

Heathrow Airport Limited
The Compass Centre, Nelson Road,
Hounslow, Middlesex TW6 2GW
T: +44 (0)844 335 1801
W: heathrow.com

31 October 2024

Dear Colleagues

Decision - 2025 Airport Charges and Conditions of Use

Thank you for your participation in the 2025 Heathrow Airport Charges Consultation process and the comprehensive feedback on our proposals. As you will see below, your feedback has been carefully listened to and has helped develop our final position on 2025 airport tariffs.

Heathrow has experienced record-breaking numbers so far this year with our busiest ever departures and arrivals days marking historical milestones for Heathrow. Passengers could choose from 234 destinations this year as airlines have added more routes and frequencies to their Heathrow networks as well as connecting 13 airports around the UK & Crown Dependencies to the UK's hub airport. Heathrow remains the best gateway in Europe for flights to the USA, with up to 248 daily flights to and from 31 USA destinations.

Recent accolades include being named 'Best Airport for Retail' (Frontier Awards) and 'Best Private Airport Experience' for Heathrow VIP (Forbes Travel), as well as retaining our crown as the 'Most connected airport in the world' (OAG).

We continue to provide high levels of passenger service, with almost all passengers waiting less than five minutes at security, improving QSM scores. We're also successfully delivering our H7 investment programmes with Electric Vehicle (EV) chargers live airside in Terminal 2 and Terminal 3, the once in a decade task to resurface our runways is underway with the Southern Runway work now complete. Our next-generation Security Programme is progressing well, terminal designs have been completed, and new lanes are operational in all terminals and across Heathrow; the roll out continues at pace.

The new Government has sent a strong signal of intent on Sustainable Aviation Fuel (SAF), with the SAF mandate secondary legislation passed in September in the House of Commons and the Revenue Certainty Mechanism included in the King's Speech. With industry partners, we continue to press the Government on the need for rapid progress on the latter to attract investment to the UK and retain a leading position within the aviation industry in reducing the use of fossil fuels¹. We also shared our first proposal for a future airside Ultra Low Emission Zone (ULEZ) strategy built around our current zero emission vehicle infrastructure plans.

This context drives the changes outlined below which reflect the right balance of charges to achieve our clear and transparent objectives of continuing to maximise growth, champion sustainable aviation and drive the efficient use of the airport.

¹ Over 10% of SAF produced in 2023 was used at Heathrow, based on IATA's SAF Fact Sheet [<https://www.iata.org/en/iata-repository/pressroom/fact-sheets/fact-sheet---alternative-fuels/>].

Summary of charges

I am pleased to publish Heathrow's decision document on 2025 airport charges and the Conditions of Use. Effective from 1 January 2025, Heathrow will:

- recover the forecast maximum allowable yield for 2025 of £25.948 per passenger;
- adjust the proportions of the maximum allowable yield recovered across the component elements by increasing passenger charges to 58% (from 57%), increasing parking charges to 5% (from 4%) and decreasing movement charges to 37% (from 39%);
- continue to incentivise the uplift of sustainable aviation fuel (SAF) at Heathrow in 2025 by increasing the targeted fuel mix from 2.5% in 2024 to 3% in 2025, which is 1% on top of the upcoming UK SAF mandate;
- move the SAF incentive scheme funding from NOx charges to departing passenger charges alongside other changes in the Conditions of Use to provide airlines with greater contractual certainty regarding receipt of the SAF incentive benefit to support internal business cases and support the realisation of ambition;
- increase the transfer and transit passenger discount for domestic passengers from 40% to 50% to further promote regional connectivity and incentivise higher load factors;
- increase the minimum departure charge threshold for the Rest of World category from charges equivalent to 50 direct departing passengers to 80 direct departing passengers, to better align with other categories;
- increase the remote stand rebate from £4.90 to £5.40 to respond to airline feedback on the increased cost of coaching; and
- extend the current free parking period between 22:00 - 05:59 UTC to 21:00 - 05:59 UTC.

In response to airline community feedback, Heathrow will not implement a class of travel differential in departing passenger charges in 2025 but wishes to continue engaging with airlines on this principle as part of the 2026 consultation process.

The remainder of this decision document is structured as follows:

Appendix 1 details our final decision and provides responses to airline and airline representative body questions posed during the consultation process.

Appendix 2 sets out the consultation process we have followed.

Appendix 3 sets out the final prices effective from 1 January 2025.

Appendix 4 provides a summary of airline responses to the proposed changes to the 2025 Conditions of Use and details our final decision.

Addendum 1 provides a summary of Terminal Drop Off Charge Repricing.

I look forward to partnering with you in the delivery of sustainable growth at Heathrow.



Ross Baker - Chief Customer Officer, Heathrow Airport Limited

Appendix 1: Heathrow Airport charges decision

Calculation of the 2025 forecast Maximum Allowable Yield

In March 2023, the CAA published its H7 Final Decision (H7 FD), setting out the price control formula to determine the Maximum Allowable Yield (MAY) from 2024 to 2026. In line with the H7 FD, we used the price control condition as the basis for our proposed MAY. The methodology and assumptions were articulated in our consultation document².

From August to October 2024, we engaged in consultation with the airline community to present our proposed application of the price control formula resulting in a MAY of £25.933 and to gather feedback on the proposed MAY.

Feedback and our response to each of the themes

The feedback we received from the airline community on the MAY calculation through consultation responses and during the consultation event can be broadly categorised into four themes: K factor and inflation impact, recovery of a Terminal Drop-Off Charge (TDOC) revenue shortfall through the MAY, principle of a service level bonus and using the most up-to date actual inflation input.

1) The K-factor and inflation impact

In the consultation responses, the airline community generally argued two key points:

- that the price cap for 2023 (M_{2023}) is not a hard-coded number for the purposes of calculating the 2025 K factor adjustment and that there is an obligation to reconcile outturn inflation to the forecast used; and
- that treating the M_{2023} as a hard-coded number for the purpose of the K factor calculation has resulted in a significant gain in relation to inflation that was not consistent with the underlying economics of the H7 decision.

We disagree with the view given by airlines on this topic. M_{2023} is a hard coded figure via Condition C.1.1 of our H7 Licence³. This sets the maximum revenue yield per passenger for 2023 at £31.570, which is required to be used in the calculation of the K Factor for 2023 in the 2025 MAY. Therefore, M_{2023} is not required to be recalculated. This generates the K factor at £+0.774.

We also disagree with the airline view that this approach leads to a significant gain for Heathrow that is not consistent with the underlying economics of the H7 decision. Whilst the CAA consultation on charges for 2023 (CAP2515) used an inflation estimate for 2023 of 9.48%, the economic value of the H7 decision reflects the inflation assumption for CPI in 2023 used in the H7 Price Control Model (PCM). This forecast was 7.36% which is very close to the outturn of 7.30%⁴. We consider that the difference between the PCM estimate and the outturn is very small,

² See Sections 2 to 11, Heathrow Airport Charges Consultation Document, Pages [9-29] [Heathrow Airport Limited]

³ See Condition C.1.1 of our Licence [page 9]

⁴ See PCM Cell reference AI30 in the I_Series tab. (<https://www.caa.co.uk/media/stbkfys/caa-h7-pcm-v2-12-implementation-public.xlsx>)

and it would not be appropriate to depart from the specific licence requirements for such a small variation.

2) The inclusion of the terminal drop-off charge (TDOC) in the MAY

Airlines feedback stated that the CAA has clarified that Heathrow is not entitled to recover shortfalls under the risk sharing mechanism by indicating that the mechanism was introduced to address concerns about the TDOC being a new revenue stream and Heathrow's ability to significantly increase the charge and retain the extra profits in the H7 Final Issues decision of 11 July 2024 (CAP3001). They have therefore requested that this is not included in the MAY calculation to comply with the Licence.

It is Heathrow's position that the CAA confirmed in CAP3001 that it is not making any changes to Condition C1⁵ and therefore, our application of the risk sharing mechanism is aligned with Condition C1.19 of the Licence and our 2025 aeronautical charges proposals are consistent with the formula set out in the Licence.

3) The application of the 2023 bonus factor

In the consultation responses and during the consultation event, the airline community expressed disagreement with our inclusion of the Bonus Factor for 2023, arguing that performance in 2023 was not good enough to warrant a bonus.

While 2023 service levels did not always meet expectations in some areas, this performance was reflected across the airport ecosystem, rather than being something attributable only to Heathrow. Where this was within Heathrow's control, we paid rebates⁶ to the airline community as set out in the regulatory framework. This framework includes a bonus element for when performance on certain elements exceeds the stated level, and in 2023 we did exceed the level of service to achieve bonuses across some of those measures⁷. Therefore, it is consistent to apply the regime in full and include the applicable bonus factor within the airport charges.

4) Using latest available inflation forecast data

In our consultation document, we used the Bank of England May 2024 Monetary Policy Report (MPC) as the basis of the forecast inflation for the MAY₂₀₂₅ calculation. This was the most up-to-date data point publicly available at the time of sharing our consultation document. We have since updated the MAY with the most recent Bank of England MPC forecast, published in August 2024. This change is consistent with our intent shared in the consultation document and is also aligned with feedback received from some airline partners on the utilisation of the latest available forecast information.

We have also updated the actual 2024 Q2 D7BT index. At the time of the consultation this was a forecast. Therefore, this has changed the CPI forecast from 2.499% to 2.473%.

