

Heathrow Airport – Structure of Aircraft Parking Charges Proposal

Consultation Document

Date: 18 March 2011

Prepared by: Heathrow Airport Limited

Status: Final

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Executive Summary

This document sets out Heathrow Airport Limited's (HAL) proposal on the structural change to the Parking charge. HAL is proposing to change the parking structure from a time and weight based charge to introduce two different free parking periods for narrow bodied aircraft and wide bodied aircraft, 30 minutes and 90 minutes respectively. Thereafter a parking charge will start for each 15 minute slot for narrow bodied aircraft and wide bodied aircraft with a charge differential of 1:2.4 ratio, £14.00 and £33.60 respectively.

HAL reviewed its aeronautical charges structure in 2010 and announced its final decision on 29th October 2010. During that consultation process parking charges were identified as being of particular concern to respondents. HAL noted the concerns put forward by respondents to the proposed changes and decided to retain the current parking charge structure while undertaking a detailed review of aircraft parking in consultation with airport users. However, in announcing its final decision HAL did reduce the parking proportion within total airport charges from 10% to 4%.

The structural review of airport charges carried out in 2010 was designed to support HAL's vision of becoming Europe's hub of choice and reinforce HAL's position as the UK's gateway to the world. The structural review was designed to:

- support HAL's hub status;
- encourage efficient use of scarce resources;
- simplify the charging structure;
- promote environmentally responsible behaviour; and
- safeguard legal and regulatory compliance.

The structural review of parking charges will focus on HAL's desire to promote behaviours to encourage efficient use of scarce resources at the airport. The key driver for this review will be operational behaviours HAL wants to promote by making most efficient use of the airfield, particularly with regard to stand utilisation, stand capacity and resilience. The review will also seek to simplify the parking charge structure, align parking charges with costs and promote environmentally responsible behaviours.

To help us inform the development of our parking charges proposals an informal engagement session was held with the Heathrow airline community in February 2011 (Minutes of the session are set out in Appendix E). This session was open to all carriers and airline representative bodies. We are now seeking formal responses to our parking charges proposals (as set out in this document) from the airline community and other interested stakeholders by 14 May 2011. We intend to announce our final decision, taking account of the comments received through the consultation period, on 17 June 2011. The actual period of implementation of the decision will be informed by consultation responses.

Chapter 1

Introduction and Consultation Programme

Purpose

- 1.1. Heathrow Airport Limited (HAL) is reviewing the structure of Heathrow's aircraft parking charges. The purpose of this document is to set out HAL's proposals for the new aircraft parking charges and invite Heathrow airlines and other stakeholders to provide their views on the proposals.
- 1.2. We are keen to understand airline views on our proposed changes so that these can be taken into account when making our decision about the future structure of aircraft parking charges. We intend to implement the new parking charges structure within the overall Q5 (see 1.5 below) price cap set by the CAA.
- 1.3. We intend to announce our decision on the new structure on 17 June 2011.

Economic Regulation

- 1.4. Under the Airports Act 1986 the CAA is required to set the maximum airport charge per passenger that may be levied by HAL during five-year periods, known as quinquennia.
- 1.5. For the current quinquennium (known as Q5) which runs from 1st April 2008 to 31 March 2013, HAL is permitted by the CAA to increase the level of airport charges at Heathrow each year by a maximum of RPI plus 7.5 % from an initial base of £12.80 per passenger (where RPI is the 'Retail Price Index' measure of inflation). HAL then sets the level of charges at Heathrow to comply with this price cap. The CAA is currently consulting on a proposal to extend the current quinquennium for a further 12 months to 31 March 2014.
- 1.6. The CAA's policy is that it will not, as a matter of course, step into the regulation of the structure of airport charges. It is generally for the relevant airport operator to decide how airport charges should be structured within the maximum amount specified by the CAA.

Consultation Programme

- 1.7. HAL will be consulting on the structure of parking charges. This consultation will focus on how HAL will recover the 4% of aeronautical charge it recovers from parking. The 4% charge representing parking was subject to consultation with the final decision announced on 29 October 2010.
- 1.8. The publication of this consultation document on 18th March 2011 is the start of our consultation for the structural review of parking charges.
- 1.9. The consultation programme is as follows:

Table 1

Date	Milestone
18 Mar 2011	HAL published consultation document on structural review of parking charges
14 Apr 2011	Formal consultation meeting
14 May 2011	Airline written responses due
17 Jun 2011	HAL announces final decision

- 1.10. HAL will be holding a formal consultation meeting on 14th April 2011 to give the airline community the opportunity to comment on the aircraft parking charges proposal. The meeting will be open to all airlines and representative bodies.

Date: Thursday 14th April 2011

Time: 14:00 – 16:00

Location: Heathrow Academy
Newall Road
Hayes
Middlesex
UB3 5AP
UK

- 1.11. Please let us know if you would like to attend the consultation meeting using the contact details in the “how to respond” section.

How to Respond

- 1.12. We will be holding a consultation meeting where interested parties can comment on the proposal.

