



Gatwick Airport Northern Runway Project

The Applicant's Response to Local Impact Reports
Appendix A – Note on the Principle of Development

Book 10

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1 Introduction

- 1.1.1 The LIRs for the Sussex and Surrey authorities contain substantially the same material in relation to strategic / aviation policy and the principle of development, need and capacity, supported by the same Appendix prepared by York Aviation.
- 1.1.2 Notably, that material was prepared before the authorities had received and been able to digest the detailed papers prepared by the Applicant and submitted to the examination at Deadline 1, namely:
- **Needs Case Technical Appendix** [[REP1-052](#)]
 - **Capacity and Operations Summary Paper** [[REP1-053](#)]
 - **Capacity and Operations Summary Paper Appendix Airfield Capacity Study** [[REP1-054](#)]
 - **Technical note on Future Baseline** [[REP1-047](#)]
- 1.1.3 The Applicant believes that these papers address a number of the more technical concerns on which the authorities' LIR cases are based. In these circumstances, it may not be productive for the Applicant to repeat much of that analysis in response to the LIRs and the Applicant will explore the extent to which matters may be agreed through Statements of Common Ground.
- 1.1.4 Against that background, the Applicant has structured this part of its response to the LIRs to refer to and complement its Deadline 1 submissions on these matters. In some areas, however, additional matters arise from the LIRs and these are addressed in full. This part of the Applicant's response to the LIRs is structured under the following headings:
- Planning policy
 - The principle of development
 - Delay and demand
 - Capacity
 - Forecasting
 - Airspace

2 Planning Policy

- 2.1.1 There are two aspects of the policy case set out in the LIRs to which the Applicant wishes to highlight:
- There is virtually no analysis of the terms of relevant national aviation policy in the LIRs – the principal policy documents are identified but their content and consequences are not addressed or acknowledged; and

- MBU policy is not properly recognised.

- 2.1.2 It may be said that this first point is not surprising given the role of Local Impact Reports and the Applicant's full response on these matters is set out, therefore, as an Appendix in its **Response to Written Representations** (Doc Ref. 10.14).
- 2.1.3 It is pertinent to record here, however, that the LIRs do analyse and apply local planning policy to the application. The national aviation policies documents are identified but their content, weight and the nature of their policies is not addressed. No fuller analysis of national policy is set out either in the Authorities' Written Representations, which principally rely on the LIRs.
- 2.1.4 In relation to nationally important infrastructure this is not a balanced approach. Accordingly, the Applicant sets out in its **Response to Written Representations** its view on the principal matters which should be understood and applied from national aviation policy. Those matters should provide the starting point for any consideration of impacts and for any attempt to strike a balanced planning judgement on the acceptability of the application. It is important for national policy to be fully considered and to be given the appropriate weight.
- 2.1.5 National policy recognises that nationally significant infrastructure is likely to generate adverse effects and provides guidance on the weight to be attached to the benefits of aviation and a framework within which to consider the acceptability of impacts. Neither the JLA's LIRs, nor their Written Representations apply that guidance or adopt that framework in their consideration of the Application.
- 2.1.6 In brief, the Applicant's policy analysis, set out in the **Planning Statement** [[APP-245](#)] and in its **Response to Written Representations** (Doc Ref. 10.14) draws out 5 aspects of national aviation policy which are of fundamental importance to this application:
- i. policy has consistently confirmed the importance of aviation to the UK,
 - ii. the Government is committed in principle to supporting aviation growth to meet forecast demand,
 - iii. importance is attached to an efficient and resilient aviation industry,
 - iv. Gatwick benefits from government policy support, and
 - v. the strength of policy support is not diminished by or inconsistent with the Government's commitment to Net Zero.
- 2.1.7 In relation to MBU policy, the LIRs do not spell out the Government's policy support for airports making best use of their infrastructure capacity or appear to attach any weight to this central aspect of government policy. Instead, two points are made:

“The Authorities recognise that there is some ambiguity in the scope of MBU and whether it applies only to making best use of “existing runways” or more widely to “existing infrastructure” and also that there is some uncertainty about the nature and extent of the physical works proposed in the Project to reposition and resurface the emergency runway.” (Sussex LIR paragraph 5.8)

“The Authorities also note that the MBU as a policy statement (if applicable to the NRP) “does not prejudge the decision of those authorities who will be required to give proper consideration to such applications” (para 1.29). Whilst the determining authority for the Project is the Secretary of State, rather than a local planning authority, it is clear that the Secretary of State’s “proper consideration” of the DCO application will not entail any prejudging of its merits or of the ultimate decision merely because the policy in the MBU is supportive of the concept of airports beyond Heathrow making best use of their existing runways.” (Sussex LIR paragraph 6.12)

- 2.1.8 The Applicant’s case in relation to MBU is set out in its **Response to Actions arising at ISH1** submitted at Deadline 1 [\[REP1-062\]](#) and in its **Response to the Written Representations of Heathrow Airport Limited** [\[REP1-192\]](#) and to **CAGNE** [\[REP1-137\]](#). Those submissions include addressing whether there is any ambiguity in MBU policy where it supports the best use of airport capacity, infrastructure or runways. In the Applicant’s case, there is no ambiguity.
- 2.1.9 The Applicant has also addressed the Authorities’ approach to MBU policy in its **Response to Deadline 2 Submissions** (Doc Ref. 10.17).
- 2.1.10 In response to the second set of points made the Authorities – i.e. that policy support by itself does not mean that consent must be granted - the same can be said of any planning policy. The Applicant has not suggested that it is not necessary to examine the benefits and effects of the NRP application (indeed the Applicant has submitted volumes of material for that purpose). It would be fair, however, to recognise the significance and the weight to be attached to the principle of MBU policy when undertaking that assessment. That important principle is not apparent in the LIRs or in the Authorities’ Written Representations.

3 The Principle of Development

3.1.1 Despite this heading in the LIR, the authorities do not directly state if the need for or principle of the development is in dispute.¹

3.1.2 The Applicant is grateful to the Authorities for their recognition that:

“The Authorities recognise that having a second runway available for use by departing aircraft at peak times would improve the resilience of the Gatwick operation in terms of minimising and mitigating the substantial levels of delay experienced by aircraft at the high levels of single runway usage experienced pre-pandemic as set out in Section 7.2 of the Needs Case (APP-250).” (Sussex LIR paragraph 6.13)

3.1.3 The Applicant is grateful for that that acceptance, which is a recognition of the operational need for the NRP set out in Section 7 of the Needs Case [\[APP-250\]](#). The weight to be attached to meeting that need should not need to be debated but it is important to recognise the common ground of its acceptance.

3.1.4 It is also important to recognise that the need to remove capacity constraints and enhance the resilience of airports is a strong theme of national aviation policy, to which significant weight should be attached. This is set out above as the third major theme of national aviation policy and the policy basis for that theme is set out in **Appendix A** to the **Applicant’s Response to Written Representations** (Doc Ref. 10.14). In principle, the Authorities recognise a need for the NRP to reduce delay, to which the significant weight of national policy applies. It follows from the JLA’s case and their expressed concern about delays, that the need exists now.

3.1.5 It is also the case that the authorities recognise that the forecast growth of the Airport exceeds its current operational capacity. The parties are not currently agreed on the scale of growth forecast in the future baseline or NRP scenarios, but these are current disagreements of degree. The Authorities’ case is that the current airport infrastructure has less capacity than the Applicant asserts and that the delta between baseline capacity and NRP potential may be greater than the Applicant states. Inherent in that position is a recognition that the forecast growth of the Airport is greater than its current capacity. In other words, there is acknowledged to be a need for expansion at Gatwick based on demand and forecast growth.

¹ In their Post Hearing Submissions from Deadline 1 [REF XXX], the JLAs state: *“For the avoidance of doubt, the Authorities are not arguing that there is not demand for the Northern Runway but only that it is not possible to validate the level of demand at this stage.”*

- 3.1.6 In the same context, York Aviation in Appendix F to the Sussex LIR explain the Secretary of State's approach to need in the Manston decision letter: "*The Secretary of State considers that the benefits expected from a proposed development would materialise if there is a need for that development.*" Again, the authorities do not dispute that significant benefits would flow from the NRP. There is continuing debate as to the extent of those benefits but no doubt that benefits arise and, therefore by extension on the Authorities' approach, that a need must exist for the NRP.

4 Delay and demand

- 4.1.1 The LIRs rely on the York Aviation document – provided for example at Appendix F of the Sussex Authorities' LIR - to develop what appears to be an important part of their case, namely that the Airport is subject to chronic delay which is then said to impact on its attractiveness to airlines and in turn cast doubt on the Applicant's forecasts, at least for forecast growth in advance of the NRP:

"5. Concerns regarding the extent of congestion currently at Gatwick have been expressed in Relevant Representations by its main airline customer, easyJet (RR-1256), and the Gatwick Airline Consultative Committee (RR-1493). This is relevant as the current levels of congestion are material to assessing the extent to which the baseline throughput of the Airport can be materially increased above the peaks of demand handled pre-pandemic and this is considered further later in this note under the heading Demand Forecasts."

