Richmond Heathrow Campaign

Heathrow Expansion - Questions

Presentation to NACF

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Wednesday 4 March 2026

Topics

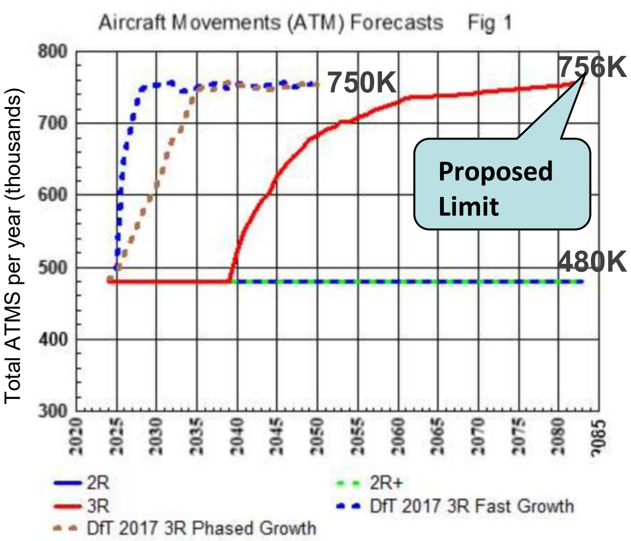
- Heathrow capacity forecasts
- CapEx forecasts 2024-2050
- Financeability
- Affordability
- Surface access CapEx
- 3R impact on Heathrow and total UK passengers in 2050
- 3R Impact on UK connectivity
- UK passenger unconstrained and carbon constrained demand
- Sixth UK carbon budget
- 3R economic valuation
- 3R noise impact

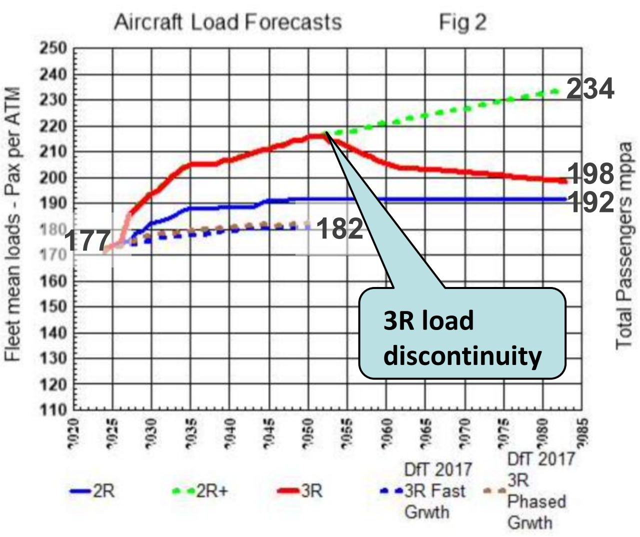
We set out a wide range of issues but expect only a few to be covered in a 20 minute presentation.

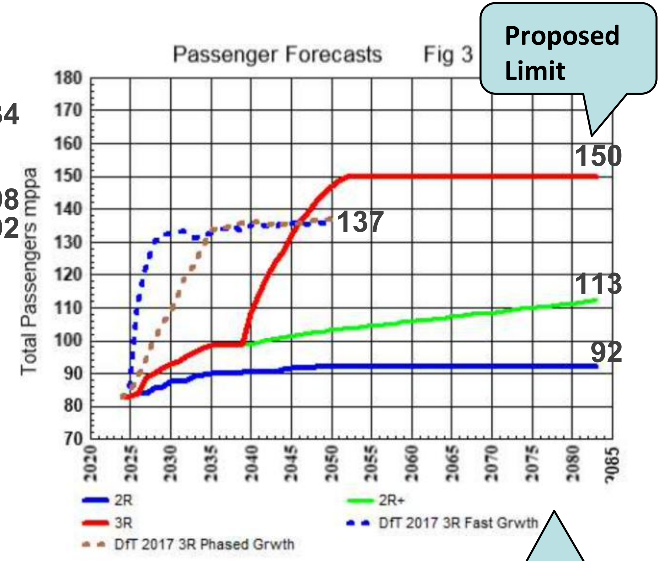
All questions are presented for future response.

Heathrow capacity forecasts

Sources: Passengers - Frontier Economics using HAL data – “Heathrow Expansion CBA 1 Aug 2025”; ATMs and Loads calculated by RHC.







