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London Luton Airport Expansion

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8.86 Applicant's response to Issue Specific Hearing 1

Actions 20, 21, 24 and 26 and Issue Specific Hearing 3

**Action 28: Green Controlled Growth - Transition Period and
Slot Allocation Process**

Infrastructure Planning (Examination Procedure) Rules 2010

Application Document Ref: TR020001/APP/8.86

The Planning Act 2008

The Infrastructure Planning (Examination Procedure) Rules 2010

**London Luton Airport Expansion Development Consent
Order 202x**

**8.86 Applicant's Response to Issue Specific Hearing 1 Actions 20,
21, 24 and 26 and Issue Specific Hearing 3 Action 28: Green
Controlled Growth – Transition Period and Slot Allocation Process**

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1 PURPOSE OF THIS PAPER

- 1.1.1 Green Controlled Growth (GCG) is a binding framework for managing the growth of the Proposed Development within definitive environmental limits. The key elements of GCG are:
- a. limits on environmental effects in four key areas;
 - b. a series of processes to be followed as environmental effects reach Thresholds defined below these Limits;
 - c. ongoing monitoring of the actual environmental effects of expansion and operations at the airport in four key areas;
 - d. independent oversight of environmental effects associated with the operation of the airport; and
 - e. an explicit commitment to link environmental performance to growth at the airport.
- 1.1.2 GCG is secured by Requirements in the **Draft Development Consent Order (DCO) [REP3-003]** and the **Green Controlled Growth Framework [REP3-017]**. A **Green Controlled Growth Explanatory Note [REP3-015]** has also been submitted to provide a narrative to explain the GCG process, including the reasons why the Applicant has developed this approach, how the proposals have been developed and refined based on feedback from stakeholders, and how GCG is proposed to work.
- 1.1.3 Part of the development of GCG has been ensuring that it can work alongside the existing legislative framework that governs how growth occurs at the airport through the 'slot allocation' process. Section 1.8 of the **Green Controlled Growth Explanatory Note [REP3-015]** provides a high-level explanation of this process and Section 2.6 of the same document sets out how the slot allocation process could be used to help manage and mitigate environmental impacts to support GCG.
- 1.1.4 It is proposed that at the heart of GCG there will be a new oversight body established through the **draft Development Consent Order [REP3-003]**, the Environmental Scrutiny Group (ESG). The functioning and powers of the ESG are set out in draft Terms of Reference included as **Appendix A to the Green Controlled Growth Framework [REP3-019]**. Further detail on the ESG and its supporting Technical Panels is included in Section 2.4 of the **Green Controlled Growth Explanatory Note [REP3-015]**.
- 1.1.5 It should also be acknowledged that the GCG Framework is unique for major infrastructure projects and will require the airport operator to undertake a number of actions and processes that are not yet established. On this basis, a Transition Period of between one and two years (depending on when notice is served to implement the DCO) has been proposed. More information on the Transition Period is included at Paragraphs 2.2.44 to 2.2.49 of the **Green Controlled Growth Explanatory Note [REP3-015]**. Section 4 of this note sets out potential changes to the Transition Period that the Applicant is considering making at Deadline 5, including the removal of the Transition Period for Aircraft Noise.

1.1.6 During Issue Specific Hearings (ISHs) held between 26 and 29 September 2023, and in the subsequent **Rule 17 Letter [PD-009]** dated 3 October 2023, the Examining Authority (ExA) raised a number of questions in relation to the slot allocation process, the proposed Transition Period and the process by which the ESG is established. These are listed below, using the numbering in the Rule 17 letter. In some instances, there is overlap between questions in the Rule 17 letter and action points arising from ISHs, and where this is the case these have been answered together.

1. The ExA wishes to understand whether the slot allocation process places any constraint on the rate at which the airport could expand if development consent was authorised i.e., whether the existing slot allocations place any constraint on the number of passengers for which air transport services can be provided, or on the number of movements for air cargo transport services. This question is answered at Paragraphs 2.3.11 to 2.3.13.
2. Whether there is any bar to operating at 21.5 million passengers per annum (or a higher capacity) at the point of consent e.g., due to physical infrastructure limitations. This question is answered at Paragraphs 2.3.1 to 2.3.2.
3. A general explanation of the slot process, with specific explanation of the decision making process for night time slot allocation and explanation of whether any incentives, such as load factor incentives are applied to airport operations or the allocation of slots. This question is answered at Paragraphs 2.3.8 to 2.3.10.
4. Whether there are any constraints to slot allocation or the maximum number of slots during the transition period (before the formation of the Environmental Scrutiny Group (ESG) oversight body). This question is answered at Paragraph 3.4.4.
5. Practical details of how the Applicant would set up the ESG e.g., how and when the Applicant would set up the process, assuming that it would be initiated by the Applicant. This question is answered at Paragraph 3.4.1.
6. The process steps required to introduce a local rule, including the minimum timelines, procedures, parties and agreements that are required to implement a local rule (including any veto powers). This question is answered at Paragraph 5.4.1.
7. Whether a slot operated correctly within the provisions of the Slot Allocation Regulations can be removed, i.e. whether use of slot allocations is only a future rather than a retrospective control. This question is answered at Paragraph 5.4.2.
8. Whether operators at the airport have grandparent rights under the lower percentage thresholds set out in The Airports Slot Allocation (Alleviation of Usage Requirements) Regulations 2022 and whether there are any implications for operations due to these slots. This question is answered at Paragraph 2.3.14.

ISH1 Action 20: Applicant to confirm answer to the question from the ExA as to what is the maximum number of slots for the current airport could deliver. This question is answered at Paragraphs 2.3.3 to 2.3.7.

ISH1 Action 21: Applicant to set out constraints in the slot allocation process through the transition period. This question is answered at Paragraph 3.4.3.

ISH1 Action 24: Applicant to set out the steps in establishing the ESG. This question is answered at Paragraph 3.4.2.

ISH1 Action 26: Applicant to advise on the timeline and process for implementation of a local rule (under the slots regulations) and then whether it is possible to remove a slot once it has grandparent rights. This question is answered at Paragraph 5.4.3.

ISH3 Action 28: Confirm whether there is any mechanism to remove a slot once it has been allocated, has accrued grandparent rights and is operating in accordance with the slot rules This question is answered at Paragraph 5.4.4.