- 4.1.2 The thesis is then developed by York Aviation as follows:

"12. We understand that easyJet has removed some of its based aircraft from Gatwick in summer 2024 in part to improve resilience and plans to reduce its fleet at the Airport still further.² We believe that the level of delays seen at the Airport are a factor in the slower recovery of demand at Gatwick than at the other major airports. Gatwick was the poorest performing of the UK's top 10 airports in 2023 with traffic recovered to only 88% of 2019 volumes in the previous 12 months compared to 98% at Heathrow, 99% at Stansted and 90% at Luton, with the latter impacted by measures put in place to protect the noise contour and passenger limits pending the more recent approval for these to be raised."

"13. Ultimately, the extent of delays impacts on airlines' willingness to base or schedule more aircraft into the Airport, and this has implications

² GAL responds to that point further below. York has misunderstood easyJet's plans.

for the Base Case passenger and aircraft movement forecasts that have informed the baseline assessment of environmental impacts. This issue is addressed further later in this note in terms of the annual passenger throughput that the current airport capacity can support.”

- 4.1.3 The Applicant does not fully understand the case being made by the JLAs – to the extent that the Airport is demonstrably busy to the point where delays are arising and there is a lack of resilience, these are reasons to support the NRP.
- 4.1.4 Matters affecting the performance of the airport may have been misunderstood. Whilst the way in which these matters are characterised and the detail of several of these assertions are not agreed – and are responded to further below – they do at least amount to a recognition that the airport is under pressure at peak times and that there would be benefit in providing more capacity and resilience.
- 4.1.5 GAL acknowledges that aircraft operating from Gatwick Airport, as with other airports, have been subject to delay, particularly at peak times and is actively working with airlines, their contracted 3rd parties, air traffic providers and airspace stakeholders to reduce delay across the network to improve punctuality for passengers. However, London Gatwick does not accept that the delay impacted the COVID recovery or that it affects airlines demonstrable willingness to base or schedule aircraft at London Gatwick, as detailed further below.
- 4.1.6 Delay of an aircraft can be caused by multiple factors including delay to aircraft being ready, ground congestion, calculated take off times (to manage the flow of traffic across the European network) and excess runway holding. It should be noted that airlines are advised to factor in taxi-time including an element of runway holding to their block time and hence taxi time and an anticipated level of holding is not considered as delay.
- 4.1.7 On Time Performance is an industry output metric recognising the performance of airlines in and out of airports, measured by the time they arrive/leave a parking position. The inputs to the departure metric stated are made of multiple parts of the eco system, but fall into 3 clear areas:
1. Is the aircraft ‘Ready to Go’ on time: loaded with passengers and bags, doors closed, tug & bar attached and ready to push back?
 2. Do the Tower then provide a service to the ready aircraft so it can pushback on time?
 3. Can the network accept the departing aircraft without restrictions?
- 4.1.8 The Applicant studies these matters closely. Of the 54% loss of performance stated in Summer 2023³, Gatwick’s performance monitoring shows ~7% could be

³ Gatwick Airport Monthly performance report mater 2023 October

equated to Airport accountable, which GAL is working with airlines and Air Traffic providers to improve. ~7% was the impact of restrictions away from Gatwick (Airspace) but ~40% of performance loss was attributed to the Ground Operation of the aircraft by the airline itself and its contracted parties.

- 4.1.9 Gatwick has taken the leadership position in regard on time performance working with airlines, their contracted 3rd parties and airspace stakeholders in the interest of improving the Gatwick passengers punctual journey. As an example, London Gatwick is trialling 'smart stands' with the support of airlines to improve aircraft turn performance.
- 4.1.10 In 2022 and 2023 the airport did operate at reduced capacity levels but this was not due to any lack of demand from airlines or any concern over airfield congestion. In 2022 the leading cause was ground handler resourcing, resulting from COVID, and in 2023 poor performance by airlines through the summer was further impacted by air traffic control (ATC) resourcing issues in September, resulting from illness combined with low levels of resilience from the lack of training new air traffic controllers (ATCOs) during COVID.
- 4.1.11 Under these circumstances Gatwick took the responsible decision to reduce declared capacity. The capacity level was set to factor in the capacity constraints whilst minimising cancellations/impact to passengers. Since these events, resourcing in both areas has recovered and proactive resource management of ATCOs is in place over Summer 2024 to avoid impacting peak operations.
- 4.1.12 The ATC staffing challenges were acknowledged by London Gatwick in the 2023 Annual Results: *'ATC staffing issues in our control tower did however cause some challenges at the end of the summer. By taking a strong leadership position and facilitating intensive dialogue with NATS, they have assured us that a robust plan is in place that will provide passengers with reliable flight schedules in 2024.'*⁴
- 4.1.13 Along with working with NATS, London Gatwick has in place an optimisation programme and there are a number of projects in progress with the purpose of improving resilience and performance in the single runway operation. These projects include the new rapid exit taxiway (opened February 2024), reduced departure separation initiative, improved sequence optimisation and time-based separation. Further details on these projects can be found in **Capacity and Operations Summary Paper Appendix: Airfield Capacity Study [REP1-054]** at Section 4.4. Initial data is showing the average arrival runway occupancy time

⁴ <https://www.gatwickairport.com/on/demandware.static/-/Sites-Gatwick-Library/default/dwf020a5e0/images/Corporate-PDFs/Reports%20financial%20/2023/1vy%20Holdco%20Limited%20Financial%20Statements%2031%20December%202023%201.pdf>

has dropped by 4 seconds since opening the new RET, equating to circa 1 additional runway movement per hour, as forecasted in the capacity modelling.

- 4.1.14 The baseline schedule assumes that the maximum number of declared movements does not increase above the current maximum of 55 in an hour. The forecast growth outside peak hours is explained in the Applicant's **Technical note on Future Baseline** [REP1-047]. Section 1 of that document explains the limited growth which has been assumed in ATMs in a small number of hours where full runway capacity is not yet taken up (shoulder periods).
- 4.1.15 The baseline scenario simulation results detailed in **Capacity and Operations Summary Paper Appendix: Airfield Capacity Study** [REP1-054] at Section 5 & 7 demonstrate that, even with the growth in the shoulder periods, there is an overall improvement to departure performance expected, due to the future performance initiatives, and arrival performance remains similar to current performance. The baseline holding times in the first wave remain similar to the current performance due to the high levels of demand at this time. That particular issue can only be resolved with more runway capacity – ie with the NRP.
- 4.1.16 The Applicant agrees that punctuality is an important aspect of service but does not agree that the operating environment is deterring airlines from operating services. This is evidenced by the material and persistent over-subscription for slots and the success which the Airport has had in growing passenger volumes and attracting new services in recent months.
- As noted in the Annex to the Applicant's **Needs Case Technical Appendix** [REP1-052], a letter from the independent slot coordinator, ACL, shows that demand for slots at the Airport is higher than any other airport which ACL is responsible for coordinating in the UK; *'Over the summer season, on average 12% of requested slots were not allocated from the pool at initial coordination which is higher than any other ACL Coordinated Airport.*
 - During 2023, passenger volumes at the Airport increased by 25% to 40.9m⁵. This was driven by the growth of services operated by incumbent airlines including easyJet and British Airways, as well as a number of new airlines launching services including Lufthansa, Air India, Saudia, Air Mauritius and Ethiopian.
 - Based on the latest airline schedules and announcements, the Applicant is expecting further strong growth during 2024 with passengers forecast to increase by circa 7% to nearly 44m⁶. Supporting this growth will be the

⁵ Investor Update, Ivy Holdco Consolidated Results – Parent Company of Gatwick Airport Limited, 21 March 2024.

⁶ *ibid*

continuation of the new services launched in 2023 and the addition of new services from airlines including Singapore Airlines, Air China, Uzbekistan Airlines, Azerbaijan Airlines, Turkmenistan Airlines and Air Peace.

- None of the new entrant airlines secured in 2023 and 2024 have raised concerns with respect to the operating environment at the Airport when considering whether to launch services.

4.1.17 The Applicant also does not agree with the observation in the York Aviation document that the level of delays experienced in recent seasons has been a factor in the pace of recovery relative to other major UK airports. Other factors which the Applicant considers to be more relevant to the pace of recovery include:

- the strategy adopted by the largest airlines operating at each airport; this is particularly the case for airports which are heavily slot constrained as there is less scope for new entrants to stimulate the market and compete for volume. The two largest carriers at Gatwick are easyJet (responsible for over approximately 50% of flights in 2023) and British Airways (approximately 12% of flights in 2023). The graphic below, sourced from Eurocontrol⁷, compares the relative recovery rate of the top 10 airline groups in Europe and demonstrates that both easyJet and British Airways have adopted a more conservative approach to reinstating capacity following the pandemic with aircraft movements across both airline networks down by 12% and 13% respectively relative to 2019. The Applicant acknowledges that traffic has recovered more strongly at Heathrow, the main hub for British Airways, but notes that British Airways took a different approach at both airports with the short haul flying programme consolidated at Heathrow during the pandemic and a new short haul brand, BA Euroflyer, launched progressively at Gatwick. The pace of network recovery for easyJet and British Airways contrasts markedly with Ryanair and Wizz Air, the largest operators at Stansted and Luton respectively, with network traffic volumes exceeding pre-pandemic volumes by 21% and 37% respectively. These are differences in airline strategy – combined with the level of slot constraints at each airport – rather than delay at airports which are key drivers of the different recovery rates which airports have experienced.

