

Project for the Sustainable Development of Heathrow (PSDH)

This appendix outlines the history and current position with regard to PSDH into the following sections;

1. Government Aviation and Airport Policy
2. HAL's Current Proposals
3. Recent Developments

1. Government Aviation and Airport Policy

a. The Future of Aviation, December 2003

In December 2003 following an extensive exercise considering all options and a long period of consultation, The Department for Transport produced a White paper on Air transport (The Future of Aviation). The White Paper reached several key conclusions in relation to runway capacity in the South East.

The first conclusion was that there was an urgent need for additional runway capacity in the South East. It also explained that a lack of capacity would significantly damage national prosperity. It stated that there was no case for a second international hub within the South East.

In relation to where further capacity should be developed it concluded that the first priority is to make best use of the existing runways, including Stansted and Luton. It went on to conclude that provision should be made for two new runways in the South East by 2030. The first new runway should be at Stansted, to be delivered as soon as possible (around 2011 or 2012).

In relation to the location of a second new runway the conclusions were less well formulated. The White paper stated that the further development of Heathrow is supported, including a further new runway and additional terminal capacity to be delivered as soon as possible (within the 2015 -2020 period) after the new runway at Stansted, but only if stringent environmental limits can be met. The White paper announced the start of a further period of study to answer the question of whether such environmental limits could be met at Heathrow were mixed mode or a third runway to be introduced. This Department for Transport led study became known as the Project for the Sustainable Development of Heathrow (PSDH).

As well as outlining policy in relation to runway development the White Paper included a number of further obligations which it expected airport operators to comply with. These included:

- requirements to produce master plans covering thirty years;
- new noise compensation schemes and a requirement to introduce schemes to address generalised blight where new runways were proposed; and
- a requirement for airport charges to include an air quality element.

b. The Future of Aviation Progress Report, December 2006

The Department for Transport launched an Air Transport White Paper Progress Report in December 2006. This reviewed the 2003 policy in light of a number of recent issues and reported on progress against the actions set out in 2003.

The 2006 Progress Report specifically took account of the following:

- The Stern Review of the Economics of Climate Change, 2006;
- Oxford Economic Forecasting – The Economic Contribution of the Aviation Industry in the UK, 2006;
- Department for Transport Focus on Freight 2006;
- Climate Change: The UK Programme 2006;
- The Eddington Transport Study, 2006;
- The Civil Aviation Act 2006.

The 2006 Progress Report clearly and unequivocally reaffirmed the Government's commitment to a strategy of striking the right balance between economic, social and environmental goals. It again stressed the economic benefits of air travel and stated the importance of aviation to the UK economy was rising as a result of broader economic trends. It also described people's aspirations and attitudes to flying.

It reiterated that the first priority remains making the most of the UK's existing airports. It continued to support the development of two new runways in the South East, the first at Stansted and the second at Heathrow, subject to environmental constraints.

It explained that work was continuing on establishing how environmental limits could be met both for mixed mode and runway 3 during 2007, after which there will be a public consultation.

It also introduced further environmental obligations on airport operators:

- Recommendation that airports become carbon neutral;
- Produce an environmental statement with master plans;
- Industry reporting on Sustainable Aviation Strategy targets;
- Emissions cost assessment methodology consultation;
- New noise maps and noise action plans;
- Airport Consultative Committees to monitor implementation of new Civil Aviation Act powers by airports;
- Best practice communication for environmental information;
- Public Safety Zone (PSZ) review.

c. Adding Capacity at Heathrow: Decisions Following Consultation, January 2009

On 15 January 2009 the Secretary of State for Transport announced to Parliament his policy decisions on the future development of Heathrow airport, following the Adding Capacity at Heathrow Airport consultation which closed in February 2008 and the subsequent consultation on an Equalities Impact Assessment which closed in November 2008.