1.1.7 This paper answers these questions as well as outlining the additional changes the Applicant is considering making to GCG at Deadline 5 to strengthen environmental protections in the early stages of implementation of the Proposed Development. The paper is structured as follows:

- a. **Section 2** provides more detail on the slot allocation process to answer questions 1, 2, 3 and 8 from the **Rule 17 Letter [PD-009]** as well as Action Points 20 and 21 from ISH1;
- b. **Section 3** provides additional detail on the GCG process during the early stages of implementation of the Proposed Development including the implementation of the DCO, the establishment of the ESG and the Transition Period to answer questions 4 and 5 from the **Rule 17 Letter [PD-009]** and Action Point 24 from ISH1;
- c. **Section 4** sets out proposals the Applicant is considering to strengthen GCG during the early stages of the Proposed Development through changes to the Transition Period; and
- d. **Section 5** sets out how the slot allocation process can be used as part of the 'toolbox' of mitigation measures to address environmental impacts, both proactively and reactively, to answer questions 6 and 7 from the **Rule 17 Letter [PD-009]**, Action Point 26 from ISH1 and Action Point 28 from ISH3.

2 CAPACITY DECLARATION AND SLOT ALLOCATION

2.1 Principles of Slot Allocation

- 2.1.1 The slot allocation process is outlined in Section 1.8 of the **GCG Explanatory Note [REP3-015]**. Fundamentally, the process is aimed at ensuring that, where capacity is limited at an airport, it is allocated in a fair and transparent manner with the aim of maximising the efficient use of airport infrastructure to the benefit of consumers. Key objectives include:
- a. facilitating consumer choice;
 - b. continuity of schedules from one season to the next to provide convenient and reliable schedules;
 - c. the allocation of slots in an open, fair, transparent and non-discriminatory manner;
 - d. balance airport access for existing and new airlines;
 - e. provide flexibility for the industry to respond to demand;
 - f. minimise congestion and delays (Ref 1)
- 2.1.2 Whilst the Worldwide Slot Allocation Guidelines (Ref 2) represent global industry practice, they have legal force within the European Union through *Council Regulation 95/93 (as amended) on common rules for the allocation of slots at Community airports*, which have been transposed into UK Law through *The Airports Slot Allocation Regulations 2006* (the Regulations), which remain in force despite the UK's withdrawal from the European Union.
- 2.1.3 Airports can either be 'coordinated', such as London Luton Airport, where it is acknowledged that there are capacity or environmental limitations on the number of slots available or 'schedules facilitated' where levels of activity need to be monitored. Some, typically smaller, airports are not subject to any process of slot allocation.
- 2.1.4 The process of slot allocation requires careful coordination as, where airlines operate between two congested airports, matching slots have to be secured at both ends of a route to enable a service to be scheduled. The process is managed by specialist coordinators, who are required to be independent of airlines and airport operators. In the UK, the designated coordinator is Airport Coordination Ltd.
- 2.1.5 Slot allocation is a seasonal process, with the seasons reflecting the Summer and Winter time periods used for standard clock time. Hence, Summer season typically begins on the last Sunday in March and ends on the last Saturday in October, with the Winter season running from the last Sunday in October to the last Saturday in March. Taking the Summer season 2024 as a template, the timetable for the slot allocation process is set out in Table 2.1 below.

Table 2.1 – Calendar of Slot Coordination Activities for Summer 2024

Activity	Date
Coordinators confirm historic slots to each airline based on whether they have used an allocated series of slots (Ref 3) at least 80% of the time.	11 September 2023
Airlines agree with the allocation of historic slots	28 September 2023
Confirmation of coordination parameters by the airport (having first consulted with the Coordination Committee of airlines for London Luton Airport)	No later than 28 September 2023
Initial submissions from airlines for new or retimed slots	5 October 2023
Initial allocation of slots sent to airlines	No later than 2 November 2023
Slot Conference, at which airlines seek to coordinate their slots across multiple airports by negotiation and exchange with other airlines	14-17 November 2023
Slot return deadline for any slots airlines do not wish to use to allow for reallocation	15 December 2023 (note this would previously have been 15 January 2024)
Historic slots baseline date – the date from which any non-utilisation of slots will be calculated	31 January 2024
Start of Summer season	31 March 2024

2.1.6 The requirement to adhere to this timetable has been built into the GCG processes and timetable.

2.1.7 A key principle of slot allocation is that airlines are entitled to retain slots allocated to them, in order to ensure continuity of schedules, so long as they have used them 80% of the time. This principle is known as historic precedence, colloquially known as ‘grandfather rights’. Although confiscation of these slots is not permitted, the process by which such slots could be taken back from airlines is discussed further below.

2.2 Capacity declaration

2.2.1 The slot allocation process is underpinned by the assessment of the capacity available at an airport. This capacity may be a physical capacity, such as the capacity of the runway or terminal and is normally expressed as an hourly capacity in terms of the number of aircraft movements or passengers (departing or arriving) that can be handled over an hour. There may be sub-limits sometimes for shorter periods of time (e.g. 15 minutes) to prevent bunching of demand or longer periods (e.g. 2 hours) where there is concern that congestion could build up. Another physical limit that can be declared is stand (or apron) capacity, that is the number of aircraft stands available for the parking of aircraft of different sizes.

- 2.2.2 The runway capacity is typically declared having regard to an acceptable (to the airlines) level of delay, as explained at paragraph 7.5.16 of the **Need Case [AS-125]**. Further detail of runway capacity assessment is contained in **Appendix D** of the **Need Case [APP-214]**. The airlines and the air traffic control provider would be unlikely to agree to any increase in declared runway capacity that was likely to result in increased delays given:
- a. the costs to the airlines of delay in terms of lost aircraft utilisation; and
 - b. the risk of severe congestion on the airfield compromising the efficient operation of air traffic control.
- 2.2.3 The capacity of the terminal is typically declared having regard to acceptable levels of service that take into account the space required by passengers and their baggage, seating requirements, the time taken to process passengers and their baggage through check-in, security, immigration and baggage reclaim having regard to acceptable queueing times for passengers. Again, airlines would not be willing to accept an increase in the coordination parameters that reduced the standard of service to passengers below acceptable levels, resulted in safety concerns if areas of the terminal became overcrowded, or resulted in delays that risked placing on-time departures in jeopardy.
- 2.2.4 Stand capacity is a more definitive physical limitation as it determines how many aircraft can be parked at an airport at any one time. This is particularly critical at an airport, such as London Luton Airport, with a high proportion of activity being by based¹ aircraft that need to be parked at the airport overnight.
- 2.2.5 It is also possible to include, within the declaration of capacity, measures designed to protect the environment.
- 2.2.6 In practice, all of these limits are in force at London Luton Airport and the airport's capacity declaration for Summer 2023 is included at Appendix A. Although the responsibility for the declaration of capacity, otherwise known as the coordination parameters, rests with the airport operator in accordance with Article 6 of the Regulations, the coordination parameters must be discussed with the Coordination Committee before being finalised in accordance with the timetable above. The Coordination Committee is comprised of the airlines operating at the airport, the airport operator, the air traffic control provider and representatives of general aviation users of the airport.
- 2.2.7 The coordination parameters currently adopted for London Luton Airport set out the conventional scheduling limits relating to runway, terminal and apron capacity but, significantly, include additional provisions aimed at ensuring that the operation of the airport remains within consented limits. Specifically, these include:
- a. limits on the number of seats on passenger air transport aircraft that can be allocated (PATM seats) for the season to protect the 18 mppa condition;

¹ Based aircraft are those with an operational and crew base at the Airport meaning that they must return to their home base overnight.