- 1.13. We also invite interested parties to submit written responses to the proposal set out in this document by 14th May 2011. Responses should be sent to: airlinerelations@baa.com

- 1.14. Alternatively, comments may be posted to:

Airline Relations
The Compass Centre
Nelson Road
Hounslow
Middlesex
TW6 2GW
UK

Or, if you have any questions on the consultation document please contact Airline Relations on the above e-mail address.

- 1.15. The following chapters in this document set out the Parking charge options HAL considered and the proposal.

Chapter 2

Timing of Charge

Current Practice

- 2.1 Currently aircraft parking charges are levied on the basis of a standard dispensation time of 8 minutes from landing time, which allows all aircraft a predetermined period to reach their designated stand. In practice, due to airport congestion, terminal and stand location and taxiway priorities, aircraft operating at Heathrow often reach their designated stand in periods other than the standard predetermined 8 minute period.

Objectives

- 2.2 HAL wishes to align parking charges with costs.

Options

- 2.3 HAL has considered the following options in respect of the timing of parking charges:
1. retain the current 8 minute dispensation period;
 2. measure the parking period from aircraft wheels-down to wheels-up; and
 3. measure the aircraft parking period from chocks-on to chock-off at stand.

Proposal: Option 3

- 2.4 Technology now exists on the airport that can accurately capture aircraft stand chocks-on and chocks-off times. HAL therefore propose to use this timing technology to support a parking charge levied on the basis of the amount of time aircraft actually spend on stand – chocks-on to chocks-off. This would prevent taxiing and other on airport delays interfering with the calculation of the parking charge.
- 2.5 The proposed use of this timing technology would also permit multiple chocks-on/chocks-off stand usage facilitating stand to stand movement without having the additional taxiing time included in the overall timed parking period.

Chapter 3

Free Period – Type

Current Practice

- 3.1 HAL does not currently offer any on stand aircraft free parking periods during day time hours.

Objectives

- 3.2 HAL wishes to encourage more efficient use of aircraft stands by reducing the amount of time aircraft spend on stand. The more efficient use of stands would in turn provide more flexibility for terminal groupings and stand preferences.

Options

- 3.3 HAL has considered the following options in respect of the type of free period that could be offered at Heathrow:
1. no free period (current position);
 2. a single free period for all aircraft types; and
 3. a narrow body and wide body free period.

Proposal: Option 3

- 3.4 HAL proposes to introduce a fee period for parking in order to incentivise airlines to turnaround as quickly as possible.
- 3.5 HAL proposes to introduce a separate free parking period for narrow and wide bodied aircraft. Narrow bodied aircraft will have a shorter free parking period applied than wide bodied aircraft to reflect the minimum stand and turnaround times applicable to each type of aircraft. The proposed free parking period will encourage operators of all aircraft types to improve turnaround performance and reduce on stand time. A list of narrow and wide bodied aircraft is set out at Appendix C.
- 3.6 It is acknowledged that some narrow bodied aircraft may be operated on routes that would more commonly be serviced by wide bodied aircraft and vice versa. HAL considers the balance of free parking periods and level of parking charges proposed for each aircraft type is sufficiently aligned to counter any discrepancies.
- 3.7 The proposal has as its object improvement to overall stand capacity in an extremely constrained environment and makes more efficient use of these scarce resources.
- 3.8 Following the expiration of the free period for the relevant aircraft type it is proposed that parking charges would apply.

Chapter 4

Free Period – Length

Current Practice

4.1 HAL do not currently offer any on stand aircraft free parking periods in day time hours.

Objectives

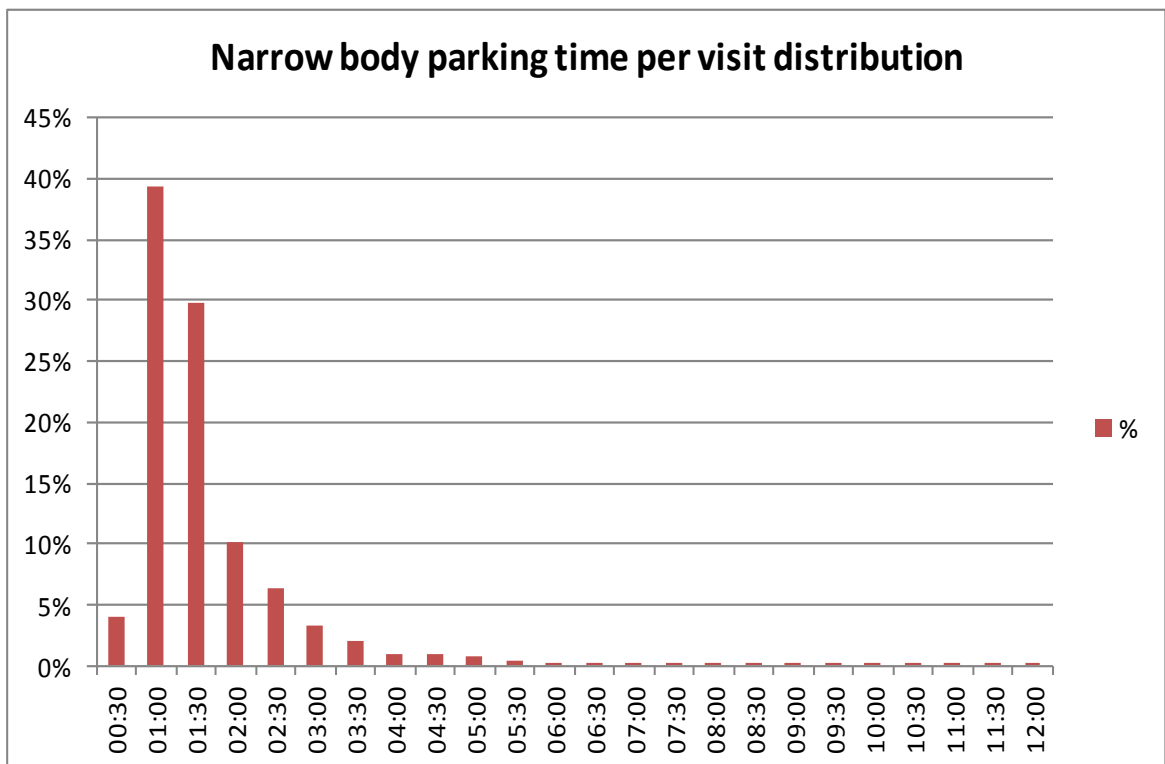
4.2 HAL wishes to encourage more efficient use of aircraft stands by reducing the amount of time aircraft spend on stand. The more efficient use of stands would in turn provide more flexibility for terminal groupings and stand preferences.

