

General Notice

Revision to Tariffs for Non Regulated Charges 12/13

Date: 29th September 2012

Reference: 01/12

Tariffs affected

From 1st October 2012 (price revision effective 1st November 2012)

- **Fixed Electrical Ground Power (FEGP)**
- **Passengers with reduced mobility (PRMs)**
- **Security Documentation**

1.0 INTRODUCTION

This General Notice sets out revised charges for the Non Regulated Charges highlighted above at Heathrow Airport. This General Notice is effective 1st October 2012 however the price revisions outlined herein will not become effective until 1st November 2012.

This Notice follows the completion of consultation by Heathrow Airport Limited (HAL) on current costs and prices for these services through the Heathrow Non Regulated Charges Group (NRCG) and Governance Groups. The NRCG and its sub groups, operate 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).

Within GN 07/11, it was stated that HAL reserved the right to implement interim price changes in the event of material changes that significantly impact the assumptions upon which prices for 2012/13 were initially based in Autumn 2011.

The NRCG has instigated the following price changes in order to mitigate forecast under recoveries or over recoveries that could occur during the current period 2012/13. HAL has provided full transparency on costs to the airline and AOC representatives on these groups, and the reasons for variance to the current year's 2012/13 pricing.

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

2.0 BACKGROUND

Following the work commenced in August 2009, HAL and the NRCG have continued to review costs via the Governance Groups and via NRCG. The recommendations of these groups during Autumn 2012. have formed the basis for this interim pricing notice.

3.0 PRICING

Fixed Electrical Ground Power (FEGP)

The under recovery from 2011/12 was greater than anticipated at the time of pricing. Aircraft have been parked on stand for fewer quarter hour periods during 2012/13.

This has led to an under recovery during the first half of 2012/13 beyond that anticipated when pricing was set last year. It has been agreed with NRCG to revise current pricing in order to mitigate this under recovery.

Therefore the price of FEGP will increase by 10% to £4.04 per quarter hour on stand from 1st November 2012.

Passengers with reduced mobility (PRMs)

In January 2010 a differential pricing tariff was introduced to encourage greater pre-notification of PRMs by airlines in order to deploy labour to assist PRMs in the most cost effective manner.

Overall levels of pre-notification have improved with the introduction of these tariffs, as a result of joint efforts by airlines, HAL and Omniserv. This improvement has resulted in a reduction in the cost of “like for like” services representing a basic “cost per push” decrease from £17.13 during 11/12 to £15.83 during 12/13 due to decreased property requirements and improved pre-notification rates with resultant cost reductions. Pre-notification at -30 hours allows more efficient planning of resources and the effective deployment of these resources with resultant cost reductions.

These reductions in cost have been reflected within the 2012/13 tariffs.

Prices for 12/13 (set in December 11) were based upon forecasts of passenger volumes in each pre-notification category. Actual performance has differed significantly from these assumptions. Although we have seen improvements in pre-notifications with more airlines moving up to Category 2, we have also seen some airlines moving down to Category 2 with a resultant cost impact.

This has meant that income has deviated from costs to the extent that an under recovery has been forecast for this financial year.

The under recovery of the basic charge has also been impacted by the addition of

- Additional resources to assist and accommodate the increased volume of PRMs (PRMs requiring assistance since April 12 are in excess of 2.5% of all departing passengers, a significant increase since the introduction of EU1107_2006);
- Replacement of 4 seater open style buggies with 6 seater enclosed buggies;
- Additional resources to assist passengers experiencing increased distances and travel times between and within terminals;
- Additional hours of cover in certain locations.

It has been agreed with NRCG to revise current pricing in order to mitigate this under recovery.

The prices for passengers with reduced mobility have been revised as follows:

Category 1 - PRM pre-notification levels above 85% increased by 3 pence to 33 pence per departing passenger from 1st November 2012;

Category 2 - PRM pre-notification levels between 65% and 84.99% increased by 3 pence to 38 pence per departing passenger from 1st November 2012;

Categories 3, 4 and 5 - PRM pre-notification levels between 64.99% and below remain unchanged.

For airlines with total PRM numbers that represent less than 1% 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).