Compound Passenger Growth per year 2024-2050
3R: 2.2%
2R+: 0.9%
2R: 0.4%

1. Is it certain that there will be no no mixed mode for 2R and 2R+ (i.e. retain 480,000 ATMs per year in segregated mode) and no mixed mode for 3R prior to first flight?
2. Are there 3R capacity imbalances between runways (ATMs), Aircraft fleet (Loads) and Terminals (pax), particularly the load discontinuity (Fig2) caused by the proposed 150 million passenger limit?
3. What is the justification for a 3R passenger growth rate of 2.2% per year, which substantially exceeds the 6th Carbon Budget UK constrained growth of 0.7%pa?

CapEx forecasts 2024-2050

At 2024 prices

Project Type	CapEx Details	2R £Bn	2R+ £Bn	3R £Bn
Third Runway	NWR 3R runway – 2030-2039			21
	NWR 3R terminals and facilities: 2030-2039			12
	Running Total			**33**
Core Asset enhancements	H8 2027-2031		10	10
	H9 2032 onwards		6	6
	Running Total		**16**	**49**
Asset Replacement	Cumulative annual CapEx 2024-2050	10	20	27
	Running Total	**10**	**36**	**76**
Surface Access	Terminating Passengers, Staff, Freight (both road and rail) (See Slide 7)	0	5	20
	Grand Total	**10**	**41**	**96**

Data is from Heathrow Expansion Proposal (Summer 2025) and Heathrow H8 Business Plan (July 2025) unless otherwise stated
Asset replacement capex approximately matches asset depreciation (for example, £1.1 Bn for each in 2024)

Financeability

4. Is a 3x enlargement of HAL's balance sheet to £69 Bn tenable? (£49 Bn + existing £20Bn)
5. Is additional debt of (say) £35bn tenable (70/30 D/E ratio), especially given the risks of future carbon constrained demand?
6. Are shareholders prepared to invest additional equity and/or forego dividends of say £15bn?
7. Is HMRC prepared for UK tax payers to subside UK inward investment with interest tax relief on a highly leveraged 3R project?
8. Who will pay for the 3R Surface Access costs of at least £20bn?

	Finance Required excluding asset replacement		
	2R	2R+	3R
Heathrow Proposals without Surface Access	£0 Bn	£16 Bn	**£49 Bn**
Heathrow Proposals with Surface Access	£0 Bn	£21 Bn	**£69 Bn**

Figures extracted from previous slide

Affordability

9. Will airlines (and in turn their passengers) be willing to bear an aero charge increase

   from a 2R charge of £26 per passenger?

   to 3R £60 per passenger from first flight?

10. What impact would this increased aero charge have on demand and hence revenue?

11. Alternatively, if there were no increase in aero charge, how would Heathrow address the ~£13Bn balance sheet write-down needed without risking breaching of loan covenants and resulting administration?

Aero charge 2024-2050		
2R	**2R+**	**3R**
£26	**£33**	**£60**

RHC RAB (Regulated Asset Base) estimates for 3R in 2024 prices and assuming H8 Plan pre-tax real cost of capital of 6.8%pa

Surface access CapEx

TfL response to enquiry by the All Party Parliamentary Group on Heathrow and the Wider Economy in February 2015:

- *"… we estimate the required mitigation to cost in the region of £20-25bn. In order to achieve a sustainable mode-share and minimise adverse quality of life and health impacts, we suggest that a much greater level of funding than that currently proposed is targeted towards public transport."*
- *"The [Airports] Commission have said that they will conduct their assessment so as to facilitate the speedy preparation of a National Aviation Policy Statement. At the moment, there are so many gaps, and the gaps are of such importance, that we do not think it will be easy for the next Government to readily prepare such a policy – if they so wished"*

Due to expected passenger growth, Heathrow's Terminating Passengers are expected to double from 65 mmpa in 2024 to 130 mmpa by 2050.

12. Has there been any updated surface access plan and estimate since 2015?
    (In 2024 prices this £20-25bn would now be £30-£38bn)
13. Who will pay for surface access – Heathrow, or the taxpayer, and/or degraded service and increased road/rail congestion?
14. Can we be assured that the DfT and CAA will complete a full appraisal of, and plan for, surface access before the ANPS public consultation?