- b. limitations on the number of movements in the 6.5 hour night noise control period to comply with the maximum annual number of movements in this period of 9,650;
- c. limitations on the number of movements in the night shoulder period 06:00-06:59 (Ref 4) to comply with the current maximum annual number of movements in this period of 7,000;
- d. limitations on the total Quota Count (QC) budget of aircraft able to be scheduled during the night noise control period;
- e. limitations on the allocation of additional slots during the 92 day night noise period, 23:00-06:59 local time including:
 - i. no ad hoc slots to be allocated, which would apply to business aviation movements and ad hoc positioning flights by commercial aircraft;
 - ii. no additional series of flights to be allocated in the 92 day period;
 - iii. no retiming of flights from daytime into nighttime;
 - iv. limitations on the allocation of or retiming of slots by aircraft of QC value greater than 0.5;
- f. full season limits are also in force:
 - i. no operations at night by aircraft with QC value greater than 1;
 - ii. no operations at all by aircraft with a QC value greater than 2.

2.2.8 These detailed controls demonstrate how the declaration of coordination parameters are currently used to control activity at the airport and adherence to environmental limits, including those relating to noise. As set out in the paper on the **Noise Envelope – Improvements and worked example [REP2-032]**, lessons learnt from historic breaches have been utilised to update the controls within the Noise Envelope to improve upon the current toolkit of coordination parameters that could be applied to ensure adherence to GCG Limits. Following discussion at the Issue Specific Hearings in September 2023, further discussions with the Host Authorities and the decision to approve the P19 application, the Applicant is intending to make further updates to the noise controls secured in the DCO which will be published at Deadline 5.

2.2.9 All of these measures have been put in place to enforce the current (or modified following implementation of the 19 mppa planning consent) conditions. Some of these measures which limit the use of slots have been put in place by way of local rules. The Regulations (Article 8) require that local rules, or guidelines, are required to be proposed by the Coordination Committee and may take into account environmental concerns (Article 5). Under The Airports Slot Allocation Regulations 2006, acceptance of a local rule is delegated from the Member State to the airport operator.

2.2.10 It is notable that measures to limit the environmental impact of the operation are in place within the coordination parameters for London Luton Airport have been agreed through the local rule process, namely:

- a. Local Rule 1 put in place in 2015 to control the number and QC value of slots allocated during the night control period.

- b. Local Rule 3 put in place in 2020 to control the number of slots allocated according to the total number of seats to ensure adherence to the 18 mppa capacity limit.

2.2.11 These examples demonstrate how the local rule process has been used to limit and control activity at an airport as part of the coordination process so long as the parameters are correctly set. In future, these would take into account lessons learned as set out in the paper on the **Noise Envelope – Improvements and worked example [REP2-032]**.

2.3 Response to specific points regarding capacity and the schedule coordination process

Answer R17 Q2 - Whether there is any bar to operating at 21.5 million passengers per annum (or a higher capacity) at the point of a consent eg, due to physical infrastructure limitations

2.3.1 As stated at paragraph 7.5.25 of the **Need Case [AS-125]**, the existing stand provision, on completion of works currently under construction, has capacity for approximately 19 mppa, allowing for the areas of apron leased to the Fixed Base Operators (Ref 5) for business aviation activity This provides a ceiling on the number of based aircraft that can be parked at the airport overnight and so acts as a constraint to growth until additional stands can be provided as part of the Proposed Development.

2.3.2 As seen in the capacity declaration at Appendix A, the current terminal capacity is limited to 3,870 departing passengers per hour, with equivalent limits for arriving passengers. This is below the 4,200 passengers per hour capacity required for 21.5 mppa (**Need Case [APP-125]**, Table 7.3]) and so would act as a further constraint to growth given that more passengers could only be handled if the airlines are willing to accept substantially reduced service standards for passengers, with the associated risk of delays.

Answer ISH1 Action 20 - Applicant to confirm answer to the question from the ExA as to what is the maximum number of slots the current airport could deliver

2.3.3 The number of runway slots currently declared at the airport was 620 each day during summer 2023 and 615 for winter 23/24.

2.3.4 However, as set out above there are multiple constraints on the number of slots that can practically be scheduled at the airport. The total number of slots is ultimately limited by the declared runway capacity. As noted at paragraph 7.5.8 of the **Need Case [AS-125]**, the current declared runway capacity in part reflects the constraints on the number of stands available. In 2019, 42 stands were used to accommodate 18 mppa (**Need Case [AS-125]**, paragraph 7.5.21). The capacity declaration for Summer 2023, appended refers to 45 stands being available to support 19 mppa. Once the Project Curium works are complete there will be 46 stands available and this would allow a marginal increase in declared capacity but not to the full extent of the latent capacity of the runway at 40-42 movements per hour (**Need Case [AS-125]**, paragraph 7.5.11). The **Need Case [AS-125]** identifies, at Table 7.2 that 52 stands are required for commercial aircraft to support 21.5 mppa.

- 2.3.5 When taking into account the patterns of use of the airport, largely dictated by early morning departures of based aircraft operating 2-3 rotations a day (**Need Case [AS-125]**, Figure 6.22), the number of stands and peak hour runway capacity for early morning departures largely acts as a ceiling on the number of slots that are likely to be taken up. With this pattern of operations, common to most UK airports other than Heathrow, with a much more diverse mix of long and short haul operations and its hub function, the proportion of theoretically available slots is always substantially greater than the actual number of slots used.
- 2.3.6 In any event, mechanisms are in place to restrict the number of seats that the airlines are allowed to schedule each season to protect 18 mppa, or once the P19 permission is implemented, 19 mppa capacity. A load factor assumption of 91.5% is applied to these seats to reflect the expected airline load factors (see the appended capacity declaration). This constraint will remain, albeit the appropriate load factor will be reviewed seasonally, in effect until notice is served under article 44 of the DCO.
- 2.3.7 There is some scope for ad hoc business aviation movements in addition to commercial scheduled passenger and cargo operations that require slots to be allocated in advance. However, in terms of the runway, ad hoc slots are only allocated when there is spare capacity and, in any event, space for parking these aircraft will remain limited even with the DCO works implemented (**Need Case [AS-125]**, paragraph 6.5.11).