⁷ Eurocontrol European Aviation Overview 2023, Thursday 18 January 2024

Aircraft operator traffic

Top 10 aircraft operators - 2023 average daily flights, compared to 2022 and 2019

No.	Aircraft operator	Average daily flights	% 2022	% 2019
1.	 Ryanair Group	2,813	↑ +11%	↑ +21%
2.	 easyJet Group	1,477	↑ +11%	↓ -12%
3.	 Turkish Airlines	1,443	↑ +16%	↑ +8%
4.	 Lufthansa Airlines	1,134	↑ +7%	↓ -24%
5.	 Air France Group	991	↑ +4%	↓ -17%
6.	 Wizz Air Group	810	↑ +21%	↑ +37%
7.	 KLM Group	796	↑ +13%	↓ -7%
8.	 British Airways Group	789	↑ +23%	↓ -13%
9.	 SAS Group	614	↑ +16%	↓ -24%
10.	 Vueling	594	↑ +10%	↓ -1%

[See more](#)



- the proportion of traffic operated by new airlines (e.g. Norse, Lufthansa, Ethiopian Airlines), and new business models (e.g. BA Euroflyer) which typically take longer to establish brand awareness, stimulate the market and/or capture market share; these factors have been compounded by the relatively short lead time for a number of these operators to launch operations and put capacity on sale. In 2023, approximately 14% of capacity was operated by carriers in this category. The Applicant notes that no other major UK airport has experienced this level of change in its traffic base following the pandemic.

4.1.18 The Applicant also considers it important to respond to one of the statements in the York Aviation document with respect to easyJet's operation at the airport⁸; *'We understand that easyJet has removed some of its based aircraft from Gatwick in summer 2024 in part to improve resilience and plans to reduce its fleet at the Airport still further.'* The Applicant considers that this statement risks mischaracterising easyJet's actions for the following reasons:

- The reduction in the number of aircraft which easyJet has based at the Airport is driven by a pre-scheduled return of slots to British Airways as part of a multi-year slot lease agreement and not as a result of the operating environment at the airport. Indeed, this is clarified in the article which the York Aviation document refers to; *'However, easyJet also will be returning around 3,000 slots to BA, which Dekkers [Sophie Dekkers, easyJet's Chief Commercial Officer] equated to "three aircraft's worth" under a slot agreement between the two airlines. "That will take us from 81*

⁸ Appendix F: York Aviation Needs Case Review, paragraph 12.

down to 78 aircraft” she said. “More aircraft [in slot equivalents] will be returned in the next couple of years as well.”

- Notwithstanding this scheduled return of slots and the resulting 4% reduction in the number of based aircraft (from 81 to 78), the Applicant considers it important to note that based on the latest on-sale capacity sourced from the Official Airline Guide (OAG), easyJet’s planned capacity for summer 2024 is within 1% of the capacity which was flown in summer 2023, with the implication being that easyJet intends to use its slot portfolio more efficiently in summer 2024 to ensure it is able to maintain capacity as close as possible to the levels offered in summer 2023.
- easyJet’s commitment to the Airport is further highlighted in the aforementioned article referenced by York Aviation; ‘easyJet has also just finalised a new six year agreement with Gatwick Airport, building on the seven year deal that is scheduled to expire in April 2024. easyJet CFO Kenton Jarvis said the deal secures easyJet as “an anchor partner” at Gatwick.’

4.1.19 The Applicant has responded separately to the written representations provided by easyJet [\[RR-1256\]](#), British Airways [\[REP1-198\]](#) and the Gatwick Airline Consultative Committee (ACC) [\[RR-1493\]](#) but considers it important and relevant to use this opportunity to address certain themes common to these representations.

- The Applicant considers it important to highlight that none of the representations received from airline community questioned the need for the development. Instead, the focus of the representations submitted by easyJet, British Airways and the ACC is on the infrastructure and operational environment required to meet existing and future demand and the resulting service levels. The purpose of the application, of course, is to increase capacity and improve resilience.
- Another theme common to the response was the cost of the Project and the affordability. The Applicant notes that (i) in March 2023, it published its final proposals⁹ to extend the current regulatory framework (which expires in March 2025) for a period of 4 years to March 2029; these proposals include a series of commitments relating to price, service and investment. The proposals would deliver significant consumer benefits, including enhanced service and a substantial increase in investment – all under a lower price ceiling.

⁹ Gatwick Commitments, Proposal to Extend Gatwick’s Commitments, 31 March 2023

- As part of the Airport's proposals to extend its contracts and commitments framework, the Airport has set out the level of investment it expects to make if the Project is approved and importantly, has:
 - lowered the price ceiling, providing a commitment for a maximum average charge per passenger which the Airport is permitted to recover during the period which is expected to decline, on average, in real terms (CPI-1% for 2 years followed by CPI+0% for 2 years); and
 - provided the following commitment with respect to the costs associated with the Project¹⁰; *'GAL commits to seek to increase the capacity and resilience of its airfield infrastructure. GAL further commits to continue to bear the cost and risks incurred during the extended Commitments period (up to 31 March 2029) in developing these plans, securing necessary Government approvals, and implementing the necessary projects. These include the potential projects to maximise the use of the existing main runway and to bring into routine use the existing standby runway ('Northern Runway').'*

4.1.20 The CAA is currently examining the Airport's proposals and a decision is expected by the end of 2024.

4.1.21 GAL works very closely with its airlines and has confidence in their growth ambitions. In this context it is relevant that the Airport now has in place long term bilateral agreements with airlines which account for almost 90% of passengers¹¹.

4.1.22 While the terms agreed with individual airlines through bilateral agreements are commercially confidential, the Applicant notes that (i) the agreements are long term in nature, with some agreements extending beyond 2029, (ii) all of the agreements have been negotiated in the context of the Airport's published price proposals (as set out above) and (iii) consistent with the approach taken in the published tariff, mechanisms to support efficient growth of passenger volumes are a key feature of the agreements including differentiated seasonal pricing (i.e. lower prices to support growth in off-peak seasons) and where appropriate, incentives for up-gauging aircraft (i.e. use of aircraft with more seats) to support higher passenger volumes within the existing slot constraints. The Applicant considers that the existence of these agreements demonstrates that the Airport has competitive long term pricing arrangements and offers an attractive proposition to airlines. The close working relationship evidenced by these

¹⁰ Gatwick Commitments, Proposal to Extend Gatwick's Commitments, 31 March 2023

agreements also contributes to the confidence which GAL has in its “bottom-up” forecasts.

- 4.1.23 Notably, a number of airlines including Norse Atlantic Airways [[RR-3354](#)], Wizz Air [[RR-4795](#)] and jetBlue [[RR-2060](#)] submitted representations which are supportive of the project and highlight the anticipated benefits, including increased passenger choice and a more resilient airfield delivering improved service levels. The Applicant notes that each of these respondents launched or materially increased services following the pandemic and have expressed ambitions to further grow their operations at the Airport.
- 4.1.24 Understood in this context, the current delays to which the authorities draw attention support the need for the NRP. The only way to meet the dual objectives of satisfying unmet demand and improving the resilience of the Airport is through the Project. The persistent and material oversubscription for slots, the success which the Airport has had in attracting new airlines and business models and the willingness of airlines representing nearly 90% of passengers to enter into long term growth agreements clearly demonstrates the strength of the case for growth. Additional runway capacity will also provide opportunities to strengthen the resilience of the Airport’s operation and, together with collaborative work across multiple stakeholders to improve aircraft readiness during the first wave and reduce airspace restrictions across Europe, the Project will help to support improved service levels for passengers.

5 Capacity

- 5.1.1 Again, the LIRs rely on the document from York Aviation to express doubts about the current and future baseline and forecast NRP capacity of the Airport. The Sussex Authorities’ LIR states:

“6.22... it is considered that the assumption that the Airport can attain 67 mppa, up from 46.6 mppa in 2019, is not realistic and that a Base Case capacity in the range 50-55 mppa is more likely.”

- 5.1.2 The origin of this estimate is not known but it may derive from the following paragraph of the York Aviation document:

“11. The Base Case capacity of the existing runway to handle up to 55 aircraft movements per hour is accepted as the maximum hourly runway capacity with a single runway in use for the purpose of baseline capacity assessment. This is the peak hourly runway movement rate used for scheduling purposes in busy hours currently, although, as noted in paragraph 5 above, GAL’s airline customers have expressed concern

about the acceptability of the levels of congestion and delay at that throughput.”