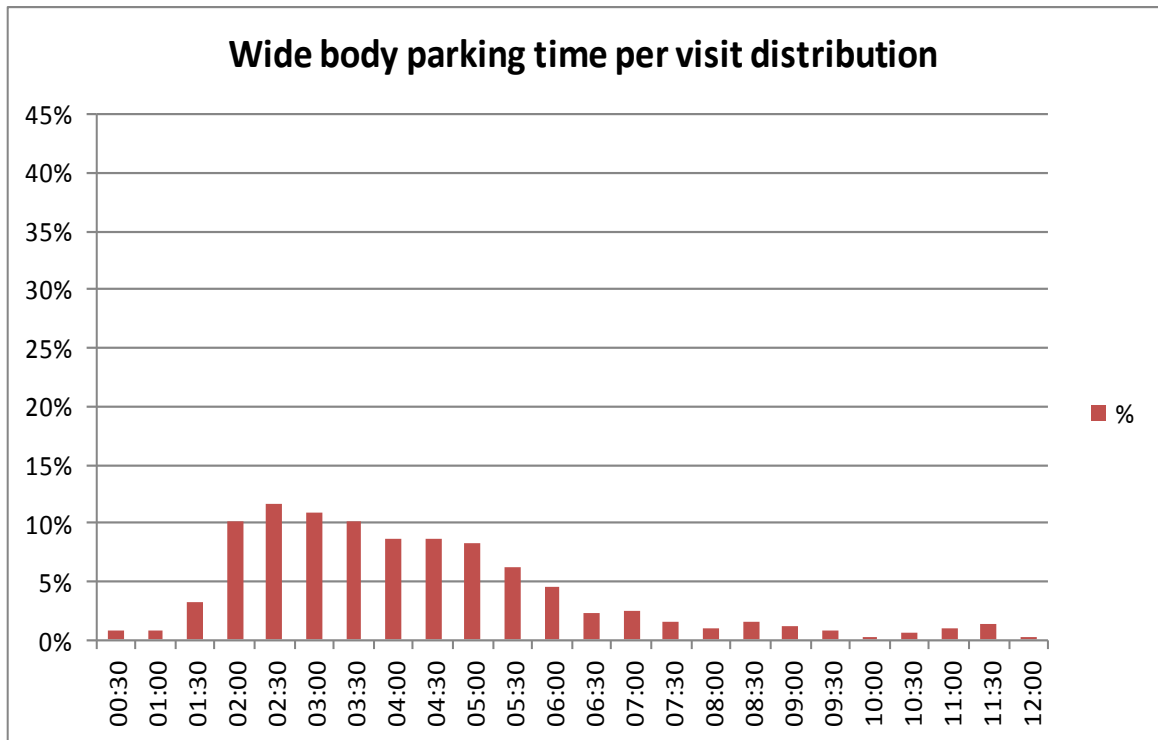
Options

4.3 HAL has considered the following options in respect of the length of the free period (set out in minutes) that could be offered at Heathrow:

Opt.	Narrow Bodied Aircraft	Wide Bodied Aircraft
1	0	60
2	30	90
3	60	120
4	240	240

4.4 The following charts provide an indication of stand use at Heathrow in September 2010 for both narrow and wide bodied aircraft using estimated chocks-on/chocks-off timings:





Proposal: Option 2

- 4.5 HAL proposes to introduce a free on stand parking period of 30 minutes for narrow bodied aircraft and 90 minutes for wide bodied aircraft. This will encourage all airport users to improve stand performance and reduce turnaround times. HAL proposes to apply a single free period per aircraft per visit.
- 4.6 Those aircraft arriving on stand at the end of the day time period (day time being the period 05:59 – 22:00 hours) will only receive a single free period even if the aircraft is towed off stand. Any residual free period remaining from the previous day will be applied to the following day. It is proposed that at the expiration of the relevant free period parking fees will be applied.
- 4.7 HAL did consider Option 4, as outlined in the Structure of Aeronautical Charges Proposals consultation document of 2 August 2010, along with the other options but rejected it as it would have provided no incentive for narrow bodied aircraft to turnaround more quickly, and might have encouraged slower turnaround times. This could have been a particular issue if narrow bodied aircraft used a wide body stand.

