Electric Diesel LPG Hydrogen CNG Other Fuel	White Diesel (DERV) Red Diesel (Gas Oil) Petrol Hybrid Electric Petrol Hybrid Electric Diesel LPG Hydrogen CNG Other Fuel	Full electric / Hydrogen Vehicle (year of manufacture 1st March 2000 – onwards, more information below)

Full Non-road Vehicle Apron Pass (VAP) / GSE - Permanent Livery					
Prices (tier)	-	Tier A - £16.77	Tier B - £33.53	Tier C - £50.30	Tier D - £0.00
Year of Manufacture	-	1st September 2014 - Onwards	1st March 2009 - 31st August 2014	1st March 2000 – 28th / 29th Feb 2009	1st March 2000 – onwards
Euro Classification	-	Euro 6 / Stage VI / Stage VII	Euro 5 / Stage V	Euro 4 & 3 / Stage II / Stage III / Stage IV	Full electric / Hydrogen
Power Rating	-	0 - <19 Kw/19Kw - <37Kw/37Kw - 75Kw/75Kw - <130Kw/130Kw - <560Kw / 560K +	0 - <19 Kw/19Kw - <37Kw/37Kw - 75Kw/75Kw - <130Kw/130Kw - <560Kw / 560K +	0 - <19 Kw/19Kw - <37Kw/37Kw - 75Kw/75Kw - <130Kw/130Kw - <560Kw / 560K +	
Fuel Type	-	<i>Fuel Type</i>	<i>Fuel Type</i>	<i>Fuel Type</i>	
Vehicle types (price/tier will be dependant on the fuel type it uses)	Baggage Tug Loading Elevator Conveyor Belt Construction Plant / Equipment Crane / Lifting Equipment or tall Vehicle Mobile Elevated work platform Ground Support Equipment Push Back Tug Aircraft Tug Drivable Stairs	Red Diesel (Gas Oil) White Diesel (DERV) Petrol Hybrid Electric Petrol Hybrid Diesel LPG CNG Other Fuel	Red Diesel (Gas Oil) White Diesel (DERV) Petrol Hybrid Electric Petrol Hybrid Diesel LPG CNG Other Fuel	Red Diesel (Gas Oil) White Diesel (DERV) Petrol Hybrid Electric Petrol Hybrid Diesel LPG CNG Other Fuel	Full electric / Hydrogen Vehicle (more information below)

For further guidance please contact your Licence Manager in the Heathrow ramp operations team.

There is no change to the Tier A categorisation of hybrid vehicles, as consulted with the AUC. A hybrid vehicle is one that uses two forms of power, for example an electric motor and a combustion engine or battery and fuel cells. Hybrid vehicles also include the following types of vehicles: Battery Electric Vehicle (BEV), Hybrid Electric Vehicle (HEV) and Plug-In Hybrid Electric Vehicles (PHEV).

To be included in the hybrid/Tier A category, the vehicle must comply with the following technical characteristics:

- Vehicles (cars) that have CO₂ emissions of less than 50g/km and can travel at least 112km (70 miles) without any emissions at all;
- Vehicles (vans) that have CO₂ emissions of less than 75g/km and can travel at least 16km (10 miles) without any emissions at all;
- Vehicles (large vans) that CO₂ emissions of at least 50% less than the equivalent conventional Euro VI vehicle that can carry the same capacity. They can travel at least 16km (10 miles) without any emissions at all.

The prices for temporary passes will remain unchanged as follows:

- Temporary month pass: £31.63/month;
- Temporary private vehicle apron passes: £137.88/month.

The un-surrendered passes charge is no longer applicable, and the £150.00 charge will relate to the expired passes not handed back.

Waste services

Waste services costs consist of direct costs, which include waste contracts and staff costs. The annuities and allocated costs have been taken out of the waste unit prices, in line with the marginal cost approach adopted for 2023 pricing.

Tiered prices are calculated to reflect the greater use of the service by some operators and are set out in the Pricing Schedule of this GN.

There are two types of waste charge:

- Refuse Area Charge; and
- Refuse Bin Room Charge.

The main drivers for 2023 waste charges prices are inflation, increased collection requirements as a result of the higher passenger volume forecast for 2023, lower nu and the forecast over and under recoveries carried forward from 2022.

A forecast over recovery of £0.7m for refuse area and an under recovery of £0.6m for refuse bin room in the period 1 January – 31 December 2022 is being carried forward and recovered in the 1 January to 31 December 2023 pricing period.

The Refuse Area base charge will be £20.07 per assessed unit per quarter. Refuse Area prices will continue to be charged on a “per assessed unit basis” where one unit equals 250 sq. ft.

The Refuse Bin Room base charge (only applicable in Terminal 2 and Terminal 5) will be £1,039 per outlet per quarter. Refuse Bin Room prices will continue to be charged on a “per outlet basis”.