- 5.1.3 The authorities make the point that, if the baseline capacity were lower than the Applicant states, the impacts from the NRP would be greater. It should also be recognised, however, that if the authorities were right about baseline capacity, the need for the NRP would be even greater, as would its benefits.
- 5.1.4 It is not apparent, however, whether the LIR’s statement about capacity is in fact a conclusion about capacity or about forecasts. The explanation given in both cases relates to the assumed reluctance of airlines to be attracted or doubts about forecast market interest, notwithstanding the evidence of demand – those doubts, however, are not capacity issues.
- 5.1.5 At the request of York Aviation, the Applicant prepared detailed estimates of capacity based on modelling and submitted these at Deadline 1 (**Capacity and Operations Summary Paper Appendix Airfield Capacity Study** [[REP1-054](#)]). The Authorities’ LIRs have not had the opportunity to review and reflect upon the information provided there which models and demonstrates the capacity available in the baseline. In brief it shows that operational improvements and the new RET enable the small forecast increment in ATMs in the base case and that the NRP improvements generate increased capacity and reduced delay.
- 5.1.6 In relation to the additional capacity provided by the NRP, the Sussex Authorities’ LIR states:
- “6.16 Whilst it is accepted that the Project may enable Gatwick to handle up to 69 aircraft movements per hour in periods when there is an even demand by arriving and departing aircraft movements, the Authorities are not yet convinced that Gatwick will be able to handle peak demand in the early morning period that is dominated by departing aircraft that are based at the Airport. It is these based aircraft that drive much of the local economic benefit through supporting the basing of air crew. GAL has not yet produced sufficient evidence that such movements could be handled without giving rise to excessive levels of delay such that the airlines would be less willing to base additional aircraft at the Airport.”*
- 5.1.7 That evidence was provided to the Authorities in advance of Deadline 1 and formally to the examination at Deadline 1 in the **Capacity and Operations Summary Paper** [[REP1-053](#)] and its associated **Appendix** [[REP1-054](#)]. In brief it demonstrates that the dual runway operation, enabled by the Northern Runway Project, improves performance throughout the day with average departure holding times improving by c.4 to 6 minutes (current - future performance) compared to August 2018. The first wave also demonstrates an improved

performance of 1-3.5 minutes reduction in average departure taxi time between 0500-0900 UTC.

- 5.1.8 GAL’s capacity work already recognises that the throughput is reduced in unbalanced hours. The capacity forecast has considered the scheduled demand in each hour, the traffic mix and the resulting runway capability. As illustrated in the table below, 69 movements have only been scheduled in two hours where the balance of traffic is practically even (0700 UTC which has a 52% departure and 48% arrival mix and in 1800 UTC which has a 48% departure and 52% arrival mix).

Hour (UTC)	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
Total scheduled demand	64	63	69	59	54	58	59	64	68	67	61	62	68	69	58	56	43	32
% Departures	75%	62%	52%	68%	57%	50%	46%	48%	53%	55%	52%	56%	50%	48%	50%	39%	16%	13%
% Arrivals	25%	38%	48%	32%	43%	50%	54%	52%	47%	45%	48%	44%	50%	52%	50%	61%	84%	88%

- 5.1.9 The other key influencer of runway capability is the number of widebody aircraft, hence the lowest declared hour, not impacted by night restrictions, is 0900 with 54 movements scheduled due to the high proportion of widebody aircraft. These factors have, therefore, already been taken into account. Further details of the scheduled demand can be found in [\[REP1-054\]](#).
- 5.1.10 To conclude, the airfield capacity has been extensively assessed and detailed in [\[REP1-054\]](#) in response to requests from York Aviation. The results demonstrate the achievability of the baseline demand with similar levels of performance to August 2018 and of the dual runway operation with improved levels of performance. The runway capability constraints related to traffic mix have been assessed and the demand scheduled reflects the relevant capacity constraints. GAL looks forward to engaging on these issues with the Authorities once they have had a full opportunity to consider the work submitted at Deadline 1.

6 Forecasting

- 6.1.1 Again, the Applicant recognises that the Authorities will not have had the opportunity to consider in detail the Applicant’s Deadline 1 submission **Needs Case Technical Appendix** [\[REP1-052\]](#), which was prepared at the request of York Aviation to clarify matters discussed in the Technical Working group meetings. The Applicant will continue to liaise with York Aviation to see what common ground can be achieved on the matters set out in that document.

- 6.1.2 Accordingly, the Applicant has not thought it appropriate to respond in detail at this stage to matters raised in the LIRs and respectfully refers instead to its Deadline 1 **Needs Case Technical Appendix** [[REP1-052](#)].
- 6.1.3 However, there are some matters raised in the LIRs and the York Aviation document which do warrant a response here.
- 6.1.4 In particular, York Aviation assert that the Applicant's approach to forecasting is not conventional:

“38. Rather than modelling the level of future demand within the wider catchment area served by the Airport then assessing the share that Gatwick might attain of the overall market demand using top down econometric modelling, GAL built its demand projections for the NRP entirely bottom up. This is evident from Section 2 of Annex 6 to Appendix 4.3.1 to the ES [APP-075]. This report contains no analysis of market demand at the individual world region level and no justification for the assumed share of that growth that might be taken up at Gatwick. It simply states assumptions as to the additional services in each market that the Airport might be able to attract on the basis that there is “limited growth opportunity at other London airports”.

“39. Whilst bottom up forecasts are commonly used for short term planning at airports, typically for up to 5 years, as these are able to reflect known discussions with the airlines, they are too dependent on judgement and assumptions to be reliable over the longer term not least given the short term nature of airlines' planning horizons at the individual route level. We would also note that the report only covers in detail the period to 2032 and there is no evidence that justifies the forecast growth to 80 mppa in 2047.

“40. Best practice for long term demand forecasting is to use econometric modelling and, in the circumstances where there are step changes in airport capacity expected, it would be best practice to use a systematic allocation model that assesses the share of each airport in different competitive circumstances.”

- 6.1.5 Consequently, at paragraph 6.20 of the Sussex authorities' LIR, it states:

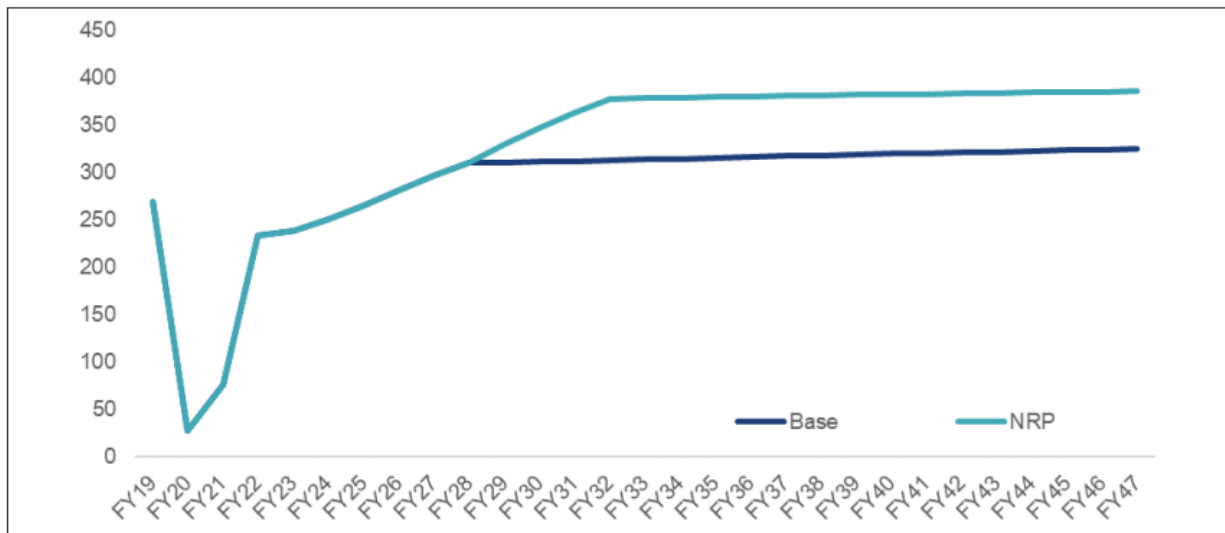
“The approach adopted is purely aspirational and does not provide sufficient evidence to support the claimed increase in throughput or its composition in terms of routes and the future airline fleet of aircraft or to test the implications of more capacity at the other airports. It is an exercise in demonstrating how the capacity provided by the Project might

be used but it does not provide evidence that there is a realistic prospect of it being so used.”

