



Aviation 2050: The future of UK aviation

ACL response to Sections 3.46 to 3.65 of the
consultation document

Copyright © Airport Coordination Limited, 2019. All rights reserved. No part of this publication may be reproduced, distributed or transmitted in any form or by any means without the prior written consent of Airport Coordination Limited.



Integrity | Together | Own it | Professional | Striving for better



1. ACL's key messages to Government

1.1 A system built on trust and independence

The UK has benefited greatly from the past thirty five years of aviation liberalisation. The reforms which opened up first domestic and then EU routes to competition have led to lower prices and increased consumer choice between airports, airlines, airline products and routes.

ACL has played a major part in this development since being set up as the world's first independent airport coordinator in 1992. It began independent operations ahead of the requirement of the 1993 EU Slot Regulations (95/93) that Member States should ensure independent and transparent coordination of constrained airports. By taking allocation decisions from a neutral position and working within the criteria set by the Slot Regulations, ACL has facilitated growth in competition which has been the key to developing UK aviation and to fulfilling the promise of liberalisation.

ACL's independence, transparency and adherence to the Slot Regulation and to the IATA Worldwide Slot Guidelines has won it a position of trust which it has built with its stakeholders (airports, airlines and Government). Our stakeholders can and do trust ACL to exercise the necessary degree of discretion provided under the Regulations to make allocation decisions which are fair and support best use of capacity and to do so completely independently of Government and interested parties.

With this in mind, ACL believes that any changes to slot allocation rules which impact the independence, neutrality and discretion of the coordinator will require careful thought and balance. Allocation rules which are overly prescriptive could erode the level of discretion of the coordinator. Heavy Government guidance could reduce the coordinator's independence and the industry's trust in fair allocation.

1.2 Retaining the fundamental principles of slot allocation

The underlying aims of the current allocation system are fair access and (as stated in paragraph 1.2.1 of the IATA Worldwide Slots Guidelines) ensuring the most efficient use of airport infrastructure in order to maximise benefits to the greatest number of airport users.

ACL works to uphold those aims, supported by pillars of independence, transparency and fairness.

ACL recognises that Government wishes to reinvigorate the process of slot allocation in order to ensure that it can better serve the needs of the aviation industry, the traveling public and wider businesses and society which use goods transported by air cargo. In any new UK legislation, Government should continue to uphold these aims of allocation and the pillars supporting it which have served the industry, travellers and air cargo well and have successfully guided ACL in less clear cut scenarios.

We support the high level aims set out in the consultation document of ensuring best use of existing capacity and fair and competitive growth of the industry to support best consumer outcomes. At a more detailed level, more clarity on Government's overall objectives for slot allocation is needed:

- the stated aims for allocation of significant new capacity (facilitation of effective competition between carriers, supporting regional growth and improving connectivity to international destinations) may not necessarily be compatible so it is important to understand the order of priorities within these aims and how they interrelate with each other;
- more clarity is required on exactly what competitive outcomes Government is trying to support and how each of those is prioritised (for example, encouraging new routes not currently served, supporting the entry of multiple new carriers to an airport or the growth of a significant second or third carrier at that airport); and
- more clarity on some of the terms used in Government's objectives for example, what does best use of existing capacity actually mean?

1.3 The need to retain some coordinator discretion in a dynamic environment

Slot coordination operates in an extremely dynamic environment:

- Slot allocation occurs from up to six months prior to season start until the day or the hour before operation. Whether allocating slots six months before season start or one hour before operation, and in line with practice across airport coordinators, ACL applies exactly the same coordination criteria. This requires a coordinator to be nimble and to make timely decisions.
- It is difficult for a coordinator accurately to predict future slot demand and airline behaviour. Airline coordination requests are different every time and based on the competitive dynamics of each carrier, which are confidential and closely guarded.
- Slot coordination operates in a market with huge numbers of permutations. Dynamic and often unpredictable economic, political, social and environmental events also impact coordination and the needs of carriers and airports.
- Airports are complex and each will have very different needs and coordination parameters which affect the allocation of slots. Capacity constrained airports may be constrained for very different reasons such as terminal, runway and planning constraints. London Heathrow has runway and terminal capacity but is constrained by its planning rules (the 480,000 Air Transport Movement cap); London Gatwick is runway constrained (i.e. it has terminal capacity but has limited capacity available on the runway) and Stansted is terminal constrained (it has capacity available on the runway but not in the terminals to process passengers at peak times). Those different constraints will transpose into different needs and different airport capacity declarations (which set the parameters for coordination of capacity at each airport), which change as new processes or infrastructure come into use. This means that a "one size fits all" coordination model is not possible; the coordinator needs to take into consideration the individual needs of each airport. To add to that complexity, each airport serves different markets, different passenger needs and a different mix of traffic.

This dynamic environment demands a coordination system which allows the coordinator to be nimble and to make timely decisions in line with industry deadlines, notably in the two periods of initial coordination ahead of each operating season. ACL currently responds to 96.26% of

queries within one hour and to 98.64% of queries within three hours. Any new system or heavy administrative process (for example, one requiring detailed consideration of business cases) which hampers the coordinator from providing carriers with allocation decisions within a reasonable time could adversely affect the quality of coordination in the UK and adversely impact our airlines' and airports' scheduling and planning processes.

The current Slot Regulations provide the coordinator with a vital degree of flexibility and discretion in how particular rules are interpreted and applied to take into account the unique fact patterns existing at the time a decision is made (but always acting within the fundamental principles of fairness, transparency and independence). ACL has had to use its flexibility and discretion in circumstances which neither the Slot Regulations nor the Worldwide Slot Guidelines could foresee:

- ACL regularly has to interpret the provisions for preserving historic rights in cases where slots can't be used due to unforeseeable circumstances (force majeure alleviation), in cases ranging from weather disruption to technical problems with an aircraft type. In circumstances where airports have limited available capacity, it is important that ACL ensures that capacity is as fully utilised as possible, to the benefit of consumers and shippers; this can require tough decisions about force majeure alleviation.
- ACL has to interpret the secondary criteria to ensure a fair outcome in unusual circumstances. For example, in Summer 2012, Transaero received IAG/BMI merger remedy slots from British Airways for operation on its route to Moscow. Transaero ceased operation in October 2015 and the 28 weekly remedy slots went back into the pool as required by the Slot Regulations. ACL evaluated all applicants and took a pragmatic view to reallocate the 28 slots to British Airways. This decision was fair to British Airways in the circumstances prevailing at the time of consideration, in which it faced the permanent loss of slots which it had originally controlled, but over which it no longer had control as a result of its commitments to the European Commission, and yet was still liable under its commitments to provide a further 28 weekly slots should another airline request them under the BA/BMI remedy process. This allocation was not challenged by any airline but there is, of course, no guarantee that ACL would make the same decision if similar facts were to present themselves today.

