

General Notice

Tariffs with effect from 1st April 2012

Date : 9th December 2011

Reference: 07/11

Tariffs affected

From 1st April 2012

- **Airside licences**
- **Airport waste services**
- **Electricity**
- **Fixed electrical ground power (FEGP)**
- **Gas**
- **Pre conditioned air (PCA)**
- **Water and sewerage**
- **Waste water only**
- **Water only**
- **Baggage**
- **Check-in desks and Common use self service (CUSS)**
- **Passengers with reduced mobility (PRMs)**
- **Staff identity cards and vehicle apron passes**
- **Staff car parking**

1.0 INTRODUCTION

This General Notice sets out revised charges for the services listed above at Heathrow Airport effective from 1st April 2012.

Some of these activities and services are “Specified Activities” as prescribed by the Civil Aviation Authority (CAA). In these cases, the CAA has stated the principles to be used to set prices:

- prices are set to enable full recovery of costs;
- costs consist of allocated costs, annuities and direct costs;
- pricing must be supported by transparency on costs and revenues and externally audited Trading Statements.

Other services are not designated as Specified Activities but a similar pricing methodology is used.

This Notice follows the completion of consultation by Heathrow Airport Limited (HAL) on 2012/13 prices for these activities and services through the Heathrow Non Regulated Charges Group (NRCG). The NRCG operates 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).

HAL has sought to provide full transparency on costs to the NRCG, focusing particularly on reasons for variance to the current year 2011/12.

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

Any reference to “Q5” in this notice relates to the current 5 year pricing period (Quinquennium 5).

2.0 BACKGROUND

Following the work commenced in August 2009, HAL and the NRCG have continued to review costs via the Governance Groups and the recommendations of these groups formed the basis for the pricing consultation during Autumn 2011.

- Annuities and allocated costs are being recovered at the levels agreed within the CAA decision dated 11 March 2008, subject to inflation.
- HAL and the NRCG are working together to introduce more stability into pricing where possible.

London 2012 Olympic Games and the Paralympic Games (“the Games”)

There has also been consultation via the NRCG and Joint Steering Team on the tariff revisions for the Games' period. The tariff structures for Baggage and Staff Car Parking have been revised to promote the equitable recovery of increased costs planned to be incurred within the Baggage and Staff Car Parking NRCs, as a result of the Games.

3.0 PRICING

All prices exclude VAT.

The prices set out in this Notice are intended to apply for the entire period, 1st April 2012 through 31st March 2013. However, HAL 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. Prior to implementing any changes, HAL will consult with the NRCG.

The prices take into account any under or over recoveries shown in the Trading Statements for 2010/11, not previously included in the pricing for 2011/12 and the forecast for the remainder of 2011/12.

Airport waste services

The costs for waste services predominantly consist of third party supplier costs for managing the airport waste contracts. An average airport rate is derived from an airport wide assessment of costs.

Airport Waste charges will increase by 6% to £56.81 per assessed unit per quarter. (1 unit = 250 sq ft). Cost increases are driven by RPI and additional waste charges incurred as a result of International Catering Waste contamination and the subsequent regulatory requirement to incinerated the contaminated waste.

Electricity

The costs for electricity consist of purchase costs, allocated costs and annuities associated with the provision of high and low voltage infrastructure at the airport. Forecast consumption is then used to calculate an average unit price for electricity.

Following the introduction of *Electricity and Gas (Internal Market) Regulations 2011*, HAL has revised and simplified the structure of the electricity tariffs. Prices are now provided for supply of electricity only and also for the provision of high and low voltage electrical infrastructure.

In the event that a customer selects a third party to provide its electrical supply, HAL will continue to levy charges for the infrastructure based on actual consumption.

Those customers who remain with HAL for their supply of electricity will receive invoices detailing the charges for supply and infrastructure in accordance with the tariffs set out in this General Notice.

The price of electricity (supply and infrastructure) will increase by 17% for 2012/13. This increase has been driven by a higher than anticipated under recovery from 2010/11. Individual prices are as set out in the attached schedule to this GN.