Answer R17 Q3 - A general explanation of the slot process, with specific explanation of the decision making process for night time slot allocation and explanation of whether any incentives, such as load factor incentives are applied to airport operations or the allocation of slots

- 2.3.8 A general explanation of the slot allocation process is set out earlier in this paper. The process for the allocation of night time slots is the same as that for daytime slots but specific constraints apply, particularly in terms of specific restrictions on the number of aircraft movements and the QCs of aircraft able to operate in the night control period.
- 2.3.9 GCG proposes to expand the coverage of QC budgets as explained in the paper on the **Noise Envelope – Improvements and worked example [REP2-032]**, as a robust way of controlling the amount of noise at the airport in advance, to cover the full 8 hour night period and the 16 hour day time period on exceedance of a Level 1 Threshold.
- 2.3.10 Load factors are not controlled through the slot allocation process, although reasonable assumptions are made about the load factors at peak periods that the airlines are commercially expected to attain. This is used to ensure that passenger capacity is not exceeded.

Answer R17 Q1 - The ExA wishes to understand whether the slot allocation process places any constraint on the rate at which the airport could expand if development consent was authorised ie, whether the existing slot allocations place any constraint on the number of passengers for which air transport services can be provided, or on the number of movements for air cargo transport services

- 2.3.11 As is evident from the current capacity declaration, there are existing constraints on the number of seats that the airlines can schedule to be flown (see paragraph 2.3.6 above) and, allowing for reasonable load factors, this constrains the number of passengers using the airport. The constraint on the number of seats that can be scheduled also, de facto, acts as a limit on the number of flights in the daytime subject to the assumptions about the aircraft types that will be operated.
- 2.3.12 At night, however, there are more specific constraints in place as explained above.
- 2.3.13 In terms of cargo flights, these are subject to the same slot allocation process, including an entitlement to historic precedence for series of flights operated. However, flights are constrained at night under the same movement and QC budget constraints as for passenger flights.

Answer R17 Q8 - Whether operators at the airport have grandparent rights under the lower percentage thresholds set out in The Airports Slot Allocation (Alleviation of Usage Requirements) Regulations 2022 and whether there are any implications for operations due to these slots.

- 2.3.14 Operators at the airport, as with other airports in the UK, have grandfather rights. *The Airports Slot Allocation (Alleviation of Usage Requirements) Regulations 2022* ceased to apply from the start of Summer season 2023 so the normal rules of 80% usage required to secure historic precedence ('grandfather rights') for a series of slots are reinstated². This applies at London Luton Airport as at all other coordinated airports in the UK.

² Although the UK Government has put in place an additional waiver for up to 5% of slots for Summer 2023 and Winter 2023/4

3 IMPLEMENTING THE DCO AND THE GCG TRANSITION PERIOD

3.1 When will Green Controlled Growth apply?

3.1.1 It is proposed that GCG should apply to all growth that occurs at the airport beyond the consented baseline position (i.e. the 18 mppa passenger cap, or the 19 mppa passenger cap when the 19 mppa planning permission is implemented). In line with a number of other DCO requirements, the implementation of GCG is therefore triggered by notice under Article 44(1) of the **draft Development Consent Order [REP3-003]** being served. This must happen prior to passenger throughput exceeding the consented baseline.

3.1.2 When the notice is served, conditions in the existing planning permission will cease to apply and the GCG requirements, along with other requirements relating to operation, will be required to be implemented as per the provisions of the DCO.

3.2 The Transition Period

3.2.1 This section sets out the current proposals for the Transition Period. Changes to the Transition Period that are being considered by the Applicant are set out in Section 4.

3.2.2 As set out in Paragraph 1.1.5, GCG is a process that is unique for both airports and major infrastructure projects more generally and will require the airport operator to implement and undertake a number of actions, processes and monitoring activities that are not yet established. These include:

- a. the establishment of the ESG and Technical Panels (please see Section 3.3);
- b. undertaking new air quality monitoring, with the airport directly monitoring air quality impacts at 15 off-airport locations, each of which will require the installation of new air quality monitoring equipment;
- c. a revised approach to monitoring and reporting of greenhouse gas emissions;
- d. a revised approach to surveying and reporting of staff travel to and from the airport; and
- e. the process of public meetings, reporting monitoring data to a Technical Panel and subsequently in a Monitoring Report to the ESG.

3.2.3 On this basis, the **Green Controlled Growth Explanatory Note [REP3-015]** proposed a Transition Period to apply for the remainder of the calendar year in which notice was served under Article 44(1) of the **draft Development Consent Order [REP3-003]**, and the subsequent full calendar year, to align with the annual cycle of monitoring and reporting required by the **Green Controlled Growth Framework [REP3-017]**.