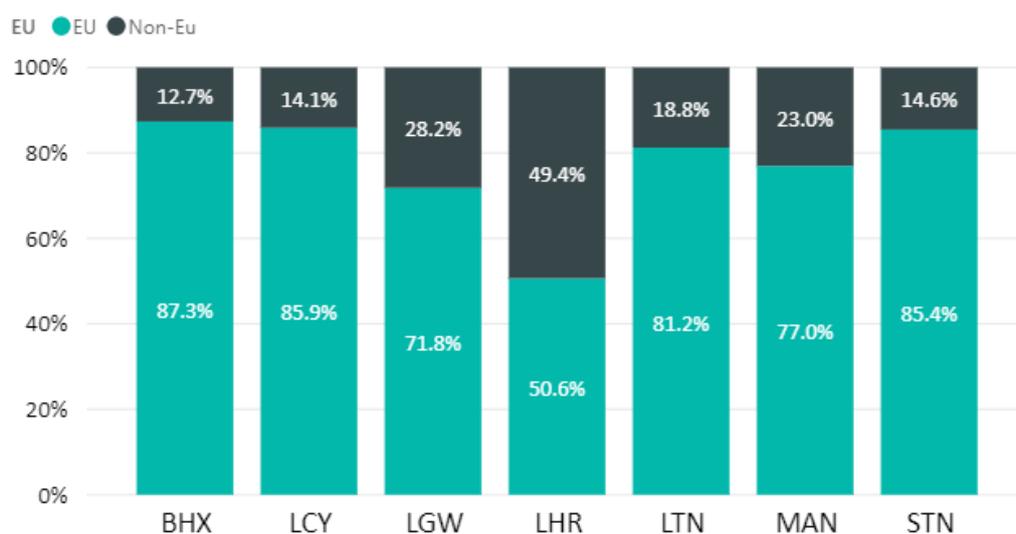
If new allocation rules or Government guidance are too prescriptive, the coordinator will be unable to react to ever changing market and economic conditions and would not be best able to ensure slots are coordinated fairly and to ensure optimal use of airport infrastructure.

A degree of coordinator discretion and flexibility supports the fundamental requirement of coordinator independence. A system which is too prescriptive or contains too much Government guidance or intervention from other supervisory bodies would erode the independence of ACL which is currently mandated under the Slot Regulations and underpins fair allocation and liberalisation.

1.4 A need for consistency

Figure 1 below shows that on average 77% of slots allocated at UK level 3 airports are for routes which originate, or have destinations in, EU member states. Flights on EU routes are likely to remain the majority of flights from the UK in future.

Figure 1 - Proportion of slots at UK full time level 3 airports by origin/destination, W18 and S19



Whilst the current political and economic environment presents an opportunity for Government to review the slots allocation system in the UK, and to make positive reform, it is important not to lose sight of the need for some consistency of allocation rules within Europe and the rest of the world. This should in no way act as a barrier to positive regulatory change, or to the freedom of the UK Government to set its own rules (some other major countries do not follow the IATA Worldwide Slot Guidelines). However, slot allocation at UK airports cannot be viewed in isolation; any impact up or down route may need to be considered. Consistency of slot allocation rules within the EU and worldwide is valued by airlines, particularly in the timetable of slot coordination but also in having greater certainty about the outcomes of applications for slots and not having to deal with differing coordination principles from country to country.

1.5 A constantly evolving picture

The current allocation rules have evolved over the years (through legislative change and change to the IATA WSG) to adapt to changes in the industry, the economy and to correct deficiencies in the system. The ability of the allocation rules to adapt is an important mechanism to retain in any new legislation. For example, any future changes to allocation rules at EU or worldwide level (including future changes to the IATA Worldwide Slots Guidelines, soon to be the Worldwide Airport Slots Guidelines) should be reviewed so that positive changes can be considered for adoption at UK level.

Markets for both airlines and airports evolve over time, so the coordination system must be flexible enough to remain fit for purpose as evolution takes place. Future proofing any new legislation (as far as possible) for events such as economic down-turn, significant political events and special events will be important. We believe the most effective way to address this is to retain some latitude on interpretation for the coordinator, acting within fundamental principles of fairness, transparency and independence. A very prescriptive “yes/no” form of coordination would be less able to adapt to unforeseen events.

1.6 Airports with no significant release of new capacity

Much of the commentary on slots in the consultation document is, understandably, focussed on the potential release of significant amounts of new capacity. Any proposed changes to the

allocation system will also need to be considered in relation to both “business as usual” and new allocation at other airports within the UK.

1.7 The practicalities matter

As the UK’s designated slot coordinator, we will support and adhere to new legislation on slots allocation to support fairness and the efficient use of airport infrastructure.

Any legislative change needs to be carefully thought through (for example to identify any unintended consequences) and the practicalities of any proposals need to be carefully considered.

1.8 Other areas for change

As well as commenting on the proposals set out in the consultation document, we set out in section 4 below additional areas where we (as the UK’s designated slot coordinator) see a need for change but which were not specifically included in the consultation document.

2. Factual evidence

ACL holds an enormous amount of current and historical data on the outcomes of slot allocation. In providing our response, we have analysed that data to provide an evidence based view. Some of that data (primarily on secondary trading) is included in the Data Annex to this response:

Figures 3 to 8 (in Annex 1) – show the spread of incumbents and new entrants at UK level 3 airports;

Figures 9 to 14 (in Annex 1) – show the distribution of pool slots between new entrants and incumbents at each of the UK’s level 3 airports;

Figures 15 to 20 (in Annex 1) - show the development of slot holdings by carrier at the London airports;

Figures 21 to 45 (in Annex 1) – present some of our secondary trading data for London Heathrow;

Figures 46 to 54 (in Annex 1) – present some of our secondary trading data for London Gatwick;

Annex 2 – summarises ACL’s judicial review history;

Annex 3 – presents the changes to IATA WSG approved in principle at the ACA Task Force relating to re-timings;

Annex 4 – shows ACL’s double dip analysis at UK airports;

Annex 5 – presents ACL’s series length trials.

3. ACL's Response to questions in sections 3.46 to 3.65 of the Government's consultation document

3.1 Has the current system promoted fair and competitive growth and positive consumer outcomes (relevant to paragraphs 3.47, 3.48, 3.49 and 3.50 of the consultation document)

Figures 3 to 8 (in Annex 1 of this response document) show the spread of incumbents and new entrants at each of the UK's level 3 airports (but excluding Birmingham, which was only designated as a level 3 airport in 2017). At the most constrained airports, the current allocation system favours incumbents which can retain slots through maintaining historic precedence while few slots are now available for allocation from the pool to either incumbents or new entrants. Allowing for retention of slots in this way is important in giving airlines and airports certainty, in encouraging longevity of operations and to allow carriers to make long term investment commitments at an airport, but it can also have the effect of discouraging slots moving back to the pool and allowing competitive entry.

Figures 15 to 20 (in Annex 1) show the development of slot holdings by carrier at each London airport and illustrate that the current system has supported the establishment of a broad spread of carriers (both UK and non-UK) at each airport while also allowing the growth of large slot holdings by a small number of carriers, with (in some cases) a single carrier emerging as the largest at an individual airport. The entry and growth of particular carriers can also be affected by factors outside of coordination, such as airports offering financial incentives for growth or entry to particular carriers. Whether the current system has delivered fully effective competition at each airport or between airports is not for ACL to judge, but it could be argued that the current system has allowed for wide consumer choice at airports and for a diversity of routes being operated by different types of carrier.

Figures 9 to 14 (in Annex 1 of this response document) show the distribution of pool slots between new entrants and incumbents at six of the UK's level 3 airports from S08 to S19.

Despite the lack of capacity at the heavily constrained airports, the current allocation system has allowed ACL to make allocation decisions over time to provide fair and competitive growth at the UK's coordinated airports, including in the most recent period, for example:

- (a) At London Heathrow, allocation has allowed many new routes to be opened and built up by new carriers providing wider consumer choice. For example, Vietnam Airlines operating a three day a week service to Ho Chi Minh and a four day a week service to Hanoi from Summer 2015; Philippines Airlines operating a daily service to Manila from Summer 2016; Avianca operating a daily service to Bogota from S15; Aeromexico operating a daily service to Mexico City from S18; Garuda Indonesia operating a three day a week service to Jakarta; Beijing Capital operating a two day a week service to Qingdao from S18; Air China operating a three day a week service to Chengdu from S19; China Southern operating a daily service to Guangzhou, a three day a week service to Wuhan, a two day a week service to Sanya and a two day a week service to Zhengzhou; Hainan operating a three day a week service to Changsha from S18; Tianjin Airlines operating a three day a week service to Tianjin via Xian and a three day a week service to Tianjin via Chongqing; Shenzhen Airlines operating a three day a week service to Shenzhen; Air India for a three day a week service to Bangalore this Summer competing with British Airways which operates a daily service on that route.