⁵ See paragraph 7.26 [page 47] of CAA's decision on H7 final issues (CAP3001) (Economic regulation of Heathrow airport: H7 final issues - decision)

⁶ Monthly reports detailing Airport Operations performance within the Measures, Targets, Incentives framework are available on Heathrow's website (Measures, Targets and Incentives | Heathrow)

⁷ Additional detail on the MTI scheme is available in Schedule 1 of Heathrow's licence on CAA's website (heathrow-licence-01sep2024-final.pdf) [pages 48-89]

Table 1 – CPI inflation

	BoE Yearly Inflation	CPI Index (Quarterly)	Actual / Forecast	CPI Index - Average of last 4 quarters	Average % increase
2023 Q1	-	127.7	Actual	124.6	
2023 Q2	-	131.1	Actual	127.2	
2023 Q3	-	131.4	Actual	129.2	
2023 Q4	-	132.0	Actual	130.6	
2024 Q1	-	132.3	Actual	131.7	
2024 Q2	-	133.8	Actual	132.4	
2024 Q3	2.30%	134.4	Forecast	133.1	
2024 Q4	2.70%	135.6	Forecast	134.0	2.659%
2025 Q1	2.70%	135.9	Forecast	134.9	
2025 Q2	2.60%	137.3	Forecast	135.8	
2025 Q3	2.40%	137.6	Forecast	136.6	
2025 Q4	2.20%	138.5	Forecast	137.3	2.473%

Decision

Having taken careful account of airline feedback received on the 2025 MAY calculation, we have decided to maintain our original proposals for the K factor, inclusive of the proposals relating to the TDOC risk sharing mechanism and application of the bonus factor. We have updated the MAY to account for the latest actual inflation data (D7BT index) and the most recent Bank of England MPC forecast (August 2024).

We have also updated our 2025 passenger forecast, a key input to the MAY calculation. This is set out in the next section.

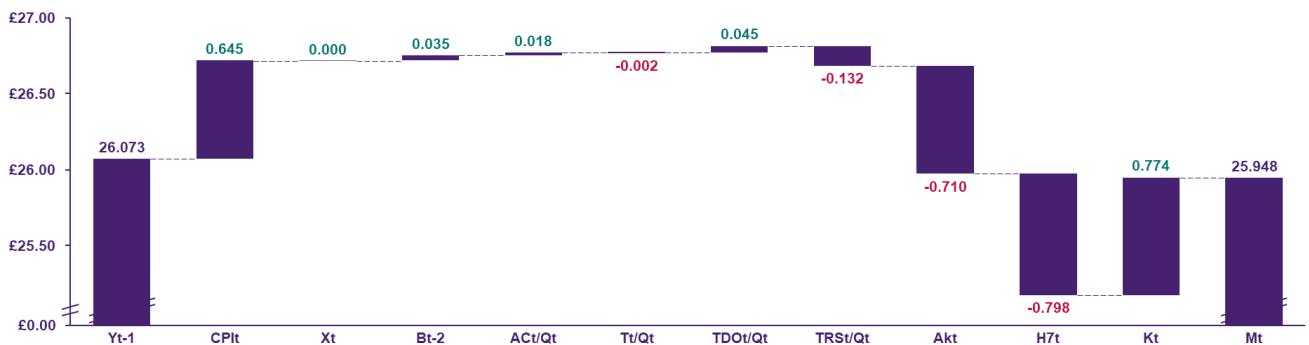
Considering all calculation inputs, the final 2025 MAY is **£25.948**. The formula, table, and figure below show how each term contributes to the value of the 2025 MAY (M_{2025}).

$$M_{2025} = Y_{2024} \times (1 + \text{CPI}_{2025} + X_{2025} + B_{2023}) + \frac{AC_{2025}}{Q_{2025}} - \frac{T_{2025}}{Q_{2025}} + \frac{TDO_{2025}}{Q_{2025}} + \frac{TRS_{2025}}{Q_{2025}} - AK_{2025} + H7_{2025} - K_{2025}$$

Table 2 - Individual values for terms composing the MAY 2025

Term	Description	Value / Impact	Comments
Y_{2024}	Maximum revenue yield per passenger in 2023	£26.073	Calculated as the 2023 MAY (£31.57), uplifted by inflation and reduced by the 2024 Efficiency Factor. +0.02 driven by latest inflation data.
$+CPI_{2025}$	Percentage change in inflation between 2025 and 2024	2.473%	Calculated using the D7BT series (actual CPI) and the BoE CPI forecast for Q3 24 – Q4 25.
X_{2025}	X factor for 2025	N/A	Set by the CAA in the H7 FD. H7 saw a sharp reduction in charges in 2024 (-20.07%) through the Efficiency Factor, followed by a flat profile for the rest of H7.
B_{2023}	Bonus factor in 2025	0.134%	Reflects SQRB performance in 2023.
Q_{2025}	Number of passengers in 2025	84,236 k	2025 passenger outlook (+793K versus consultation).
$+AC_{2025} / Q_{2025}$	Allowed capex adjustment in 2025	+ £0.018	Slight positive adjustment due to delivering more capex than the H7 forecast.
$-T_{2025} / Q_{2025}$	Capital trigger factor for 2025	- £0.002	Minimal impact from trigger payments. One project is expected to trigger during 2025.
$+TDO_{2025} / Q_{2025}$	Terminal drop-off charge factor in 2025	+ £0.045	2025 TDOC revenue uses our latest forecasts.
$+TRS_{2025} / Q_{2025}$	Traffic Risk Sharing factor in 2025	- £0.132	Negative impact due to higher traffic than forecast.
$-AK_{2025}$	Additional correction factor (AK) term for 2025	- £0.710	Consistent with CAA CAP3001, which set the AK factor value post CMA appeal.
$+H7_{2025}$	Adjustment for H7 terms for 2025	- £0.798	Consistent with CAA CAP3001, which set the H7 value post CMA appeal.
$-K_{2025}$	Correction factor for 2025	+ £0.774	Positive adjustment due to 2023 under recovery. M_{2023} set as a hardcoded value.

Figure 1 – Waterfall chart outlining relative impact of individual terms on the 2025 MAY



Demand outlook

In our published consultation document, airport charges were calculated on a forecast for 2025 of 83.4m passengers and 473.2k passenger movements (based on our last formal update in May 2024).

The passenger demand outlook is generated using a bottom-up Heathrow-specific capacity supply approach that considers key metrics that influence passenger volumes such as levels of flying (number of flights), aircraft capacity (number of seats), load factors and transfer share.

The approach takes into account the 480,000 limit on Heathrow ATMs, the current slot utilisation rules, the historic flight schedule, flights on sale, future fleet (including densification and upgauging) and airline growth aspirations ultimately focusing on the growth potential through passengers per flight.

The forecasts are generated based on the best information available at the time of creation.

Feedback

Airline feedback suggested that the forecast for movements was pessimistic considering historic levels of flying and the return to strict 80/20 slot utilisation rules.

Decision

Following a record-breaking summer and aligned to airline feedback, an updated 2025 forecast has been expedited to better support the final charges decision. The outlook for 2025 has therefore been revised upwards to 84.2m passengers alongside 474.2k passenger movements.

Charges structure

In the consultation document, Heathrow proposed to make slight adjustment to the recovery of the MAY across the charges structure components with a 1% shift from movement to parking charges, resulting in a split of 57% / 38% / 5% for passenger, movement and parking respectively.

Feedback

Airlines understood the logic behind the increase in the proportion of the MAY recovered from parking but highlighted the adverse impact for base carriers, where there is no choice but to park aircraft at Heathrow.

Airline feedback also expressed a preference for a higher proportion of charges to be recovered via passenger charges.

Decision

Heathrow will retain the adjustment of the MAY recovery ratios proposed in the consultation document but also respond to airline feedback and make a further amendment by increasing the proportion recovered from passenger charges from 57% to 58% resulting in a charging category split for 2025 of 58% / 37% / 5% for passenger, movement and parking charges respectively.

A detailed response on the 1% shift to parking charges is covered on the Parking section, below.

Passenger Charges

1. Class of Travel Differential

To recognize and incentivise the reversal of lost capacity resulting from a greater focus on premium travel at Heathrow, while driving additional passenger volume by lowering the passenger charges for non-premium passengers, Heathrow proposed introducing a class of travel-based differential into the departure passenger charge structure. This change would also reflect the per passenger environmental footprint, as premium class travel passengers account for a greater proportionate environmental impact.

Feedback:

- 1) The broad consensus was opposed to the principle of class of travel differential with key themes being:
 - a. airlines did not think there was a relation to cost differentials between the services provided by Heathrow;
 - b. the elasticity figure used for passenger demand analysis was not accurate as the DfT price elasticity demand figures used by Heathrow assume that business travel equates to premium and leisure as standard which is not always the case; and
 - c. it would encourage a trade-down from premium to non-premium fares, impacting on airline profitability.
- 2) Some airlines believed the concept had potential merit but requested additional time to fully review the proposal in order to assess all potential consequences.
- 3) A gradual introduction and delayed introduction were suggested by some respondents.