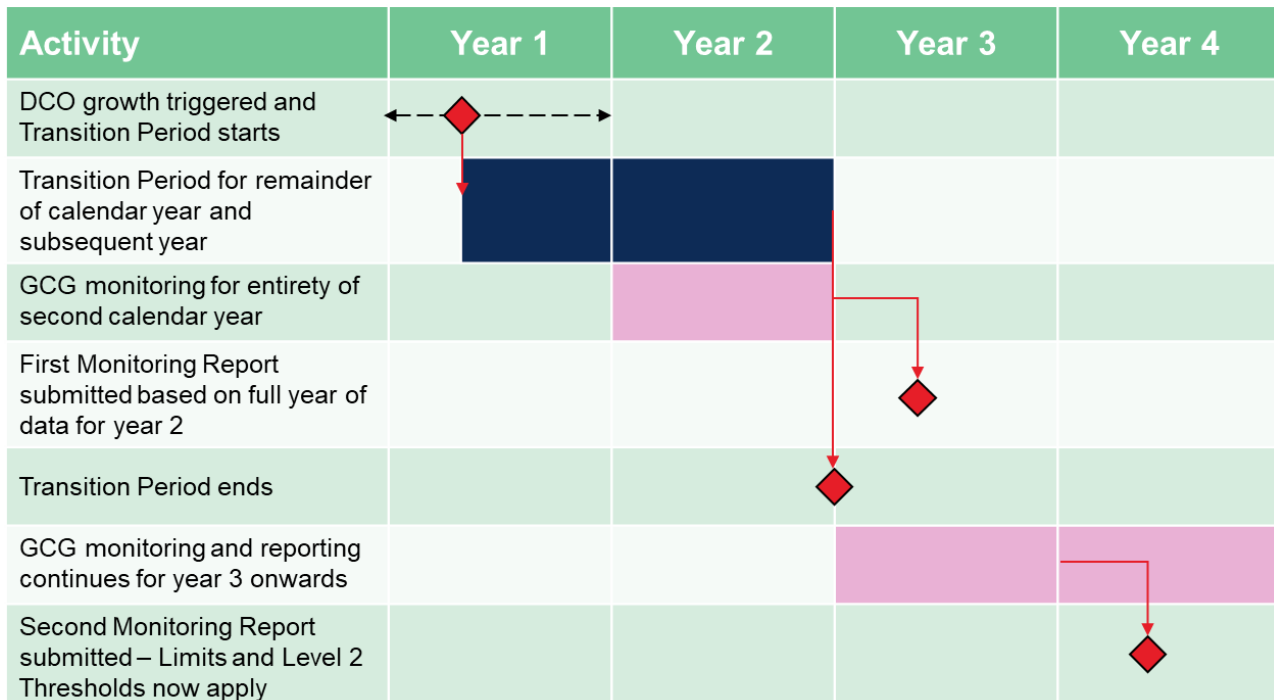
3.2.4 This also reflects a practical constraint with regards to how the GCG process is triggered, which is that with the exception of aircraft noise (which uses a 92-day summer period), GCG will monitor and report impacts over a full calendar year.

This is to align with the forecasts used in the Environmental Statement, for example forecast air quality impacts that are expressed as annual average concentrations. As notice under Article 44(1) will almost certainly be issued part-way through a calendar year, any monitoring and reporting on the basis of this part year would not be on the basis of comparative data and could not be used to assess performance against the GCG Thresholds and Limits.

3.2.5 As such, the **Green Controlled Growth Explanatory Note [REP3-015]** proposed that there would be no requirement to undertake monitoring during the initial part-year of the Transition Period, but that in the full calendar year following the airport operator would carry out monitoring in accordance with approved Monitoring Plans and submit Monitoring Reports to the ESG as per the full GCG process. All Level 1 Thresholds would apply during this period.

3.2.6 The Level 2 Threshold and Limit would not apply for the duration of the Transition Period, to allow the airport operator time to ensure that the novel GCG processes are functioning as they are supposed to, and all timescales can be achieved. Beyond the Transition Period, the Level 1 Thresholds, Level 2 Thresholds and Limits would all apply. This was summarised in Figure 2.9 of the **Green Controlled Growth Explanatory Note [REP3-015]**. An updated version of this Figure is shown at Figure 3.1 to clarify at what point in the process Level 2 Thresholds and Limits would apply.

Figure 3.1: Updated Figure 2.9 from **Green Controlled Growth Explanatory Note [REP3-015]** showing Transition Period



3.2.7 Although the Level 2 Threshold and Limit would not apply during the Transition Period, it would not be in the airport operator’s interests to exceed a Limit during the Transition Period and subsequently for them not to take any action to mitigate this impact. This is because in the following year, once the Transition Period has ended, it is likely in the absence of any mitigation that the Limit

would still be exceeded. At this point Green Controlled Growth will apply in full and constraints on growth would apply until a Mitigation Plan was prepared, agreed with the ESG, implemented and the relevant environmental effect had reduced back below the Limit.

3.3 Establishing the Environmental Scrutiny Group

3.3.1 Section 2.4 of the **Green Controlled Growth Explanatory Note [REP3-015]** sets out proposals for independent scrutiny and review of the Proposed Development through the establishment of an Environmental Scrutiny Group (ESG). Terms of Reference for the ESG are included at **Appendix A to the Green Controlled Growth Framework [REP3-019]**.

3.3.2 These Terms of Reference include (in Section A2.1) the steps that would be taken to establish the ESG. Chronologically, these are as follows (paragraph references to the Terms of Reference in square brackets for each step):

Appointing an ESG Chairperson and independent specialists

3.3.3 This step is initiated by the airport operator.

3.3.4 As soon as reasonably practicable after notice has been served under Article 44(1) of the DCO the airport operator will, following consultation with the Applicant, submit a recommendation to the Secretary of State of suitable candidates for the role of independent chairperson, independent aviation specialist and slot allocation expert [A2.1.7].

3.3.5 The Secretary of State will, having regard to the airport operator's recommendation, appoint people to these roles within 56 days after the recommendation is made by the airport operator [A2.1.8].

3.3.6 Once the chairperson of the ESG is appointed, this person will have responsibility for subsequent steps of the process.

Appointing local authority representatives to the ESG

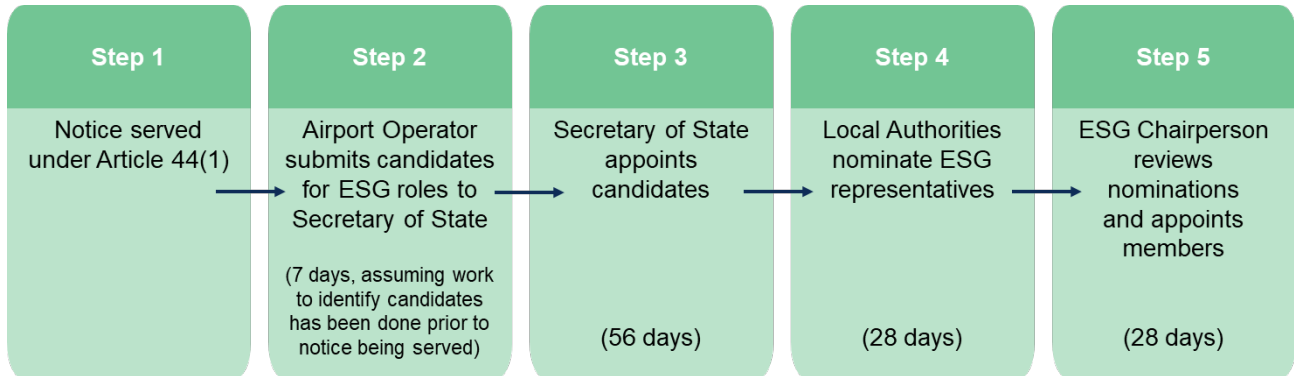
3.3.7 Once appointed, the chairperson of the ESG (supported by the airport operator as necessary) will request that local authorities nominate officers to represent them [A2.1.13]. Once nominations are received, the final decision as to whether a nominated officer is suitably qualified rests with the chair of the ESG [A2.1.14].