In Summer 2018, London Heathrow became the fastest growth airport in Europe for routes to China.

- (b) At London City, LOT Polish Airlines has (from W18/S19) started three new routes (not previously served from London City) to Warsaw, Budapest and Vilnius. All use slots obtained from allocation from the pool. LOT applied for twice daily services for each route all under new entrant status. It has been allocated slots for all of the services and has obtained slot timings within +/- 30mins of its required times within peak periods.
- (c) At London Stansted, Jet2.com was able to introduce seven based aircraft in competition with easyJet and Ryanair from Summer 2017 to become the second largest based carrier (by number of aircraft) and the third largest in movements; and Emirates started daily flights to Dubai in Summer 2018, providing an additional choice of London airport, and is set to add a second daily Stansted flight in Summer 2019.
- (d) At London Gatwick, Norwegian entered in Summer 2009 and has grown as an incumbent to become the fourth biggest carrier at Gatwick airport, increasing competition in markets to European and worldwide destinations. New entry has included, for example, China Eastern adding a three weekly service from Shanghai in Winter 2018.

It could be argued that any perceived problem of lack of competition is not a result of the current allocation rules, it is caused by the lack of capacity at the more constrained UK airports. The current allocation system is capable of delivering pro-competitive outcomes on the release of significant new capacity.

Although current allocation rules do result in new competition at airports to the benefit of consumers, the type of competition which results may not fully reflect current thinking about the form of competition which could most benefit consumers.

The current system may not be perfect (especially given the limited churn of slots at heavily constrained airports) but is one which the industry understands and accepts, is consistent and has adapted over time. It is largely fit for purpose and ACL believes that it could benefit from some carefully considered changes which are practicable and can lead to greater consumer benefit through competition and more efficient use of airport infrastructure.

3.2 Transparency of the coordinator (referred to in paragraphs 3.48, 3.53 and Annex B of the consultation document)

ACL supports and upholds the principle of transparency set out in the EU Slot Regulations and we believe that ACL is the most transparent coordinator in Europe.

3.2.1 How we currently ensure transparency

We ensure compliance with Article 4(8) of the EU Slot Regulations by:

1. Providing any airline having an OCS account (the Online Coordination System - <https://www.acl-uk.org/online-coordination/>) with, 24/7 access to ACL's raw data on every slot allocated (which can be downloaded by the airline). The information available identifies every slot allocated by carrier, date, time, aircraft type and routing. The vast majority of airlines flying into airports which ACL coordinates have OCS accounts; and
2. For those who do not have OCS accounts, any airline can send ACL a request for data at any time and we will supply it free of charge, generally immediately but always within the IATA standard of three days.

The data available under 1 and 2 above gives airlines full access to all the raw data they need to fully analyse ACL's slot allocation. The only caveat to the above is that access to real time data for the upcoming season (not historical data) is restricted during initial coordination until slot allocations are confirmed (i.e. when the Slot Allocation Lists (SALS) are sent out). This is to comply with the requirement in section 9.9.1 of the IATA Worldwide Slot Guidelines that all airlines receive the results of initial coordination at the same time. Things are changing so frequently during initial coordination that it would be unfair for a carrier to have access to information before other applicants are told that their requests have not been successful, especially as initial coordination is subject to change from the submission deadline to issuance of SALS. In practice, this means access to real time data is limited between the submission deadline and issuance of SALS (for a maximum of three weeks).

3. We publish significantly more information on the coordination process than other coordinators in the EU. This includes:
 - a. seasonal reports for all level 3 airports published on the ACL website (<https://www.acl-uk.org/airport-info/>) which provide a summary of what has been allocated at each Level 3 airport in each season;
 - b. all declarations of airport capacity are published on the ACL website;
 - c. guidance on our interpretation of specific slot allocation rules such as alleviation to historic rights, airport night flying policies and local rules. These are available at <https://www.acl-uk.org/airport-info/>;
 - d. FAQs on how we are financed and our Board structure (<https://www.acl-uk.org/faqs/>);
 - e. detail of our slots monitoring and sanctioning function (<https://www.acl-uk.org/slotsanctions/>) including guidance on our monitoring and sanctions process;
 - f. data on completed slot exchanges (<https://www.acl-uk.org/completed-trades/>).
4. Following allocation of slots, the airline will receive a message confirming what has been allocated to it. Airlines can ask us for reasons behind any allocation decision, which we will provide free of charge.
5. ACL presents a coordinator's report at Coordination Committees (which is a committee of stakeholders, comprising ACL, airlines, airports and Air Navigation Service Providers). This gives all stakeholders an opportunity to raise questions and to challenge decisions we make.
6. ACL meets airlines at IATA slot conferences to discuss slot allocation, giving an opportunity for airlines to ask questions about allocation decisions made. At the last slot conference (held in Madrid in 2018), ACL coordinators had around 486 meetings with airlines.
7. The EU Slot Regulations and the IATA Worldwide Slots Guidelines (which are available on the ACL website) set out clearly in what priority slots are allocated and what the primary and secondary criteria are.

Generally we believe that, under the current system, airlines and airports are well aware of, and understand, the principles of allocation and the criteria which we are obliged to follow in allocating slots. The current system of transparency allows airlines and airports ample opportunity to seek reasons for allocation decisions (including how ACL has applied primary and secondary criteria).

3.2.2 Transparency around primary and secondary criteria

Paragraph 3.48 of the consultation document questions whether there is a lack of transparency over how ACL applies the primary and secondary criteria where more than one airline requests a slot. It will be interesting to see whether industry respondents perceive a lack of transparency here, but our feeling is that the airlines and airports we serve understand how the criteria work and have confidence in ACL applying them fairly to ensure balanced and justifiable allocation decisions. Airlines regularly ask ACL about specific coordination decisions (which we explain to the airline), but none has seen the need to challenge a specific allocation decision by legal action.

A scenario where ACL is faced with two very similar requests from more than one carrier is very rare. It would be difficult to provide more transparency on this than is already provided by sections 8.3 and 8.4 of the IATA Worldwide Slot Guidelines, as every scenario is different and we will weigh up the primary and secondary criteria based on the unique circumstances of each case to make an independent allocation decision.

It is usually clear, based on the primary and secondary criteria, which carrier should get a slot.

3.2.3 Potential for improvement?

Although we publish data on secondary trades (all slot swap forms giving full transparency on all secondary trades carried out), one area in which we recognise that more transparency may be beneficial is secondary trading, if it continues to be supported by the UK Government (we say more about this in section 3.5.2 below).

Whilst we believe that ACL is “best in class” on transparency, that does not mean that there can be no room for improvement and we are always open to considering further practical measures to address any concerns raised around transparency. We constantly review our transparency. For example, for initial coordination for Winter 2019, we are running a trial at two of our Level 3 airports to test how practical it would be to record in more detail allocation decisions based on use of the secondary criteria. We are also increasing the amount of open reporting on coordination by publishing Initial Coordination reports.