- 6.1.6 It is apparent that there is a professional difference of opinion between the Applicant’s forecasters at ICF and what York Aviation consider to be best practice in the case of a capacity constrained airport such as Gatwick.
- 6.1.7 This issue is addressed in the Deadline 1 submission **Needs Case Technical Appendix** [\[REP1-052\]](#) at Section 4.2. At York Aviation’s request, that submission also includes an updated top-down forecast using the Government’s latest demand forecasts as a projection of overall demand growth. As that document makes clear, however, GAL prefers its submitted forecasts.
- 6.1.8 A principal characteristic of GAL’s forecasts is that they are informed by a close understanding of the demand from airlines for operation at Gatwick. Gatwick benefits from a very strong overhang of demand and a commercial team that works closely with existing and prospective airline partners. There is a high degree of visibility about the airlines wishing to operate from Gatwick and the markets they intend to serve. Whilst formal slot allocation requests are made to ACL, Gatwick is in direct contact with its airline customers and fully aware of those who seek representation at the Airport.
- 6.1.9 In a market where overall demand exceeds capacity, there can be no realistic doubt that incremental growth will take place at Gatwick as a continuation of existing trends without the operation of the northern runway, whilst a step change in the availability of capacity would result in a strong market response. Appendix 6 of the **Forecast Data Book** [\[APP-075\]](#) summarises a “Pipeline Report” from Gatwick recounting its knowledge of demand from airlines and also from countries or regions in the world seeking operation at Gatwick. Estimating the pattern of future operation at the airport, therefore, is a highly practical exercise informed by direct knowledge of the characteristics of demand and the trends in those characteristics. The Applicant spoke to these issues and the nature of known demand at ISH 1 (**Transcript of Recording of Issue Specific Hearing 1 (ISH1) – Part 1 – 29 February 2024** [\[EV6-004\]](#), **Transcript of Recording of Issue Specific Hearing 1 (ISH1) – Part 2 – 29 February 2024** [\[EV6-005\]](#) and **Transcript of Recording of Issue Specific Hearing 1 (ISH1) – Part 3 – 29 February 2024** [\[EV6-006\]](#)) and further detail is provided in the **Needs Case Technical Appendix** [\[REP1-052\]](#), at Section 3, 4 and (particularly) 5.
- 6.1.10 With respect, it is neither fair nor accurate to say that GAL’s forecast “*simply states assumptions as to the additional services in each market that the Airport might be able to attract*”.

- 6.1.11 The overhang of demand is such that GAL forecasts a strong and immediate response to the availability of the NRP.
- 6.1.12 With regards to the focus of the forecasts on the period to 2032, the Applicant notes that the additional slot capacity generated by the Project is expected to be largely filled by this time, particularly during peak periods, and that growth in the period beyond will therefore be driven by improvements in seasonality, increases in aircraft seat capacity (gauge) and load factor. The chart below is sourced from the **Forecast Data Book** [APP-075] and demonstrates the limited increase in air traffic movements beyond 2032. The **Forecast Data Book** sets out the associated assumptions for seasonality, gauge and load factor which support the Applicant’s forecast of circa 80m passengers and 386,000 ATMs by 2047.

Figure 8.3-1 - Gatwick Commercial Annual Air Traffic Movements - Base and Northern Runway Cases (thousands)



Note: FY22 (YE Mar 2023) is an estimate as of Jan'23
 Source: CAA/GAL Statistics (Total Commercial ATMs)

- 6.1.13 This is what has been criticised by York Aviation as the “bottom-up approach”. Gatwick’s more detailed explanation for using the bottom-up approach is set out in the Needs Case [APP-250], particularly from paragraph 6.2.4 and in the **Forecast Data Book** [APP-075] in Section 5.5.
- 6.1.14 The approach preferred by York Aviation is a “top down” approach – a more theoretical approach to forecasting based on modelling, which has the following principal characteristics:
- identification of a market or catchment area and a forecast level of overall future demand

- estimation of current market shares taken by different airports from the overall market, informed by CAA data
- projection of future market shares for airports based on past performance and the allocation of growth, based on those shares
- where one airport is over-subscribed beyond its capacity by the application of the market shares, the redistribution of that “spill” to other airports based on their relative attraction
- the iteration of that approach to arrive at a best fit.

6.1.15 This approach is also *“dependent on judgement and assumptions”*.

6.1.16 Adopting a purely top-down approach also fails to capture Gatwick’s own traffic patterns and the operating characteristics of its key airlines – these factors have been the fundamental drivers of growth in the decade leading up to 2019 and continue today.

6.1.17 Questions of the best approach are a matter of opinion and were the subject of debate, for example, at the Manston Airport DCO examination, determined by the Secretary of State in August 2022. The decision letter records (at paragraph 79) debate at the examination about the best forecasting approach and criticisms from York Aviation and others of the bottom-up approach applied in that case. The decision letter continues:

*“80...The Examining Authority noted the explanation given in the North Point report on the differences between the bottom-up forecasting approach taken in the Azimuth Report (for the applicants) and the top-down analysis used in other reports. **The benefit of the bottom-up approach is described in the North Point report as involving discussions with key market and industry players to provide dynamic insights and is of benefit when taking into account demand for a fast moving industry such as aviation which will look very different in 10-20 years’ time than it does now. The top down approach is described as relying on the extrapolation of historic data and performance and on the notion that the key to understand in the future is in the past.**”*

6.1.18 Having taken account of a range of factors, the Secretary of State concluded:

*“89...the Secretary of State considers that given the circumstances noted (above) **the qualitative approach taken in the Azimuth report is preferable to the other forecasts considered by the Examining Authority.**”*

- 6.1.19 In the case of Manston Airport, of course, the airport was closed at the time of the examination and the applicant there did not have the same benefit as that available to GAL of direct, up to date and detailed contact on a daily basis with current and prospective airline customers at the airport. The benefit of that knowledge reinforces the benefits of the ‘bottom-up’ approach in this case.
- 6.1.20 York Aviation draw the opposite conclusion at paragraph 42 of their document supporting the LIRs (Deadline 1 Submission – Local Impact Report – Appendix B: Needs and Capacity Case [[REP1-099](#)]). The brief reasons given there are not understood – just because something can be theoretically modelled does not mean that it must be, particularly when Gatwick has available to it real market evidence of demand.
- 6.1.21 At the recent Luton Rising DCO Examination, York Aviation appeared on behalf of the applicant there and set out their approach in the document entitled ‘Need Case’ (Luton Examination document AS-125). The use of their in-house top-down model was explained, particularly for the way in which it has forecast the continuation of background trends. However, York’s submission recognised its limitations in forecasting a market response to a significant increment in capacity. Luton Airport has no history of attracting long-haul carriers but York nevertheless claimed that long-haul would be part of forecast growth at the airport. York’s submitted Needs Case explained:

“6.3.27 A further issue for which adjustments have been made is around the development of long-haul services over the longer term. Logit models, such as those used here, ultimately reflect passenger choices and behaviour from the past. Hence, there is limited data from which to assess whether passengers would use longer haul services from the airport in future as overall demand grows. Logit models, thus, have difficulty predicting how markets will grow in the future when an airport has limited levels of similar activity currently...

“6.3.28 A supplementary analysis has, therefore, been undertaken, examining long-haul markets in the airport’s main catchment area on an individual basis to identify those routes that might come forward in the future, taking into account the length of the current runway and over what timescale those new routes may become attractive. Over time, it is reasonable to assume that such services may develop at the airport as the under-lying demand for key destinations long-haul increases and the proposed development provides improved infrastructure to enable such services to be handled... It is considered reasonable that an airport handling 32 mppa would be capable of supporting some long-haul operations because the strength of the underlying market for such an

airport is likely to include sufficient demand to sustain direct services to some long-haul points.”

6.1.22 Accordingly, at paragraph 6.3.30 of the Luton Need Case, York Aviation explained:

“In terms of the demand for the services, the long-haul forecast overlay uses a semi “bottom up” approach, which takes account of both the underlying demand in the airport’s catchment area (using CAA survey data for 2019) and also likely realistic frequencies and capacities consistent with the potential route by route demand.”

6.1.23 In these circumstances, the approach taken by York Aviation to long haul forecasts at Luton is not dissimilar to the approach taken by GAL at Gatwick except:

- Luton put forward no evidence of pipeline interest or requests or documented demand from airlines to demonstrate the practicality or reality of its bottom-up assumption; and
- Luton has no history of long-haul on which to draw to make credible its forecast.

6.1.24 Luton is a different airport from Gatwick and that difference may legitimise a different approach there. In particular, Luton has no history or evidence of substantial pent-up demand which would legitimise the use of a bottom-up model, informed by real life airline demand. In the circumstances of Luton Rising, therefore, a top-down approach may be appropriate, complemented by speculative judgements about a step change in the nature of its operations. At Gatwick, however, a bottom-up approach is soundly based and likely to be more representative of the future.

6.1.25 It is also helpful that York Aviation recognise that a bottom-up approach may be used, at least over a short time period of (say) 5 years. At Gatwick, the forecasts suggest an immediate market response to the opening of the NRP, such that its success is not dependent on long term forecasting.

6.1.26 As is demonstrated in the **Needs Case Technical Appendix** [[REP1-052](#)] Section 6.4 Outputs, whether the approach taken to demand forecasting is bottom-up or top-down, the long-term trajectory of growth at Gatwick is consistent between the two forecast approaches. The top-down forecasts demonstrate the excess demand in the 2030s (and beyond) and results in the capacity determined by the bottom-up modelling being filled. It is unsurprising that the outcomes are very similar.

- 6.1.27 Both approaches demonstrate the need for capacity in London airport system and at Gatwick. Under either approach Gatwick is forecast to fill the additional capacity provided by the NRP.
- 6.1.28 A key area of focus in the York Aviation report is the level of peak spreading which has been assumed and the extent to which it is reasonable to assume that a similar level of peak spreading will be achieved in both the Base Case and the NRP Case.

“46. The forecasts also assert a substantial spreading of the demand outside of peak periods at Gatwick in order to reach the total passenger and aircraft movement throughputs assumed in both the Base Case and NRP Case. Prima facie, it does not seem plausible to assume the same degree of spreading of the peak would be possible in the Base Case due to the limited scope for new less seasonal services to be accommodated compared to the extent to which growth might enable somewhat less seasonal operations to be attracted with the NRP.”