Decision

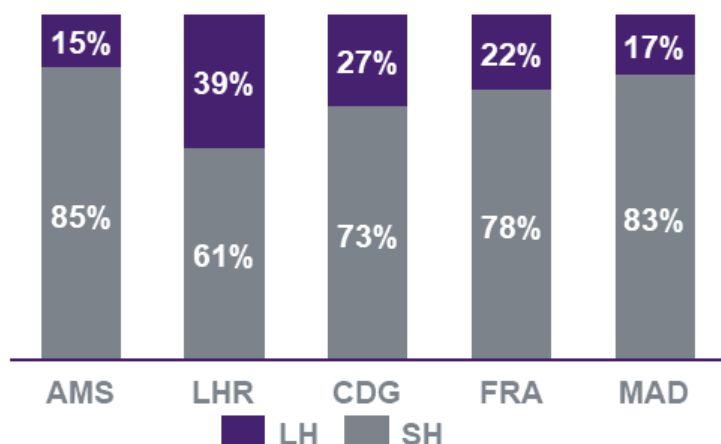
Heathrow has decided to not introduce the class of travel differential in 2025 but will continue engagement on the concept as part of the 2026 airport charges consultation process. Nevertheless, it is important to address some of the feedback received.

Having supplied both price elasticity figures from the Department for Transport and the elasticity analysis methodology which underpinned Heathrow’s view that this would drive additional passenger volume, Heathrow requested data and analysis to support airline contentions that the implementation would impact on airline demand and/or profitability. No airline provided any substantive analysis to support statements which challenged Heathrow’s position.

Many responses raised matters relating to cost evidence. In our consultation proposals, we provided evidence and justification that the overall benefit of the proposal would be to bring more economy traffic to the airport, which would in turn benefit the airline community through more feeder traffic, and also through the traffic risk sharing mechanism and that those numbers and associated revenues go into the single till and are then picked up in the next price control period. Furthermore, more efficient use of the scarce capacity is an appropriate rationale for making such changes. We intend to conduct further discussions in this area with the airline community, focusing on the opportunity cost of providing particular services to premium passengers in the terminals such as lounges, premium check in facilities and fast track security instead of higher yielding retail offerings or areas which could improve operational capacity.

Airline feedback was received that did not agree with our position that there has been an ongoing de-densification of aircraft at Heathrow by highlighting the overall seats per movement figure as higher than other European hubs. Whilst this is true, as Heathrow’s route network is much more long-haul focused and therefore with a greater proportion of wide body aircraft (as illustrated in figure 2 below), the overall higher seats per movement is to be expected. This is not the case on a specific aircraft basis however and the de-densification issue can be seen when we examine long-haul aircraft, as shown in table 3, below.

Figure 2 – European hubs long and short haul network proportions⁸



⁸ Data sourced from OAG schedule data for 2024

Table 3 – Average seats per movement by European hub⁹

Aircraft type	LHR	AMS	CDG	FRA	MAD
Overall	215	173	198	191	197
788	229	263	246	254	274
789	259	282	287	274	313
359	303	309	311	313	358
77W	309	372	354	337	359
351	340	334	368	334	337

Some feedback suggested that Heathrow proposed the class of travel differential to maximise profit and to seek financial gain. This both ignores the fact that Heathrow has made it explicitly clear that the intended outcome is to drive additional passenger volume, to the benefit of all and demonstrates a lack of understanding regarding the regulated structure at Heathrow where any profit made by the airport over the maximum allowable yield will be returned to the airline community via the K factor. The lower charges for standard passengers (which includes premium economy and economy) would drive further growth in passenger numbers, which in turn, brings the cost per passenger down over the longer term, for all airlines.

2. Domestic Transfer Discount

Heathrow proposed to increase the transfer and transit passenger discount for domestic departure passengers from 40% to 50% with the intent to stimulate domestic connectivity within UK, increase feeder traffic to the Hub for the benefit of all carriers, as well as drive improved load factors on domestic flights, making more efficient use of scarce capacity.

Feedback

The proposal was welcomed by some carriers; however other airlines raised concerns that this proposal would incentivise small gauge domestic carriers. There was also a call for the higher transfer discount to be applicable to all regions.

Decision

Given the conflicting nature of the feedback, the existing slot constraints at Heathrow preventing over exposure to small gauge domestic carriers and our commitment to supporting domestic connectivity, Heathrow will implement the proposed change.

3. Minimum Departure Charges

Heathrow proposed to change the threshold for the Rest of World minimum departure charge category while maintaining the same threshold for Domestic, CTA and Europe destinations. This was to address the existing anomaly whereby CTA and European destinations had higher thresholds and to incentivise improved use of Rest of World movements.

⁹ Data sourced from OAG schedule data for 2024

Feedback

There was no substantive airline feedback on this proposal.

Decision

Heathrow will implement the proposed change as our analysis highlights that there is little impact on the RoW passenger flights, as most of these flights exceed the new minimum threshold already.

4. Remote Stand Rebate

Heathrow proposed to increase the remote stand rebate from £4.90 to £5.40 per passenger

Feedback

The community welcomed the increase and some called for a larger increase to £5.90 per passenger.

Decision

Heathrow will implement the proposed increase to £5.40, because there was no evidence received to support the assertion that the proposed increase should be higher.

Environmental Charges

1. Night jet movement (NJM) multipliers

In 2024, Heathrow increased the night charge multiplier from 5x to 8x during a newly defined Peak Night Quota Period from 0000 – 0430 as part of our efforts to reduce sleep disturbance around the local community as part of Heathrow 2.0. This change supports Heathrow's environmental ambition and considers the noise impact on the local community. No change was proposed to the NJM multiplier for 2025 airport charges.

Feedback

Feedback was received on two aspects of the NJM charges:

- Some airlines said there should be mitigation if flights fall into the night quota period due to circumstances beyond the airline's control; and
- Some airlines raised concerns regarding the financial impact of such high multipliers and suggested that Heathrow should reconsider the application of the NJM charges.

Decision

Having investigated the delay fault attribution process, Heathrow has concluded that providing alleviation for NJM charges is not possible. Delay codes do not always accurately capture the underlying reasons for flights operating during the night quota period and determining responsibility is multifaceted and often subjective. However, Heathrow is open to further discussion on this area although there would need to be a clear, systematic, independent and robust method for fault attribution put in place to identify instances where delays were entirely

outside an airline’s control before any consideration will be given to alleviation of NJM charges. It must be noted that regardless of the fault, the local community will still suffer the disturbance in the peak night period and as such, their views will need to be taken into account.

Heathrow 2.0 sets out our aim to “limit and where possible reduce the number of people highly sleep disturbed and highly annoyed compared to 2019” and we are committed to working with airlines and other key stakeholders to achieve this and therefore, Heathrow will retain the NJM multipliers in 2025.

2. Carbon emissions-based charging

In 2024, Heathrow introduced a carbon emissions-based charge to align with the aviation industry’s decarbonisation goals, supporting the UK Government’s Jet Zero strategy aimed at achieving net zero aviation by 2050. There were no changes proposed in the 2025 consultation document.

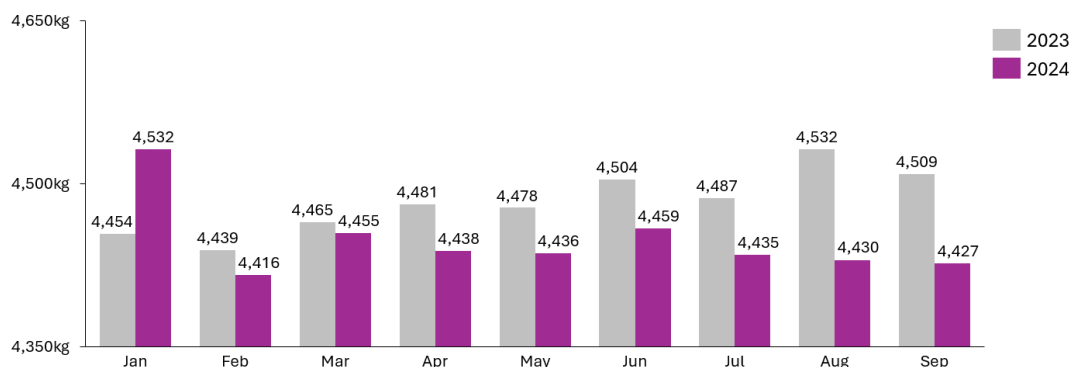
Feedback

During the 2025 consultation, airlines expressed concerns regarding the charge’s impact, requesting that Heathrow present clear data demonstrating the charge’s effectiveness in achieving the intended outcomes.

Decision

Heathrow reviewed the average carbon emissions per turnaround for 2023 and 2024, which showed a downward trend in 2024. While demonstrating a direct link between the charge and reduced carbon emissions is complex, the downward trend in emissions aligns with Heathrow’s sustainability objectives. Given this progress and its alignment with the industry wide and regulatory decarbonisation efforts, Heathrow will maintain the carbon emissions-based charge in 2025.

Figure 3 – Average carbon emissions per turnaround by month 2023 vs 2024¹⁰



¹⁰ 2023 and 2024 calculated Heathrow arrivals carbon emission data by month

Sustainable Aviation Fuel (SAF) incentive

1. SAF incentive revised purpose

Climate change is arguably the most significant long-term challenge facing the aviation sector. There are different solutions which can contribute to decarbonising flying, but SAF is widely recognised as a critical component in this transition. At Heathrow, our assessments show that SAF is central to achieving net zero by 2050 and we want to be a leading hub for its development and deployment.

