

Private and Confidential

Airports Commission
6th Floor
Sanctuary Buildings
20 Great Smith Street
London SW1P 3BT

07 June, 2013

Dear Sir

RESPONSE FROM THE UK AIRPORTS GROUP TO THE AIRPORTS COMMISSION'S DISCUSSION PAPER NO.3 – AVIATION AND CLIMATE CHANGE.

Introduction

1. This is the third submission from the group of regional airports from across the UK who have come together under the umbrella name - the 'UK Airports Group' (UKAG) for the purpose of responding to the Airports Commission's Discussion Papers and Calls for Evidence. The membership of the Group is currently as follows, although it is possible further Airports may yet join:
 - Peel Group (Durham Tees Valley and Doncaster Sheffield Airports)
 - Regional City Airports (Exeter International, Blackpool and City of Derry Airports)
 - Highlands and Islands Airports (Inverness, Dundee, Sumburgh, Kirkwall and 6 other airports in the Highlands and Islands of Scotland)
 - Infratil Airports Europe (Prestwick International Airport)
 - Norwich Airport
 - Newquay Cornwall Airport
 - Gloucestershire Airport
2. The forgoing amount to 13 principal airports (and a further 6 minor ones in the Highlands and Islands of Scotland), all of which formally report to the CAA.
3. The aim of UKAG is to give a co-ordinated voice to smaller airports *outside* the South East that serve a mix of regional cities as well as less densely populated or more peripheral areas of the UK. These airports and their stakeholders are concerned that their interest in the Commission's work might otherwise be overlooked. The Group does not include, therefore, airports from the South East, or any airport whose throughput exceeds 2 million passengers per annum.
4. While it remains our intention to prepare responses that will reflect a collective view of this representative body, should there be differences of opinion on key issues between our members, we will endeavour to make those clear in our submissions. I would also ask you to note, as we did in previous submissions, that we have collectively agreed that the Group's representations should not foreclose the opportunity for individual members of the Group,

or their local stakeholders, making their own separate submissions to the Commission on specific issues which are of particular concern or importance to them, nor does the Group stand in the way of direct dialogue between the Commission/its Secretariat or our individual members.

Current Work Status

5. Whilst this document represents the Group's third submission to the Commission we are currently undertaking work on an Interim Issues response and expect a further submission on this shortly. It is not our intention to submit any proposals for long term options ourselves, but we would welcome the opportunity to comment on those submitted by others and we will be replying to Discussion Paper 4 on Hub Operating Models, because we think this has particular resonance for regional air access to London. We will also have an interest in possible future discussion papers on Noise and Airport Operations, and in being consulted on the Commission's draft proposals on Interim measures.

Aviation and Climate Change

6. Our response to Discussion Paper No.3 is nothing like as extensive as those we have submitted on previous Discussion Papers. This reflects the collective of the Group's membership and its principle view that smaller UK airports, no matter how important they are strategically to UK plc, are too small to make any material difference to the UK aviation industry's total emissions inventory, let alone that of the UK as a whole.
7. At the moment, even if airports such as Cardiff and Humberside that are not in UKAG are included, according to Annex G of the Department for Transport's 2013 CO2 Emissions Forecasts, in 2010 small airports of less than 2mppa produced less than 1% of UK aviation emissions. This is not only because of lower volumes but because there were few long haul flights to include in the figures. Moreover, even if those airports grow from a collective passenger throughput of 5 mppa in 2012 to the 20-30mppa we projected in our response to the demand forecasting paper, we still expect this figure to remain as little as 2.5-4.0% of the UK Aviation Sector total based on an extrapolation using our forecasts from 2050 max use figures in Annex G3 of DfT's forecasts. These forecasts have small airports growing to a collective 34.1mppa out of 447mppa (i.e. 7.5% of the passenger traffic), whilst generating 2.1m of 47.0m total tonnes (or less than 5%) of the carbon emissions. This again is because the routes remain predominantly domestic and short haul and using small aircraft.
8. Furthermore, it is our contention that even these figures could reasonably be discounted given that if our small airports did not exist, there would be significant additional emissions from passengers within our catchment areas having to travel - mostly by car as public transport times are much longer - to their next nearest larger airport.
9. We share what now appears to be the UK Government's view that the EU Emissions Trading System (ETS) is designed to cover all the external cost of aviation emissions and allow other sectors achieving their emissions targets to sell permits effectively to airlines whose emissions are above the amount budgeted, in line with international agreements. It also ignores the huge levy imposed on the sector in the form of APD, which has a disproportionate effect on more marginal routes from smaller airports. This is not least because a larger proportion are domestic and thus hit by a double whammy of APD, but also because the environmental case for air to HSR substitution - the original justification for imposing the domestic APD regime, is extremely dubious (when full life and embedded carbon costs are taken into account). This has been clearly demonstrated by the EAs for

Phases 1 + 2 of the HS2 project and the fact the Government no longer uses reduced carbon-emissions on domestic inter-city travel as part of the case for these projects.

10. What is more, many small airports are at the forefront of carbon reduction initiatives in the industry and should not, therefore, be penalised disproportionately by generic, poorly targeted policy mechanisms designed to capture the industry's environmental costs. Many of our airports are engaged in ACI's Carbon Reduction Accreditation scheme, and a number plan to be carbon neutral by 2020.
11. A good example of this is Newquay Cornwall Airport, whose owner Cornwall Council has developed a solar farm adjacent to the Airport which will ultimately generate more than all of the airports energy needs, even if grid access remains essential for continuity of supply. This means Newquay will achieve the target set in its 2008 Masterplan of being entirely carbon neutral by 2015.
12. Our view is that smaller airports offer a less constrained and operationally intense environment in which to trial such initiatives before they are rolled out on a bigger scale at larger airports, and should be incentivised to do so, either through
 - a) grant of tax allowances. This would be but a small compensation from the disproportionate impact domestic APD has on their businesses, or
 - b) where these airports generate surplus carbon credits, it also seems reasonable to us that they should be allowed to use these as part of their incentive structure to attract airlines, without these contributions counting towards limits imposed by the EU guidelines on start up aid.

We will be glad to assist in any further discussions or examinations on this matter.

Neil Pakey
Before and on behalf of
UK Airports Group