3.2.4 Increased requirements for transparency could impede the coordination and allocation process

Too much transparency may negatively impact on the airline community if the effect is to slow ACL’s allocation process down. Responsiveness is a key performance indicator which both airports and airlines demand (we currently respond to over 98% of airline schedule requests within three hours).

There needs to be a careful balance between the benefit of more transparency (if there is an identified shortfall) and the potential impact on responsiveness. Any new system which hampers the coordinator from providing carriers with allocation decisions within a reasonable time could adversely affect the quality of coordination in the UK and adversely impact our airlines’ and airports’ scheduling and planning processes.

If transparency were to be taken to the extreme of requiring ACL to record detailed reasons and justification for every slot allocation decision, ACL would need to apply extra resources to coordination, pushing costs up, and the process would be slower, hampering or preventing our ability to coordinate within the time periods set out in the IATA Worldwide Slot Guidelines.

So, whilst we support the principle of transparency, we believe that we deliver well on this and that we currently fulfil the needs and expectations of our customers and the industry. ACL is trusted by both airports and airlines to act fairly and independently in its application of the rules. We are always open to considering where transparency could be improved if there is a clearly identified need.

3.2.5 Does transparency help to address the risk of challenge over allocation of significant releases of new capacity?

We understand that one of the reasons for Government reviewing the level of transparency is to address concerns over possible legal challenge on the allocation of significant new capacity. We recognise that transparency is important, but believe that a more effective way to address the risk of challenge is through the issuance of carefully considered and drafted binding Government guidance to clarify Government's priorities and overall aims for allocation of new capacity (see further section 3.4.2 below). Making that guidance available well in advance will help stakeholders understand the basis on which ACL will be making allocation decisions on new capacity and will manage expectations. This would increase the level of certainty about allocation decisions and decrease the risk of challenge.

3.2.6 Independence of the ACL board

ACL believes that independence is fundamental to its activities as a coordinator, in line with the requirements of the EU Slot Regulations and in order to ensure fair and efficient coordination. It has in recent years taken significant steps to develop its governance further and to ensure independence of decision-making. This has included expanding the ACL Board to put in place corporate governance provisions for any conflict of interest and by having four fully independent Non-Executive directors. These are our Chairman, Jeff Halliwell, Catherine Brown (former CEO of the Food Standards Agency), Ailsa Beaton (formerly holding senior executive roles at London's Metropolitan Police Service, General Electric, PA Consulting and ICL) and Valerie Gordon-Walker (who has held executive positions at Barclays, BP, West LB and Marks & Spencer). We also have two full time directors who are employees of ACL – Edmond Rose, our CEO, and Johanna Clarke, our Finance Director.

ACL is transparent over the make-up of the ACL Board and the fact that Membership is open to all airline operators licensed by the UK CAA and operating to airports coordinated by ACL. For example, the FAQ section on our website contains information about this (<https://www.acl-uk.org/faqs/>).

We are currently reviewing our governance to ensure it remains fit for purpose to ensure ACL's independence into the future.

3.3 The Case for changing the current allocation system and opportunity for reform (paragraphs 3.48 to 3.52 of the consultation document)

3.3.1 General Observations

Our view is that the current allocation system is generally fit for purpose and has served the industry well. The current rules have allowed ACL to exercise its discretion independently and fairly to ensure the most efficient use of airport infrastructure in order to maximise benefits to the greatest number of airport users, to provide access to new routes and markets and to promote consumer choice (as we illustrate in section 3.1 above).

Having said that, we believe that the current system could be improved to benefit from carefully thought out amendments.

The UK will continue to have close links with EU countries after Brexit and air travel between Europe and the UK will continue to be vital. Although Brexit presents an opportunity for fresh thinking over how the UK governs slot allocation, ACL believes that it is important to maintain some consistency with allocation rules in the EU and the rest of the world (see also section 1.4 above).

3.3.2 CMA report (paragraph 3.50 of the consultation document)

The Competition & Markets Authority report commissioned by the DfT as part of the Green Paper process demonstrates the potential theoretical benefits of market mechanisms. Alongside this, the DfT should consider actual outcomes. It may be that in practice, market based mechanisms may not support Government objectives of facilitation of effective competition between carriers, supporting regional growth and improving connectivity to international destinations any more than the current system does.

Some aspects of market mechanisms may also lead directly to less effective use of slots. Our data on secondary trading, which is a market mechanism as auctions would be, suggests that on average slots leased to other carriers are used by aircraft with 19 fewer seats than the aircraft used prior to the lease (see Figure 36 in Annex 1).

The CMA concludes that the current allocation mechanism is likely to lead to inefficient outcomes and could limit innovation by airlines. Whilst the current system can lead to some inefficient outcomes (for example, through leasing of slots), we would question whether a market based system would necessarily provide a solution that would better reduce the risk of inefficiencies and whether perhaps a better solution could be found by making carefully thought out amendments to the current system.

We also question the conclusion that the current system is likely to limit innovation by airlines. The current system gives airlines some certainty over longevity of operation and over continued access to an airport or route through the right to historic precedence. That mechanism allows airlines to dedicate resource to investment in areas such as new and innovative aircraft types (such as the A380 or Boeing 787) and product, such as airport lounges. In addition, the current rules allow slot mobility (where a carrier can freely change the route and aircraft type at any time after initial allocation) which should encourage innovation as it allows use of an existing slot portfolio for new routes or new aircraft types. Arguably innovation is driven more by the competitive environment in which airlines operate and by consumer demand, operational costs and environmental pressures, than it is by slot coordination mechanisms.

In general, the current allocation system allows ACL to make allocation decisions to support the fair and optimal use of capacity. Current rules have allowed growth of new routes and opening up of competition on routes at and between UK airports, even in an environment of super-constrained airports where there is limited churn of slots through the pool. There are some issues which can lead to inefficient use of slots (including some elements of secondary trading - particularly leasing of slots – as well as double dip and fragmentation) which we discuss in more detail in other sections of this response. Greater efficiency in the use of slots would help ensure better consumer outcomes.

3.3.3 Government's objectives (paragraph 3.52 and 3.58 of the consultation document)

The Government's stated aims for allocation of new capacity (facilitation of effective competition between carriers, supporting regional growth and improving connectivity to international destinations) are not necessarily fully compatible. Different forms of competition could be beneficial or adverse to meeting the objectives of improving domestic connectivity and improving connectivity to international destinations. Slot allocation outcomes would benefit from greater clarity from Government on the objectives and the levels of priority attached to them.

3.4 Developing possible options for reform (paragraphs 3.55 to 3.59 of the consultation document)

3.4.1 Earlier Allocation

Significant out of the ordinary changes in airport capacity need careful coordination, preferably well in advance and therefore out of line with the normal IATA seasonal scheduling timetable. For example, ACL has experience of carrying out early coordination for major runway closures such as the recent Southern Runway Refurbishment in Dubai. For this, it carried out the coordination five months earlier than usual.

Similarly, for a significant release of new capacity, ACL believes it is worth considering earlier allocation which would give airlines more time for planning and allow them to scale up operations. This would also increase certainty of planning for airports. Under current slot allocation rules, requests for retimes of historic slots would also need to be considered at this time (see section 3.9 below for further comment on this) or they would likely be blocked.

However, the amount of advanced allocation needs to take into account:

- how far in advance airline plans will actually be known and fixed, to avoid motivating airlines to grab slots for speculative purposes;
- whether there is sufficient certainty about the season and date that the new capacity will become available;
- whether slots allocated in advance should have binding conditions attached to them, for example, conditions as to the route and aircraft type which can be operated with the slots and restrictions on transfers and exchanges of the slots. This would benefit from clearer legal rights for ACL to withdraw slots or apply a significant financial penalty where a carrier breaches the set conditions;
- whether some form of late return penalty should be applied to encourage carriers to return unwanted slots to pool well before the start of a season.

