

SHORT (& MEDIUM) TERM MEASURES - EXECUTIVE SUMMARY

MEASURE SET	Financial Incentivisation	
MEASURE TITLE	Aircraft Related Charges	
MEASURE SUMMARY	This measure is aimed at managing the capacity of airports through differential charging of aircraft.	
MEASURE INVOLVES	<div> <input checked="" type="checkbox"/> Behavioural Change <input type="checkbox"/> Infrastructure Change </div> <div> <input type="checkbox"/> Operational Change <input checked="" type="checkbox"/> Regulatory Change </div> <div> <input type="checkbox"/> Technical Change <input type="checkbox"/> Policy Change </div>	
WHAT DOES THIS ADDRESS? It is presumed that the use of smaller aircraft at the congested airports is reducing passenger capacity, and that pricing smaller aircraft (including business and general aviation) away from the main airports would enhance capacity / connectivity of the hub and larger airports.		
WHAT WOULD BE DONE? Uses charging mechanisms, specifically disproportionate-weight-related charging and charging regimes directed at General and Business Aviation in particular, to incentivise moves to larger aircraft, and therefore to increased passenger numbers.		
WHAT IS THE IMPACT? The likely outcome would be for some additional ATM slots at LHR to be made available, a transition to larger aircraft on some routes and perversely, a potential for a reduction in connectivity, due to loss of small aircraft feeder route slots. <ul style="list-style-type: none"> Increased capacity – through pricing out of smaller aircraft Imposes costs on small aircraft users that select LHR and LGW for other reasons. Environmental benefit or disbenefit dependant on resultant fleet mix. Moves a proportion of flights from LHR (poss. LGW) to other airports, freeing capacity Likely to concentrate large aircraft at LHR Loss of smaller aircraft movements at LHR could reduce hub benefits by severing feeder routes and constraining high net worth travellers 		

MEASURE SET:	Financial Incentivisation	Short Term	<input checked="" type="checkbox"/>
MEASURE TITLE:	Aircraft Related Charges	Medium Term	<input checked="" type="checkbox"/>

PROPOSAL SUMMARY

Proposed by:	HITRANS (026); Individual (029); Manston Airport (051); Scottish Council for Development & Industry (062); South East LEP (064); Kent County Council (075)		
Proposal: FInc-ActR-1 FInc-ActR-2	<p>This measure is aimed at managing the capacity of airports through differential charging of aircraft, with the following identified specifically:</p> <ul style="list-style-type: none"> Disproportionate weight related charging Business Aviation charging: 		
Approach	<p>The approach is:</p> <ul style="list-style-type: none"> Disproportionate weight related charging is suggested in that it would encourage a move towards larger aircraft, allowing increased PAX at maintained ATM. It is also suggested that congested airports should restrict General and Business Aviation activity through appropriate charging regimes 	<p>Stated Capital Cost: Not stated</p> <p>Capacity (mppa): Not stated</p> <p>Capacity (atm): Increase</p>	
Benefits	<p>The main benefits available are an increase in passenger numbers for a given number of ATMs, although there are limitations to this.</p> <p>Using charging mechanisms to limit General and Business Aviation access at congested airports would make slots available for larger commercial aircraft.</p> <p>Some additional slots at LHR would be available. Some airlines may be more willing to sell/transfer slots rather than use them with smaller aircraft. QC linked definitions could allow for a small increase in movements per day / year</p>		
Issues & Risks	<p>Weight is unlikely to be the correct metric, given the weights of new generation aircraft such as B787 and A350. Current market pressures would already seem to be encouraging the use of larger aircraft on specified routes, as can be seen by the increased use of A380s at Heathrow. However, disproportionate weight related charging at main airports could quite possibly restrict the profitability of feeder routes using smaller aircraft, partly negating the effect of hub connectivity. Business aviation access might already be seen to restrict by current landing charges, and would release very limited capacity at the main airports. Submissions to the Commission included clear statements against further restriction of general and business aviation access to main airports. Changes to charges would need approval by the CAA, as is supplementary to the RAB model of charging currently supported, although discretion is allowed (e.g. on QC category)</p> <p>Aircraft specific charging for congestion management might conflict with charging designed to achieve other benefits, such as the QC related charging for noise management</p>		
Mitigations	Differential charging by weight / size may conflict with concepts of differential pricing by noise.		
Dependencies	<p>There key dependencies are:</p> <ul style="list-style-type: none"> Regulatory options – CAA regulated charges, aircraft type restrictions Current airport choices regarding aircraft charging CAA agreement on Q6 funding / charges 		

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ASSESSMENT SUMMARY

Strategic Fit	Could enhance passenger capacity at major airports, and enable more scheduled flight ATMs (at expense of business Aviation ATMS). Already exists in some form at major airports, including through application of Traffic Distribution Rules.
Economy	Imposes costs on smaller aircraft and business aviation users which may select LHR and LGW for reasons of lower generalised costs. Increased passenger flight capacity for LHR. Minimum aircraft size requirement may result in some slot reallocation. Allowing more slots based on quiet aircraft would increase scope for connectivity but loss of smaller aircraft feeder route slots could result in reduction of connectivity, negating hub benefits.
Surface Transport	TBD – but unlikely to be significant impact, as it is anticipated that there will be limited PAX growth. However, if peak time slots were released and significant additional PAX growth was enabled, there will be additional pressure on transport systems
Environment	If smaller aircraft are replaced by larger aircraft, there may be a noise benefit or disbenefit dependent on fleet mix, and whether preferential slot management for low QC aircraft supplement weight based charging. If slots are made available for larger aircraft, and PAX loadings are optimal, whilst CO2 emissions will increase, per passenger emissions will reduce at that airport. There will be a broader net growth in CO2 emissions as business aviation displaced will still operate from an alternative airport.
People	Dependent on noise effects, quality of life may be impacted. There are limited effects on social inclusion, but the reduction in smaller aircraft access may impact people. Higher charges on some aircraft will be reflected in prices to customers which will restrict the connectivity to some flyers.
Cost	Limited up-front costs, although stakeholder engagement required. Costs to operators could be substantial, either through direct expense of increased charges, or opportunity costs lost from relocating flights.
Operational Viability	An increase in larger aircraft using slots made available by pricing smaller aircraft and general aviation away is possible, but separation distances will be impacted, particularly for smaller aircraft following larger aircraft on approach. Larger aircraft are slower to vacate runways and taxiways, so ground operations and timing between flights might be affected.
Delivery	Would require CAA review and stakeholder engagement with those likely to be affected.