Chapter 5

Basis of Charge – After Free Period

Current Practice

- 5.1 HAL currently apply parking charges on the basis of time and aircraft weight with 20% of the parking charge being time based and 80% of the parking charge being weight based.

Objectives

- 5.2 HAL wishes to align parking charges with costs.

Options

- 5.3 HAL has considered the following options in respect of the basis for applying aircraft parking charges after the expiration of the proposed free parking periods:
1. time only based charging;
 2. a mixture of time and weight based charging (as currently applies);
 3. a mixture of time and aircraft type (narrow or wide bodied) based charging; and
 4. a mixture of time and stand size based charging.

Proposal: Option 3

- 5.4 HAL proposes to introduce a mixture of time and aircraft type charging as this will encourage the most efficient use of stands having account of the physical space each aircraft type uses on stand. It is proposed that a ratio of 1 : 2.4 (narrow : wide bodied aircraft) be applied to the aircraft type charge as this reflects the stand size required for each aircraft type. An analysis of the stand based charge ratio is set out at Appendix B.
- 5.5 A charge based on aircraft type (determined using the narrow : wide bodied ratio set out in paragraph 5.4 above) will be applied for each 15 minute period (or part thereof) an aircraft is on stand after the expiration of the applicable free period for that aircraft type. As the time based parking charge will be determined by the type of aircraft parked and not the stand used, there will not be any extra charge for narrow bodied aircraft using a wide bodied stand if operational requirements necessitate such stand usage.
- 5.6 The following tables provide indicative comparisons of the current parking charge structure and the proposed time and aircraft type parking charge structure using an average 320 weight for narrow body aircraft, an average 77A weight for wide body aircraft and 2011/12 prices. Please note that the examples below are for information only and airlines will need to take account of their own aircraft fleet profile and weights; an aircraft fleet classification table has been provided at Appendix C and a table showing the average weight of aircraft using Heathrow has been provided at Appendix D to assist airlines with charge comparison.

Example 1 (45 minutes Narrow Body parking and 135 Wide Body parking)

	Unit Charge		Total Charge	
	Narrow Body Aircraft	Wide Body Aircraft	Narrow Body Aircraft	Wide Body Aircraft
Assumption				
Weight (tonnage)	n/a	n/a	73	276
Parking Time (min)	n/a	n/a	45	135
Current Charge - 2011/12 tariff				
£ Time charge	3.38	3.38	10	30
£ Weight charge (per metric tonne)	0.053	0.053	12	132
£ Total charge	n/a	n/a	22	162
Proposed				
Free period (min)	n/a	n/a	30	90
Charge after free period (per 15 min)	14.0	33.6	n/a	n/a
£ Total charge	n/a	n/a	14	101
Difference	n/a	n/a	8	61
Difference %	n/a	n/a	55%	61%

This example is based on stand time (i.e. chocks on and chocks off)

Example 2 (60 minutes Narrow Body parking and 195 Wide Body parking)

	Unit Charge		Total Charge	
	Narrow Body Aircraft	Wide Body Aircraft	Narrow Body Aircraft	Wide Body Aircraft
Assumption				
Weight (tonnage)	n/a	n/a	73	276
Parking Time (min)	n/a	n/a	60	195
Current Charge - 2011/12 tariff				
£ Time charge	3.38	3.38	14	44
£ Weight charge (per metric tonne)	0.053	0.053	15	190
£ Total charge	n/a	n/a	29	234
Proposed				
Free period (min)	n/a	n/a	30	90
Charge after free period (per 15 min)	14.0	33.6	n/a	n/a
£ Total charge	n/a	n/a	28	235
Difference	n/a	n/a	1	-1
Difference %	n/a	n/a	4%	0%

This example is based on stand time (i.e. chocks on and chocks off)

Example 3 (90 minutes Narrow Body parking and 240 Wide Body parking)

	Unit Charge		Total Charge	
	Narrow Body Aircraft	Wide Body Aircraft	Narrow Body Aircraft	Wide Body Aircraft
Assumption				
Weight (tonnage)	n/a	n/a	73	276
Parking Time (min)	n/a	n/a	90	240
Current Charge - 2011/12 tariff				
£ Time charge	3.38	3.38	20	54
£ Weight charge (per metric tonne)	0.053	0.053	23	234
£ Total charge	n/a	n/a	43	288
Proposed				
Free period (min)	n/a	n/a	30	90
Charge after free period (per 15 min)	14.0	33.6	n/a	n/a
£ Total charge	n/a	n/a	56	336
Difference	n/a	n/a	-13	-48
Difference %	n/a	n/a	-22%	-14%

This example is based on stand time (i.e. chocks on and chocks off)

Chapter 6

Time and Weight Ratio

Current Practice

6.1 HAL currently applies aircraft parking charges on the basis of time (per 15 minute unit or part thereof) and aircraft weight (Maximum Total Weight Authorised).