“47. Overall, the consequence of this, given the capacity constraints at peak periods, is most likely to be that the total number of passengers and commercial air traffic movements has been further overstated. The projections in both cases assume that growth will be focussed towards winter months, with a typical winter day increasing from 78% of a typical summer day’s traffic volume to 88% in 2038 and 90% in 2047. This compares to the ratio at Heathrow in 2019 of 92% - 93%. Given that the low seasonality at Heathrow is largely driven by its substantial component of long haul demand and its hub role, it seems unlikely that such spreading of the peak would be attainable at Gatwick, which is forecast to remain dominantly a short haul airport (67% in 2047 compared to 73% in 2019) whereby patterns of demand are much more seasonally peaked, particularly given the substantial low fare airline presence at the Airport, with or without the NRP, operating a large number of leisure routes.”

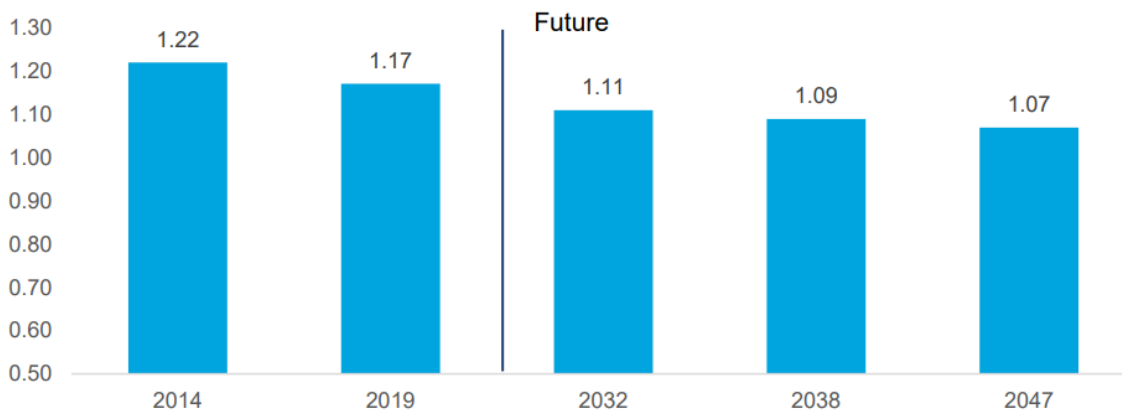
- 6.1.29 With respect to the level of peak spreading which is assumed in the forecasts, the Applicant notes the following:

- Over a 5 year period between 2014 and 2019, the ratio of the average number of movements per day in the peak month to the average number of movements per day across the year reduced by 4% from 1.22 to 1.17, equivalent to an annual average reduction of 0.8%. This was driven by a combination of factors including a change in market mix, with an increasing share of long haul traffic, and financial incentives in bilateral

agreements with airlines during the first ‘Contracts & Commitments’ regulatory period.

- Under the Applicant’s forecasts, this same ratio is forecast to reduce by approximately 8% over the 28 year period between 2019 and 2047, equivalent to an annual average reduction of 0.3%. The annual rate of improvement in seasonality which has been assumed in the forecasts is therefore less than half of the rate achieved prior to the pandemic and in a market which was less constrained than is expected to be the case in the forecast period. The chart below is sourced from the Needs Case Technical Appendix [\[REP1-052\]](#) and shows the historic and forecast evolution of the seasonality ratio.

Figure 25 Seasonality – Ratio of peak month ATMS: Annual average



Note: similar long-term assumptions were made for both the Baseline and Northern Runway scenarios
Source: CAA/Gatwick Statistics/Gatwick Forecasts

- Whilst the original assumptions used to inform the forecasts were prepared in 2019, the Applicant and ICF have reviewed the latest seasonality trends for some of Gatwick’s key carriers and the results of this analysis are summarised in the table below, which can also be found in the Needs Case Technical Appendix [\[REP1-052\]](#). The analysis highlights that new entrants are generally operating with consistent year round schedules and that a number of incumbents including British

Airways, Vueling and Wizz are now operating with reduced levels of seasonality compared to the pre-pandemic period.

Table 13 Summary of Seasonality for major capacity changes at Gatwick

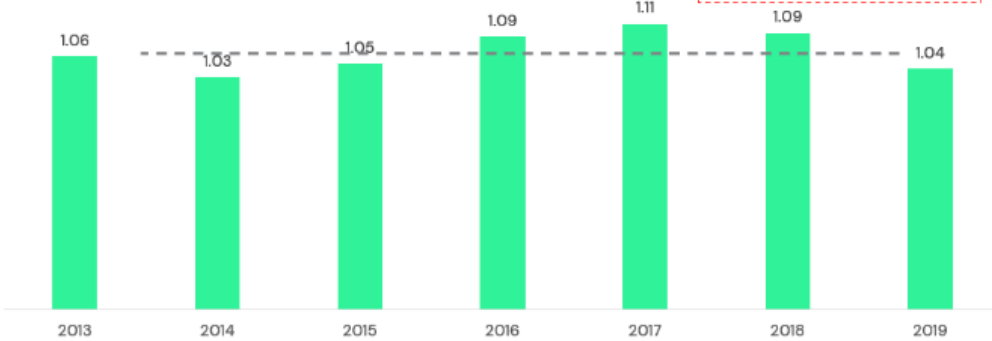
Airline	Note	2019 Ratio	2023-24 Scheduled	Comment
BA/BA EuroFlyer	BA inc. new short-haul carrier	1.20	1.11	De-peaking
Vueling	Providing strong growth with lower seasonality vs 2019	1.13	1.04	De-peaking
Wizz	Providing strong growth, operates consistent year-round program	n/a	1.05	New capacity, low seasonality
Lufthansa	New year-round services	n/a	1.02	New capacity, low seasonality
JetBlue	New year-round long-haul services	n/a	1.12	New capacity, low seasonality
Air India	New year-round long-haul services	n/a	1.01	New capacity, low seasonality
Air Mauritius	Moved services to LGW to expand and operating year-round	n/a	1.01	New capacity, low seasonality

Note: Wizz had very limited operations in 2019 at Gatwick

Source: OAG Schedules 2019, 2023/2024

- While traffic volumes in the winter season have generally recovered more slowly than in the summer season, these off-peak periods are nonetheless continuing to grow strongly. During the most recent winter season (Nov-23 to Mar-24), passenger volumes at the Airport increased to 14.0m, representing a year-on-year increase of approximately 14%.
- Benchmarking supports the reasonableness of the seasonality assumptions included in the forecasts. For example, the seasonality ratio for Ryanair's operation at Stansted averaged circa 1.07 over the period from 2013 to 2019, comparable with the level which the Applicant has assumed for the Airport as a whole by 2047. This benchmark is considered to be particularly relevant in the context of (i) the scale of Ryanair's operation at Stansted, which is similar in size to easyJet's operation at Gatwick and (ii) the nature of Ryanair's operation as a short haul low cost carrier with a leisure focus – factors which York Aviation suggest are likely to result in higher seasonality ratios.

Ryanair Busy Month Average Day : Average Day Ratio



Annual Average Daily ATMs



ICF proprietary and confidential. Do not copy, distribute, or disclose.

Source: UK CAA Statistics

- An improvement in seasonality is consistent with the ambitions which airlines have communicated publicly. For example, easyJet’s full year results presentation for the year ended 30 April 2023¹² states that one of the airline’s medium term targets is to restore winter capacity with a view to driving productivity and utilisation gains.

AMBITIOUS MEDIUM TERM TARGETS

Group PBT¹ per seat of £7-£10

High teen ROCE²

Holidays PBT¹ to >£250m

Disciplined capacity growth c.5% CAGR³

Targeting high teen Airline EBITDAR Margins

- > Reducing winter losses
 - Profitable restoration of winter capacity driving productivity and utilisation gains
- > Upgauging
 - >£3 per seat cost saving from A319s leaving the fleet
- > easyJet holidays
 - Continuing profitable growth adding to market share in the package holiday market
- > Other
 - Continued monetisation of easyJet’s primary airport network
 - Cost discipline
 - Inflight retail & other ancillary revenue growth
 - External factors: Inflation, fuel & demand environment

Ambition to deliver >£1bn PBT

¹ Headline result before non-headline items ² ROCE is calculated by taking headline profit/loss before interest and tax, applying tax at the prevailing UK corporation tax rate at the end of the financial year, and dividing by the average capital employed. Capital employed is shareholders equity, excluding the hedging and cost of hedging reserves, plus net debt. ³ Capacity growth between 2023 and 2028.

¹² easyJet FY23 Results, 28 November 2023

6.1.30 With respect to the extent to which it is reasonable to assume that a similar level of peak spreading will be achieved in both the Base Case and the NRP Case, the Applicant notes the following:

- As acknowledged in the York Aviation report, market mix is one of the key drivers of the seasonality profile with long haul operations typically demonstrating a less seasonal profile than short haul operations. The table below is sourced from the **Forecast Data Book [APP-075]** and shows that the market mix assumptions in both the Base Case and the NRP Case are very similar; with a similar market mix, it is not clear to the Applicant why York Aviation consider that there should be a materially different seasonality profile when the incremental capacity only accounts <20% of baseline ATM demand (~60k incremental on baseline 320k annual ATMs).