Timescales

3.3.8 At present, with the exception of the 56 day period for the Secretary of State to appoint people to the roles of independent chairperson, independent aviation expert and slot allocation expert, there are no defined timescales for the steps involved in establishing the ESG. Using some reasonable assumptions, the process for establishing the ESG has been estimated at approximately 4 months, as shown in Figure 3.1. It should be noted that there is potential for these timescales to extend, for example if the chairperson of the ESG decides that a nominee for a local authority role on the ESG is not suitably qualified and

the nomination process needs to be repeated, and that many of the assumed time periods are dependent on third parties.

Figure 3.2: Process for establishing ESG



3.3.9 Reflecting that there is therefore some inherent uncertainty in the timescales to establish the ESG, the Terms of Reference require it to be established no later than 56 days prior to the planned submission of the first Monitoring Report by the airport operator [A2.4.1]. Paragraph 21(1) of Schedule 2 of the **draft Development Consent Order [REP3-003]** sets out that the first Monitoring Report must be submitted no later than 31 July following the end of the first full calendar year after notice under Article 44(1) is served.

3.3.10 Section A4 of the **Green Controlled Growth Framework Appendix A – Draft ESG Terms of Reference [REP3-019]** sets out operating procedures for the ESG. The ESG will meet to fulfil its obligations after submission of a Monitoring Report to it. On this basis, it is considered appropriate that the ESG should be established a minimum of 56 days prior to submission of the first Monitoring Report. Notwithstanding this, the Applicant is considering changes to the **draft Development Consent Order [REP3-003]** that would require the ESG to be established as soon as is reasonably practicable.

3.4 Response to specific points regarding the Transition Period and establishment of ESG

Answer R17 Q5 - Practical details of how the Applicant would set up the ESG eg, how and when the Applicant would set up the process, assuming that it would be initiated by the Applicant

3.4.1 A response to this question has been provided in Section 3.3 of this paper. Whilst there are some activities that can be carried out ahead of notice under Article 44(1) being served, this will act as the formal trigger to initiate this process.

Answer ISH1 Action 24 - Applicant to set out the steps in establishing the ESG

3.4.2 As per Paragraph 3.4.1.

Answer ISH1 Action 21 - Applicant to set out constraints in the slot allocation process through the transition period

3.4.3 It is not proposed to apply any specific constraints on the slot allocation process through the Transition Period. As set out in the responses to Q1 and Q2 of the Rule 17 letter and to Action Point 20 of ISH1 included in Section 2.2 of this paper, the extent to which additional capacity can be declared and slots allocated will be restricted by the physical capacity of the airport. It would also not be in the Applicant or airport operator's interest to declare capacity in a way that leads to a GCG Limit being breached during the Transition Period for the reasons set out in Paragraph 3.2.6. Please also note the proposed changes to the Transition Period set out in Section 4 of this paper.

Answer R17 Q4 - Whether there are any constraints to slot allocation or the maximum number of slots during the transition period (before the formation of the Environmental Scrutiny Group (ESG) oversight body)

