

By e-mail

DATE: 1 July 2020

Subject: Price Change Notice - Other Regulated Charges

Dear Customers,

Following two months of consultation at Other Regulated Charges Group meetings and escalation to the Joint Steering Board, I am writing to update you on Heathrow's position in respect of the level of charges levied.

Heathrow is highly cognisant of the threat COVID-19 presents to our industry, and the fact that cost control across the supply chain plays a significant part in surviving this crisis. Heathrow itself is subject to similar constraints and must meet its financial obligations if it is to remain in operation for its customers and passengers into the future; part of this is recovering the costs of the Other Regulated Charges in line with CAA notices for Q6¹ and the iH7 period². At the Joint Steering Board on 1 July 2020 the possibility of requesting that the CAA adds under-recovered ORCs to the H7 Regulated Asset Base was discussed. We will continue to work hard to deliver that outcome or an alternative approach to the same ends but it may not be possible. In the event that an agreement is not reached, this letter serves as formal notification to move to the mechanism set out below which will apply from 1 October 2020 until 31 December 2021.

In recognition of the challenges we are all facing Heathrow will only revise prices for ORCs when passenger volumes have started to increase. This is being done to ensure that whilst all costs will necessarily be eventually recovered, the recovery is done in such a way that supports customers' business recovery.

Trigger points will operate as follows:

- from the first month that passenger volumes equal or exceed 25% of passenger volumes in the same month in 2019, 25% of the under-recovery will be factored into prices for the remainder of 2020/21.
- from the first month that passenger volumes equal or exceed 50% of passenger volumes in the same month in 2019, the remaining 75% of the under-recovery will be factored into prices for the remainder of 2020/21.

¹ CAA - CAP 1151

² CAA - CAP 1825; CAP 1852

In order to minimise pricing disruption as much as possible Heathrow will look to spread the under recovery over the maximum available time. Heathrow will therefore communicate the new prices shortly before coming into effect, but no less than one week prior to application.

In adopting this approach Heathrow has sought to agree a methodology which works for all users of airport infrastructure and respects the approach agreed in the ORC Protocol. As you are aware the triggers-based mechanism has been consulted upon in the Other Regulated Charges Group and the Joint Steering Board and member feedback has been carefully considered. Heathrow continues to use those forums to update on the size of the under recovery and is jointly working on both cost mitigation and the above-mentioned option of an alternative recovery mechanism through the end of 2021.

Yours sincerely,



Fiona Carleton
Aviation Director

Pricing Schedule (as previously published in the General Notice 18 December 2019):

Product/ service		Effective 01-01-2019	Effective 01-01-2020
	units charged	unit price	unit price
Airside Licences	per licence	£2,309	£2,809
Baggage	per bag	£3.52	£3.67
Check-in desks & CUSS †	guideline price per day	£26.30	£31.73
Electricity			
Electricity Low Voltage – supply	per kwh	£0.102	£0.124
Electricity Low Voltage – infrastructure	per kwh	£0.164	£0.200
Electricity High Voltage – supply	per kwh	£0.102	£0.124
Electricity High Voltage – infrastructure	per kwh	£0.093	£0.107
Electricity (Capacity)	per kva/ month	£3.92	£4.16
FEGP			
FEGP (consumption)	per kwh	£0.48	£0.53
Gas	per kwh	£0.02	£0.08
Persons with reduced mobility (PRMs)			

Category 1 (Above 70% at 30 hrs)	per departing passenger		£0.57	£0.78
Category 2 (65% to 69.99% at 30 hrs)	per departing passenger		£0.67	£0.92
Category 3 (less than 65% at 30 hrs)	per departing passenger		£3.23	£3.23
Product/ service			Effective 01-01-2019	Effective 01-01-2020
	units charged		unit price	unit price
Pre-conditioned air	per kwh		£1.00	£1.00
Staff car parking				
Perimeter passes ▲	per pass		£655.26	£686.21
Lost passes	per disc or per card		£30.00	£30.00
Staff identity cards				
Temporary photographic ID pass (Visitor Pass)	per pass application		£3.82	£4.00
Temporary photographic ID pass (Employment pass)	per pass application		£8.23	£12.61
Full ID per Originating Application	per pass application		£16.45	£25.22
Penalty charge for lost or stolen pass -64k	per pass	n/a		n/a
Machine readable ID pass – landside	per pass			
32k machine readable ID pass - amendment	per pass		FREE	FREE
64k machine readable ID pass amendment	per pass			
Application "no show"	per "no show"		£62.00	£62.00
All unsurrendered passes (60 days+ from expiry)	per pass		£150.00	£150.00
Vehicle apron passes				
Liveried vehicle airside pass – annual Tier A	per pass		£16.77	£16.77
Liveried vehicle airside pass – annual Tier B	per pass		£33.53	£33.53
Liveried vehicle airside pass – annual Tier C	per pass		£50.30	£50.30
Liveried vehicle airside pass - temporary (per month)	per pass		£7.93	£7.93
Private vehicle airside pass – annual	per pass		£1,654.50	£1,654.50
Private vehicle airside pass - temporary	per pass		£31.63	£31.63
All unsurrendered passes (60 days+ from expiry)	per pass		£150	£150
Product/ service			Effective 01-01-2019	Effective 01-01-2020
	units charged		unit price	unit price
Waste Services				

Refuse Area Charge:				
Low Waste Use (e.g. Services)	per assessed unit per quarter		£73.55	£86.90
Low Waste Use GREEN TARIFF			£66.34	£78.38
Medium Waste Use (e.g. Shops)	per assessed unit per quarter		£84.59	£99.95
Medium Waste Use GREEN TARIFF			£76.29	£90.15
High Waste Use (e.g. Food and Beverage outlets)	per assessed unit per quarter		£95.62	£112.98
High Waste Use GREEN TARIFF			£86.24	£101.90
Refuse Bin Room Charge: Δ				
Low Waste Use (e.g. Services)	per outlet per quarter		£215	£610
Low Waste Use GREEN TARIFF			£188	£533
Medium Waste Use (e.g. Shops)	per outlet per quarter		£703	£1,992
Medium Waste Use GREEN TARIFF			£614	£1,741
High Waste Use (e.g. Food and Beverage outlets)	per outlet per quarter		£1,300	£3,685
High Waste Use GREEN TARIFF			£1,136	£3,220
Water				
Water & sewerage	per cubic metre		£10.59	£11.84
Water supply only	per cubic metre		£8.19	£9.16
Waste water only	per cubic metre		£3.16	£3.54
Low Temperature Hot Water	per cubic metre		N/A	N/A
Chilled Water	per cubic metre		N/A	N/A
Domestic Hot Water	per cubic metre		£12.51	£13.99
Airline Operators Committee				
	per departing passenger		£0.0201	£0.0201
IT Common Passive □				
	per port		£203.53	£198.75

Notes:

- † The actual invoice will be based on actual time logged on to a check-in desk and will vary slightly from the “guideline” price shown here. Rates in T2, T3 and T4 differ from T5.
- ▲ Price shown represents an annualised price, 1/12th of which will be used when calculating a monthly charge when invoicing.
- Δ The refuse bin room charge is only applicable in Terminal 2 and Terminal 5.
- Price shown is for Common Passive LAN only. Other “Common IT Infrastructure” prices are not ORC’s but will be priced using ORC principles and will therefore be subject to a separate notification.