In 2022 we introduced a multi-year sustainable aviation fuel incentive, recovered via the NOx emissions charge. The SAF incentive is designed to reduce the high-cost premium of SAF compared to standard aviation fuel and encourage investment in SAF production, which in turn will help reduce the SAF premium and encourage further take up.

In April 2024, the UK government confirmed that the UK SAF mandate will take effect from 1 January 2025, setting a minimum 2% blend rate for all flights leaving the UK in the first year.

In light of the new UK Government mandate and the anticipated increase in the supply of SAF in key supplier markets, Heathrow proposed to retain the incentive for 2025. However, we also proposed to amend the scheme to target a SAF mix of 3%. This adjustment is designed to align with the UK mandate but further incentivise +1% above the mandate, in line with the 2030 Heathrow ambition of 11% SAF mix which is 1% above the Government target.

The incentive pot proposed for 2025 is therefore £86m and this has been calculated using assumed fuel requirements for Heathrow as a whole, applying a 3% target SAF mix and funding 50% of a SAF price premium of £920.

Feedback

Airline responses were mixed. While some were supportive of the proposal, others expressed 'in principle' issues with the scheme structure itself, challenging the environmental benefits and Heathrow's role in the broader response to global sustainability issues. Others challenged why Heathrow was not incentivising SAF volumes above the UK mandate 2% mix only and that the SAF premium should be higher. Some comments were also received on the level of the SAF premium.

Decision

In the face of the sustainability challenge facing aviation, Heathrow does not accept that local interventions will undermine the broader benefits and support for decarbonisation efforts. Indeed the incentive scheme at Heathrow, implemented in 2022, has enabled the delivery of circa 100k tonnes of SAF and provided significant momentum to domestic production progress.

Therefore, Heathrow will implement a 3% SAF mix for the 2025 SAF incentive scheme. This decision reflects Heathrow's commitment to sustainability and aims to support the achievement of the UK Government's 2% SAF mandate. Our analysis shows that the existing SAF Premium remains appropriate but we will explore this further with the community during the consultation on the SAF incentive pathway from 2026 to 2030.

By having a 3% SAF mix, Heathrow not only meets the UK Government's requirement of 2% SAF but also encourages airlines to exceed the UK SAF mandate. We believe that this approach supports those airlines in favour of a scheme which enables the mandate to be met and those airlines who would prefer to exceed the mandate. This decision is supported by our assessment that the full subscription of the SAF incentive scheme since its introduction in 2022 demonstrates strong, robust demand in SAF and for the incentive scheme to continue. Furthermore, Heathrow having consulted industry partners, is confident that supply will meet the anticipated demand generated by the UK mandate.

2. SAF Incentive mechanism change

Previously, the SAF incentive pot was recovered via an increase to the NOx emissions charge. For 2025, in response to airline feedback, we propose to recover the SAF incentive pot as part of the Departing Passenger Charge. This change recognises the interplay between NOx emissions and decarbonisation in engines as well as the relative impact on tariffs.

Cargo ATMs will continue to have a separate incentive pot for cargo operations. Recognising that there are no passengers on cargo ATMs, the cargo incentive pot will be recovered via the cargo Minimum Departure Charge.

The incentive pot will be apportioned between airlines using Revenue Passenger Kilometres (RPK) or Freight Tonnes Kilometres (FTK) using 12 months of operational data.

Feedback

Airlines were supportive of the proposed changes to the mechanism. The shift in funding from the NOx charge to the Departure Passenger Charge was welcomed, as airlines said it helps lower the cost barrier created by high fixed movement charges, making the scheme more accessible.

Decision

Heathrow will implement the proposed change. We are separately consulting on a SAF incentive scheme pathway from 2026-2030 to elicit views on the future structure of the SAF scheme. This aims to be concluded in sufficient time to inform the 2026 airport charges consultation process.

Parking

Increase in proportion of MAY recovered from parking charges

In addition to the existing free periods of 30 and 90 minutes for narrow and wide body aircraft respectively, Heathrow implemented additional free parking periods on remote stands as of 2024, which resulted in a potential 240 minute free parking period across both pier-served and remote stands. This has encouraged improved on time towing, however, performance remains behind 2019 levels. Therefore, we proposed to increase the proportion of the MAY recovered from parking charges from 4% to 5% in 2025 to further encourage more efficient use of scarce pier-served stand capacity and continue to incentivise prompt towing off pier-served stands.

Feedback

While airlines understood the logic behind the reduced chargeable periods, it was noted that it is in an airlines best interest to minimise ground time to enhance turnaround efficiency and maximise aircraft utilisation. Some airlines raised concerns about the impact on base carriers as they have no choice but to park at Heathrow and said that this change would disproportionately impact them.

Decision

The increased parking charge supports the effective use of scarce pier-served stand capacity and increased use of towing to remote stands.

Heathrow will therefore implement the proposed change. However, recognising the feedback regarding the impact on base carriers who have no choice but to park aircraft at Heathrow for operational or technical needs, the current free parking period from 22:00-05:59 UTC will be extended by an additional hour to 21:00-05:59 UTC.

Operational performance incentive

In the consultation document issued on 23 August 2023, we requested and welcomed any feedback on operational performance incentives.

Heathrow has previously explored airline views of introducing an incentive to drive improved operational outcomes and included this subject in the pre-consultation engagement sessions. Most airlines supported the principle but noted implementation challenges whilst some respondents were opposed to the concept.

We remain of the view that the implementation of a form of airport charging which incentivises improved operational performance would result in a positive change in operational performance metrics thereby improving passenger experience metrics and subsequently increasing both demand and capacity.

Therefore, we will continue to explore this opportunity with the airline community as part of the 2026 airport charges consultation process.

Appendix 2: Consultation Process Summary

In response to community feedback during the 2023 airport charges consultation process, Heathrow invited interested parties to participate in bilateral discussions prior to the publication of the 2024 consultation proposals. The objective of this early engagement was to obtain initial feedback from airlines on key principles in advance of consultation publication. This approach received overwhelming support and was repeated during the 2025 airport charges process.

Sixteen bilateral sessions took place in May and June 2024 and this early engagement allowed Heathrow to articulate the high-level strategic objectives that guided the early development of the 2025 airport charges proposals and helped shape the final consultation proposal through receipt of initial airline feedback.

In line with the timelines for consulting on airport charges set out in the Airport Charges Regulations 2011, Heathrow commenced formal consultation on the 2025 airport charges tariff (as well as on the Conditions of Use) by publishing the consultation documents on 23 August 2024.

An initial consultation meeting was held on 3 September 2024 and airline community feedback in response to the consultation proposal was requested in writing by 27 September 2024. We received written responses from 25 parties.

As a result of feedback received, we have made several amendments to our charges proposals, as set out in this decision document. These include:

- delaying the introduction of a class of travel passenger charge differential to allow for further engagement with the airline community;
- making a 1% reduction in the proportion of the MAY recovered from movement charges with a commensurate increase in the proportion of recovery from passenger charges; and
- including one hour increase in the free overnight parking period.

We have also made changes to the 2025 Conditions of Use as a result of feedback. The summary of this is contained in Appendix 4 to this document.

We have taken our decision with full regard to our legal and regulatory obligations and the impact of the potential changes. The charges have been set on a non-discriminatory basis, with relevant, objective and transparent criteria. This decision meets Heathrow's objectives to achieve our clear and transparent objectives of sustainable passenger growth, environmental targets, enhanced domestic connectivity and efficient use of the airport.

Appendix 3: Final Airport Charges – 2025

	2025 £ GBP
Charges on Movement	
Fixed wing aircraft exceeding 16 metric tonnes – outside Night Quota Period (Departures & Landing)	
Maximum	£14,113.50
Ultra high	£7,056.76
Super High	£3,528.38
High	£2,117.03
Base	£1,411.35
Low	£987.95
Super Low	£776.24
Ultra Low	£705.68
Fixed wing aircraft exceeding 16 metric tonnes – Night Quota Period (Departures & Landing)	
Maximum	£70,567.50
Ultra high	£35,283.80
Super High	£17,641.90
High	£10,585.15
Base	£7,056.75
Low	£4,939.75
Super Low	£3,881.20
Ultra Low	£3,528.40
Fixed wing aircraft exceeding 16 metric tonnes – Peak Night Quota Period (Departures & Landing)	
Maximum	£112,908.00
Ultra high	£56,454.08
Super High	£28,227.04
High	£16,936.24
Base	£11,290.80
Low	£7,903.60
Super Low	£6,209.92
Ultra Low	£5,645.44
Helicopters (Departures & Landing)	£975.66
Fixed wing aircraft not exceeding 16 metric tonnes (Departures & Landing)	£1,930.46
Emissions charge (Landing)	£19.90
Carbon charge (Landing)	£0.04
Charges on Departing Passengers	
Origin and Destination	
Domestic	£14.31
Common Travel Area	£14.56
European	£21.81
Rest of World	£50.21
Transfer and Transit	
Domestic	£7.16
Common Travel Area	£8.74
European	£13.09
Rest of World	£30.13
Remote Stand Rebate	£5.40
Minimum charge - Domestic	NA
Minimum charge - Common Travel Area	£873.60
Minimum charge - European	£1,679.37
Minimum charge - Rest of World	£4,016.80
Charges on aircraft parking	
Narrow bodied	£48.87
Wide bodied	£102.63