In summary, the Secretary of State –

- confirms policy support for adding a third runway at Heathrow with additional passenger terminal facilities and a slightly longer runway (2,200m operational length), but subject to an aggregate limit of 605,000 annual movements, which would be subject to review in 2020;
- does not support the introduction of mixed mode on the existing runways as an interim measure before a third runway;
- confirms his intention to end the 'Cranford agreement' (which currently limits easterly departures off the northern runway);

- confirms his view that the following operating practices should be retained and continued:
- 'westerly preference' (the preferred direction of operation of the runways except in strong contrary winds);
- 'night-time rotation' (the practice of alternating the use of the existing runways at night between westerly and easterly preference, subject to weather conditions);
- 'early morning alternation' (the practice of alternating arriving aircraft between the two runways in the 0600 to 0700 period, subject to operational requirements).
- intends that additional capacity at the airport should, following consultation, be subject to a new 'green slot' approach, to incentivise the use at Heathrow of the most modern aircraft, with further benefits for air quality and noise.
- requests that the airport operator, in reviewing its existing insulation and mitigation schemes, considers extending its noise insulation schemes to all community buildings and households in the new 57dBA contour who will experience an increase in noise of 3dBA or more; and to give particular consideration to addressing the impacts on those households who find themselves located closest to the new airport boundary.

The Secretary of State has also encouraged BAA to work with NATS, the Civil Aviation Authority and airlines to improve existing airport and airspace procedures and to develop new ones to deal with delays quickly and efficiently as they develop. The results of work commissioned by the Secretary of State's predecessor from the Civil Aviation Authority on 'runway resilience' should help to inform this process.

Separately, the Secretary of State also announced that the Department will work with BAA and Network Rail to consider schemes that provide better connections to the Great Western main line whilst maximising the effectiveness of scarce railway paths. The Department has also set up a new company, High Speed Two (HS2) Ltd, to advise Ministers on the feasibility and credibility of plans for a new line with specific route options and financing proposals. This work will include consideration of options for a new Heathrow International interchange station on the Great Western line, providing a direct 4-way interchange between the airport, the new north-south line, existing Great Western rail services and Crossrail into central London.

2. HAL's Current Proposals

In addition to the PDS information provided in Appendix J: PDS – Q5 PSDH, the current status of HAL's proposals as consulted upon with the airline community is best encapsulated in the presentations to;

- the LACC in February 2009, and
- the Strategic Choices in March 2009.

a. LACC Presentation

The following slides were presented on 5th February 2009.

Agenda

- Summary of Government decision
- Implications of the decision
- High level programme and planning process
- Activities over the next quarter of 2009

www.heathrowairport.com/futuregrowth

BAA Heathrow 

Summary of Government decision

- Confirms Government policy support for a third runway and sixth terminal at Heathrow ;
- The policy is subject to an initial limit of 605,000 ATMs, compared to 480,000 ATMs today. These limits may be revised upwards following a review in 2020 ;
- This will allow the airport to grow from just under 70 mppa today to around 115 mppa;
- Does not support the introduction of “mixed mode” as an interim measure before a third runway;
- Confirms the intention to end the ‘Cranford agreement’ (currently restricting easterly departures from 09L) ;
- Confirms the view that a series of environmental operating practices on how the runways are used today should be continued ;
- Proposes significant development of heavy rail proposals to provide better links with Heathrow, as well as improvements to the national rail network.



