

LOCAL RULE 3

ADMINISTRATION OF THE HEATHROW AIR TRANSPORT MOVEMENT CAP

1. POLICY

In accordance with Terminal 5 Planning Condition A4, the number of air transport movements at Heathrow Airport shall be limited to 480,000 each year.

2. DEFINITIONS

In this document the following words shall have the following meanings:

ACL:	Airport Coordination Ltd, the Coordinator of Heathrow Airport
Ad Hoc:	a slot that does not form part of a series of slots as defined in Article 2(k) of the Slot Regulation
ATM:	an Air Transport Movement as described in Annex 1
HAL:	Heathrow Airport Ltd, the managing body of Heathrow Airport
Slot Regulation:	Council Regulation (EEC) No 95/93 as amended by Regulation (EC) No 793/2004, and its successors
Year:	a 365 day period between 1 April and 31 March inclusive, excluding 29 February in the case of a Leap Year

3. SCHEDULING LIMITS

- 3.1 In accordance with Article 6 of the Slot Regulation, HAL is responsible for declaring limits on the number of ATMs that may be scheduled at the airport. ACL is responsible for allocating slots to ATM services within these limits.
- 3.2 The **Planning Limit** is the maximum number of weekly slots available for allocation to ATM services. The Planning Limit is declared in advance of the initial coordination of each season and is regularly reviewed. It is set at a level to permit full use of the available ATMs and includes an 'overbooking factor' to take account of variations in traffic during the season and expected levels of actual slot utilisation.
- 3.3 The **Operational Budget** is an apportionment of actual ATM use during the Year (eg, on a weekly or monthly basis) equivalent to the 480,000 annual level. It is regularly reviewed and adjusted based on the outturn number of ATMs in the Year to date.

4. ALLOCATION PROCESS

- 4.1 Slots are allocated in accordance with the Slot Regulation. Slots allocated to ATM services as part of a series are subject to availability within the seasonal Planning Limit. Ad Hoc slots are allocated to ATM services within the Operational Budget.

5. OVERRUN PROVISION

If more than 480,000 ATMs operate at the airport in any Year, the number of ATMs permitted in the following Year shall be reduced by twice the amount of the overrun and the relevant Planning Limits and Operational Budgets shall be reduced accordingly.

If an overrun is anticipated, the Coordination Committee shall hold Extraordinary General Meeting to agree appropriate measures to avert the overrun.

ANNEX 1 THE ATM CONDITION

Terminal 5 Planning Condition A4 states:

1. *Subject to para 2 below, from the date that the Core Terminal Building opens for public use, there shall be at Heathrow Airport, a limit on the number of occasions on which aircraft may take-off or land at Heathrow Airport of 480,000 during any period of one year.*
2. *This limit shall not apply to aircraft taking-off or landing at the airport in any of the following circumstances or cases, namely:*
 - (a) *the aircraft is not carrying, for hire or reward, any passengers or cargo;*
 - (b) *the aircraft is engaged on non-scheduled air transport services where the passenger seating capacity of the aircraft does not exceed ten;*
 - (c) *the aircraft is required to land at the airport because of an emergency or any other circumstances beyond the control of the operator and commander of the aircraft;*
 - (d) *the aircraft is engaged on the Queen's flight, or on a flight operated primarily for the purposes of the transport of Government Ministers or visiting Heads of State or dignitaries from abroad.*
3. *For the purposes of para 2(a) an aircraft is not taken as carrying, for hire or reward, any passengers or cargo by reason only that it is carrying employees of the operator of the aircraft or of an associated company of the operator. And for the purposes of para 2(b) an aircraft is engaged on non-scheduled air transport services if the flight on which it is engaged is not part of a series of journeys between the same two places amounting to a systematic service.*
4. *For the purposes of para 2, a company shall be treated as an associated company of the operator of the aircraft if either that company or the operator of the aircraft is a body corporate of which the other is a subsidiary or if both of them are subsidiaries of one and the same body corporate.*

The table below gives a guide to the classification of Air Transport Movements for the purposes of the Condition, and the corresponding use of IATA service types:

DESCRIPTION	ATM	SERVICE TYPE
Passenger or Combi	Yes	C, G, J, L, Q, S
Freight or Mail	Yes	A, F, H, M
Air Taxi – more than 10 seats with passengers	Yes	N
Government Charter – not VIP or Military	Yes	E
Transit stop	Yes	O
Technical stop	Yes	X
VIP / Diplomatic	No	I
Emergencies / diversions, including the subsequent departure	No	R
Air Ambulance	No	U
Military	No	W
General Aviation	No	D
Air Taxi – empty or maximum 10 seats with passengers	No	D
Positioning	No	P
Training	No	K
Air Test	No	T

THE HEATHROW ATM CAP FAQs

These FAQs are for general guidance only and do not form part of Local Rule 3

When does the ATM Cap take effect?