The charges set for 2012/13 in GN07/11 and via this GN also include the one off recovery of additional costs incurred for the PRM service during the 2012 Games' Period.

Security Documentation

The over recovery from 2011/12 was greater than anticipated at the time of pricing. Pass volume requests during 2012/13 have exceeded forecasts thus generating more income than forecast. This has led to an over recovery during 2012/13 beyond that anticipated when pricing was set last year.

It has been agreed with NRCG to revise current pricing in order to mitigate this under recovery.

Therefore the price of Security Documentation (with the exception of Unsurrendered Passes) will reduce by 20% as per the table below from 1st November 2012.

General

All prices exclude VAT.

The prices set out in this Notice shall apply for the remainder of the period, 1st October 2012 through 31st March 2013.

4.0 Next Steps

PRMs

During the remainder of 12/13 there will be continued focus on costs but we are currently forecasting a further increase in the basic cost for PRM services for Categories 1 and 2 that is more reflective of the fixed costs of the service provided for PRMs. We would ask all airlines to continue to work with us to improve pre-notifications, especially at **-30** hours.

HAL shall also commence consultation on revisions to the pricing structure to be implemented in April 2013 onwards. These revisions shall include simplifications to the existing 5 tier categorisation system.

Prices in categories 1 and 2 shall be more reflective of the fixed costs of the provision of service.

General

Prices for 2013/14 will be subject to the usual consultation process with NRCG and the Governance Groups. The GN containing the tariffs effective April 2013 will be published during December 2012.

For and on behalf of
Commercial Director, Heathrow Airport Limited

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Distribution: Full
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HEATHROW AIRPORT LIMITED

PRICING MATRIX

EFFECTIVE FROM 1ST OCTOBER 2012

Product/ Service	GN 07/11 Price - Effective until 31st October 2012	Price Change	1 st November 11 Proposed Price – 31 st March 2013
FEGP per 1/4 hour	£3.68 per ¼ hour	10%	£4.04 per ¼ hour
Passengers with Reduced Mobility			
Category 1 (Above 85%)	30 pence per departing passenger	9%	33 pence per departing passenger
Category 2 (65>84.99%)	35 pence per departing passenger	8%	38 pence per departing passenger
Categories 3, 4 & 5 (64.99%)	Remain unchanged from prior published tariffs		
Staff identity cards (•)			
32k machine readable ID pass▲ - issue	£91.56 per pass	- 20%	£73.25 per pass
32k machine readable ID pass▲ - re-issue	£78.93 per pass	- 20%	£63.14 per pass
32k machine readable ID pass▲ -amendment	£31.51 per pass	- 20%	£25.21 per pass
Penalty charge for lost or stolen pass - 32k▲	£31.87 per pass	- 20%	£25.50 per pass
		- 20%	
64k machine readable ID pass* - issue	£119.19 per pass	- 20%	£95.35 per pass
64k machine readable ID pass* - re-issue	£108.32 per pass	- 20%	£86.66 per pass
64k machine readable ID pass* amendment	£38.20 per pass	- 20%	£30.56 per pass
Penalty charge for lost or stolen pass -64k*	£38.20 per pass	- 20%	£30.56 per pass
		- 20%	
Machine readable ID pass – landside	£15.74 per pass	- 20%	£12.59 per pass
Temporary photographic ID pass (1 to 5 days)	£12.45 per pass	- 20%	£9.96 per pass
Temporary photographic ID pass (1 to 30 days)	£24.90 per pass	- 20%	£19.92 per pass
Application "no show"	£91.56 per "no show"	- 20%	£73.25 per "no show"

All unsurrendered passes (60 days+ from expiry)	£50.00 per pass	No change	£50.00 per pass
Vehicle apron passes			
Liveried vehicle airside pass – annual	£47.44 per pass	- 20%	£37.95 per pass
Liveried vehicle airside pass - temporary	£11.67 per pass	- 20%	£9.33 per pass
Private vehicle airside pass – annual	£1,654.50 per pass	No change	£1,654.50 per pass
Private vehicle airside pass - temporary	£31.63 per pass	No change	£31.63 per pass