BAA Heathrow 

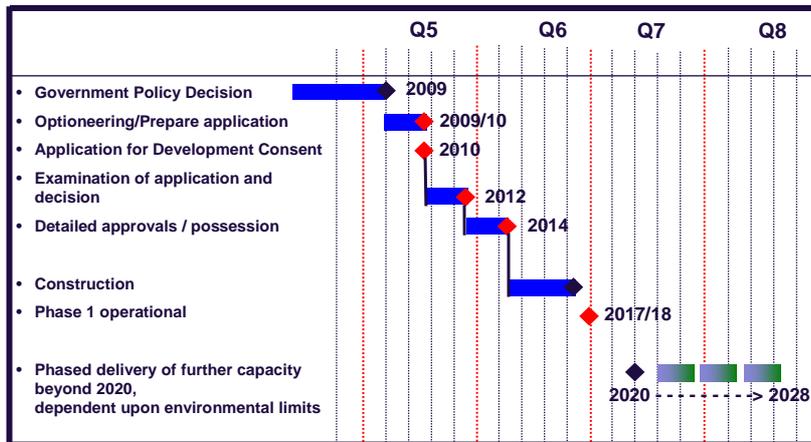
Implications of the decision

- BAA intends to press ahead to delivery of R3 and T6 within the time frame set by Government ;
- Some ten areas of work have been identified including refining the airport development proposals and working with the relevant agencies (HA, DfT, etc) on road and rail improvements ;
- Work on the business case will be led by the Chief Financial Officer ;
- R3 / T6 enjoys solid support from the airline industry and the business community and BAA will continue to strengthen links with supporters ;
- BAA will seek to address the concerns of local people and to act in a responsible way. With this in mind we propose to launch the first of two schemes to buy on a voluntary basis the residential property that is located on the site of the R3 / T6 ;
- In line with the new policy, and in advance of R3, we will take steps to improve the operational resilience of Heathrow's existing runways and reduce delays. Several measures have already been identified and the ending of the Cranford agreement provides new opportunities ;
- We have the support of the airlines and the CAA to meet the cost of this work during the present regulatory period (Q5). Expenditure beyond that will need further regulatory support, as will any BAA contributions to road and rail costs ;
- A material risk to the project is the present attitude of the main opposition party but we intend to work on this as part of our stakeholder management programme.

www.heathrowairport.com/futuregrowth



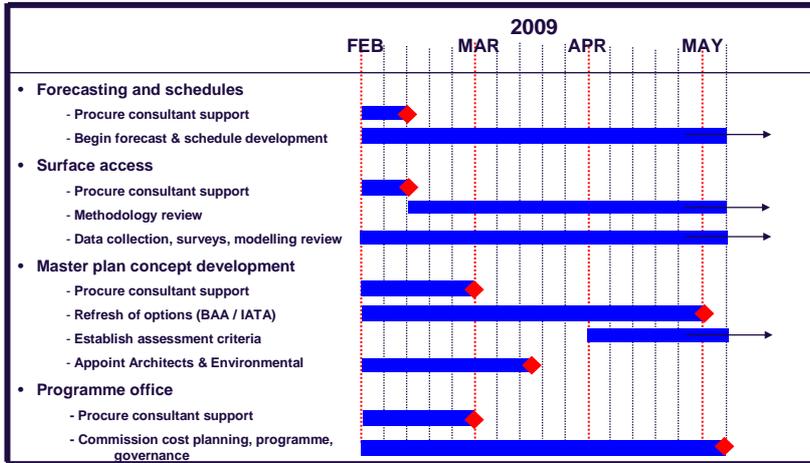
High Level Programme



www.heathrowairport.com/futuregrowth



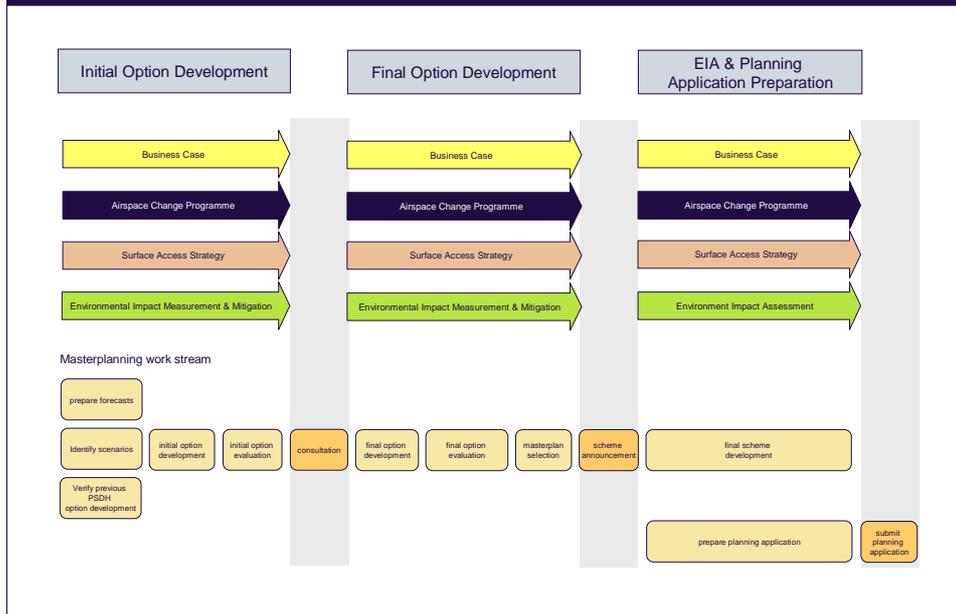
Activities over the next quarter



www.heathrowairport.com/futuregrowth



Masterplan Development Process



b. Strategic Choices Presentation

The following are slides extracted from the presentation that are relevant to the consultation and delivery of PSDH.