	Traffic Volume Units	Traffic Volume	2025 Tariff	Forecast Revenue
Movement Charge				
Noise Charge				
<u>Fixed wing aircraft exceeding 16 metric tonnes – outside Night Quota Period</u>				
Maximum	[Landings]	0	£14,113.50	£0
Ultra high	[Landings]	1,361	£7,056.76	£9,602,807
Super High	[Landings]	23,351	£3,528.38	£82,392,468
High	[Landings]	14,214	£2,117.03	£30,091,147
Base	[Landings]	75,726	£1,411.35	£106,876,105
Low	[Landings]	12,339	£987.95	£12,190,392
Super Low	[Landings]	48,303	£776.24	£37,495,031
Ultra Low	[Landings]	61,593	£705.68	£43,465,195
Total	[Landings]	236,888		£322,113,145
<u>Fixed wing aircraft exceeding 16 metric tonnes – outside Night Quota Period</u>				
Maximum	[Departures]	0	£14,113.50	£0
Ultra high	[Departures]	1,361	£7,056.76	£9,602,807
Super High	[Departures]	23,351	£3,528.38	£82,392,468
High	[Departures]	14,214	£2,117.03	£30,091,147
Base	[Departures]	75,726	£1,411.35	£106,876,105
Low	[Departures]	12,339	£987.95	£12,190,392
Super Low	[Departures]	48,303	£776.24	£37,495,031
Ultra Low	[Departures]	61,593	£705.68	£43,465,195
Total	[Departures]	236,888		£322,113,145
<u>Fixed wing aircraft exceeding 16 metric tonnes – Night Quota Period</u>				
Maximum	[Landings]	0	£70,567.50	£0
Ultra high	[Landings]	0	£35,283.80	£0
Super High	[Landings]	17	£17,641.90	£296,316
High	[Landings]	16	£10,585.15	£171,539
Base	[Landings]	0	£7,056.75	£0
Low	[Landings]	31	£4,939.75	£154,598
Super Low	[Landings]	96	£3,881.20	£370,841
Ultra Low	[Landings]	40	£3,528.40	£141,678
Total	[Landings]	200		£1,134,971
<u>Fixed wing aircraft exceeding 16 metric tonnes – Night Quota Period</u>				
Maximum	[Departures]	0	£70,567.50	£0
Ultra high	[Departures]	0	£35,283.80	£0
Super High	[Departures]	17	£17,641.90	£296,316
High	[Departures]	16	£10,585.15	£171,539
Base	[Departures]	0	£7,056.75	£0
Low	[Departures]	31	£4,939.75	£154,598
Super Low	[Departures]	96	£3,881.20	£370,841
Ultra Low	[Departures]	40	£3,528.40	£141,678
Total	[Departures]	200		£1,134,971
Emissions Charge on landing				
Total kg Nox rating	[kg]	6,017,278	£19.90	£119,743,828
Average kg Nox per landing	[kg]	25.4		£119,743,828
Carbon Charge on landing				
Total Carbon kg	[kg]	1,052,083,376	£0.04	£41,901,107
Average Carbon kg per Landing and Take-off Cycle	[kg]	4,437		£41,901,107
Total Movement Revenue	(a)			£808,141,168

	Traffic Volume Units	Traffic Volume	2025 Tariff	Forecast Revenue
Departing Passenger Charge				
Departing OD Passenger Charge				
Domestic	[Dep Pax]	1,219,109	£14.31	£17,445,450
Common Travel Area	[Dep Pax]	1,129,541	£14.56	£16,446,117
European	[Dep Pax]	13,105,149	£21.81	£285,823,300
Rest of World	[Dep Pax]	17,483,807	£50.21	£877,861,949
Total	[Dep Pax]	32,937,606		£1,197,576,816
Departing Transfer Passenger Charge				
Domestic	[Dep Pax]	1,132,933	£7.16	£8,111,800
Common Travel Area	[Dep Pax]	338,514	£8.74	£2,958,612
European	[Dep Pax]	2,231,319	£13.09	£29,207,966
Rest of World	[Dep Pax]	5,025,875	£30.13	£151,429,614
		8,728,641		£191,707,992
Remote Stand Rebate				
Remote Stand Rebate	[Dep Pax + Arr Pax]	6,742,968	-£5.40	-£36,412,027
SAF Incentive				-£85,975,840
Total Departing Passenger Charge Revenue	(b)			£1,266,896,941

Parking Charge				
Narrow bodied Chargeable Period	[Units of 15 minutes]	481,157	£48.87	£23,514,131
Wide bodied Chargeable Period	[Units of 15 minutes]	834,982	£102.63	£85,694,164
Total Parking Charge	(c)	1,316,138		£109,208,295

Terminal Pax Flights: Total Revenue	£2,184,246,404
--	-----------------------

Non-Terminal Pax Flights (GA, Troops etc)				
Non-Terminal Pax Flights				
Movement Revenue	(e)			£608,124
Departing Passenger Revenue	(f)			£953,337
Parking Revenue	(g)			£82,179
Total Non-Terminal Pax Flights Revenue				£1,643,640

Total Regulated Revenue				
Total Regulated Revenue				
Movement Revenue	(a) + (e)			£808,749,292
Departing Passenger Revenue	(b) + (f)			£1,267,850,278
Parking Revenue	(c) + (g)			£109,290,474
Total Regulated Revenue				£2,185,890,044
Total Passengers				84,236,017
Total Regulated Yield				£25.95

Appendix 4

Heathrow Conditions of Use 2025 – Summary of Proposals, Feedback, Response and Decision

In this appendix we summarise the feedback received on our proposals to amend the Heathrow Airport Conditions of Use (COU) for 2025. The Conditions of Use is the contract between Airlines and Heathrow for the use of the airport facilities and services at London Heathrow Airport. Amongst other matters, they set out a range of conditions governing use of the airport facilities and services, what information must be provided, what our charges are and how they must be paid.

In relation to each provision, we have set out a summary of our proposal (if there has been one), the feedback, our response to feedback and our decision. Given that we have summarised feedback, if a specific point raised has not been directly addressed, it does not mean that we accept the views or position put forward by respondents to the consultation.

Proposal	Feedback	Response	Decision
CHANGES PROPOSED BY HEATHROW FOR CONSULTATION			
General restructure of the COU, rephrasing of various sections and reordering of a number of Conditions.	N/A	We have amended the structure of the COU for a more logical flow, de-duplicated certain provisions, updated others and clarified wording. Where there have been any substantive wording changes these are addressed below.	Proposed changes will be made.
General updates to dates, formatting, numbering, grammar, readability or to correct minor errors.	N/A	N/A	Proposed changes will be made.
Addition of new background section, setting wider context relating to the Airport, the services available and the MTI regime.	One respondent asked what was meant by “any other type of aviation operations at the airport”.	This section was added for clarity and to place the COU in the wider airport context and the Heathrow operating framework. Any other type of aviation operations is intended to be a catch-all provision to future-proof and also ensure all aviation movements at Heathrow are captured within the COU terms.	Proposed changes will be made.
Change of references throughout from “you” to “Airport User” and from “us” to “Heathrow” and consequential amendments.	N/A	N/A	Proposed changes will be made.

Proposal	Feedback	Response	Decision
Condition 1.3 Addition of further examples of uses of the airport.	N/A	N/A	Proposed change will be made.
Condition 1.5 Update to be clear that we consult on COU with the wider airline community at the Airport.	N/A	N/A	Proposed change will be made.
Condition 2 (previously Condition 25) New definitions: AOC, AOL, Applicable Law, Conditions, DCS, GOL, GSE, Licence, Misuse of Slots Enforcement Code, Slot Sanctions Scheme, Operating Principles, ORCs, ORC Protocol, Season. Updates to some definitions where required. Removal of definitions which are no longer used.	One respondent asked regarding the definition of HADACAB whether the reference to Local Rule 4 corresponded to the definition of Local Rules. One respondent said part of Condition 2.9 should be removed.	In response to feedback, we have amended the definition of Local Rules. In respect of Condition 2.9 it makes clear that this is in relation to the scope of the COU. This is not intended to create any uncertainty in relation to any other commercial agreements between Heathrow and any airline or other third party.	Proposed changes will be made, with adjustments in response to feedback.
Condition 2 (previously Condition 25) Addition of standard boilerplate interpretation conditions.	N/A	N/A	Proposed changes will be made.
Condition 3 (previously Condition 2) Updates to information requirements in advance of using Heathrow's facilities and	AOC members stated that they thought that the information sought may not be compliant with GDPR rules, although they did not provide any detail as to	We have previously responded to this concern and our view remains the same. The provision of contact information for an Airline is necessary for the safe and efficient operation of the Airport, and we do not agree that UK GDPR would prevent the provision of names, office addresses and contact details of relevant Airline colleagues,	Proposed changes will be made