Note: As per the annual Trading Statements released for Non Regulated Charges: Specified Activities, HAL is recovering less than actual costs for allocated costs and annuities for Electricity during Q5. The prices set out in this GN reflect this. However as part of the consultation on Q6, HAL will consult with the community on the recovery of these costs in future. Therefore in Q6, significant rises in the infrastructure costs are possible.

Fixed Electrical Ground Power (FEGP)

FEGP costs consist of electricity costs (using the airport rate set out in the attached schedule to this GN), maintenance, allocated costs and annuities.

As a result of the under recovery in 2010/11 for electricity and higher than forecast consumption of electricity, the costs of FEGP have increased substantially during 2011/12. It has been agreed with NRCG that the effect of these increases will be recovered during 2012/13 and 2013/14.

Therefore the price of FEGP will increase by 25% to £3.68 per quarter hour on stand.

Gas

The cost of gas has increased significantly during 2011/12 and is forecast to continue to increase. For customers billed for gas supplied directly by HAL, the price of gas will increase by 15% to 6.2 pence per kwh.

Pre-conditioned air (PCA)

The price of pre-conditioned air will increase by 18% to 33 pence per kwh as a result of the reasons outlined above for Electricity pricing.

Water

Water costs consist of maintenance, purchase costs, staff, allocated costs and annuities. Forecast consumption is then used to calculate an average unit price.

The price of water will increase by 3% for 2012/13 to £2.81 per cubic metre. This increase has been driven by a higher than anticipated under recovery from 2010/11. It has been agreed with NRCG that the effect of these under recoveries will be recovered during 2012/13 and 2013/14.

A breakdown of individual prices is set out in the attached schedule to this GN.

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

Baggage

Baggage costs consist of allocated costs, business rates on baggage facilities, HAL maintenance and operating costs (mainly third party suppliers) for departing, arriving and transfer bags.

Baggage prices will continue to be charged on a per departing bag basis.

The charge per departing bag will increase by 8% to £3.22. Although cost savings initiatives have been delivered each year to date in Q5 a number of new baggage systems have gone live across the airport, thus increasing costs in excess of these savings. The price calculations used in 2010/11 and 2011/12 have been based on the number of departing bags per passenger, these volume forecasts for income have not been realised. Instead a reduction in per passenger bag volume has occurred, thus increasing the shortfall in required income.

This charge will be invoiced monthly in arrears against each airline's actual number of direct and transferring departing bags processed.

This price calculation assumes 35.7 million departing bags during the period (this is 1.1 million bags less than last year's forecast). In the event that bag volumes deviate significantly from this assumption, HAL following consultation with the NRCG, will revise the charge per departing bag.

Baggage – (August and September 2012)

A supplementary tariff has been introduced to manage the recovery of costs incurred during the Games' period from those airlines bearing additional traffic.

A supplemental charge shall be levied for all bags in excess of the August 2011 and September 2011 monthly bags per passenger ratios, departing Heathrow during **August and September 2012** only.

A letter will be sent to each airline with this GN, containing notification of individual airlines' August 2011 and September 2011 monthly bag per passenger ratio. The supplemental charge shall be levied on all bags exceeding this baseline during August 2012 and September 2012. Based on current cost and bag volumes this equates to £25.00 per departing bag.

Once the actual costs of the solution and the numbers of bags processed are known, HAL shall levy any under or over recoveries via the relevant monthly invoices in accordance with the mechanism with outlined above.

Check-in desks and Common Use Self Service (CUSS)

The costs for Check-in and CUSS consist of allocated costs, amortisation, business rates, maintenance, operating costs and site fees.

There will be no change to last year's combined Check-in and CUSS charge model. Check-in desk charges will continue to be based upon use of desk time. These charges are assessed monthly and invoiced monthly in arrears. CUSS is included within the Check-in charges. The current charges

include recovery of the costs of additional Check-in facilities during the Games' period. These costs will be recovered during 2012/13 and 2013/14.

