

Date: **19<sup>th</sup> March 2008**

GN: **03/08**

Subject: **TARIFFS WITH EFFECT FROM 1<sup>ST</sup> APRIL 2008:**

- **ELECTRICITY**
- **FIXED ELECTRICAL GROUND POWER**
- **WATER AND SEWERAGE**
- **GAS**
- **STAFF ID CARDS AND VEHICLE APRON PASSES**
- **STAFF CAR PARKING**
- **BAGGAGE**
- **CHECK-IN DESKS**
- **AIRPORT WASTE SERVICES**
- **LOW TEMPERATURE HOT WATER**
- **DOMESTIC HOT WATER**
- **CHILLED WATER**
- **PRE CONDITIONED AIR**

## **INTRODUCTION**

This Notice sets out the revised charges for the above activities and services at Heathrow Airport effective from 1<sup>st</sup> April 2008.

Some of the above are “Specified Activities“ as prescribed by the Civil Aviation Authority (CAA). In these cases, the CAA sets out the method and process of price assessment. The method of price setting is prescribed as cost related and pricing must be supported by transparency on costs and externally audited annual trading statements. Others are not designated as Specified Activities but the method of price calculation is similar.

This Notice follows the completion of formal consultation on 2008/9 prices for these activities and services through the Heathrow Non Regulated Charges Group (NRCG). The NRCG operates under the Constructive Engagement framework set out by the CAA and its membership includes airline representatives and the Heathrow AOC.

Through this process, HAL has identified expected costs and consumption for each activity in 2008/9 and used this data to calculate unit prices. Significant factors impacting on prices in 2008/9 include the following:

- The costs of raw materials, particularly utilities.
- The introduction of T5 into the Heathrow estate.
- The planned Airline relocation programme.
- The planned closure of T2.
- Additional investment in supporting infrastructure.
- Prices set to target full cost recovery (in previous years, Specified Activities have

substantially under recovered on costs incurred).

- Some structural changes in the pricing structure relative to the 2007/8 approach, particularly baggage and check-in.

The prices set out in this Notice are intended to apply for the entire year ending 31<sup>st</sup> March 2009. The only exception is in the case where a material change arises during the course of the year which significantly changes the assumptions on which prices are assessed. In this event, any proposed changes would be subject to consultation in advance through the NRCG. The trading statements at the end of the year will show any under or over recoveries and these will be taken into account when setting prices for individual activities in the following year.

The prices for 2008/9 are set out in the attached schedule, together with some supporting notes. All prices exclude VAT.

## **ELECTRICITY**

The price of both High Voltage (HV) & Medium Voltage (MV) will be increased by 12.35%. This increase is primarily impacted by the increased cost of electricity buy-in, the addition of Terminal 5 and the elimination of a predicted under recovery, based on the most recent trading statements.

## **FIXED ELECTRICAL GROUND POWER**

The price of Fixed Electrical Ground Power (FEGP) will be £3.02 per quarter hour, an increase of 16.06% on 2007/8. This price increase is primarily impacted by the change in the price of electricity, the cost of additional infrastructure supporting new stands and the elimination of a predicted under recovery based on the most recent trading statements.

There are no changes to the terms and conditions of the supply of FEGP. These are summarised overleaf for your information.

## **WATER AND SEWERAGE CHARGES**

The price will be increased by 25.52% to £2.67 per cubic metre with effect from 1<sup>st</sup> April 2008.

Where a trade effluent consent exists, the price of water only will be £2.06 per cubic metre. A separate charge for trade effluent will then be made by Thames Water who will bill customers directly. This replaces the sewerage charge currently included within the water and sewerage price. Please note, the price of £2.06 will only apply where a trade effluent consent exists.

## **GAS**

With effect from 1<sup>st</sup> April 2008, the price of gas will rise to 4.77 pence per kwh for those customers billed on a consumption basis. This price increase is primarily impacted by the increase in the cost of gas buy-in and the elimination of a predicted under recovery based on the most recent trading statements. This price increase does not relate to Heating Rents.