Objectives

6.2 HAL wishes to simplify the parking structure and align parking charges with costs.

Options Considered

6.3 HAL has considered the following options in respect of the time and weight ratio for the aircraft parking charge:

1. 20:80 ratio (time : weight) (current ratio);
2. 50:50 ratio (time : weight); and
3. no ratio.

Proposal: Option 3

6.4 HAL proposes to discontinue the use of time and weight as the basis for aircraft parking charges. The time and weight based aircraft parking charge will be replaced with a time and aircraft type charge as set out in Chapter 5 above.

Chapter 7

Overnight Parking

Current Practice

- 7.1 HAL currently offer free on stand aircraft parking during the night period (22:00-05:59 hours).

Objectives

- 7.2 HAL wishes to encourage more efficient use of aircraft stands by reducing the amount of time aircraft spend on stand. The more efficient use of stands would in turn provide more flexibility for terminal groupings and stand preferences.

Options

- 7.3 HAL has considered the following options in respect of free on stand aircraft parking during the night period:
1. retain the current free night period (22:00-05:59 hours);
 2. extend the free night period; and
 3. reduce the free night period.

Proposal: Option 1

- 7.4 HAL proposes to continue to offer free on stand parking during the night period (22:00-05:59 hours) as it does not foresee any clear operational benefit in adjusting the present free period given current externally applied curfew periods.

Chapter 8

Automatic 24 Hour Charge

Current Practice

- 8.1 HAL currently levies an automatic parking charge equivalent to eight times the standard parking charge for aircraft which remain on the airport for periods in excess of 24. The purpose of the charge is to discourage prolonged and unnecessary parking and free up scarce parking resources.

Objectives

- 8.2 HAL wishes to improve resilience and promote environmentally responsible behaviours by reducing unnecessary towing.

Options

- 8.3 HAL has considered the following options in respect of the 24 hour automatic aircraft parking charge:
1. retain current automatic 24 hour charge; and
 2. discontinue current automatic 24 hour charge.

Proposal: Option 2

- 8.4 HAL propose to discontinue the 24 hour automatic aircraft parking charge as this will discourage unnecessary aircraft towing to off stand areas of the airfield. Prolonged stand use can be controlled through the aircraft movement provisions of the Heathrow Conditions of Use (see Chapter 10 below).

Chapter 9

Summer Peak Charge

Current Practice

9.1 HAL currently levies a summer peak aircraft parking charge of three times the standard parking charge between 07:00 and 12:29 hours from 1 April to 31 October each year.

Objectives

9.2 HAL wishes simplify the charging structure.

Options

9.3 HAL has considered the following options in respect of the summer peak aircraft parking charge:

1. retain current summer peak charge; and
2. discontinue current summer peak charge.

Proposal: Option 2

9.4 HAL propose to discontinue the summer peak charge as the airport is at almost full capacity at all times throughout the year not just during the summer peak period and therefore the additional summer period charge, which was originally applied to encourage airport use outside of the summer peak period, can no longer be justified.

Chapter 10

Operational Charge (Aircraft Management)

Current Practice

10.1 HAL are currently able to levy an operational charge equivalent to eight times the standard parking charge in respect of aircraft parked at the airport which have been ordered to move and have not moved by the airport Operations Manager (see condition 3.3.10 of the 2010/11 Heathrow Airport Conditions of Use).

Objectives

10.2 HAL wishes to encourage more efficient use of aircraft stands by reducing the amount of time aircraft spend on stand. The more efficient use of stands would in turn provide more flexibility for terminal groupings and stand preferences.

Options

10.3 HAL has considered the following options in respect of the operational aircraft parking charge:

1. retain current operational charge; and
2. discontinue current operational charge.

Proposal

10.4 HAL proposes to retain the current operational charge and rely on the new aircraft movement provisions in the proposed 2011/12 Heathrow Airport Conditions of Use at condition 11, which states:

11 Moving aircraft

11.1 We may (subject to air traffic clearances and any operational guidelines issued by us for the use of our Facilities and Services) order you to:

- (a) move an aircraft to another position at the Airport; or
- (b) remove an aircraft from the Airport

at your cost and within a specified time, being a period that we consider, in all the circumstances, to be reasonable.

11.2 If you do not comply with the order referred to in clause 11.1 within the specified time, you will be liable to a special charge, equivalent to eight times the standard parking charges set out in Schedule 5, for every hour or part of an hour during which the aircraft remains in position after the period specified in the order has expired. As a measure of last resort, we may move or remove the aircraft in accordance with the procedures at Schedule 6 and:

- (a) you must Pay our reasonable costs of having the aircraft moved or removed and any costs incurred by us as a result of having the aircraft moved or removed; and
- (b) you are liable for and indemnify us, our officers, employees and agents against any personal injury, death, loss or damage caused or contributed to by your failure to comply with the order referred to in clause 11.1.

Chapter 11

Implementation of Proposals

Question

11.1 In addition to the proposals set out above HAL is keen to understand views on the period over which the proposals could be introduced.