3R impact on
Heathrow and total UK passengers in 2050

Passengers (MPPA)	Heathrow	Non-Heathrow	Total UK	UK I-I	UK Terminating
DfT Central Forecast 2017	43	-17	26	16	10
Airports Commission 2015 Carbon Traded AON	43	-18	25	16	9
Airports Commission 2015 Carbon Capped AON (their recommended option)	43	-58	-17	22	-39

The Airports Commission recommended AON (Assessment of Need) Carbon Capped based on target 37.5 MT CO2 E but since to revised to Net Zero – so AC was over-optimistic

Lost aviation growth in UK Regions as a result of Heathrow 3R:
- **Glasgow 22%**
- **Manchester 10%**
- **Birmingham 45%**
- **Bristol 26%**

15. Is the loss of Regional Growth included in the economic appraisal?
16. Why should expansion take place in the economically overheated South-East?
17. Why should expansion take place on the constrained and congested Heathrow site where there are 50% passengers per hectare more than at other airports, and where construction costs are twice the UK average?

3R impact on UK connectivity

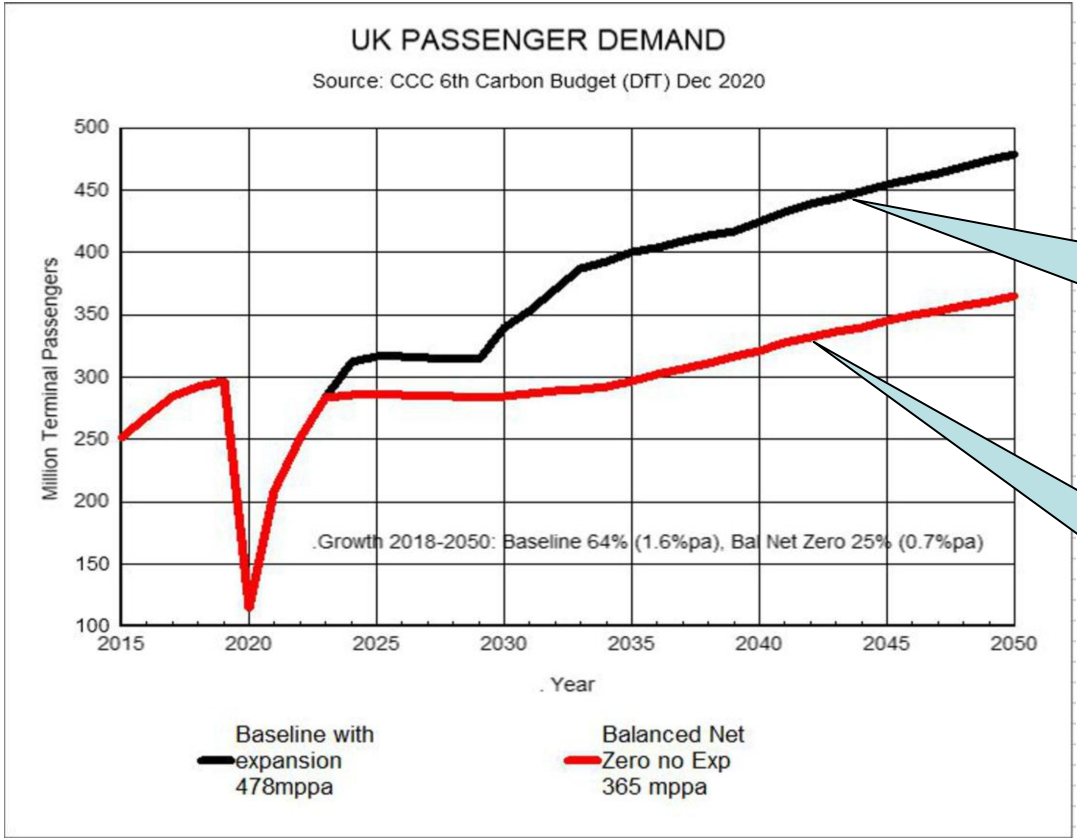
3R is forecast to result in no net gain in UK destinations, but instead increased frequencies on routes that are already popular.