Proposal	Feedback	Response	Decision
<p>Services. In particular, addition of explicit requirements to provide: details of the Airline’s threat assessor; information regarding fuel supply contingencies; details of the Airline’s aircraft maintainer; summary details of crew and passenger coaching arrangements; summary details of tagless bag provision; confirmation of having an agreement with the Air Ambulance service; Airline VAT information; and new Condition 3.4 requiring immediate update to change in contact details of Airline threat assessors.</p>	<p>their specific concerns and why the information requested or provision of it was in issue. They also said this condition should refer to data protection legislation.</p>	<p>and in any event, there is a general provision regarding Data Protection Legislation set out at Condition 20. We expect these to continue to be provided and updated as necessary. We have previously invited any airline or airline representative who had any concerns over this to contact us directly to discuss and this offer remains open.</p>	
<p>Condition 4 (previously Condition 13) Reference to pay any amounts set out in the COU.</p>	<p>N/A</p>	<p>N/A</p>	<p>Proposed change will be made.</p>
<p>Condition 5 (previously Conditions 13.7, 13.8, 13.9 and 15.2) Move of conditions regarding deposits, advance payment and bank guarantees into standalone condition. Updates to those conditions: addition</p>	<p>AOC members and two respondents said that it was not reasonable to ask for deposits on 10 days’ notice where Heathrow is not satisfied with financial standing.</p>	<p>No changes have been proposed to the timeframe for providing deposits. We would also note that up until 2024, the timeframe for providing deposits was 5 working days, whereupon it was extended to 10 working days.</p> <p>We have seen numerous payment issues over the past year, and it is in the interest of both Heathrow and the wider airport community that charges incurred are paid in full and on time.</p>	<p>Proposed changes will be made.</p>

Proposal	Feedback	Response	Decision
<p>of “substantially increases” to Condition 5.1.4; addition of new Condition 5.2.2; amendment of condition on which deposits will be returned set out in Condition 5.4; amendment of advance payment provision at Condition 5.5 to trigger where payment terms are not adhered to on “one or more occasion” or where a deposit/guarantee increase request has not been complied with.</p>	<p>AOC members and one respondent said a reasonableness test should be added and the timeframe for notice should be longer, and that up to 3 months of charges is too high.</p> <p>One respondent said only a significant or substantial failure should trigger the requirement to provide a bank guarantee.</p> <p>One respondent said it was not reasonable to be able to use deposits as against debts owing under any other agreement.</p> <p>One respondent said Heathrow should reinstate old Condition 13.8.2(ii) to allow deposits to be returned where Heathrow can satisfy itself of airline financial standing and said a test of reasonableness should also be added.</p>	<p>We do not agree that 3 months charges is too high. The provisions allow for deposit requests “up to” a reasonable estimate of 3 months’ worth of charges. For some carriers, for example (although not limited to) new carriers where financial standing cannot be assured, or for carriers who experience material cash flow issues, 3 months’ worth of charges can be an appropriate amount. For similar reasons, we do not agree that there should be a substantial failure before a deposit or bank guarantee should be required. That would put an unnecessary test in place on the ability to require a form of financial security in exchange for the airport facilities and services used.</p> <p>We have carefully considered all feedback submitted and are of the view that the provision as drafted provides an adequate balance of protection to Heathrow from the impacts of non-payment of charges, alongside a reasonable timeframe and process for deposits to be requested and provided.</p> <p>Regarding return of deposits, we have considered feedback and have added wording stating that Heathrow can make a decision to return a deposit to an airline at our sole discretion.</p>	
<p>Condition 8 (previously Condition 3) Updates to information requirements relating to charging: removal of previous Condition 3.1 as not needed;</p>	<p>AOC members and four respondents queried or made comments wording relating to the way class of travel information provisions worked.</p>	<p>Class of travel is not being taken forwards in response to airline feedback.</p>	<p>Some of the proposed changes will be made. In response to feedback, wording related to the class</p>

Proposal	Feedback	Response	Decision
<p>addition of Conditions to support 'Class of Travel' charging; removal of previous Condition 3.12 (meaning of Season) as moved to definitions in Condition 2.</p>	<p>AOC members stated that they thought that the information sought may not be compliant with GDPR rules, although they did not provide any detail as to their specific concerns and why the information requested or provision of it was in issue. They also said this condition should refer to data protection legislation.</p>	<p>We have previously responded to this concern and our view remains the same. The provision of contact information for an Airline is necessary for the safe and efficient operation of the Airport, and we do not agree that UK GDPR would prevent the provision this information, and in any event, there is a general provision regarding Data Protection Legislation set out at Condition 20. We expect these to continue to be provided and updated as necessary. We have previously invited any airline or airline representative who had any concerns over this to contact us directly to discuss and this offer remains open.</p>	<p>of travel proposal will not be included.</p>
<p>Condition 9 (previously Condition 6) New Condition 9.1 requiring new airlines to carry out operational integration testing; new conditions 9.2.4, 9.2.6 and 9.2.8 regarding compliance with fuel plans, the airport operations plan and ORC Protocol and associated dispute resolution procedure; change to reference to ACL's online coordination system to remove specific reference to score system and replace with reference to OCS; addition to end of Condition 9.5 to reference capacity reduction and Local Rule procedures;</p>	<p>AOC members, IATA and four respondents said they did not agree to the inclusion of the reference to ORC protocol as it was not agreed by airlines, so they did not believe it was appropriate for it to be incorporated. One respondent said the reason it was not appropriate to include in COU was because it was not the case for non-airlines.</p> <p>AOC members said Heathrow should not seek to control Airline use of OCS and that it is for ACL to manage slots and requirements for airline updates.</p>	<p>Regarding the inclusion of the reference to compliance with the ORC Protocol and dispute resolution procedure, the CAA has required Heathrow to make this binding on airlines, as set out in CAP 2591 at paragraph 39. In this section, the CAA specifically noted that the COU may be used for the purpose of making the dispute resolution procedure binding on airlines and recognised that different approaches could be used for different groups of users. A different approach is needed for non-airlines (as they are not party to the COU), as was noted in the consultation meeting.</p> <p>We have not proposed any material changes to the provision relating to updating OCS for 2025. It is operationally important that the ACL system is updated in a timely manner with accurate information and as such we are of the view this condition continues to function appropriately.</p> <p>In response to feedback, we have amended the wording in Condition 9.2.</p>	<p>Proposed changes will be made, with amendments in response to feedback.</p>

Proposal	Feedback	Response	Decision
addition to Condition 9.7 of reference to fuel supply contingency plans; addition to 9.9.1 to refer to passenger use of airport.	One respondent said the wording in Condition 9.2 needed adjusting to refer to the defined term (Local Rules).		
Condition 10 (previously Conditions 2.2 and 13.4) Move of conditions relating to ad-hoc operations and payment into standalone Condition.	N/A	N/A	Proposed changes will be made.
Condition 12 (previously Condition 11) Addition to condition 12.1 to reference OSI 060 and the UK AIP where information on noise infringement charges can be found; new condition 12.4 regarding wake vortex and ice fall schemes.	N/A	N/A	Proposed changes will be made.
Condition 14 (previously Condition 17) Addition of reference to compliance with operational notices in Condition 14.1	N/A	N/A	Proposed changes will be made.
Condition 15 (previously Condition 8) Addition of new condition 15.2 regarding referring third parties to the ID scheme or for	N/A	N/A	Proposed changes will be made.

Proposal	Feedback	Response	Decision
a GOL or AOL and providing information on third-party contract changes.			
<p>Condition 16 (previously Condition 9) Addition of reference at end of condition 16.3 to wheelchairs being delivered up to the relevant Passenger; new Condition 16.4 requiring checks on assistance animals to ensure only valid assistance animals are referred to HARC.</p>	<p>One respondent said that they disagreed with the wording of 16.3 and that they would continue to operate in line with current processes by, where safe to do so, delivering the wheelchair to a designated area for collection by the PRM service operator and said under the PRM Regulation, groundhandling of this equipment was the responsibility of the Airport.</p> <p>One respondent said they had no objections to new condition 16.4.</p>	<p>We welcome all efforts by airlines to work with the PRM service supplier to return wheelchairs to the gate and continue to expect this to take place wherever safe to do so. It is our view that the condition continues to function appropriately.</p>	<p>Proposed changes will be made.</p>
<p>Condition 17 (previously Condition 7) Restructure of condition and minor wording changes to requirements regarding Airport User obligations to ensure their groundhandlers obtain a GOL and comply with its terms.</p>	<p>AOC members and two respondents said it was not reasonable to increase the notice period in respect of change of groundhandlers from 60 to 90 days.</p>	<p>We have not proposed any change to the notice period required for changes to groundhandling service contracts. The applicable period has historically been 90 days, and no change has been proposed to this. The 60-day notice period is applied with reference to AOL holders (who are not groundhandling service providers within the meaning of the Groundhandling Regulations). We are of the view that the existing 90-day period in relation to changes to groundhandling service providers provides an appropriate length of time for the formal processes to be carried out and is reasonable. It is a well-established administrative process which we believe functions appropriately and reasonably. Further information is available in the General Notice on Groundhandling.¹¹</p>	<p>Proposed changes will be made.</p>