3.4.4 As per paragraph 3.4.3.

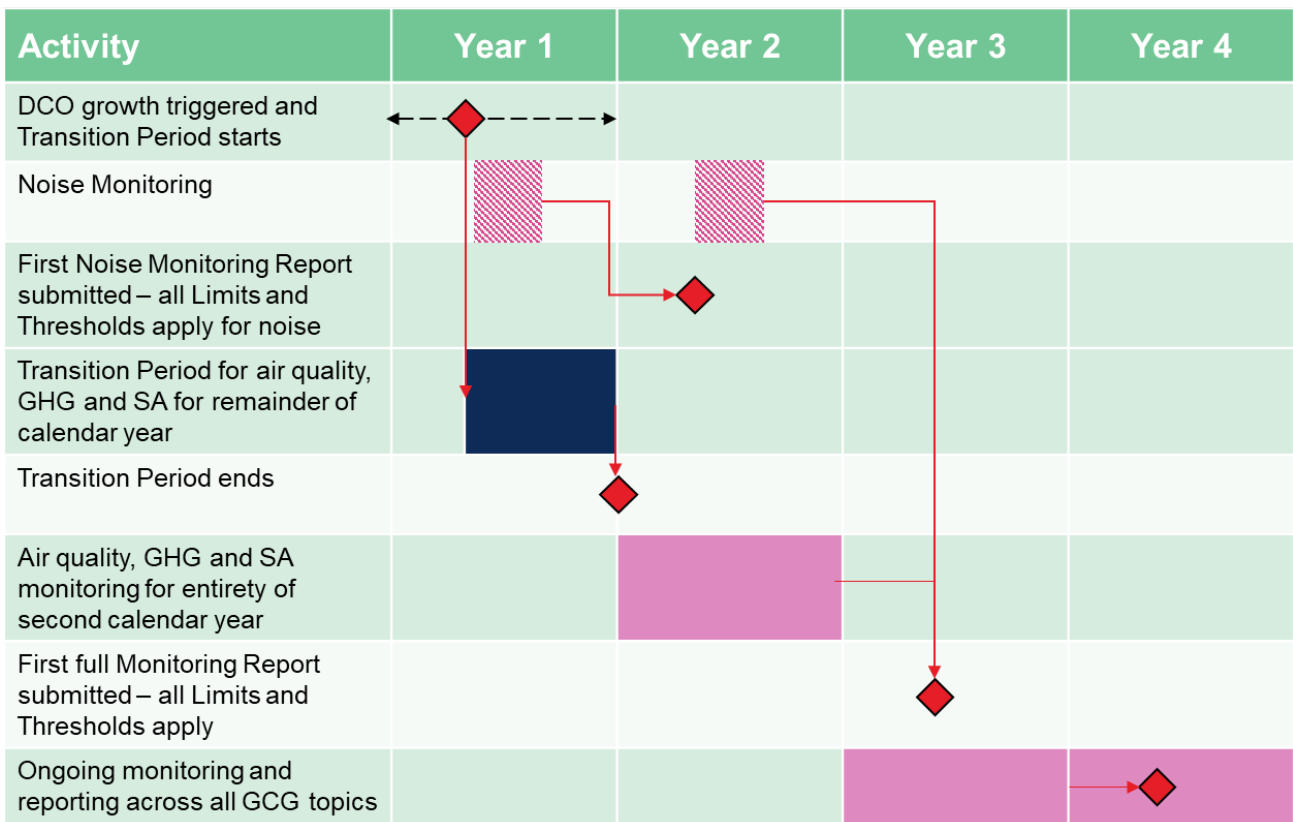
4 STRENGTHENING GCG IN EARLY STAGES OF EXPANSION

- 4.1.1 The Applicant acknowledges that the proposed Transition Period, and the ability to control environmental impacts in the early stages of expansion has been raised as a potential area of concern by the Examining Authority and Interested Parties. This section therefore sets out potential enhancements to the GCG Framework that are being considered by the Applicant to provide additional protection during these initial stages. Any changes to the GCG Framework would be brought forward at Deadline 5.
- 4.1.2 In considering these enhancements, it is important to draw a distinction between noise impacts and the other environmental topics within scope of GCG. This is because:
- a. Existing planning controls exist in relation to noise, and the Transition Period could therefore create a theoretical ‘gap’ in noise controls, notwithstanding that breaching noise Limits during the Transition Period would not be in the interest of the airport operator. There are no equivalent existing planning controls for other GCG topics.
 - b. There are existing planning controls in relation to noise, and as such the monitoring and reporting process in this area is well established. This established process has been used as the basis for the **Aircraft Noise Monitoring Plan at Appendix C of the Green Controlled Growth Framework [REP3-023]**. This noise monitoring will be undertaken for the purposes of compliance with existing planning conditions prior to notice being served under Article 44(1) of the draft Development Consent Order. There are no equivalent established requirements to monitor and report on environmental impacts for other GCG topics, all of which will require new monitoring processes to be implemented to some extent.
 - c. The Noise Envelope sets Limits and Thresholds over a defined 92-day summer period, rather than requiring data collection over a full calendar year. There is therefore greater scope to apply the GCG process to noise ‘in year’, rather than needing to wait for the start of the next calendar year to commence monitoring.
- 4.1.3 On this basis, it is proposed that **no Transition Period will apply for aircraft noise**. When notice under Article 44(1) is served by the Airport Operator and existing planning conditions cease to apply, the GCG process will apply in full, including Level 2 Thresholds and Limits. This will ensure there is no ‘gap’ in noise controls between the extant consent and the DCO. This will require that the ESG and, at a minimum, the Aircraft Noise Technical Panel are established in time for noise monitoring to be presented and considered in a Monitoring Report.
- 4.1.4 The Applicant is developing an appropriate mechanism to achieve this outcome, which will require consideration of the timing of notice being served under Article 44(1) relative to the fixed 92-day summertime period over which noise is monitored. Further detail on this will be provided at Deadline 5.

4.1.5 For **air quality, greenhouse gases and surface access the Transition Period will be shortened** and will only last for the remainder of the calendar year in which notice under Article 44(1) is served. During this period there will be no requirement to carry out monitoring as for these environmental topics monitoring will need to be carried out over a full calendar year. The GCG process will apply in full from 1 January following service of notice under Article 44(1), with monitoring in accordance with approved Monitoring Plans commencing at this point and a Monitoring Report being submitted the following year. At this point, all Limits and Thresholds will apply. This approach will also allow the airport operator time to implement the new monitoring processes required in these areas, where no established monitoring processes pursuant to planning controls exist.

4.1.6 The enhanced process is shown in Figure 4.1. By comparison to Figure 3.1, it can be seen that noise controls will now apply **two years earlier** than in the original proposal (with no 'gap' in protection from the current planning controls) and for other GCG topics controls will apply **one year earlier**. Please note that Figure 4.1 assumes that notice under Article 44(1) is served before the start of the 92-day summertime noise monitoring period, and as per Paragraph 4.1.4 the Applicant is considering how a mechanism would apply to ensure there is no 'gap' in noise controls if notice is served during or after this period.

Figure 4.1: Proposed enhancements to environmental protections in Transition Period



5 MITIGATION THROUGH SLOT ALLOCATION AND LOCAL RULES

- 5.1.1 The GCG process has been designed to mandate a proactive approach to environmental mitigation. In contrast to existing planning controls at the airport which simply set out noise limits not to be exceeded, the **Green Controlled Growth Framework [REP3-017]** includes Level 1 and Level 2 Thresholds below each Limit with an escalating sequence of processes that require the airport operator to take action as they are reached.
- 5.1.2 By including Level 1 and Level 2 Thresholds in the GCG Framework, growth will be required to be planned, and steps to be taken before a Limit is reached, with the ultimate intention that this early action avoids the Limit being exceeded. By taking this proactive approach, it will ensure that the plans for growth, and environmental mitigation if necessary, are adjusted in response to the prevailing circumstances at the time, rather than waiting for a problem to occur and then reacting. A comparison of existing planning controls relating to noise and those proposed through the Noise Envelope as part of the GCG Framework is included in the **Comparison of consented and proposed operational noise controls [AS-121]**.
- 5.1.3 An example of how the GCG Framework would have prevented historic noise breaches at the airport, and therefore avoided the need for retrospective mitigation, is set out in **Noise Envelope – Improvements and Worked Example [REP2-032]**. This also sets out how lessons from historic noise breaches have been incorporated into the GCG Framework, for example through the use of five-year forecasts to ensure that controls such as local rules can be used as planned preventative measures to avoid Limits being breached, rather than as a retrospective corrective action.
- 5.1.4 The GCG Framework is also deliberately not prescriptive in respect of how mitigation should be implemented. Given that the airport expansion is planned over an extended period of time, this approach provides appropriate flexibility for the airport operator to identify and implement the optimum mitigation at the time it may become required, taking account of future improvements in technology (for example, new quieter aircraft to control noise impacts) and ensuring such benefits are shared as far as reasonably practicable between the community and the airport. This is provided that the airport operator can satisfy the ESG that their chosen approach will avoid or prevent exceedances of the Limit as soon as reasonably practicable, and if they cannot the ESG is able to refuse the Mitigation Plan.
- 5.1.5 Mitigation through the slot allocation process may not always be the most effective or efficient way of mitigating an environmental impact. Examples of alternative mitigation approaches include voluntary commercial agreements with airlines, either individually or collectively, for example through a commercial agreement with an airline to reduce the number of a noisier type of aircraft operating from the airport to address noise impacts. Mitigation for some environmental impacts could also be unrelated to flight operations – for example, the delivery of a piece of off-airport mitigation to address air quality impacts on a specific road.