18. How can this be justified, particularly when this capacity will be used almost entirely for leisure?

Change in Number of UK Destinations		
Destination Type	**Heathrow**	**Total UK**
Domestic destinations	2	0
Short Haul destinations	40	-3
Long Haul destinations	3	2
Total	45	-1

DfT 2017 forecast for the ANPS

Sixth Carbon Budget 2021
UK passenger unconstrained and constrained demand



Unconstrained UK growth to 2050 is far less than global: avg 1.6% vs ~4% pa

Climate Change Committee recommends growth constrained to avg 0.7% pa

Sixth UK Carbon Budget 2050

	MT CO_2 E
Unconstrained growth (478 mppa for UK)	51
Demand management (to 365 mppa max)	-12
Carbon Constrained Growth (to 365 mppa max)	**39**
Efficiency & hybrids	-8
Sustainable Aviation Fuels (SAFs)	-8
Subtotal before offsetting	**23**
Removal of carbon from atmosphere (offsetting)	-23
Aviation Net Zero carbon	**0**

Heathrow emitted approximately 19.4 MT CO_2 (Scope 1–3) in 2025

19. Why has the Aviation Industry rejected demand management?
20. Will there be feedstock and refining capacity for SAFs at economic prices?
21. Since UK Waste legislation seeks Net Zero carbon for metropolitan authority solid waste, on what basis is it believed there will be sufficient supply of source materials for SAFs?

3R economic valuation

Projects that require government approval are expected to apply **Transport Analysis Guidance (TAG)**. TAG was the principle method of assessing the economic value of the NWR 3R used by the Airports Commission and DfT in the current ANPS for Heathrow expansion approved by parliament in June 2018.

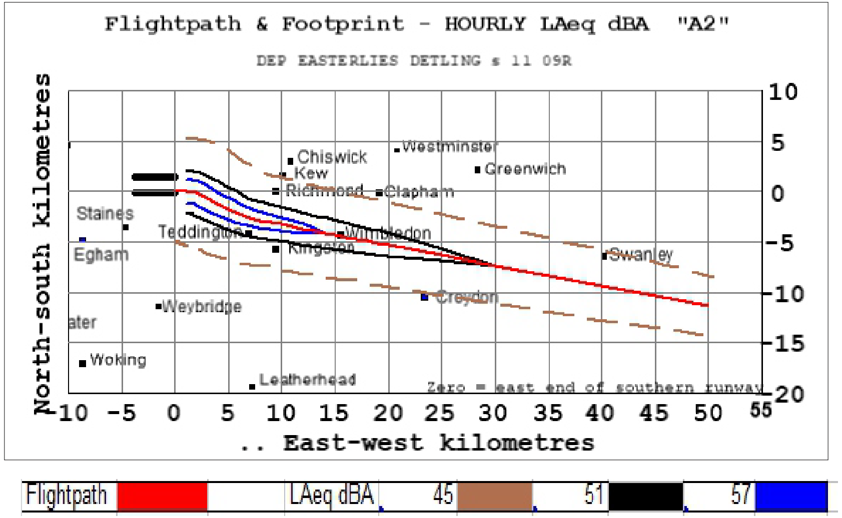
Computable General Equilibrium (CGE) varies the components in the economic appraisal from those in TAG and is generally acknowledged as not as robust as TAG.

22. Can it be confirmed that the principle economic valuation will continue to be TAG and that CGE will not replace TAG for any revision to the ANPG?
23. Can it be confirmed that the any use of CGE as supplementary to TAG will require the periodic monitoring and measuring of the Heathrow 3R contribution to the economic outcomes as expected of any major project
24. Can it be confirmed that such monitoring and measuring will be achievable?
(for example: the change in GNP due to 3R in 2050).
25. The DfT's 2017 valuation of economic value for the ANPS ranged between –£2.2 Bn and +3.2 Bn. Have any factors since changed this in either direction.

3R noise impact

Using RHC's noise model the population increase within the 51 and 57 dBA 16hr noise contours for a standardised flight path illustrated in the diagram as a result of 3R has been estimated. The increases are 50% and 60% respectively.

26. How do the illustrated increases in population exposed to noise from 3R reconcile with the Airports Commissions recommendation (assumed included in the current ANPS decision) for a noise envelop with no increase in noise exposure?



	Standardised Contour Population	
Contour	51 dBA 16 hr	57 dBA 16 hr
3R Noise impact increase	+50%	+60%

List of Questions - 1

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- Surface Aces CapEx (Slide 7)
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- 3R impact on UK connectivity (Slide 9)
  18. How can this be justified, particularly when this capacity will be used almost entirely for leisure?
- Sixth UK Carbon Budget 2050 (Slide 11)
  19. Why has the Aviation Industry rejected demand management?
  20. Will there be feedstock and refining capacity for SAFs at economic prices?
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QUESTIONS?