Options

11.2 HAL has considered the following options for implementation:

1. 1 April 2012;
2. 1 October 2011; and
3. 30 October 2011 (start of the normal Winter Season).

Proposal: Option 3

11.3 HAL has considered the operational and IT system change requirements necessary for implementation and proposes an implementation date of 30 October 2011.

Chapter 12

Next Steps

12.1 The timetable for consultation is as described in Chapter 1; in summary:

- The Consultation Launch will be 18 March 2011;
- There is a formal consultation meeting scheduled for 14 April 2011;
- Written Submissions are due by 14 May 2011; and
- The final decision is due to be announced 17 June 2011.

12.2 If you would like any further information on this consultation, please contact Airline Relations (airlinerelations@baa.com) or via telephone on +44 (0) 208 757 5570.

Appendix A – Options Summary Table

Charge Element	Options	Proposal
Timing of Charge	Landing time + 8 minutes / Chocks Off (current) Chocks On / Chocks Off Wheels down to wheels up	Chocks On / Chocks Off
Free Period - type	None (current) Single free period Narrow Body/ Wide Body free periods	Narrow Body / Wide Body
Free Period - length	0/60 minutes 30/90 minutes 60/120 minutes 240/240 minutes	30/90 minutes
	Ends at start of free night period Cumulative, continues next morning	Cumulative
Basis of charge after free period	Time Time & Weight (MTOW) (current) Time & Aircraft Type Time & Stand Size	Time & Aircraft Type Ratio: Narrow Body 1: 2.4 Wide Body
Time / Weight ratio	20 / 80 (current) 50 / 50	Not applicable in Time & Aircraft Type scenario
Overnight Parking - charge	Retain free night period (current) Extend free night period Reduce free night period	Retain free night period
Overnight Parking - timing	Retain 2200 – 0559 (current)	Retain 2200 - 0559
Automatic 24 hour charge	Retain Discontinue	Discontinue
Summer peak Charging	Retain Discontinue	Discontinue
Operational Charge	Retain Discontinue	Retain
Implementation	1 April 2012 1 October 2011 30 October 2011 (start of Winter Season)	30 October 2011

Appendix B – Charges Analysis

Analysis of charges and asset base for the proposed parking charges structure

The key analysis that form the structure and level of the proposed parking charges are as follows:-

1. Narrow bodied aircraft and wide bodied aircraft charge differential
2. Free parking periods
3. Level of charge per 15 minute parking period

These three analyses are described in detail below.

Narrow bodied aircraft and wide bodied aircraft charge differential

This consultation document proposes a charging differential based on narrow bodied and wide bodied aircraft. The charge differential is based on the average stand size (area in square metres) required for the two classes of aircraft. Stand size is regarded as a fair proxy for the cost of differential use of the airport's parking assets.

Narrow bodied aircraft are able to occupy category 'C' and 'D (757)' stands which, based on the actual number of stands at Heathrow, have an average size of 2,562 square metres. Wide bodied aircraft are able to occupy category 'D (767), E and F stands which, based on the actual number of stands at Heathrow, have an average size of 6,033 square metres.

The data behind these calculations is as follows:

Stand Category	Number of Stands	Area (sq. metres)	Total area
C	60	2,280	136,800
D (757)	12	3,969	47,628
D (767)	12	3,969	47,628
E	94	5,863	551,075
F	27	7,544	203,688
Total	205		986,819
Average D/E/F	133	6,033	802,391
C & D(757)	72	2,562	184,428
Ratio	205	2.4	986,819

Note: the Number of Stands includes the use of left and right for two narrow bodied aircraft on larger stands.

The average stand sizes above produce a differential between narrow bodied and wide bodied aircraft of 1: 2.4 (2,562:6,033) and this ratio is used for the charge differential.

It is important to note that the parking charge is proposed to be based on the individual aircraft category and not on the size of the actual stand occupied. This will avoid the charging issue of narrow bodied aircraft that are parked on larger stands for airport operational reasons.

Free parking periods

The objective of the proposed free parking periods is intended to provide airlines with an incentive to minimise their use of the scarce aircraft stand assets at Heathrow, whilst acknowledging differential turnaround time for narrow bodied and wide bodied aircraft generally seen at Heathrow. This is generally due to different passenger numbers, characteristics and different aircraft preparation requirements. In addition, it acknowledges that, for both airline schedule and airport operational reasons, not all aircraft landing at Heathrow will be able to turnaround in the minimum time achievable.

In considering an appropriate free parking period, Heathrow had regard to the minimum turnaround time seen at Heathrow and ensuring that having too long a free period does not concentrate the total parking charges to be levied on to a small proportion of flights.

Analysis was carried out on every turnaround during a typical month at Heathrow (September 2010). This analysis was based on wheels down to wheels up (being reliable data readily available) less a 30 minute allowance for taxiing, comprising 8 minutes taxi in and 22 minutes taxi out.

For narrow bodied aircraft, 3% of all turnarounds time on stand was less than 30 minutes, with a further 68% of all turnarounds had time on stand of between 30 and 90 minutes. Therefore an appropriate free parking period but one which does not concentrate the parking charge on a small proportion of flights was considered to be 30 minutes (time on stand - chocks on to chocks off).