¹¹ <https://www.heathrow.com/company/team-heathrow/airside/useful-publications>

Proposal	Feedback	Response	Decision
<p>Condition 18 Addition of clarification wording to conditions 18.1.1, 18.1.2, 18.1.3, 18.1.4, 18.1.5.3, 18.1.6 to give additional information in respect of each item mentioned.</p>	N/A	N/A	Proposed changes will be made.
<p>Condition 19 (previously Condition 4) New conditions 19.5 and 19.6 regarding confidentiality and sharing of information relating to wake vortex and ice strikes, and in relation to verification of SAF evidence.</p>	N/A	N/A	Proposed changes will be made.
<p>Condition 24 (previously Condition 23) Updates to notices and jurisdiction condition regarding legal communications with Heathrow.</p>	N/A	N/A	Proposed changes will be made.
<p>Schedule 1 Updates to Schedule 1 and the information requirements: restructure schedule wording; add requirements to break data down by class of travel; add requirement to share BTIC message; add requirement to</p>	<p>AOC members gave feedback on terms relating to class of travel.</p> <p>One respondent said the requirement to provide a BTM message should be removed.</p>	<p>In line with the decision on the charges tariff and in response to feedback, class of travel terms have not been included in the final 2025 COU (which includes withdrawal of the section relating to LDM and PTM messages). In response to feedback, we have also removed the BTM requirement.</p>	<p>In response to feedback, provision amended and/or changes withdrawn. Structural and general wording</p>

Proposal	Feedback	Response	Decision
share BTM message; new sections regarding LDM and PTM message requirements.			amendments will be made.
Schedule 2 (previously part of Schedule 1) Updates to requirements regarding the Airport Operations Plan including processes relating to TOBTs.	N/A	N/A	Proposed changes will be made.
Schedule 3 (Previously Schedule 2) Updates to Schedule 3 and the notification of aircraft detail requirements, including additional information about availability and source of UID information.	N/A	N/A	Proposed changes will be made.
Schedule 4 (previously Schedule 3) Removal of registered office address for Heathrow	One respondent recommended that the registered address was reinstated here (noting that it was nevertheless publicly available).	Whilst our registered address is a matter of public record, given the feedback received, we will reinstate the address wording.	In response to feedback, proposed change withdrawn.
Schedule 5 (previously Schedule 4) Updates to charges tariff; consequential amendments to Schedule 5 as set out earlier in this decision document.	Feedback set out in decision document above.	General wording changes will be retained. Where necessary, Schedule 5 has been amended to take account of the decision set out above and the final tariff. In response to feedback, items related to the class of travel proposal have been removed.	Changes made as necessary, with changes in response to feedback.
Schedule 6 (previously formed part of Schedule 5) Updates to SAF Incentive terms to address the matters	One respondent provided feedback on adjustments that could be made to the drafting of the SAF incentive scheme terms.	We have considered all feedback provided on the SAF incentive terms and consider that with respect to 'bankability'. With the changes proposed in our consultation proposal we believe they function appropriately and do not require further amendment.	Proposed changes will be made, with changes in

Proposal	Feedback	Response	Decision
<p>covered earlier in this decision document and airline feedback around the scheme mechanics and our experience of running the scheme to date.</p>	<p>In particular, they said provision 1.5.1 did not support the 'bankability' of the incentive credits and that the mechanism in 1.5.2 was a preferred way of addressing any under-recovery.</p> <p>One respondent said the timelines for quarterly application of credits under provisions 1.12 and 1.15 should be clearer and asked for additional clarity on the words "may qualify".</p> <p>One respondent suggested alternative wording for provision 1.13.4.</p>	<p>We have reviewed the wording regarding application of quarterly credits and consider this is appropriately dealt with in paragraph 1.15 where it states that, where quarterly evidence is provided, the credit can be applied quarterly. We have added additional wording referring to the SAF Incentive Guidance where more specific details of the timeframes are set out. It is intended that the credits would be applied soon after the end of the quarter subject to verification of the relevant evidence and compliance with SAF scheme terms.</p> <p>Regarding the words "may qualify", these relate to circumstances in which the scheme credit might no longer apply, for example (although this is not an exhaustive list): where the airline has ceased to operate at Heathrow, where there is non-compliance with the relevant terms, or where the airline has not provided the correct evidence to prove delivery of the SAF claimed.</p> <p>Regarding the procedure for over-deliveries, the allocation process followed would be the same as for the initial allocations, as set out in the SAF Incentive Guidance. We are of the view that the procedure therein is fair and reasonable, and that paragraph 1.13.4 does not require further amendment.</p>	<p>response to feedback.</p>
<p>Old Schedule 6 Remove old Schedule 6 entitled 'industry bodies'</p>	<p>N/A</p>	<p>N/A</p>	<p>Proposed change will be made.</p>
<p>Schedule 8 Addition of operating principles.</p>	<p>One respondent said that the wording "efficient use" is subjective and so should be removed. They noted that until there was community agreement to efficiency measures this should not be in the COU.</p>	<p>We welcome all progress with the airport community to improve operational efficiency and are pleased that the community is amenable to a discussion about operational principles. We have considered airline feedback on the specific wording of this schedule and made amendments as a result to remove paragraph 1 and amend paragraph 3.</p>	<p>Proposed change will be made, with amendments in response to feedback.</p>

Proposal	Feedback	Response	Decision
	<p>One respondent said they did not object to the CUSS and SSBD provision.</p> <p>One respondent objected to the new proposed wording regarding fail to tips.</p>		
<p>Schedule 9 (previously Schedule 7) Minor updates to the Airline Passenger Welfare Protocol.</p>	N/A	N/A	Proposed change will be made.
<p>Previously Schedule 8 Removal of airport plan.</p>	N/A	N/A	Proposed change will be made.
OTHER ISSUES RAISED IN CONSULTATION			
<p>Condition 1 (previously Condition 1.1) – applicability and nature of COU.</p>	<p>Four respondents, AOC members and IATA made comments regarding this provision and the nature of the COU.</p> <p>AOC members stated that their members intend to operate at Heathrow as of 1 January 2025 without this being taken as their acceptance of the COU.</p>	<p>No substantive change has been proposed to this condition for 2025. Heathrow only offers the use of its Facilities and Services at Heathrow Airport to all airlines equally, on the same terms and conditions. An airline communicates unconditional acceptance of those terms and conditions by choosing to use the Airport. It would be entirely unworkable to negotiate a bilateral contract with each airline wanting to operate at Heathrow. We disagree with the assertions made by respondents regarding the status of the COU. We do not and cannot consent to any airline operating at Heathrow on terms different from those set out in our COU. It is not possible for any airline to exclude itself from the application of the COU by written notification and it is our view that the condition continues to function appropriately.</p>	<p>No change to this condition.</p>

Proposal	Feedback	Response	Decision
<p>Conditions 3 and 8 (previously Conditions 2 and 3) – information requirements.</p>	<p>One respondent said the definition of noise certificate needed to be better defined.</p>	<p>Regarding noise certificates, we have previously responded to this feedback in our 2021/22, 2022/23 and 2023/24 consultations. We have defined Certification Noise Levels in the COU as the noise levels set out on the certification documentation issued in accordance with ICAO Annex 16, Vol.1, Attachment G “Guidelines for the Administration of Noise Certification Document”. This ICAO standard process allows the national aviation authority to issue the relevant documentation. For clarity, where multiple certificates are held for the same aircraft registration, we only accept the certificate setting out the MTOW and we may conduct checks on this where necessary to verify the MTOW provided is correct. We can provide airlines with further guidance on this matter if required.</p>	<p>No change to these conditions.</p>
<p>Condition 9.1 (previously Condition 6.1) – compliance requirements when using the Airport.</p>	<p>One respondent said it was not appropriate for airlines to be required to comply with unknown obligations.</p>	<p>The condition contains a list of compliance obligations for airlines using Heathrow which includes items such as applicable legislation, the Aerodrome Manual, obligations in Heathrow Notices and security directions from DfT, amongst other items. We are of the view it is a clear list of obligations and does not require compliance with anything unknown. This compliance condition covers a wide range of scenarios, not all of which will be for Heathrow to either consult with or notify airlines of (for example, UK legislative changes or DfT directions). Where it is appropriate and in line with applicable governance procedures and/or CAA Licence conditions, relevant matters are already (and will continue to be) consulted on and/or notified to airlines, as appropriate.</p>	<p>No change to this condition.</p>
<p>Conditions 9.2.10, 9.2.11, 9.2.14 (previously Condition 6.1) – compliance with conditions, instructions orders, directions, Local Rules and guidelines.</p>	<p>One respondent said that this condition at 9.2.10 and 9.2.11 is too broad and should be narrowed. They also said that it was not clear what is referenced under condition 9.2.14.</p>	<p>No change has been proposed to these conditions for 2025 and they have previously been consulted on. It is appropriate that users of the airport are required to comply with the matters covered by those provisions. We are of the view these conditions continue to function appropriately.</p>	<p>No change to these conditions.</p>