3.4.2 Government guidance

3.4.2.1 Where could Government guidance be useful (paragraph 3.56 of the consultation document)?

In principle, Government guidance may be useful, but we think not on all of the areas identified in paragraph 3.56 of the consultation document.

- Currently the concept of airport system is not used in allocation, as there is no definition of airport system in the EU Slot Regulations (the definition in the EU Slot Regulation

refers to EU legislation which has been repealed (Regulation 2408/92) and the regulation which it was replaced by (Regulation 1008/2008) does not include a definition of airport system). If Government decides to introduce the concept of airport system in any new legislation, this should be defined in the legislation itself, not in Government guidance. However, we question whether bringing back the concept of airport system would assist Government in achieving its objectives and the modelling which ACL carried out for the DfT on a new capacity release at London Heathrow suggests that it could have the effect of decreasing competition and lead to significantly fewer slots being allocated to new entrants which do not already operate at the airport.

- Similarly, any change to the rules around priority on re-timings, and any changes to how the current system deals with re-timings, are better addressed through legislative change, rather than through the issuance of guidance. We feel that the current rules around re-timings and the priority that they receive are clear and do not require any guidance from Government on how they are interpreted. Having said that, we do not feel that the current rules around the priority on re-timings are optimal and in section 3.9 below we set out what legislative change we support.

ACL supports the idea of guidance on Government's objectives for allocation of newly allocated slots, specifically to give more clarity on what outcomes Government is trying to support, or wishes to achieve, in any significant release of new capacity.

In our view, it would be helpful to have clear guidance on: (i) exactly what Government's priorities are for any new capacity release (for example, does it wish to encourage new routes not currently served, or to introduce new carriers not currently operating at an airport, or to enable new competition from one or two carriers rather than new entry by multiple carriers fragmented across multiple routes) and how each of those is prioritised relative to each other; (ii) what Government means by some of the terms used in its objectives. For example, what does "best use of existing capacity" mean?; and (iii) how Government's objectives of improved domestic connectivity, improving connectivity to international destinations and promoting best consumer outcomes fit together, how they impact on allocation decisions and how they should be prioritised.

Any guidance on desired outcomes or on the form and extent of competition which Government would like to see in place could be informed by market studies carried out by a competent authority (the CMA or the CAA). If significant new capacity becomes available in stages over a number of years, as seems likely, the guidance would need to be reviewed and refreshed in the light of changing competitive conditions.

3.4.2.2 A fine balance

We believe that the scope and level of detail of Government guidance should be limited as it could erode the independence of the coordinator which stakeholders value and, if too prescriptive, could prevent efficient coordination.

Any guidance would need to be carefully considered and drafted (with input from ACL at the drafting stage) to minimise unintended consequences and to ensure that any guidance is useful, effective and legally binding. The benefits of guidance need to be carefully balanced against the need to ensure that ACL retains a degree of flexibility over coordination decisions (see section 1.3 above).

The impact of any guidance on the actual or perceived independence of ACL from Government should be considered. For example, when Government negotiates bilateral air services agreements, it benefits from the fact that allocation decisions are made independently

and thus ensures that slot allocation decisions are clearly de-coupled from bilateral rights, rather than requiring Government intervention.

As we explain in section 1.3 above, if Government guidance is too prescriptive or overly detailed, the coordinator will be unable to react to changing market and economic conditions and would not therefore be best able to ensure slots are allocated fairly and optimally.

Any guidance would need to be reviewed regularly, even yearly, to ensure it remains valid, effective and relevant to the existing market, economic and political environment.

3.4.2.3 Does guidance mitigate litigation risk?

Carefully considered guidance would assist in helping ACL to justify allocation decisions, in reducing the risk of challenge and in helping ACL to defend challenges; but Government guidance is not in itself a total solution to the risk of challenge.

A more direct solution would be to ensure that any new legislation upholds the current protection from damages which the EU Slots Regulation affords to the coordinator and upholds ACL's ability to act independently and fairly. Critical to this is:

- ensuring that ACL has the resources to defend challenges to its coordination decisions (which may include some form of last resort Government indemnity for judicial review costs); and
- ensuring ACL has sufficient legislative protection against having to pay the legal costs of the party bringing the judicial review challenge.

The current position where ACL (as a body designated public functions) is subject to the normal litigation costs rule of "losing party pays" in judicial review proceedings exposes ACL to substantial cost risk in defending allocation decisions, which is unusual compared to other coordinators in Europe, where judicial review is not available as a route of challenge or where the costs of judicial review are significantly lower. For example, in Belgium we believe costs payable by the coordinator when a decision is annulled are limited to Euro 1,400; in France the costs are decided by the court which takes into account a number of circumstances that mitigate the amount to be paid by the coordinator; and in the Netherlands judicial costs are not automatically granted against the coordinator but, where granted, do not seem to exceed the amount of Euro 1,500.

Perhaps more importantly, it is critical that ACL has the financial backing to defend judicial review proceedings, otherwise the decision of whether or not to defend becomes a financial call, rather than a decision around ACL doing the right thing and upholding the principles of fairness and independence.

3.5 Effective competition (paragraph 3.57 of the consultation paper)

The consultation paper puts forward ideas for measures which could help facilitate effective competition and efficiency. ACL is uniquely placed to help inform this debate, particularly on the issue of secondary trading and market mechanisms, because it holds extensive data on secondary trading at London Heathrow and London Gatwick airports. We set out our analysis of secondary trading since Summer 2008 in section 3.5.1 below, and then in sections 3.5.2 and 3.5.3 we consider where secondary trading could be improved if Government decides to continue to support it and whether there are any negative effects of secondary trading. ACL's position on secondary trading is set out in section 3.5.4 below.

3.5.1 ACL Data on Secondary Trading

In Annex 1 of this response, we summarise some of the extensive data held by ACL on secondary trading back to Summer 2008. The data we hold is complex and its analysis requires detailed knowledge of the underlying historical context, so we believe it would be unhelpful to present chunks of un-interpreted data. Instead, we provide analysis and data snap-shots which give an insight into how secondary trading is being used at these two airports and its impact over the last ten years. In addition, we draw some observations out of the data in Annex 1, which we present in this section 3.5.1 below.

The data provided in Annex 1 has been compiled manually from paper slot swap forms and from enquiries into ACL's slot coordination system. Airlines do not have to state the type of exchange (sale or lease) on slot swap forms. Analysis is based on ACL's best interpretation of the data at this point in time, including our interpretations of whether slot swaps were sales or leases. The data used shows the use of the slot immediately after a swap is transacted which may not be the same destination or aircraft type actually using the slot after the transaction. There are therefore likely to be some inaccuracies in the detail, but the overall picture from the data is likely to be broadly accurate.

