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Sent Via E-Mail

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RE: CAP2488 Holding Cap for 2023

Dear Paul:

Thank you for the opportunity to respond to the CAA's proposal for an interim price control arrangement for Heathrow Airport Limited (HAL) for the 2023 regulatory year. As the 3rd largest airline operating at Heathrow (LHR), American is greatly impacted by the max yield that HAL can collect.

Firstly, American supports the attached letter submitted on behalf of the Airline Community by the LACC, IATA, and the AOC. We would note our particular focus on the following points:

1. *Approach*: In the absence of a binding price control for 2023, we fully support the CAA's proactive step of setting a charge in order to ensure HAL does not set their own charge, which would likely be even more inflated based on our experience in 2022.
2. *Overall level of charges is too high*: However, the proposal of a max yield of £31.57 per passenger remains much too high given the current outlook for travel volumes. This rate, in line with Final Proposals, takes into account a significantly outdated passenger forecast, which is concerning and frustrating given that the CAA have already indicated that this would be an area that is open for further refinement. We have seen a material difference in actuals vs the CAA's Final Proposals passenger forecast, and even HAL's own latest estimates for 2022 guide to a much higher total than the Final Proposals forecast. Though CAA propose to true up the difference between the interim and final level of charge, this inflated max yield will leave consumers paying more in the interim than they otherwise should.
3. *HAL's cumulative over-recovery*: The 2023 inflated interim charge will only add to the growing balance of HAL over-recovery that now stretches to the hundreds of millions since 2020. As it stands, this over-recovery would not be returned to consumers until 2024 at the earliest. In its Final Determination, the CAA needs to take into account this growing over-collection as part of the final level of charges.

We appreciate your attention to the points we and the rest of the Airline Community raise and look forward to your response.

Respectfully,



Walter Weems
Senior Manager, Airport Affairs & Properties

cc: Robert Wirick – Managing Director, International Government Affairs
Rhett Workman – Managing Director, Europe & Asia-Pacific Operations