Table 9.3-1 - Gatwick Passengers, Market Mix (%)

	2019 Actual	2029		2032		2038		2047	
		Base Case	Northern Runway Case	Base Case	Northern Runway Case	Base Case	Northern Runway Case	Base Case	Northern Runway Case
Domestic	7%	7%	6%	7%	5%	6%	5%	6%	5%
Short Haul	73%	70%	70%	70%	70%	69%	69%	67%	67%
Long Haul	19%	23%	23%	23%	25%	25%	26%	27%	27%

- While the Applicant acknowledges that seasonality is one of the criteria considered by slot coordinator when allocating slots and that this may therefore help to support improved levels of seasonality, it is important to note that seasonality is not the only criteria and that as noted above, there are other means through which the Airport is able to incentivise improvements in seasonality such as the financial incentives in bilateral agreements.
- To the extent the Project is not approved, the avenues through which the Airport and its airline customers can seek to grow and satisfy unmet demand will be more limited and this will increase the focus on those avenues – such as improved seasonality – which are available. Under these circumstances, the seasonal price signals offered under the published tariff and bilateral agreements may be stronger, which would, in turn, support peak spreading.

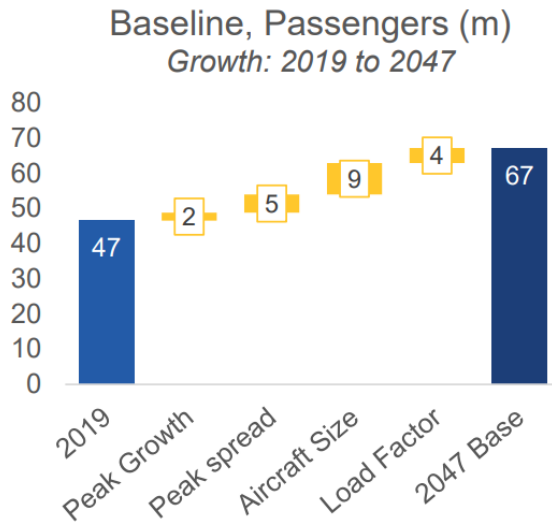
6.1.31 The West Sussex LIR questions why Gatwick has not yet been able to attract additional services from Heathrow and the achievability of 67m passengers per annum under the Base Case.

“6.22 If GAL’s assumptions were correct, it is unclear why in the Base Case, given the constraint in capacity at Heathrow, some additional services have not already been attracted. The extent to which this is linked to current congestion issues is not clear. Consequently, it is not evident what is planned to improve the attractiveness of the Airport is sufficient to justify the assumption that additional flights in each market could be attracted with the existing infrastructure sufficient to deliver a forecast throughput in the Base Case of up to 67 million passengers per annum (MPPA). For this reason, it is considered that the assumption that the Airport can attain 67mppa, up from 46.6mppa in 2019 is not realistic and that a Base Case capacity in the range 50-55mppa is more likely.”

6.1.32 The Applicant notes the following:

- The Airport has had recent success in attracting a number of services from carriers which also operate at Heathrow or who have decided to transfer their services from Heathrow to Gatwick. Airlines which have launched services from Gatwick over the last year and also operate from Heathrow include Lufthansa, Delta, Air India, Saudia, Ethiopian Airlines, Air China, China Southern, China Eastern, Azerbaijan Airlines and Singapore Airlines (from June 2024). In addition, Air Mauritius took the strategic decision to relocate its services from Heathrow to Gatwick with the first flight from Gatwick in October 2023. The Applicant acknowledges that capacity constraints at Heathrow may be a relevant consideration for some of these airlines but even if this is the case, these new services demonstrate the Airport’s success in competing with the other London airports.
- While the pandemic has created some slot opportunities to accommodate the spill or transfer of demand from Heathrow, the Airport is also full during the peak summer season and the scope for additional services is therefore very limited, particularly as airlines will not launch new services without access to the lucrative peak summer slot capacity where the most profitable opportunities lie.
- The forecast growth to 67mppa is generated by a range of factors as illustrated in chart below which can also be found in the **Needs Case Technical Appendix** [[REP1-052](#)]. It is important to highlight that the primary source of growth is aircraft size (9mppa), followed by peak spreading (5mppa) and then load factor (4mppa). Growth in the peak is

the least significant contributor (2mppa) and is driven by the scope to increase some hours to the maximum hourly declaration of 55 movements per hour.



- No evidence has been presented by the LIR to support the claim that a throughput of 50 – 55mppa is a more likely outcome. This contrasts with the substantial body of evidence which the Applicant has supplied to support its forecast and based on the Applicant’s detailed analysis. Expected increases in aircraft size alone would be sufficient to deliver a passenger volume in excess of the maximum asserted in the West Sussex LIR.

6.1.33 The West Sussex LIR also seeks clarity as to the assumptions regarding additional capacity at other airports and the extent to which this may impact the level of demand which is forecast for the Airport.

“6.23 Although some top down benchmarking of the demand forecasts has been undertaken by reference to the Department for Transport’s national aviation forecasts, it is not entirely clear the extent to which this benchmarking has taken account of the effect of additional capacity at other airports in driving overall levels of demand such that it may overstate the actual demand that would be available to Gatwick. Further clarification has been sought regarding this modelling. Hence, due to the use of a bottom up approach to modelling future demand, coupled with uncertainty about the validity of top down modelling, the Authorities are not yet satisfied that the demand forecasts in their present form can be relied on as there are doubts that Gatwick would achieve the forecast growth with the Project over the timescale claimed by GAL even if its

assumptions as to future Project capacity are correct. This applies regardless of whether a third runway is constructed at Heathrow or not.”

- 6.1.34 As noted previously, the Applicant recognises that the authorities will not have had the opportunity to consider in detail the Applicant’s Deadline 1 submission **Needs Case Technical Appendix** [[REP1-052](#)], which was prepared at the request of York Aviation to clarify matters discussed in the Technical Working group meetings. A key focus of this document is the presentation of top down forecasts prepared by GAL which supplement the bottom-up forecasts. The methodology used and outputs of the top down forecasting are set out in section 6 of the paper which includes details of the capacity assumptions for other airports in the London system, together with sensitivity analysis focused on alternative capacity scenarios for airports in the London system. The Applicant will continue to liaise with York Aviation to see what common ground can be achieved based on this additional analysis.
- 6.1.35 Some more technical points are made by York Aviation about the approach to forecasting in paragraphs 49 to 55.
- 6.1.36 Further details are provided in **Appendix B**, detailing more specifics, although in summary the main areas raised by York relate to the levels of future demand assumed for the unconstrained modelling. In short, the appendix demonstrates:
- GAL has properly understood the scale of overall forecast aviation demand and taken a conservative approach to the extent of demand available to be met in the London market;
 - differences between constrained and unconstrained forecasts are relatively limited when the constrained forecasts themselves assume the development of Heathrow, Gatwick’s NRP and other MBU developments at other airports;
 - in so far as York suggest that forecast demand would be lower if the third runway is not developed at Heathrow, it is important to recognise that suppressing estimates of demand in response to suppressed estimates of future capacity is not appropriate when policy seeks to meet demand and support the capacity to do so.
- 6.1.37 Lastly, York Aviation comment briefly on GAL’s sensitivity test for the impact of a third runway at Heathrow on its forecasts.
- 6.1.38 The Applicant has provided updated sensitivity tests including LHR R3, Luton’s DCO and LCY expansion plans within our **Needs Case Technical Appendix**

[\[REP1-052\]](#). This details the potential impacts on Gatwick arising from LHR R3 opening in the mid-2030s.

7 Airspace

- 7.1.1 As set out by GAL [\[REP1-053\]](#), Section 4.4], and acknowledged by York Aviation [\[REP1-069\]](#), Appendix F] change is not required to London Gatwick's 'departure routes to bring the north runway into simultaneous operation as these remain the same with one runway or two'.
- 7.1.2 Based upon the view of the technical adviser to the JLAs the Runway 26 operation is the 'most critical direction for assessing the capacity of Gatwick's runway configuration' [\[REP1-069\]](#), Appendix F, paragraph 20]. The configuration of the Standard Instrument Departure (SID) routes from Runway 26 offers the least route divergence - a key feature in achieving optimal sequencing and separation between departures - and as this runway direction is operated on average 70% of the year it thus forms the focus of the response relating to the airspace operation.
- 7.1.3 Departure route separation requirements along with the optimisation of the departing aircraft sequence are described comprehensively in **Capacity and Operations Summary Paper** [\[REP1-053\]](#).
- 7.1.4 The AirTOP model used to forecast future runway throughput capacity takes into account busy day departure route usage and the associated separation standards to be applied between sequential departures in order to create a representative model output [\[REP1-054\]](#) para 4.1.7] the details of which are described in **Capacity and Operations Summary Paper Appendix: Airfield Capacity Study** [\[REP1-054\]](#).
- 7.1.5 The JLAs have suggested that one means to achieve the throughput capacity required is to modify the use of the Route 9 (WIZAD) departure route to facilitate increased early morning departures. However, as set out in the **Capacity and Operations Summary Paper** [\[REP1-053\]](#), Figure 5, 'The SID structure will not change as a result of the Northern Runway Project, nor will the way the SIDs are operated'.
- 7.1.6 A Technical Working Group held on 9 February 2024 confirmed that the configuration of the route structure means that increased separation is required for safety reasons for aircraft using these routes and thus increased use of the SID would not have a discernible impact on throughput compared to the existing Runway 26 right turn out when using the Route 4 SIDs. Figure 1 below provides an illustration of the flow of Route 4 and Route 9 (WIZAD) traffic which explains

the rationale for that time separation requirement to ensure the safe separation of aircraft.