General observations

- Secondary trading can encourage slot mobility and access at heavily constrained airports such as London Heathrow where there is insufficient churn into the slot pool to meet demand. For example, for the summer seasons in the period S08 to S19 at London Heathrow a total of 4,710 weekly slots were traded (including sales, transfers, leases and leases of competition remedy slots) versus a total of 356 slots allocated from the pool. That picture is very different for London Gatwick airport where there has historically been sufficient slot churn to meet demand (a total of 2,199 slots per week between S08 and S19 were traded versus a total of 5,403 per week allocated from the pool). However, that access through secondary trading is at the expense of other carriers which may have been interested in the slots but which either did not have the funding (where the slots were sold) or were not approached by the carrier divesting the slots. Mobility through secondary trading took the allocation decision away from the independent coordinator and led to an allocation result controlled by the divesting carrier.
- Secondary trading encompasses many different behaviours, including use of competition remedy slots, leasing of slots and sale of slots (although the sale may or may not be in exchange for financial value).
- Carriers may use a combination of types of trading together with allocation of slots from the pool to gain access and to grow. At London Heathrow, frequently carriers gain initial entry through pool allocation (for example, up to a single daily) and then grow through secondary trading. Examples at London Heathrow are:
 - Delta initially had access to London Heathrow through operation of Air France and KLM slots which it operated through joint ventures (but where the historic rights were retained by Air France and KLM under Article 10(8) of the EU Slot Regulations). Delta gained historic rights first by leasing and finally in S14 by purchasing the slots from AF/KLM.
 - US Airways gained access to London Heathrow in S08 initially through purchasing slots and later by taking up leased slots made available as competition remedies.

- The bulk of secondary trading activity at London Heathrow since S08 is through leasing (which is illustrated by Figure 27 in Annex 1 of this response), with 892 slots per week in the summer seasons transferred through sales versus 1,182 through leasing out (there was a smaller number of lease returns in the period). The picture for London Gatwick is the reverse, with 1,186 transfers per week through sales versus 616 transfers via leasing (see Figures 48 and 52 in Annex 1).
- Secondary trading at London Gatwick is active but has been less frequent than at London Heathrow. Historically at London Gatwick there has been sufficient capacity to meet demand (except in some peak hours where there is the heaviest demand for slots). However, going forwards that position may well change and the frequency of secondary trading at London Gatwick may increase. The chart in Figure 46 (in Annex 1) shows that in S19 slots allocated from the pool was at its lowest point since 2008. If no or little new capacity is created at London Gatwick at times with the most demand, it is likely that the trend towards secondary trading seen since S09 at London Heathrow will be replicated.

Analysis of London Heathrow data (for the period S08 to S19)

- The chart in Figure 21 shows the volume of slots traded at London Heathrow versus allocation from the pool. As slots available from the pool have become more scarce, trading has become more prevalent.
- A total of 4,710 weekly slots were traded (in the widest sense i.e. slot sales, leasing, transfers, use of competition remedy slots and swaps) in the summer seasons between S08 and S19. That figure includes some very large gains in slots through takeovers, most notably British Airways taking over 668 weekly slots from BMI in S12 by buying the airline.
- Of those traded, 892 weekly summer slots were sold versus a total of 356 slots in that period being allocated from the pool (of which 248 pool slots went to new entrants and 108 pool slots to incumbents). A significant number of sales involved slots which were then leased back to the airlines which sold them (for example, Alitalia, Jet Airways and Air Malta between them did sale and lease back transactions on 140 weekly slots with associated airlines).
- The majority of slots sold are acquired by incumbents (650 slots acquired by incumbents versus 242 acquired by new entrants since 2008). New entrants acquiring slots through secondary trading are diverse in terms of carrier type and nationality.
- In the period under review, secondary trading at London Heathrow has brought in few new destinations or new carriers.
 - Since 2008, only two carriers (Continental and Oman Air) gained access to London Heathrow purely by purchasing slots. To put this into context, approximately eighty to ninety carriers are operating at London Heathrow in each season.
 - Since 2008, only five carriers have gained access to London Heathrow through leasing slots (Aegean, Cobalt, Iberia Express, Vueling and Kibris Türk). Two of these carriers (Cobalt and Kibris Türk) are no longer in operation. Flybe also entered Heathrow using leased slots under a competition remedy.
 - The data in Figures 22 and 23 (in Annex 1) show the identities of new entrant carriers who used secondary trading to gain access to London Heathrow versus those who gained access to London Heathrow through normal allocation (Figure 25 in Annex 1).

- The various forms of secondary trading have generally been used by carriers to add new routes to their hubs and to add frequency to routes already served. However, there is nothing to suggest that this trend has anything to do with the mechanism of secondary trading itself. It is more likely to have been driven by carriers' view of consumer demand and the common modern airline pattern of non-based carriers operating largely to a single hub.
- In contrast, although there is not much churn of new slots into the pool, allocation through the coordinator has enabled new services to be added to a wide range of destinations operated at London Heathrow by new entrants including to Europe, India, UAE, the US, Mexico, China and Africa. Many, or even most, of these new entrants would not have commenced new routes to Heathrow unless they were allocated slots by the independent coordinator. Some of the Chinese destinations now being served (and which are new to London Heathrow) may never have been opened without a trickle of slots being available to new entrants from the pool. Although the Chinese carriers opening these routes are aware of the secondary trading market, historically none of them has been willing to spend money acquiring slots.
- Figure 26 is a table of new entrants which have used secondary trading to grow to become incumbents at London Heathrow.
 - Since 2008, Saudia is the only new entrant which has become an incumbent solely via the allocation of slots from the pool. Other than Saudia, normal allocation at London Heathrow has not allowed any new entrant to become an incumbent as there have not been enough slots coming into the pool to allocate slots to new entrants compared to the level of demand from new entrants including carriers which have not previously served Heathrow.
 - In some cases, new entrants have used allocation of slots from the pool to get a foothold into London Heathrow and then used secondary trading to acquire more slots to become incumbents.
 - A handful of new entrants (10 since 2008) has used secondary trading to grow from new entrant to incumbent at London Heathrow.
- The data in Figure 27 shows slots traded by different types (sale, transfer, lease).
 - Since 2008, a total of 892 weekly slots have been acquired through sales and 1,182 through leasing. These figures do not include British Airways buying BMI (which resulted in British Airways acquiring 668 weekly slots) which is included in the transfers.
 - Purchasing is generally limited to carriers with high revenue and/or to those who are willing to pay (see Figure 28). In the period under study, three of the four carriers which bought the most numbers of slots were in the top 10 airlines by revenue (based on the Flight Global World Airline Rankings), or in the case of British Airways were part of a group which is in the top 10 airlines by revenue. The fourth carrier among those most active in buying slots was Etihad, which has received government investments and loans to support its growth.
 - If joint venture partner groupings are considered together, the largest purchaser was British Airways and its JV partner American Airlines which between them bought 214 weekly slots in the period. The second largest purchaser was Delta and JV partner Virgin Atlantic which between them bought 198 weekly slots. These two groupings were responsible for 46% of all slot purchases during the period, not including the transfer of slots from BMI to British Airways.