The “Green Tier” introduced as of 1 January 2019 will continue in 2023. In line with Heathrow’s sustainability targets articulated in Heathrow 2.0: Connecting People and Planet and Heathrow’s Net Zero plan, a set of reduced prices is being introduced to encourage the sustainable behaviours with regard to waste disposal. Examples of these behaviours include delivering items in reusable

packaging such as reusable plastic crates instead of cardboard, increased recycling and an overall significant reduction in waste etc.

- The Green Tier Refuse Area base charge will be £18.67 per assessed unit per quarter, where one unit equals 250 sq. ft.
- The Green Tier Refuse Bin room base charge will be £966.27 per outlet per quarter. Refuse Bin Room prices will continue to be charged on a “per outlet basis”.

The full schedule of waste prices can be found in the attached Pricing Schedule of this GN.

To apply for the incentivised Green Tier prices, customers must write to halorc@heathrow.com explaining why they qualify for the lower price. Heathrow will assess this application and apply the new charge, if successful, to be applicable from the following quarter. Successful applications, excluding specific company information, will be available to allow for transparency as to how to achieve the lower charge. Heathrow will audit waste activities to ensure that the agreed behaviours are being maintained and reserves the right to amend the charge to the standard tariff if the correct behaviours are not being displayed.

Water

Water costs consist of direct costs, which include supply purchase costs, staff and maintenance costs. The annuities and allocated costs have been removed from Water unit prices, in line with the marginal cost approach adopted for 2023 pricing.

Forecast consumption is then used to calculate average unit prices for water.

The main drivers impacting the 2023 price are increased supply purchase costs, the forecast under recovery carried forward from 2022 and a reduction in the 3rd party share from 28% to 24%.

A forecast under recovery of £0.5m in the period 1 January – 31 December 2022 is being carried forward and recovered in the 1 January to 31 December 2023 pricing period.

The Water and Sewerage charge is £4.47 per cubic metre, for the period 1 January – 31 December 2023.

A breakdown of the individual water prices is set out in the Pricing Schedule of this GN.

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

Airline Operators Committee (AOC)

AOC costs consist of facilities and resource costs. The allocated costs have been taken out of the AOC unit price, in line with the marginal cost approach adopted for 2023 pricing.

A forecast over recovery of £0.2m in the period 1 January – 31 December 2022 is being carried forward and recovered in the 1 January to 31 December 2023 pricing period.

The price will be £0.0085 per departing passenger for the period 1 January – 31 December 2023.

4.0 PAYMENTS AND DISPUTES

Payments

Payment of invoices must be dealt with in accordance with the relevant contract between yourself and Heathrow, for example (but not limited to), the Conditions of Use, the Ground Operations Licence, a Lease or Licence or any other relevant contract. To the extent that there is no relevant contract in place, or any contract does not include payment terms relevant to ORC invoices, the following applies:

- Payments to Heathrow shall be made without set-off or deductions (including taxes or charges). If the applicable law requires any tax or charge to be deducted before payment the amount shall be increased so that the payment made will equal the amount due to us as if no such tax or charge had been imposed. It is your responsibility to provide full remittance details of payments made to us. All remittances should be emailed to: remittances@heathrow.com.
- The amount of charges you must pay is set out in and/or calculated in accordance with the published prices incorporated within the GN and set out on the invoice sent to you.
- All sums due which are not paid on the due date shall bear interest at a per annum rate of 3% higher than the Bank of England base rate, or 8% per annum, whichever is higher, calculated on a daily basis from the date when such sums were due until the date of payment (both dates inclusive).

Disputes

Disputes regarding specific ORC invoices must be dealt with in accordance with the relevant contract between yourself and Heathrow, for example (but not limited to), the Conditions of Use, the Ground Operations Licence, a Lease or Licence or any other relevant contract. To the extent that there is no relevant contract in place, or any contract does not include dispute terms relevant to ORC invoices, the following applies:

- Without prejudice to our rights under any applicable contracts and the law, if there is a genuine dispute between a party and Heathrow concerning an ORC invoice, then the party must write to Heathrow by email within 10 days of the invoice due date, to BSC-Disputes-Management@heathrow.com.
- In that email, the party must provide, at minimum, the following information in order for Heathrow to accept a dispute for consideration:
 - o Invoice number.
 - o Total amount of the invoice in dispute.
 - o The specific reasons for the dispute.
 - o Supporting evidence.
- A member of the team will aim to respond within 10 days of receiving notification of a dispute in accordance with the above.

5.0 FURTHER INFORMATION

If you have any questions concerning the new charges or require further information relating to other regulated charges or Heathrow's Other Regulated Charges Group, please contact halorc@heathrow.com or visit Heathrow's website <https://www.heathrow.com/company/doing-business-with-heathrow/regulated-charges>.

A handwritten signature in black ink, appearing to read 'Ross Baker', with a stylized flourish at the end.