For wide bodied aircraft, 5% of all turnarounds time on stand was less than 90 minutes. Turnaround time on stand for wide bodied aircraft has a greater spread with a further 43% of all turnarounds had time on stand of between 90 and 210 minutes. Therefore an appropriate free parking period but one which does not concentrate the parking charge on a small proportion of flights was considered to be 90 minutes (time on stand - chocks on to chocks off).

Level of charge per 15 minute period

The published 2011/12 airport charges tariff requires the recovery of £47.2m of parking charges.

In summary, the charging structure proposed in this consultation document comprises 15 minute charging periods on stand (chocks on to chocks off) from 06:00 to 22:00 with a 30 minute free parking period for narrow bodied aircraft and a 90 minute free parking period for wide bodied aircraft. The charge differential per 15 minute period between narrow and wide bodied aircraft is 1:2.4.

Based on a forecast 940,000 chargeable periods per annum (rounded), the rate for narrow bodied aircraft is £14.00 per 15 minutes.

Based on a forecast 1,010,000 chargeable periods per annum (rounded), the rate for wide bodied aircraft is £33.60 per 15 minutes.

These charge rates and forecast chargeable periods recover the total of £47.2m of parking charges in the 2011/12 tariff (rounded).

Appendix C - Aircraft Classification

	Narrow Bodied		Wide Bodied	
	100		332	
	318		333	
	319		343	
	320		346	
	321		380	
	733		744	
	738		763	
	73G		764	
	AT5		772	
	AT7		74Y	
	CR7		76B	
	E90		77A	
	E95		77W	
	ER3			
	ER4			
	F70			
	M81			
	75W			
	752			

Appendix D – Aircraft Weight

(Weights are an average for the listed aircraft type using Heathrow)

Narrow bodied Aircraft	
100	44,453
318	62,769
319	64,358
320	73,191
321	85,060
733	58,008
738	74,273
73G	67,933
AT5/7	21,629
CR7	37,717
E90/95	43,990
ER3/4	20,023
F70	37,995
M81	67,683
75W	114,739
752	107,110

Wide Bodied Aircraft	
332	213,800
333	230,824
343	277,949
346	362,653
380	546,531
744	394,626
763	159,373
764	204,117
772	280,061
74Y	403,697
76B	180,917
77A	276,473
77W	344,575

Appendix E – Engagement Session Minutes

2nd February 2011: 14:00 – 16:00

Meeting title/subject: Aeronautical Charges: Parking Charge Review

Meeting location: Hong Kong Room, Compass Centre

Chair: Keith Greenfield, Director – Airline Business Development, BAA

Present:	Richard Senior (RS)	BD	Simon Talbot (ST)	BAA
	Jens Justesen (JJ)	SAS	Jonathan Pepper (JP)	BAA
	Paul Godfrey (PG)	BA	Jeremy Pennington (JPn)	BAA
	Tony Buss (TB)	BA	Graham Taylor (GT)	BAA
	Jonathan Yates (JY)	VS		
	Sergio Barbieri (SB)	AZ		
	Simon Arthur (SA)	AOC		
	Kevin Jones (KJ)	MH		
	Marc Roberts (MR)	DL		
	Richard Green (RG)	BA		
	Peter Dukes (PD)	BA		
	Gaby Stoll (GS)	LH		
	Olkey Chetinkaya (OC)	AA		
	Christian Hisserich (CH)	LX		
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<i>Description:</i>	<i>Action</i>
<p>Introduction</p> <p>KG welcomed the group to the parking engagement session.</p> <p>KG explained to the group that as part of the Structure of Aeronautical Charges decision announced on 29th October 2010, HAL decided to retain the current aircraft parking structure but changed the balance of aircraft charges for parking. HAL committed to conduct a detailed review of parking in 2011. This decision was based on the feedback from the consultation, where the airline community raised a number of concerns around potential unwanted consequences that may have resulted from the parking consultation proposal.</p> <p>KG went on to say, however, that although the structure of the parking charge needed to be decided, HAL had reduced the total proportion for the Parking element of Aeronautical Charges from 10% to 4%. This change is not open for consultation. This process will decide how the 4% will be recovered.</p> <p>KG emphasised this consultation on parking charge structure will not change HAL's net revenue. Therefore, the aim is to drive efficient use of a scarce resource. The current session was an informal engagement before moving into the formal consultation phase.</p>	
<p>Behaviours</p> <p>ST began to take the group through the presentation.</p> <p>ST explained that the objectives of the previous consultation remain consistent in this process. However, there are some particular behaviours that can be encouraged through charging; those aimed at improving stand utilisation, stand capacity, airfield resilience, punctuality and better environmental performance.</p> <p>There was a discussion around these behaviours, with general agreement that they were appropriate to meeting the overall objectives. There was a focus on whether the parking charge could impact positively on punctuality. HAL maintained that incentivising airlines to vacate stands as quickly as possible can lead to improvements in stand availability and therefore punctuality.</p>	
<p>Timeline & Process</p> <p>ST explained that the provisional timeline for formal consultation would be for three months beginning in March and ending in June.</p> <p>The group discussed whether there would be any additional steps or consultation between written responses and decision date. HAL's position is that it will consult for a period of three months and hold a</p>	