The planning condition applies from the opening of Terminal 5 in March 2008. The first Year of the ATM Condition is 1 April 2008 to 31 March 2009.

Is there scope to increase or remove the cap?

The ATM Cap is a condition on the planning approval for Terminal 5. To change or remove the cap would require a planning application. There are currently no plans to make such an application.

Are there restrictions on the number of non-ATM movements?

No, other aircraft movements are limited only by the availability of slots.

Is it possible to carry-forward unused ATMs and borrow from the next season or year?

The ATM cap is applied over a year from 1 April to 31 March, so unused ATMs in a summer season can be carried forward to the next winter and any overuse in a summer can be deducted from the next winter.

However, any unused ATMs on 31 March cannot be carried forward into the next year, and an overrun at year-end results in a reduction in the next year's limit equal to twice the overrun.

What is done to prevent an overrun?

If an overrun is anticipated, the Operational Budget will be exhausted so additional ad hoc ATM services will not be allocated slots until the airport is back on budget. If the airport remains at risk of an overrun, airlines will be asked to assist by cancelling ATM services on a voluntary basis. The coordinator will take account of these circumstances when applying the use-it-or-lose-it rule.

What happens if an overrun actually occurs?

The next year's ATM cap is reduced by twice the amount of the overrun, so the Planning Limits and Operational Budgets are reduced accordingly. Any slots that fail to meet the use-it-or-lose-it rule, are returned to the pool voluntarily, or otherwise become available will not be reallocated except within these reduced limits. Airlines' historic rights will be honoured, however.

Why does the Planning Limit include an overbooking factor?

The overbooking factor takes account of the variation in traffic during the season (eg, between the peak summer week and the shoulder seasons) and the net effect of ad hoc cancellations. Typically the overbooking factor is 1.5-2% in a summer season and 3.5-4% in a winter season.

Why is there a Planning Limit and an Operational Budget?

The Planning Limit is designed to manage the seasonal scheduling process, ie, the number of regularly scheduled services eligible for historic rights. Since the Planning Limit includes an overbooking factor, the Operational Budget is needed to manage the short-term 'recycling' of ad hoc cancellations to keep within the 480,000 annual ATM limit.

What if there are more ad hoc cancellations than expected?

If the cancellation rate is higher than expected, eg, due bad weather, strikes, etc, ATMs may become available against the Operational Budget but not the Planning Limit. In this case, slots may be re-allocated on a non-historic basis.

Can an airline convert a number of ad hoc cancellations, say over Christmas, into a new series of slots eligible for historic rights?

No, the ad hoc cancellation rate is already included in the overbooking factor applied to the Planning Limit. For example, after cancelling Christmas day from a 22-week winter series of slots, the airline is still eligible for a full 22-week series the next winter (subject to the 80% use-it-or-lose-it rule), so an ad hoc cancellation does not create availability for a new series of slots.

Can an airline convert shoulder season cancellations into a new series of slots eligible for historic rights?

No, the variation in traffic levels during a season is already included in the overbooking factor applied to the weekly Planning Limit.

What if a carrier chooses to make fewer cancellations than the previous year?

Some year-on-year variability in cancellation rates by individual operators is expected, and will tend to average out across the airport. However, significant changes in policy by major operators, such as their approach to flying over the Christmas or August holiday periods, should be notified to HAL and ACL as early as possible so that they can be considered when the Planning Limit is set.

Can an airline change a non-ATM slot into an ATM slot, eg, from a positioning flight to a passenger service?

Not necessarily. If it is a series of slots then the change is subject to availability within the Planning Limit; if it is an ad hoc slot then it is subject to availability within the Operational Budget.