The average unit price will increase to £21.68 per desk per day as a result of increased costs during 2012/13.

Note: This unit price is based on full utilisation. In practice charging rates vary monthly depending on utilisation.

Airline self service kiosk machines will remain outside of the above structure.

Passengers with reduced mobility (PRMs)

The total cost of the provision of services for PRMs is forecast to increase by 1% for 2012/13.

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

Category 1 - PRM pre-notification levels above 85% reduced by 30% to 30 pence per departing passenger;

Category 2 - PRM pre-notification levels between 65% and 84.99% reduced by 23% to 35 pence per departing passenger;

Category 3 - PRM pre-notification levels between 55% and 64.99% increased by 8% to 85 pence per departing passenger;

Category 4 - PRM pre-notification levels between 35% and 54.99% increased by 22% to £1.50 per departing passenger;

Category 5 - PRM pre-notification levels below 34.99% increased by 17% to £3.00 per departing passenger.

The tariffs have been adjusted to encourage further improvements in levels of PRM pre-notification from airlines.

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 current charges include recovery of additional costs incurred for the PRM service during the 2012 Games' Period.

Staff identity cards and vehicle apron passes

Staff identity card costs and vehicle apron pass costs consist of allocated costs and costs associated with control and administration activities.

The prices of all staff identity cards and liveried vehicle apron passes will reduce by 17% as a result of changes to structure and processes introduced during 2011/12.

The tariff for all Unsurrendered (ID and vehicle apron) and private vehicle apron passes will remain unchanged.

Further information about the ID Centre's processes is available at:

[BAA ID Centre: BAA ID Centre](#)

Staff car parking

Staff car parking costs consist of allocated costs, annuity, business rates and operating costs. A £14 levy is also included in each parking pass price to help fund public transport initiatives.

Perimeter passes will reduce by 3% to £571.50 per pass. The terminal adjacent parking (CTA & T4) pass prices will increase by 30% to £3,250.00 per pass as part of the transition to true cost allocation.

As per last year's General Notice, HAL is introducing a revised pricing model, in phases that reflects the true cost allocation of terminal adjacent and perimeter parking. The reduction in perimeter pass prices and corresponding increase in terminal adjacent parking (CTA & T4) pass prices are the next step to implementing this intention.

Staff Car Parking – Summer 2012 (July, August and September)

There have been a number of requests to companies for forecasts of additional pass requirements during Summer 2012. In order to manage congestion and ease of travel to and from the airport for employees during this period HAL will provide incentives to all airport community employees for the temporary suspension of car park passes. For further details please see:

www.heathrow.com/commuter (specific details will be available after January 2012)

A supplementary tariff has been introduced to manage the recovery of costs incurred during the Games' period from those companies requiring extra passes.

A supplemental charge shall be levied for all car park passes in excess of the July 2011, August 2011 and September 2011 levels per invoiced entity requested to be active during **July, August and September 2012** only.

A letter will be sent to each airline with this GN, containing notification of individual airlines' July 2011, August 2011 and September 2011 passes. The supplemental charge shall be levied on all passes exceeding this baseline during July, August and September 2012.

Once the actual costs of the solution and the numbers of passes processed are known, HAL shall conduct an analysis to identify any under or over recoveries generated so that these can be addressed via the October 2012 invoices. Based on current cost and space demand this equates to a supplement of £781.53 per pass for this period.

