



LONDON
BIGGIN HILL
AIRPORT

BUSINESS | TRAVEL | COMMUNITY

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Dear Matt

London Biggin Hill Airport (LBHA) Response to CAP 1511 - *Strategic outcomes for the economic regulation of NERL 2020-2025: Discussion Document.*

Introduction.

Please find below our views in relation to this discussion document. Our response focuses on the economic/commercial impact of how regulation is applied specifically as it currently affects the LBHA operation.

LBHA currently contracts an approach service using Thames Radar via NSL. As part of the conclusions to the RP2 consultations¹ CAA stated that:

“3.18 BA asked the CAA's view on the implication of any changes to LA charges on NATS' commercial contracts with Biggin Hill and the existing equity of the treatment of smaller airports and airfields within the London TMA in relation to also being liable for payment.

3.19 The CAA is not proposing a fundamental change to the LA charge for RP2 so there does not appear to be any implications for existing contracts. The CAA considered the proposition of increasing the scope of the LA charge to cover Biggin Hill three years ago and concluded that it did not see a good case given the small scale of operations at that airport compared to other airports in the London area. It still holds this view, which also applies to other very small airports in the London TMA.”

This decision failed to consider the commercial and competitive implications thus creating a situation where LA airports enjoy a subsidised rate for approach compared to that commercially available to LBHA. By way of explanation LBHA charges using Thames Radar approach services were £129K for 2016. Using actual LBHA traffic data for 2016, specifically Maximum Take Off Weight, and applying the charging formula as per that specified for LA charging² we conclude that London City would have paid

¹ CAP 11158 Regulatory treatment of London Approach charges in Reference Period 2 (2015-2019) of the Single European Sky Performance Scheme: CAA Conclusions

² ² OR7 Transport Act 2000 Charges for Air Services



£32K for the same mix of traffic - using exactly the same Air Traffic Controllers and the same infrastructure.

Our response to the discussion document therefore reflects this local distortion of approach charging implemented under RP2 and our desire to resolve this issue.

Outcome 1 - Effective accountability mechanisms.

The adoption of LAMP and the proposed implementation of LAMP 2 perpetuates the current inequitable approach faced by LBHA and potentially creates a situation where other airports not currently considered part of the LA scheme have no mechanism to secure equivalent pricing, (this being determined by NSL on a commercial basis as required under the NERL license). Our response to Outcome 1 is therefore:

- a) To resolve current charging bias against LBHA it is essential that LBHA is included in the LA charging scheme for RP3.
- b) That CAA actively consider the commercial terms under which non LA airports currently contract approach services to ensure that a level playing field for approach charging is established for all users under London TMA where there is no effective approach service competition.

Outcome 2 - Efficient prices

It is not possible to clearly determine the boundary between IFR charges centrally collected and approach charges. From our high level assessment of IFR charges the implication is that route miles from submitted flight plans are deducted 20Km to cover departure and approach. Given the potential overlap between IFR and LA charges we would wish to see complete transparency on the demarcation of charging boundaries.

Strategic outcomes for RP3 unrelated to NERL.

Whilst the determination that the UK TANS market is open to 'sufficient competition' in effect there is no competition available for Thames Radar which LBHA is currently obliged to use. This per se is not an issue where all users of approach services are treated in an equitable manner, however under the current arrangements it is a significant issue with LA users receiving in effect a subsidised service compared to the commercial rates charged by NERL via NSL.

We would welcome an opportunity to discuss and agree the process for LBHA inclusion in the London Approach charging scheme with the CAA and look forward to engaging with your organisation to achieve this outcome.

Yours sincerely



Will Curtis
Managing Director