Purpose of this discussion



- ▶ To prompt some thinking about how we will work together on R3/T6?
- ▶ To understand airline perspective on where we are on the consultation journey.
- ▶ To explore the process for developing a top down masterplan

R3 Workstreams



- ▶ Forecasting – demand
- ▶ Masterplanning and design
- ▶ Surface Access
- ▶ Legal
- ▶ Stakeholder engagement and communication
- ▶ Programme Office and Business case
- ▶ Land acquisition and compensation
- ▶ Airspace

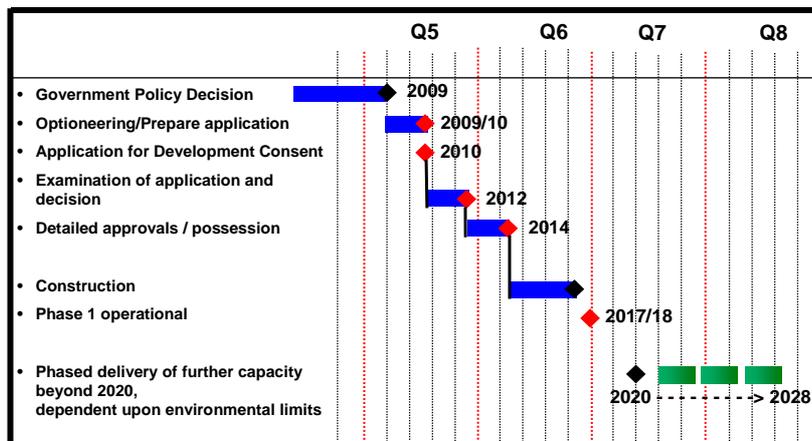
Summary of Government decision

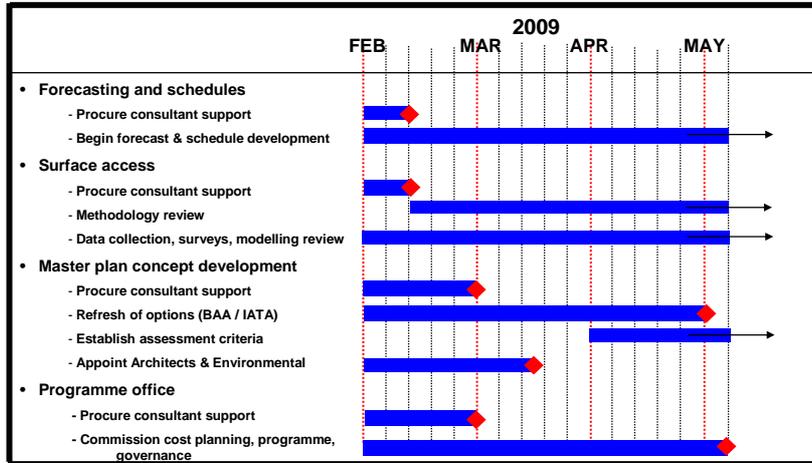


- Confirms Government policy support for a third runway and sixth terminal at Heathrow ;
- The policy is subject to an initial limit of 605,000 ATMs, compared to 480,000 ATMs today. These limits may be revised upwards following a review in 2020 ;
- This will allow the airport to grow from just under 70 mppa today to around 115 mppa;
- Does not support the introduction of “mixed mode” as an interim measure before a third runway;
- Confirms the intention to end the ‘Cranford agreement’ (currently restricting easterly departures from 09L) ;
- Confirms the view that a series of environmental operating practices on how the runways are used today should be continued ;
- Proposes significant development of heavy rail proposals to provide better links with Heathrow, as well as improvements to the national rail network.



High Level Programme





3. Recent Developments

HAL and the airline community have been in discussion on the recovery, by HAL, of the Q5 PSDH monies and the ex-post or ex-ante nature of same. On 2nd March 2008, HAL presented the airline community with a proposal for an ex-post arrangement supported by a consultation / agreement principle. HAL and the airline community agreed to work through the proposal in further detail in order to develop a way of working on PSDH.