Proposal	Feedback	Response	Decision
<p>Condition 9.3 (previously Condition 6.2) – compliance with Airline Passenger Welfare Protocol.</p>	<p>One respondent said this should be subject to a reasonable endeavours obligation, not best endeavours.</p>	<p>The Airline Welfare Protocol has been previously consulted on, and it is our view that the condition continues to function appropriately. In 2014, the CAA included an obligation in Heathrow’s Licence to <i>“develop rules of conduct for airlines...to follow particularly during disruption... The rules of conduct shall be set out in the... Conditions of Use”</i> and Heathrow <i>“shall use all reasonable endeavours to ensure that airlines... comply with the rules of conduct...”</i>. This wording has been included in the H7 Licence set by the CAA, in Conditions D2.13 and D2.14. As such, there must be an obligation for Airlines to comply with the protocol, and it could either be a strict obligation to comply, or a best endeavours obligation and as such we are of the view it is appropriate to retain a best endeavours obligation here.</p>	<p>No change to this condition.</p>
<p>Condition 9.6 (previously Condition 6.3.1) – cooperation with Heathrow.</p>	<p>One respondent said that this should be amended.</p>	<p>No material change has been proposed to this condition for 2025 and it has previously been consulted on. We are of the view that it continues to function appropriately.</p>	<p>No change to this condition.</p>
<p>Condition 9.8 (previously Condition 6.3.4) – operational requirements regarding slots, capacity, NOTAMs and capacity reductions.</p>	<p>AOC members and two respondents said they did not agree with the wording in this condition, in particular because ACL have not provided a firm commitment to provide alleviation on 80/20 where a capacity reduction NOTAM has been issued. One respondent said that they understood the aspiration to provide financial incentive to comply with capacity reduction measures, but that until airlines can be assured of alleviation, airlines would not</p>	<p>No substantive change has been proposed to this condition for 2025 and it has previously been consulted on. We welcome feedback from airlines that recognise that capacity reduction procedures are at times necessary to protect the airport operation and consumer welfare, and that there is merit in providing a commercial incentive for airlines to comply. As is understood by the community, Heathrow cannot guarantee slot alleviation as this is for ACL to determine. ACL have previously said that alleviation is an “after the event” remedy and that it will not guarantee alleviation in advance. Whilst we acknowledge the current status with regards to alleviation and application of the 80/20 rule, it remains our view that the condition continues to function appropriately. We will continue to work with airlines and ACL to try and ensure that alleviation is granted where appropriate and invite airlines and their representatives to contact us should they wish to discuss this matter in further detail.</p>	<p>No change to this condition.</p>

Proposal	Feedback	Response	Decision
	jeopardise slot holdings and so the commercial incentive would not work.		
Condition 17.1.14 (previously Condition 7.8) - Time Sensitive Passengers.	AOC members and one respondent said that they felt that this term was too broad as it did not contain specifics required for airlines to understand the scope of what is intended and that some airlines do not have systems in place to do this or of knowing which passengers might be time-sensitive in advance of their departure from the origin airport.	<p>As for the 2019/20, 2020/21, 2021/22 and 2022/23 and 2023/2024 consultations, we have not proposed any substantive changes to this provision and it has been previously consulted on, and it is our view that the condition continues to function appropriately.</p> <p>We do not wish to be prescriptive to airlines on what or how policies and procedures are implemented to facilitate the prioritisation of time-sensitive transfer passenger baggage and so do not propose to change this provision.</p>	No change to this condition.
Condition 11 (previously Condition 10) – Border Security.	<p>AOC members said they did not understand the wording as it requires airlines to comply with UK law, which they already do. They also queried the reasoning and justification for these provisions.</p> <p>One respondent said that any verification of compliance should be undertaken at Heathrow's cost.</p>	No change has been proposed to this condition for 2025, and it has previously been consulted on. As we have previously confirmed, the wording directly reflects the legislative requirements and does not place any additional burden on airlines. It has been included to remind those less familiar with the UK legislative position of their obligations and is entirely appropriate. Heathrow's right to audit airlines which fail to comply with border security is appropriate and proportionate, it is essential that border security is fully complied with, and we will continue to work with airlines to ensure this happens.	No change to this condition.
Condition 12 (previously Condition 11) - provision regarding single engine taxiing.	AOC members said that their members would have to factor this into their daily operational requirements.	We continue to welcome all efforts by airlines to work with Heathrow to improve community performance on ground-based emissions and fuel burn.	No change to this condition.

Proposal	Feedback	Response	Decision
<p>Condition 14.2.2 (previously 17.2.2) – moving aircraft indemnity.</p>	<p>One respondent said the scope of the indemnity should be amended.</p>	<p>We have considered feedback on this condition and note it has previously been consulted on. We are of the view it continues to function appropriately. This condition would be applicable in the remote circumstance that an airline had declined to move an aircraft after an instruction to do so and being given a period of time for compliance, and as such the airline should be fully responsible for any consequences of their failure to do so.</p>	<p>No change to this condition.</p>
<p>Condition 21 (previously Condition 19) – liability and insurance.</p>	<p>AOC members and four respondents commented on this provision and said they would like to see changes applied. They specifically mentioned baggage service failures, and that there should be provisions for compensation.</p>	<p>Heathrow has not proposed any substantive changes to this provision, it has been previously consulted on with the Airline community, and it is our view that the condition continues to function appropriately.</p> <p>Service incidents are addressed through the MTI regime in the Licence. Where matters are within Heathrow’s control, and fall below a specified target, rebates are paid to airlines. Further information on the MTI scheme is provided above. In respect of baggage incidents, as airlines are aware this is an Other Regulated Charge, where airlines are significantly involved in the governance around investment in the service. Airlines have previously been unsupportive of commercial pricing for baggage (as compared to cost recovery) which would include a risk premium, and as such a compensation mechanism would be inappropriate and unjustified.</p>	<p>No change to this condition.</p>
<p>Condition 23.1 (previously Condition 22.1) – invoice disputes.</p>	<p>AOC members and one respondent said that disputes being registered within 24 days was too short and wanted it to be changed back to a 30-day timeframe.</p> <p>One respondent said 10 days was too short to submit a dispute,</p>	<p>We have not proposed any substantive change to this provision for 2025, and the condition has previously been consulted on. We responded to this feedback in our 2020/21 consultation response as well as in 2023/24. The previous term gave 30 days from the “matter arising” to raise a dispute, which in practice could mean 30 days from the date of issue of an invoice. The new term is 10 days after invoice due date, which is itself 14 days after the issue date, giving a total of 24 days to raise a dispute which is a reasonable</p>	<p>No change to this condition.</p>

Proposal	Feedback	Response	Decision
	and it should be reverted to the previous 30 days.	period of time to allow for an issue to be notified. We consider that this condition continues to function appropriately.	
Schedule 5 (previously Schedule 4) – charges tariff.	<p>AOC members and one respondent queried the historical removal of Condition 6.1 from old Schedule 4 (now Schedule 5) regarding RPT flights.</p> <p>One respondent queried the removal of Schedule 4, condition 6.1 regarding RPT flights.</p>	Regarding RPT, this change took place in 2024, it has previously been consulted on and we have not proposed any further changes to it in 2025. Our response from the 2023/24 consultation remains applicable: we have removed the specific reference to RPT flights to simplify the provision, there is already a catch all for waiving of charges at the discretion of the Aviation Director.	No change required.
Schedule 7 (previously Schedule 8) – Airline Welfare Protocol.	AOC members and one respondent queried why the airline welfare protocol is referred to as a “Rule of Conduct”.	Heathrow responded to this query during the 2019/20, 2020/21, 2021/22, 2022/23 and 2023/24 consultations in the following terms, which continue to be accurate: The Airline Welfare Protocol has been previously consulted on, and it is our view that the condition continues to function appropriately. In respect of the use of the wording “Rule of Conduct”, this wording was introduced in 2014 following the CAA including an obligation in Heathrow’s licence to <i>“develop rules of conduct for airlines...to follow particularly during disruption... The rules of conduct shall be set out in the... Conditions of Use”</i> . This wording has been included in the H7 Licence set by the CAA, in Conditions D2.13 and D2.14.	No change to this condition.
FURTHER CHANGES			
General updates to formatting, numbering, grammar, readability or to correct minor errors.	N/A	N/A	Corrections made as necessary.

Addendum 1: Terminal Drop Off Charge (TDOC) reprice

Since the introduction of TDOC in 2021, we have seen a significant shift in how passengers get to and from Heathrow. Public transport mode share now accounts for 45% of all departing passengers compared to 41% pre-Covid. The introduction of the Elizabeth Line in 2022 accounts for most of shift towards public transport, for which Heathrow receives only marginal revenue through the Rail Delivery Group onward travel mechanism. Forecourt usage continues to decline as a mode share with the 12-month moving average dropping from 49% at the start of 2019 to 46% of all departing passengers in July 2024. This equates to approximately 1.7m fewer visits (or 2.5m passengers) on the forecourt each year. The other private car mode shares (car parking and car rental) have remained relatively flat at approximately 9%-10% during this period and is aligned with the H7 forecasts.

In line with Condition F1.1(b) of the Licence, alongside the 2025 airport charges consultation, Heathrow issued a consultation proposal setting out a proposed increase in the TDOC price (noting that we have consulted with other Relevant Parties on our proposed changes to the TDOC via other fora). The Licence stipulates that Relevant Parties (including airlines) need to be consulted for a minimum of 28 days on any proposed change of the charge beyond 10% of the baseline level.

Heathrow proposed a £1 / 20% increase in the TDOC price effective from 1 January 2025. Noting that this is a commercial decision, the proposal aims to further encourage the adoption of public transport to access the airport, as the TDOC, along with investment into public transport connectivity, is pivotal in delivering the surface access net zero ambitions.

Feedback

Airline views on repricing the TDOC were that:

- it is a Heathrow commercial decision;
- Heathrow should set out the criteria and assessment it will use for future TDOC pricing decisions;
- the TDOC was introduced as incentive to reduce forecourt usage; and
- all surface access revenues should be dealt with in the upcoming CAA review of TDOC.

Decision

Heathrow will implement the proposed change. Any future changes proposed to TDOC pricing will be consulted on (as this has been) in line with Condition F1.1 of the Licence (as applicable or amended from time to time).

END