For and on behalf of
Commercial Director, Heathrow Airport Limited



Distribution: Full
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HEATHROW AIRPORT LIMITED

PRICING MATRIX

EFFECTIVE FROM 1ST APRIL 2012

Product/ service	2011/12 price	Price change	2012/13 price
Airport waste services	£53.70 per assessed unit per quarter	6%	£56.81 per assessed unit per quarter
Electricity (Low Voltage)	15.71 pence per kwh	17%	9.2 pence per kwh SUPPLY
			9.1 pence per kwh INFRASTRUCTURE
Electricity (High Voltage)	10.72 pence per kwh	17%	9.2 pence per kwh SUPPLY
			3.3 pence per kwh INFRASTRUCTURE
Electricity (Availability)	£2.50 per month per kva available capacity	17%	£2.92 per month per kva available capacity
FEGP per 1/4 hour	£2.94 per ¼ hour	25%	£3.68 per ¼ hour
Gas	5.4 pence per kwh	15%	6.2 pence per kwh
Pre-conditioned air	28 pence per kwh	18%	33 pence per kwh
Water & sewerage	£2.74 per cubic metre	3%	£2.81 per cubic metre
Water supply only	£2.12 per cubic metre	2%	£2.17 per cubic metre
Waste water only	£0.82 per cubic metre	2%	£0.84 per cubic metre
Baggage	£2.97 per departing bag (†)	8%	£3.22 per departing bag (††)
Check-in desks & CUSS	£20.37 per desk per day (†††)	6%	£21.68 per desk per day (††††)

Product/ service	2011/12 price	Price change	2012/13 price
Passengers with reduced mobility (PRMs)			
Category 1 (Above 85%)	39 pence per departing passenger	- 23%	30 pence per departing passenger
Category 2 (65>84.99%)	43 pence per departing passenger	- 19%	35 pence per departing passenger
Category 3 (55>64.99%)	78 pence per departing passenger	9%	85 pence per departing passenger
Category 4 (35>54.99%)	£1.17 per departing passenger	28%	£1.50 per departing passenger
Category 5 (less than 34.99%)	£2.50 per departing passenger	20%	£3.00 per departing passenger
Staff identity cards (=)			
32k machine readable ID pass▲ - issue	£110.32 per pass	- 17%	£91.56 per pass
32k machine readable ID pass▲ - re-issue	£95.10 per pass	- 17%	£78.93 per pass
32k machine readable ID pass▲ -amendment	£37.96 per pass	- 17%	£31.51 per pass
Penalty charge for lost or stolen pass - 32k▲	£38.40 per pass	- 17%	£31.87 per pass
64k machine readable ID pass * - issue	£143.60 per pass	- 17%	£119.19 per pass
64k machine readable ID pass * - re-issue	£130.51 per pass	- 17%	£108.32 per pass
64k machine readable ID pass * amendment	£46.03 per pass	- 17%	£38.20 per pass
Penalty charge for lost or stolen pass -64k *	£46.03 per pass	- 17%	£38.20 per pass
Machine readable ID pass - landside	£18.96 per pass	- 17%	£15.74 per pass
Temporary photographic ID pass (1 to 5 days)	£15.00 per pass	- 17%	£12.45 per pass
Temporary photographic ID pass (1 to 30 days)	£30.00 per pass	- 17%	£24.90 per pass
Application "no show"	£110.32 per "no show"	- 17%	£91.56 per "no show"
All unsurrendered passes	£50.00 per pass	No change	£50.00 per pass

Product/ service	2011/12 price	Price change	2012/13 price
(60 days+ from expiry)			
Vehicle apron passes			
Liveried vehicle airside pass - annual	£57.15 per pass	- 17%	£47.44 per pass
Liveried vehicle airside pass - temporary	£14.05 per pass	- 17%	£11.67 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
Staff car parking			
CTA & T4 passes	£2,500 per pass per annum	30%	£3,250 per pass per annum
Perimeter passes	£586.33 per pass per annum	- 3%	£571.51 per pass per annum

Assumptions:

- † 36.8m departing bags.
- †† 35.7m departing bags.
- ††† All airport check-in desks are fully utilised. Average across entire airport.
Rates in T1,T3 and T4 differ from T5.
- †††† All airport check-in desks are fully utilised. Average across entire airport.
Rates in T1,T3 and T4 differ from T5.

- The symbols used denote the different types of Identity Card.

- ▲ denotes 32K machine readable ID Passes and
- * 64k machine readable ID Passes.