5.2 Local Rules

5.2.1 Notwithstanding this, it is acknowledged that the slot allocation process, as explained in Section 2 of this paper, could also be used to mitigate environmental impacts. In recognition of this, Section 2.6 of the **Green Controlled Growth Explanatory Note [REP3-015]** sets out how local rules could be used to mitigate impacts. Paragraph 2.2.30 of the GCG Explanatory Note sets out that where a Mitigation Plan has failed, any subsequent Mitigation Plan must consider whether implementation of a local rule would reduce, avoid or prevent an exceedance of a limit, and where this is the case, should include a description of the local rule and the steps the operator is taking to introduce that local rule in accordance with *The Airports Slot Allocation Regulations 2006*.

5.3 Reduction in capacity

5.3.1 The Airports Slot Allocation Regulations 2006 do not prevent limitations being applied to the capacity that can be declared or how slots can be used, so long as there are justifiable reasons for the restrictions, such as adherence with environmental controls, and that the application of these controls is not of itself discriminatory.

5.3.2 Paragraph 2.1.2 of this note highlights that the Worldwide Slot Allocation Guidelines (WASG) represent global industry practice. Section 6.10 of the WASG covers capacity reductions and stresses the need for consultation with the airport Coordination Committee during the decision process, as soon as possible before any reduction of capacity occurs. It also states that historic slots protected via grandfather rights must be honoured and that *“a capacity reduction that cannot accommodate historic slots must be avoided except in exceptional circumstances”* (Paragraph 6.10.3).

5.3.3 Subject to these caveats, and the process set out in Section 2 of this paper, a capacity reduction could therefore be secured by a Local Rule provided it can be agreed with the airport Coordination Committee. This is likely to require additional evaluation and analysis of the requirement for the capacity reduction by the airport operator and, as necessary, consideration and approval under EU598 Regulations. An example of how this might be implemented is included within the current airport Local Rule 3, referenced in Paragraph 2.2.10 of this note. This sets out that where a forecast exceedance of the passenger cap is identified by the airport operator, they will:

- a. Inform the airport Coordination Committee of their intention to activate this part of the Local Rule at the earliest opportunity
- b. Suspend the allocation of slots that are not protected by grandfather rights
- c. If a further capacity reduction is necessary, carry out an urgent review of the root causes of the forecast exceedance
- d. Call an Extraordinary General Meeting of the airport Coordination Committee

- e. Based on the review of the root causes of the exceedance, identified responsible operators will be requested to voluntarily reduce their activity in a manner proportionate to the identified root causes.

5.3.4 As set out in Section 5.1 of this note, because of the protection applied to slots with grandfather rights, the GCG process of escalating actions at Thresholds below a Limit has been designed to identify potential breaches in advance of them happening, and to proactively take action to avoid them. This approach therefore seeks to avoid the need for retrospective action of this nature.

5.4 Response to specific points regarding local rules and capacity reductions

Answer R17 Q6 - The process steps required to introduce a local rule, including the minimum timelines, procedures, parties and agreements that are required to implement a local rule (including any veto powers)

5.4.1 As set out in Section 2, a local rule has, effectively, to be proposed by the Coordination Committee ahead of the date when the declaration of coordination parameters for the next but one scheduling season. In order to allow discussions with the airlines and a recommendation by the Coordination Committee, the process would need to start in Spring for decision in September of any given year for restrictions to be in place for the following Summer.

Answer R17 Q7 - Whether a slot operated correctly within the provisions of the Slot Allocation Regulations can be removed ie whether use of slot allocations is only a future rather than a retrospective control

5.4.2 As noted in Section 5.3, the WASG recommends that capacity reductions that cannot accommodate historic slots must be avoided except in exceptional circumstances. In these circumstances a Local Rule could be used to set out the process by which operators would be approached to voluntarily hand back grandfathered slots.

Answer ISH1 Action 26 - Applicant to advise on the timeline and process for implementation of a local rule (under the slots regulations) and whether it is possible to remove a slot once it has grandparent rights

5.4.3 Please see Paragraph 5.4.2.

Answer ISH3 Action 28 - Confirm whether there is any mechanism to remove a slot once it has been allocated, has accrued grandparent rights and is operating in accordance with the slot rules

5.4.4 Please see Paragraph 5.4.2.

6 CONCLUSION

6.1.1 This paper has outlined the slot allocation process, which is controlled by The Airports Slot Allocation Regulations 2006 which remains part of UK law after the UK's withdrawal from the European Union. As these requirements are set out in law, any proposals to control environmental impacts as part of the Proposed Development will need to work within them. The **Green Controlled Growth**

Framework [REP3-017] has been designed with the requirements of this legislation in mind.

- 6.1.2 This paper also outlines the purpose of the proposed GCG Transition Period. Acknowledging the concerns of Interested Parties, it also includes proposals to strengthen environmental protections in the early stages of expansion to remove the Transition Period for noise (removing the theoretical 'gap' in planning controls) and to shorten it in for other GCG environmental topics that are being considered by the Applicant for introduction at Deadline 5. This would mean that noise controls will apply two years earlier than originally planned, and controls in other areas one year earlier.
- 6.1.3 The GCG Framework has been designed to mandate a proactive approach to environmental mitigation, with the ultimate intention that this avoids breaches of Limits. This represents a significant enhancement from current planning controls, which are binary in nature, do not require any early action by the airport operator and apply only to aircraft noise.
- 6.1.4 Nevertheless, this paper also sets out how action to mitigate environmental impacts could be taken through the slot allocation process through local rules or capacity reductions.

GLOSSARY AND ABBREVIATIONS

Term	Definition
DCO	Development Consent Order
ESG	Environmental Scrutiny Group
EU598	Regulation (EU) No 598/2014
ExA	Examining Authority
GGC	Green Controlled Growth
ISH	Issue Specific Hearing
Mppa	million passengers per annum
PATM	Passenger Air Transport Movement
QC	Quota Count

REFERENCES

Ref 1 Airports Council International, International Air Transport Association, World Wide Airport Coordination Group, Worldwide Airport Slot Guidelines (WASG), section 1.2.

Ref 2 Airports Council International, International Air Transport Association, World Wide Airport Coordination Group, Worldwide Airport Slot Guidelines, July 2022.

Ref 3 A series of slots is defined in the WASG at least 5 slots allocated for the same or approximately same time on the same day-of-the-week, distributed regularly in the same season.

Ref 4 Note that the Coordination Parameter document cites the times as GMT when it should read BST to relate to the control periods.

Ref 5 Signature and Harrods.