- Leasing is undertaken by a much broader range of carriers and by more in number (44 different carriers involved in leasing versus 18 carriers purchasing slots). We believe that many leases have no or very low financial consideration which may explain the larger number of carriers operating on leased slots. Many leases are also between related carriers, for example between carriers in a single airline group such as IAG or Lufthansa Group.
- Figure 31 shows that most of the slots sold were previously used on short-haul routes, with a smaller number of slot sales from long-haul routes (including some sales and leaseback transactions such as that involving Jet Airways and Etihad for 42 weekly slots). More purchased slots were used for long-haul routes than short-haul (Figure 33). So, purchased slots were generally from short-haul routes and destined to be used on long-haul routes.
- By contrast, slots which were leased out came slightly more from short-haul routes than from long-haul (Figure 32) and the majority of leased slots were used on short-haul routes (Figure 34). Effectively, some slots previously used on long-haul routes have been leased out for use on short-haul routes, which is the opposite of the situation for purchased slots.
- Slot sales have tended to result in an increase in the numbers of seats per slot, which could be taken as an indication of more effective use of slots (see Figure 36). Conversely, slot leases tend to result in fewer seats per slot.
- The data in Figure 37 shows the numbers of slots purchased from airlines which ceased to operate at London Heathrow and those which subsequently went out of business. Of the ten carriers which ceased to operate at Heathrow, five went out of business then or subsequently (including British Midland, which was bought by IAG as a going concern but had been heavily loss-making). Other carriers which have sold slots but continued to operate at Heathrow include Alitalia, which has sold slots to several carriers during periods of financial weakness. This suggests that secondary trading is often from financially weak carriers and thus is in line with market principles in which those able to make more effective use of resources displace those which are less effective. There have been no sales from carriers which exited Heathrow since 2014, suggesting that airlines remaining at Heathrow are financially more sound or are not tempted to sell slots as they wish to maintain LHR operations no matter their ability to make financial gain from selling.
- Figure 41 shows that the airlines purchasing the largest numbers of slots are a mix of UK and non-UK carriers. The data does not suggest any advantage to UK carriers in slot trading. It appears that non-UK carriers have been more active buying slots since 2008 than UK carriers. North American and Middle East carriers have been the leading purchasers (notably Etihad's purchases of slots used by its partner carriers).
- Slot leases are concentrated more in the period from 0900 UTC (1000 local) to 1859 UTC (1959 local) for arrivals, with fewer slots leased in the period of the morning most in demand from carriers (before 0900 UTC) – see Figure 42. This may reinforce the view that early morning arrivals slots are highly prized and therefore remain in use with the carriers which have rights to them.
- Slot leases are often between carriers that have equity or alliance links. However, as Figure 43 shows, on average around 40% are either between carriers which are in different alliances or between carriers at least one of which is independent of alliances. The proportion of leasing activity which is outside alliances does not appear to have reduced in recent years.
- Figure 44 illustrates that a relatively small number of carriers regularly leases out slots to other carriers, often repeatedly leasing out slots. While some leases are between

carriers within the same airline group, some carriers appear to be using secondary trading to bank slots under slot-leasing arrangements, acquiring slots for which they have no immediate use and immediately leasing them out to ensure historic rights are maintained.

Analysis of London Gatwick data

- The chart in Figure 46 (in Annex 1) shows the volume of slots traded at London Gatwick versus allocation from the pool. Secondary trading at London Gatwick is active but has been less frequent than at London Heathrow.
- A total of 2,199 slots per week in the summer seasons for the period S08 to S19 were traded (in the widest sense i.e. slot sales, leasing, transfers, use of competition remedy slots and swaps) – see Figure 47. A diverse range of carriers was engaged in secondary trading in the period under study, with the biggest players being UK and European carriers. The top five airlines engaged in trading (by volume) during this period were British Airways, easyJet, Aer Lingus, Flybe and Wow.
- Few slots (155 per week in the summer during the period S08 to S19 out of the total trades of 2,199 per week) traded were acquired through secondary trading at London Gatwick to serve brand new destinations. Most were acquired to add frequency to existing routes, according to the initial declared use of the slots.
- Significantly more slots were allocated from the pool at London Gatwick (a total 5,403 per week for the period under study). At London Gatwick there has usually been sufficient slot churn to meet demand (although that position is changing as London Gatwick becomes more constrained and there are fewer slots available from the pool, particularly at times most in demand). The top five airlines allocated slots from the slot pool (by volume) were easyJet (the biggest by far), Norwegian, Monarch, British Airways and Aer Lingus.
- Current allocation rules have allowed a mix of airlines (UK and non-UK) to gain a foothold at London Gatwick and have allowed Norwegian to build a significant slot position since it first entered in 2009 (see Figure 16, Annex 1).
- In the study period, only Oman Air used secondary trading to gain new access to London Gatwick, possibly to guarantee entry at the specific times it required. This is not surprising as until recently there has been broadly sufficient churn of slots in the pool to meet demand except in the hours most in demand.
- At London Gatwick, during the summer seasons for the period S08 to S19 there were 1,186 sales versus 616 leasing transactions (competition remedy slots were excluded from the leasing numbers here), see Figures 48 and 52 in Annex 1. This is the reverse of the position at Heathrow where more slots have been leased than sold.
- Whilst Figure 48 (in Annex 1) shows that there is a fairly broad range of nationalities of carriers engaged in purchasing slots at London Gatwick, the vast majority of carriers purchasing slots by volume were UK based carriers (see Figure 49 in Annex 1).
- Flybe and Monarch were the biggest sellers of slots in the period from S08 to S19 (see Figure 50). Monarch's slots were largely sold after it went into administration in 2017.
- Most trades at London Gatwick involve carriers acquiring slots for operation on short haul routes. That reflects the fact that in the review period most of the flying at Gatwick has been short haul (2,099 shorthaul versus 100 longhaul, although those figures only reflect the position at initial allocation and do not take into account any subsequent changes through slot mobility provisions).

- There was a long period of no sales by carriers exiting London Gatwick between S10 and S14. Since S15, there have been several sales by carriers which subsequently ceased to operate at the airport (see Figure 51 in Annex 1). This may be a sign of increasing demand to purchase slots at Gatwick as financially weak carriers take advantage of increasing scarcity of slots to sell out (or in the case of Monarch, selling slots in administration).
- British Airways, Vueling, Thomson, Norwegian, Thomas Cook and Aer Lingus leased in the most slots by volume in the Summer seasons between S08 and S19 (see figure 52 in Annex 1). British Airways leased in significantly more than any other carrier (see Figures 52 and 53).
- British Airways, Flybe, Monarch and Aer Lingus were leasing out the most slots by volume in the period (see Figure 54). British Airways in particular leased out slots it acquired from Monarch, to carriers within its group (IAG) or with which it has partnerships.

3.5.2 Improving transparency of secondary trading

ACL has facilitated secondary trading for more than twenty years. During this time, it has acted to promote transparency about slot exchanges. ACL believes secondary trading could benefit from consistency of application throughout Europe and from more transparency of the process involved and of what slots are available for trade in the market at any given time.

ACL has in the past provided a slot trading platform (slottrade.aero) which allowed carriers to advertise slots available for exchange on a one for one basis (i.e. it was not used for transfers of slots under Article 8a(1)(a) and (b) of the EU Slot Regulations). ACL would then put interested carriers in touch with each other. ACL charged slot advertisers a small fee to help cover costs.

Slottrade.aero was closed on 16 May 2017 as: (i) carriers were not using the platform, instead preferring to make deals direct with carriers they wished to approach (there is no rule which currently obliges carriers to advertise slots available for trade); and (ii) there was a cost to ACL which it was unable to recover (due to lack of use).

ACL could re-commence operation of a slots trading platform in order to ensure slots available for trade are advertised. ACL continues to own the domain name for slottrade.aero. But in our view, it would only be viable and effective if there was a change of law to oblige carriers to advertise slots for sale for a set period of time and to oblige bids to be submitted and managed on the platform. Of course that should not apply to transfer of slots between group companies or on the purchase of an airline as a going concern (i.e. those dealt with under Article 8a(1)(a) and (b) of the EU Slot Regulations).

We could also help to enforce use of the platform, for example, by refusing to issue dummy slots to facilitate an exchange where a carrier had not complied with obligatory rules on advertising of slots available. This would require legal force in order to avoid challenges by carriers. Airlines being forced to advertise slots available could result in better allocation on the assumption that bidding by more than one carrier could reduce slots wastage.