7.1.7 If a change to the use of the Route 9 (WIZAD) routes were to be considered, this would constitute a deliberate decision to redistribute traffic and would require the development of a Level 1 Airspace Change Proposal in accordance with CAP 1616 under the Planned and Permanent Redistribution (PPR) of air traffic provision set out in the Air Navigation Guidance (Amendment 2019). No such change is proposed.

7.1.8 WIZAD departures were not included in the AirTOP model as a means to increase runway capacity throughput.

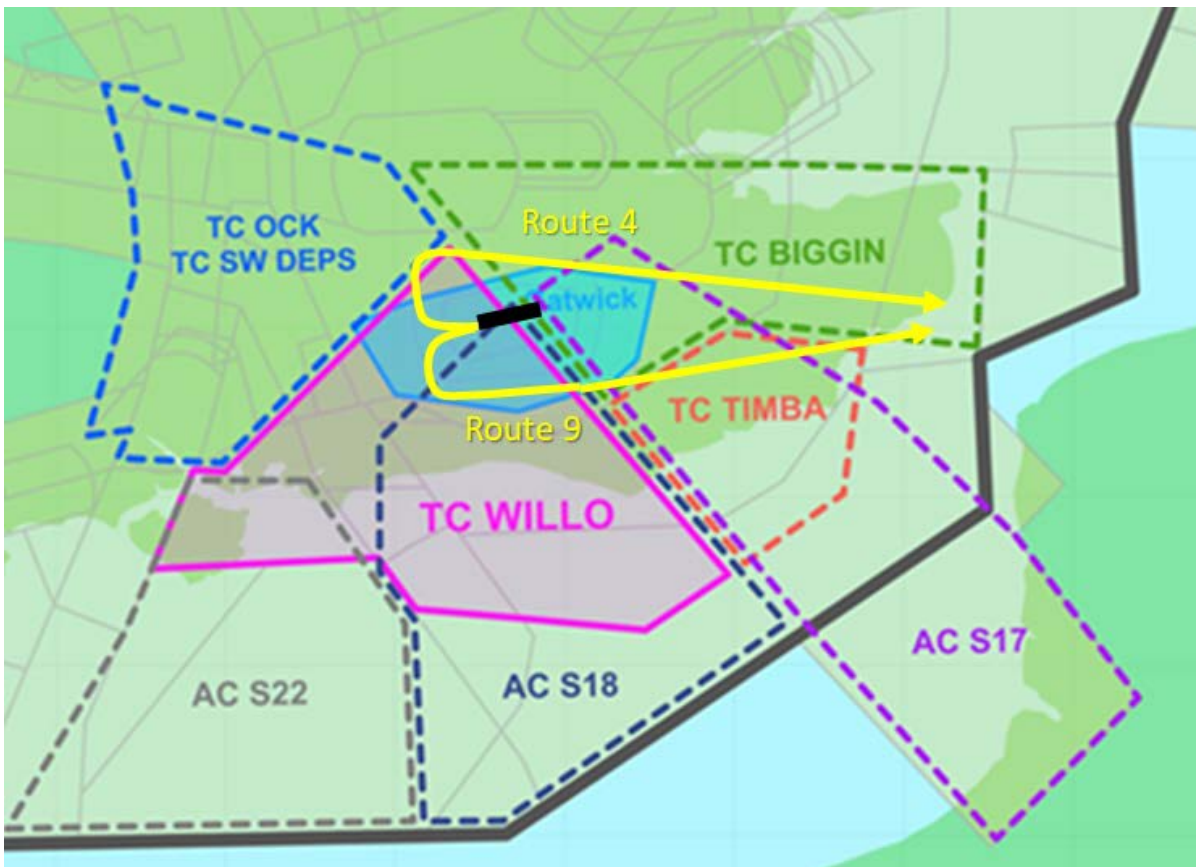


Figure 1. Illustrative traffic flows from Route 4 (MIMFO) and Route 9 (WIZAD) Standard Instrument Departure routes.

7.1.9 GAL is separately taking forward airspace change under the Government sponsored Airspace Modernisation Programme [REP1-053, para 1.2.12] and, while the London Gatwick operation will benefit directly as a result of this programme, it is not a pre-requisite to deliver the Northern Runway Project. The London Terminal Manoeuvring Area (LTMA) airspace is complex, necessarily integrating the arrival and departure routes for all of the London airports, and as

identified by the JLAs [[REP1-069](#), Appendix F] the timeline for the delivery of this complicated, multi-sponsor enterprise is unknown.

- 7.1.10 However, GAL, alongside NERL, is co-sponsoring the London Airspace South (LAS) airspace deployment under the same programme which is a comparatively simple airspace change that can be deployed much sooner than the rest of the LTMA airspace, realising benefits earlier than might otherwise have been the case.
- 7.1.11 London Airspace South requires an upgrade to the airspace below 7000ft, led by GAL, and above 7000ft, led by NERL. Figure 2 below shows the geographical extent of the changes above 7000ft which will be key to accommodating future demand for the London airports.
- 7.1.12 The four main objectives of the London Airspace South change are to: maintain and where possible improve aviation safety; increase airspace capacity; improve the environmental sustainability; and satisfy the requirements of all classes of aircraft. In particular, for London Gatwick, London Airspace South is expected to increase capacity and reduce the air traffic controllers' workload thereby strengthening resilience, reducing delays on the ground pre-departure caused by capacity constraints in the airspace and potentially increasing runway throughput during busy periods.
- 7.1.13 The beneficial geographical location of London Gatwick, that lies to the south of the congested and complex central LTMA airspace, and the supporting airspace that lies to its south, means it is easier to take forward airspace change here compared to the north of London Gatwick, which would involve the other main London airports. The deployment of London Airspace South could be in Q1 2027 if the process is complete and approved.

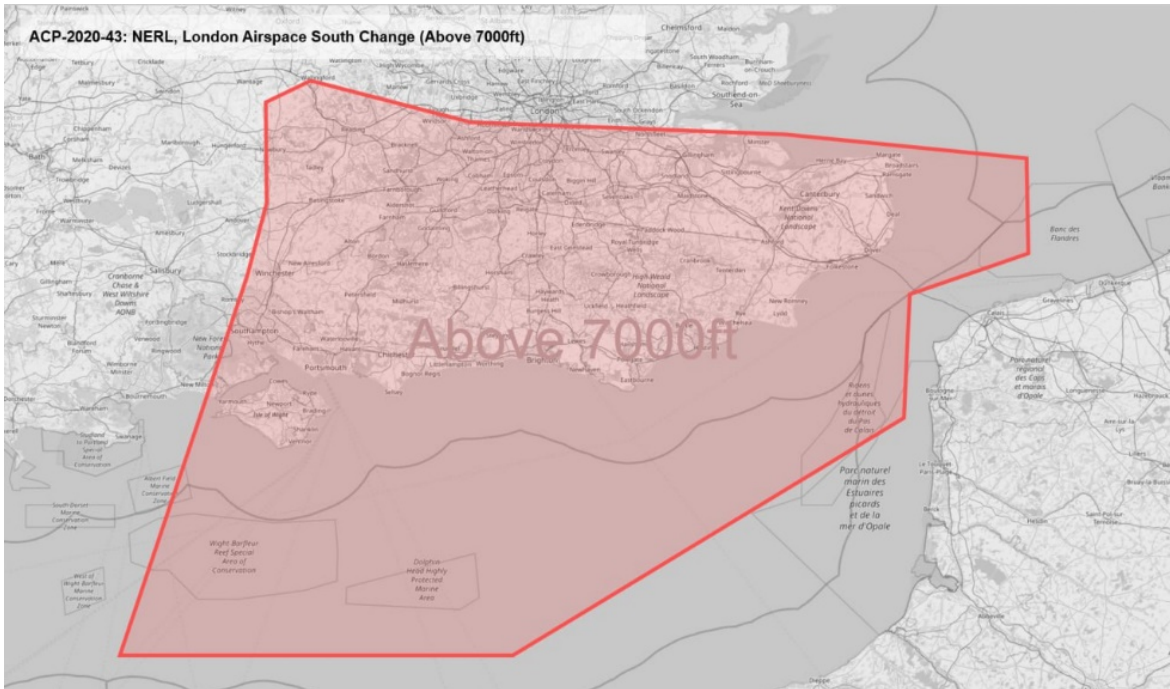


Figure 2. Geographical extent of London Airspace South changes above 7000ft.