## **STAFF ID CARDS AND VEHICLE APRON PASSES**

The prices of all Staff ID Cards and Vehicle Apron Passes will increase by 15.00% with effect from 1<sup>st</sup> April 2008. This increase is not predicted to achieve full cost recovery but HAL has

restricted the level of increase to reflect targeted efficiency improvements.

## **STAFF CAR PARK PRICES**

Please find attached details of charges for Staff Car Parking. Prices will increase by 22.38% with effect from 1<sup>st</sup> April 2008.

The 2008/9 prices partly reflect the predicted cost base for 2008/9 but have also been impacted by forecast decreases in consumption; the HAL car parking team have been working with users, identifying passes that are not utilised and this has resulted in a reduction of the number of passes in issue.

The price includes a £12 levy on each pass, in order to help fund Public Transport initiatives. This levy is not included as part of the transparent costing.

## **BAGGAGE**

Following a process of formal Constructive Engagement, a new charging structure for Baggage will be introduced from 1<sup>st</sup> April 2008. A protocol for this model has been circulated to all Airlines and the charging metric is detailed within that protocol.

In summary the total operating expenses for the Airport's arriving, transferring and departing baggage systems will be forecast each year and used alongside predicted departing bag numbers to generate an estimated cost per departing bag. This will be used to charge each Airline for its usage of the system. The charge will be levied on estimated departing bags. Any overall surplus or deficit will then be recognised, when the following year's charges are forecast. The capital element will be remunerated by Aircraft charges.

The forecast cost for 2008/09 is £2.12 per departing bag but HAL has agreed to restrict billing to £1.99 per departing bag. Any under or over recovery will be assessed at the year end and will be reflected in prices for 2009/10. Each Airline has already been advised of its estimated bag numbers for 2008/9 to enable its individual cost for 2008/9 to be assessed.

## **CHECK-IN DESKS**

Following a process of formal Constructive Engagement, a new charging structure for Check-in will be introduced from 1<sup>st</sup> April 2008. A protocol for this model has been circulated to all Airlines and the charging metric is detailed within this protocol.

In summary, all check-in desks will be CUTE'd and charges will be assessed on time in occupation of a desk. The charge for 2008/9 is assessed at an average of £17.14 per desk per day, assuming all desks across the airport are fully utilised. In practice, this rate may vary depending on the actual rate of utilisation across the airport.

## **CHILLED AND HEATED WATER**

In order to recognise the additional costs incurred in heating or cooling the water product. HAL and the AOC have agreed to reflect these costs by charging for these products at a rate that reflects the true cost of provision. Low temperature hot water (LTHW) and chilled water will attract a 15% addition to the price of the basic water product as agreed earlier and will be charged at £2.37 per cubic meter. Domestic hot water will attract a further addition of 33% to reflect the additional costs incurred in creation it will be charged at £3.15 per cubic meter.

## **WASTE**

Waste charges have not been increased since 2004. During this period costs have increased and new costs incurred such as landfill duties and enhanced re-cycling activities undertaken. The predicted costs for 2008/09 reflect the historic increases and the additional costs associated with delivering this service across five Terminals. No reflection has been made to recover the previous years shortfalls. Waste is charged to customers based on waste units where one waste unit is the occupation of 250 Sq. Ft. It has been agreed that the price per waste unit, will be increased to £51.29 per quarter from 1<sup>st</sup> April 2008.

## **QUERIES**

Should you have any queries concerning the new charges, please contact HAL's Commercial Team on 020 8745 5114, who will be pleased to assist.

A handwritten signature in black ink, appearing to be 'M. Hally', is written in a cursive style.

