

From: [Madejski Miłosz](#)
To: [economicregulation](#)
Cc: [Ślawecki Marcin](#); [Petrykowski Michał](#); [Lofts Robert](#); [Łaszczyk Michał](#)
Subject: [External] FW: interim price cap HAL - position of LOT
Date: 17 December 2021 22:59:38
Attachments: [image001.png](#)
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[image006.png](#)

Dear Mr Paul Smith,

First we would like to thank you for providing us with an opportunity to share our views on currently going CAA consultation on Initial Proposal for the next regulatory price control period at London Heathrow Airport. However we are very disappointed by the CAA's current proposal for the price cap range which will allow massive and unreasonable increase in London Heathrow's charges between 25% up to 75%. This is similar with regards to maintaining the interim price cap proposal on the level of 29.50 GBP which translates into 50% increase in charges. This is something what neither airlines or passengers can afford.

Our main arguments stays the same as in our response to the interim price cap which you can find below. The CAA should put more attention into an independent advisor's analysis while estimating Opex and Commercial Revenues than agreeing to the HAL's analysis. Still, traffic forecast is underestimated and we repeat that the CAA should review it. We fully support the Star Alliance and LACC/AOC responses. Therefore please read as this is as well a view of the LOT Polish Airlines.

We strongly urge the CAA to review the Initial Proposal for H7 and settle the price cap on the current level.

Kind regards,

*Pozdrawiam,
Kind regards,*

Miłosz Madejski

Ekspert ds. Operacji i Opłat Portowych / Airport Operations & Charges Expert
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Polskie Linie Lotnicze LOT S.A. z siedzibą w Warszawie, przy ul. Komitetu Obrony Robotników 43, 02-146 Warszawa, zarejestrowane w Rejestrze Przedsiębiorców prowadzonym przez Sąd Rejonowy dla m.st. Warszawy, XIV Wydział Gospodarczy KRS pod nr KRS 0000056844, o nr NIP 522-000-23-34 i kapitale zakładowym 203.214.923,28 PLN (opłaconym w całości).

LOT Polish Airlines joint stock company with its head office at 43, Komitetu Obrony Robotników Street, 02-146 Warsaw, registered in the Register of Entrepreneurs kept by the District Court for the City of Warsaw XIV-th Commercial Division of the Domestic Court Register under the no. KRS 0000056844. Tax Identification Number NIP 522-000-23-34, and equity capital of PLN 203.214.923,28 (paid up in full).

Zanim wydrukujesz, pomyśl o środowisku. / Think about the environment before printing.

From: Madejski Miłosz

Sent: Wednesday, November 17, 2021 11:59 PM

To: economicregulation@caa.co.uk

Cc: Sławewski Marcin <m.slawecki@lot.pl>; Petrykowski Michał <M.Petrykowski@lot.pl>; Lofts Robert <R.Lofts@lot.pl>; Laszczyk Michał <M.Laszczyk@lot.pl>

Subject: interim price cap HAL - position of LOT

Dear Sirs,

Taking advantage of the opportunity to present our position on the interim price cap consultations for London Heathrow Airport currently conducted by CAA, we would like to strongly disagree to the proposed cap on the level of GBP 29.50 as being not sufficiently and reasonably justified and being simply too expensive to afford by passengers. However, we urge CAA to roll over the existing level of charges and settle the cap at the GBP 19.39 level.

There are two main arguments supporting this position. First, in our opinion CAA has not sufficiently considered detailed analysis carried out by the CAA's own advisors on Opex and Commercial Revenues and putted in favour analysis of HAL's RBP. This is obvious that HAL aims to overestimate its operating expenditures and to underestimate commercial revenues. Therefore it is really difficult for us to understand such an approach of discrediting an independent advisor. In fact, analysis of the CEPA/TA justify the price at the level of GBP 10 lower on average. We strongly urge CAA to review these analysis and to adjust Opex and Commercial Revenues.

Furthermore such a high price cap proposal which is in fact a 50% increase results from underestimated and outdated forecasts made in April 2021. Since that many travel restrictions, including the most important for HAL to the United States, were lifted. Therefore it is clear that it will boost HAL's revenues and should lower a price cap. In addition, from our perspective we do plan to serve 182.319 pax to LHR next year which will represent approximately 75% of our 2019 traffic. We kindly ask you to review your forecasts.

Finally, while it is correct that HAL initial proposal on price cap was significantly higher than the actual proposal of CAA, however it is not a justification to settle it still on extremely high level. This needs to be justified in a proper and independent financial and traffic forecasts and we believe that was not a case while proposing price cap on a mid-level of GBP 29.50. At the end we would like to remind you that LHR is already the most expensive airport in Europe, being nearly 50% more expensive than the 2nd one, and one of the most expensive in the world. Such an 50 % increase will definitely lower the current position of LHR which has in the market as there is a limit of prices which passenger can't afford.

Miłosz Madejski
Airport Charges Expert

Robert Lofts
LHR Station Manager
AOC Chairman

*Pozdrawiam,
Kind regards,*

Miłosz Madejski
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