Ross Baker – Chief Commercial Officer
For and on behalf of Heathrow Airport Limited

Distribution: Full
Enc

HEATHROW AIRPORT LIMITED

General Notice: Tariffs with effect from 1 January 2023

Pricing Schedule

Product/ service				Effective 01-01-2022	Effective 01-01-2023
	units charged			unit price	unit price
Airside Licences	per licence			£3,866	£3,203
Baggage	per bag			£4.43	£2.97
Electricity					
Electricity Low Voltage – supply	per kwh			£0.145	£0.253
Electricity Low Voltage – infrastructure	per kwh			£0.071	£0.124
Electricity High Voltage – supply	per kwh			£0.145	£0.253
Electricity High Voltage – infrastructure	per kwh			£0.038	£0.066
Electricity (Capacity)	per kva/ month			£4.02	£4.37
FEGP	per kwh			£0.19	£0.38
Passengers with reduced mobility (PRM)					
Category 1 (Above 65% at 36 hrs)	per departing passenger			£1.12	£1.10
Category 2 (50% to 64.99% at 36 hrs)	per departing passenger			£1.32	£1.32
Category 3 (less than 49.99% at 36 hrs)	per departing passenger			£3.23	£3.31
Pre-conditioned air (PCA)	per kwh			£1.00	£1.00
Staff car parking					
Perimeter passes ▲	per pass			£1,092.83	£350.00
Lost passes	per disc or per card			£30.00	n/a
Staff identity cards					
Temporary photographic ID pass (Visitor Pass)	per pass application			£4.00	£4.00
Temporary photographic ID pass (Employment pass)	per pass application			£31.33	£9.61
Full ID per Originating Application	per pass application			£62.62	£19.22
Accreditation check	per pass application			13.75	£9.27
Penalty charge for lost or stolen pass -64k	per pass			n/a	n/a
Machine readable ID pass – landside	per pass			n/a	n/a
32k machine readable ID pass - amendment	per pass			FREE	FREE
64k machine readable ID pass amendment	per pass			FREE	FREE
Application "no show"	per "no show"			£62.00	£62.00

All unsurrendered passes (60 days+ from expiry)	per pass			£150.00	£150.00
Vehicle apron passes					
Liveried vehicle airside pass – annual Tier A	per pass			£16.77	£16.77
Liveried vehicle airside pass – annual Tier B	per pass			£33.53	£33.53
Liveried vehicle airside pass – annual Tier C	per pass			£50.30	£50.30
Liveried vehicle airside pass – annual Tier D	per pass			n/a	FREE
Liveried vehicle airside pass - temporary (per month)	per pass			£31.63	£31.63
Private vehicle airside pass – annual	per pass			£1,654.50	£1,654.50
Private vehicle airside pass – temporary (per month)	per pass			£137.88	£137.88
Expired passes (if found)	per pass			£150	£150

Product/ service			Effective 01-01-2022	Effective 01-01-2023
	units charged		unit price	unit price
Waste Services				
Refuse Area Charge				
Low Waste Use (e.g. Services)	per assessed unit per quarter		£69.49	£20.07
Low Waste Use GREEN TARIFF			£60.72	£18.67
Medium Waste Use (e.g. Shops)	per assessed unit per quarter		£79.92	£23.08
Medium Waste Use GREEN TARIFF			£69.83	£21.47
High Waste Use (e.g. Food and Beverage outlets)	per assessed unit per quarter		£90.34	£26.09
High Waste Use GREEN TARIFF			£78.94	£24.27
Refuse Bin Room Charge Δ				
Low Waste Use (e.g. Services)	per outlet per quarter		£773.46	£1,039.00
Low Waste Use GREEN TARIFF			£675.84	£966.27
Medium Waste Use (e.g. Shops)	per outlet per quarter		£2,524.21	£3,390.82
Medium Waste Use GREEN TARIFF			£2,205.62	£3,153.47
High Waste Use (e.g. Food and Beverage outlets)	per outlet per quarter		£4,670.08	£6,273.40
High Waste Use GREEN TARIFF			£4,080.65	£5,834.26
Water				
Water & sewerage	per cubic metre		£8.60	£4.47
Water supply only	per cubic metre		£6.65	£3.46
Waste water only	per cubic metre		£2.57	£1.33
Low Temperature Hot Water	per cubic metre		N/A	N/A
Chilled Water	per cubic metre		N/A	N/A
Domestic Hot Water	per cubic metre		£10.16	£5.27
Airline Operators Committee (AOC)	per departing passenger		£0.0203	£0.0085
Hold baggage screening (HBS)	per bag		£0.33	£0.22

Notes:

- \blacktriangle Price shown represents an annualised price, 1/12th of which will be used when calculating a monthly charge when invoicing.
- Δ The refuse bin room charge is only applicable in Terminal 2 and Terminal 5.