**For and on behalf of  
Managing Director**

Distribution: Full  
Enc

# HEATHROW AIRPORT LIMITED

## PRICING MATRIX

EFFECTIVE FROM 1<sup>ST</sup> APRIL 2008

	2007/08	Price Increase %	2008/09 Price
<b>Electricity MV</b>	11.52	12.35%	<b>12.94 pence per KWH</b>
<b>Electricity HV</b>	7.86	12.35%	<b>8.83 pence per KWH</b>
Availability	1.83	<b>£2.06 per month per KVA available capacity</b>	
Max Demand:			
Nov & Feb	4.83	12.35%	<b>£5.43 per KVA per month</b>
Dec & Jan	15.61	12.35%	<b>£17.54 per KVA per month</b>
<b>WATER &amp; SEWERAGE</b>	2.13	25.52%	<b>£2.67 per cubic meter</b>
<b>WATER Only</b>	1.64	25.52%	<b>£2.06 per cubic meter</b>
<b>FEGP per Qtr Hour</b>	2.60	16.06%	<b>£3.02 per 1/4 hour</b>
<b>STAFF CAR PARKS - Perimeter</b>	571	22.38%	<b>£698.80 per pass p.a</b>
<b>STAFF CAR PARKS - CTA</b>	908	22.38%	<b>£1111.23 per pass p.a</b>
<b>ID PASSES (Standard)</b>			
Machine Readable ID Pass - Issue	83.27	15.00%	<b>£95.76 per pass</b>
Machine Readable ID Pass - Re-Issue	71.78	15.00%	<b>£82.55 per pass</b>
Machine Readable ID Pass - Amendment	28.65	15.00%	<b>£32.95 per pass</b>
Non-Machine Readable Pass - Landside	14.31	15.00%	<b>£16.46 per pass</b>
Temporary Photographic ID Pass	28.65	15.00%	<b>£32.95 per pass</b>
Application 'No Show'	83.27	15.00%	<b>£95.76 per 'no show'</b>
Liveried Vehicle Airside Pass - Annual	43.14	15.00%	<b>£49.61 per pass</b>
Liveried Vehicle Airside Pass - Temporary	10.61	15.00%	<b>£12.20 per pass</b>
Private Vehicle Airside Pass	1248.87	15.00%	<b>£1436.2 per pass</b>
Private Vehicle Airside Pass - Temporary	23.88	15.00%	<b>£27.46 per pass</b>
<b>Gas</b>	4.11	16.00%	<b>4.77 pence per KWH</b>
<b>Baggage</b>	N/A	N/A	<b>£1.99 per departing bag</b>
<b>Check-In</b>	N/A	N/A	<b>£17.14 per desk per day *</b>
<b>Low Temperature Hot Water</b>	N/A	N/A	<b>£2.37 per cubic meter</b>
<b>Domestic Hot Water</b>	N/A	N/A	<b>£3.15 per cubic meter</b>
<b>Chilled Water</b>	N/A	N/A	<b>£2.37 per cubic meter</b>
<b>Pre Conditioned Air</b>	20.00	25.00%	<b>25 pence per KWH</b>
<b>Airport Waste</b>	24.60	108.00%	<b>£51.29 per assessed unit per Qtr</b>

\* Assuming all Airport check-in desks are fully utilised

## **FIXED ELECTRICAL GROUND POWER CONDITIONS OF USE (SUMMARY)**

The service is limited to aircraft with 115/200 volt, 400Hz electrical systems.

Mobile transformers/rectifiers between FEGP outlets and aircraft with 28V DC systems may be used subject to HAL approval.

Use of FEGP service constitutes prior acceptance of the charges in this notice.

Chargeable use of the service begins at the time of occupying the stand.

Charges are made for the total number of quarter hours that an aircraft is parked on a stand. Whether or not the FEGP service is used. However, in any 24 hours of stand occupancy, there is a maximum charge of 6 hours at the full rate.

If any aircraft is moved from one stand to another at HAL's request, charges are made as though it had not been moved.

No charges are made for aircraft types unable to accept the FEGP system.

The standard charge is reduced by 50% between 10 pm and 5.59 am.