<p>formal consultation meeting thereafter HAL will invite written responses for it to consider. If HAL decides on a fundamentally different parking policy that the one consulted on it would consider its approach at that stage.</p> <p>Further questions were asked around how the value of feedback would be judged, including any measures for weighting factors. HAL confirmed that the only factor would be quality of the argument. HAL want to use a new structure for parking charges to encourage specific behaviours and all views will be reviewed and considered. HAL welcome any feedback from airlines on behaviours that could be promoted.</p> <p>Some airlines mentioned the current Section 41 complaint. HAL confirmed it does not intend to involve external consultants.</p>	
<p>Current Structure</p> <p>The current parking charge structure was explained as per the presentation. In addition there is a taxiing allowance of 8 minutes on arrival only. (Clarified by GT there is no departures allowance)</p> <p>ST explained that the rest of the meeting was aimed to be an interactive discussion on possibilities for the charge. To give some structure this would be divided into sections on: Use of free parking periods, the basis of the charge and then other structural options.</p>	
<p>Free Periods</p> <p>There was an open discussion of the merits of free periods. It was explained that the longer the free period, such as the initially proposed 4 hours, the more concentrated the charge would be on the longer stayers. Additionally, at 4 hours it gave no incentive for short haul to aim for shorter turnarounds and could even have the opposite effect.</p> <p>One issue that would have to be clarified is whether the free period would span the night period, or in effect restart the following morning.</p> <p>It was debated how a free period could influence the right behaviours, and what was the appropriate length of time to have maximum impact.</p> <p>There was general agreement from airlines that there should be different free periods for narrow and wide bodied aircraft given the different operational constraints associated with each. The discussion then focused on how different free periods can be determined, from wide bodied / narrow bodied / single aisle / double aisle aircraft / IATA standards could be used as delineators.</p> <p>There was general agreement to this dual free period approach.</p> <p>The responses to the consultation are likely to be commercially driven, however it was noted that if everyone reduced stand time by 5 minutes</p>	

the extra time available could benefit all in terms of pier service.

Charging Period

The discussion focussed around whether the charging from 'wheels down to wheels up' may be a more appropriate mechanic than the current on/off stand time.

The benefits of both systems were debated. Wheels down to wheels up sounded reasonable to some, especially when used with a free period to account for taxiing and towing. However it was noted that airlines do not control queues on runways and taxiways. Also there were often anomalies such as engineering works to consider. In addition ground handling can be outside airline control and in some situations the airline would pay, but delays are not always airlines fault.

In summary the wheels up to wheels down approach was not widely supported but time on stand was.

Basis of Charge

ST explained that currently an element of weight (MTOW) and time (per 15 min slots) is used. Could we explore other mechanisms – time only, weight only, stand size or a combination?

The benefits and disadvantages of using stand size rather than weight were debated. Overall, it was felt that the control over stand allocation was down to the airport rather than the airline. For example a small aircraft can be allocated a larger stand by the airport and therefore they should not be financially penalised because it was not their decision.

The view was expressed that parking should be based solely on time rather than any weight element, to encourage larger aircraft. The relative merits of using aircraft weight in the parking charge were discussed.

KG summarised the discussion that there was some support for weight bands rather than MTOW, and that twin aisle and single aisle was again a simple delineator.

Overnight Parking

The current free overnight parking charge that coincides with the airfield being closed was generally supported.

Incremental Charging

The existing charge increases at a linear rate. There was a debate over whether behaviours could be influenced by an incremental rate, either starting low and increasing through time, or starting high and decreasing through time.

Both approaches were interesting with the merits and disadvantages of both systems aired by the group.

Overall it was generally felt as both systems had some merit, but neither had clear behavioural drivers, that the current linear rate was probably still the most appropriate mechanism.

Peak Charging

There is currently a peak parking charge applied during the summer mornings. The only behaviour that this drives is some limited extra urgency to towing off stand during the period.

There was a general agreement that the summer peak charge was outdated, as Heathrow was operating close to capacity all year and all day.

Over 24 hour Charge

Again there was an informed debate over why the current charge was in place and what behaviours it drives. There was some support for moving away from the charge but retaining a manually applied penalty charge for abuse of the stand plan rules.

There was also support for retaining the charge to ensure that it was not economic to stay longer than necessary due to the constrained infrastructure.

Some individual examples were raised where large charge for long stay had been incurred.

Implementation Timing

KG explained that the default position for implementation would be 1st April 2012, but that HAL were open to suggestions or views on earlier introduction, for example at the start of the winter season.

There was a view expressed that if the new structure was aimed at driving good behaviour why not implement sooner rather than later?

Consultation Timescale

The draft consultation timetable was presented:

Engagement session	02 Feb 2011
Consultation document released	w/c 07 Mar 2011
Formal consultation meeting	w/c 25 Apr 2011
Deadline for written responses from airlines	w/c 16 May 2011
Decision document released	w/c 06 Jun 2011
Implementation of new parking structure	tbc

There was general agreement that the time between the consultation being released and the formal consultation meeting was too long, and that the timing over Easter / Royal Wedding needed some adjustment.

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