3.5.3 Consideration of the downsides

Whilst secondary trading (i.e. artificial exchanges of slots under Article 8a(c) of the Slot Regulations) could be said to have some benefits in providing a form of slot mobility in the context of airports where few slots are returned to the pool, it is also worth considering the significant downsides:

- There is an assumption that secondary trading involves airlines purchasing slots for large sums of money, which incentivises best or most efficient use of the slots as the purchasing carrier looks to use the slots to maximise the investment return. However, many secondary trades involve leasing or exchange of slots for no, or minimal, consideration and the slots involved are used for flights which would not otherwise be allocated slots in order to maintain historic rights and the possibility for the leasing carrier to use them in future. This does not always lead to the most efficient or optimal use of the slots. Our analysis of the data shows that some slots previously used on long-haul routes have been leased out for use on short-haul routes (see Figures 33 and 35) and that on average leased slots are used by aircraft with fewer seats than before the lease transaction (see Figure 36). Such use could run counter to Government's stated aims of improving connectivity to international destinations and may not be the best or most efficient use of the slots. Allocation from the pool would likely have provided a much better result for consumers. Slot sitting may encourage a proliferation of short distance flights operated primarily to enable a carrier to retain control of slots at minimal cost, rather than to meet genuine consumer demand.
- Due to the significant financial value which slots at the most constrained UK airports command, exchanges of high value slots often favour incumbent carriers (and occasionally new entrant carriers with the deepest pockets). Our analysis shows that larger and well-financed carriers are, as one would expect, the greatest purchasers of slots (Figure 28), although some new entrants have also used trading to become incumbents (Figure 26).
- Slot trading (along with other factors such as historic rights) has arguably contributed to carriers viewing slots as their own assets over which they can raise finance. That engenders an expectation of a right to own slots, which is not what the EU Slot Regulations envisage. This also could lead to carriers facing greater pressure from financiers with deep pockets to challenge coordination decisions affecting slots over which financiers have taken security and in turn taking legal action against the coordinator. Such legal action diverts the coordinator's resources and can lead to unexpected legal outcomes which could de-stabilise the slot allocation system.
- Whilst secondary trading can provide access at heavily constrained airports, it can also contribute to the problem by limiting slot churn into the pool as carriers repeatedly lease out slots rather than use or return them (Figure 37 may support this, as it shows that over the last five years carriers may have been holding onto slots rather than ceasing operations at Heathrow by selling their slots).
- Secondary trading can prevent slots returning to the pool on the insolvency of an airline as it motivates the carrier or its administrators to sell the slots to raise finance to repay creditors. This issue could be prevented by new legislation making clear that slots must go back to the pool in this scenario and that trading the slots of a carrier whose operating licence is suspended (even where that suspension is subject to a right of appeal) is not permitted. The current regime could greatly benefit from clarity over the definition of an "air transport undertaking" and whether a carrier in insolvency (with no prospect of re-starting commercial air operations) should be able to hold and sell slots purely to raise finance for its owners and debtors.
- The current lack of clarity over whether slots should go to the pool when a carrier's operating license has been suspended can result in slots being wasted as the coordinator has to reserve allocation while it obtains clarity over the status of the carrier's operating license, meaning the slots cannot be used during that time. That delay could mean that the slots are no longer useable if the insolvency occurs part way through a season. ACL would welcome discussion with Government on how to clarify the position and ensure that slots can be allocated and used quickly and effectively after an airline suspends operations.

- Secondary trading takes away coordination decisions from the formal coordination system (which is independent and transparent and which everyone understands). Allocation becomes based on cash paid, rather than an independent assessment by the coordinator of the fairest allocation outcome to ensure the best use of the slots and maximisation of use of airport infrastructure. Slots traded never truly go onto the open market as carriers have no obligation to publicise the slots being available for sale and so the selling carrier will often make its own decision on which carriers the slots are offered for sale to. That decision might be based on the selling carrier's view of how it best protects its competitive position at an airport, rather than what the best outcome for consumer choice would be.

If secondary trading was scrapped in the UK, it would not necessarily result in significantly more slots immediately coming into the pool as, without the financial incentive which secondary trading gave to divesting slots, some carriers may still decide it is in their interests to retain historic rights and hoard slots in order to continue serving congested airport markets. However, eventually slots would return to pool in cases where carriers cannot afford to operate slots at a loss to retain historic precedence over an extended period of time.

3.5.4 ACL's position on secondary trading

Whilst ACL will continue to facilitate secondary trading if Government concludes that its continuation provides value and supports both Government's aims and the fundamental principles of slot allocation (as explained in section 1.2 above), we are concerned with the downsides which we explain in section 3.5.3 above and which are becoming more and more of an issue (particularly the impact of leasing and the impact of secondary trading in carrier insolvencies).

Our view is that if secondary trading continues to be supported by Government, those downsides must be addressed.

Given the increasing prevalence of leasing, we question whether secondary trading remains in the consumer interest and whether it promotes desirable outcomes, as opposed to the alternative of slots going into the pool for allocation by the independent coordinator.

3.6 New Entrant Rule

When slots are available at constrained airports, the current new entrant rules ensure that there is a fair allocation of slots to carriers with no or only a very limited presence. The current limited capacity at the more constrained airports often restricts the ability for a new entrant to grow beyond a very small scale, unless the new entrant is willing to acquire additional slots through secondary trading. This encourages a large number of new entrants with a low frequency of operations rather than supporting new entrants with a high frequency of services and the ability to compete as a carrier with a network of routes from a constrained airport. So, at the most constrained airports it is now hard for a new entrant to achieve significant scale, although this has been possible in the past (for example easyJet has grown at London Gatwick to become the largest operator, Jet2.com entered at Stansted and Manchester and grew a significant presence and Norwegian did the same at London Gatwick).

ACL has been active in the strategic review of the IATA Worldwide Slot Guidelines, pushing for change to the new entrant rules to widen the definition of a new entrant. The process is subject to consensus between the airline, airport and coordinator participants, so the proposed change is relatively limited. It would mean that a carrier would remain a new entrant until it had three daily slot pairs at an airport instead of two at present. If adopted, ACL believes that the UK should adopt the new definition.

If there is a significant release of new capacity at a constrained airport, the current new entrant rules would continue to facilitate numbers of new entrant carriers operating individual routes but would not favour the emergence of one or more new entrants with a scale of operations that is likely to provide competition across a network of routes. In particular, the current rules include: (i) a provision that could limit carriers which wish to use new entrant status to obtain slots to serve intra-EU routes with two or fewer competitors; and (ii) provision that a carrier with more than 4% of slots in an airport system no longer qualifies as a new entrant even if it has fewer than 5% of slots at the airport where it wishes to apply as a new entrant. However, there is no current definition of “airport system” so, at present, ACL would disregard the latter provision.

Should Government wish to enable different forms of competition through the slot allocation process, such as network competition rather than route-specific competition, the new entrant rules could be changed to encourage this. ACL would be well placed to work with Government on drafting any such changes.

3.7 Consideration of market based mechanisms

We recognise that auctions can be a legitimate form of allocation of scarce resources (as seen in other industries). Careful thought should be given to: (i) whether its application is practical in such a dynamic industry as this (ii) possible unintended consequences; (iii) the risk of creating a new cost which could be passed on to consumers; and (iv) whether auctions will in practice achieve Government’s stated objectives for any new capacity or be any more effective in doing so than the current system.

Some of the challenges with auctions are:

- Auctions of individual slots would involve multiple permutations of slots, with even a limited release of new capacity resulting in thousands of possible combinations of arrival and departure times and different patterns of slot-pairs by day of week. For practical purposes, it may be necessary to put packages of slots together for auction. This would effectively require Government, or the auction administrator, to second guess market requirements of the types of packages of timings that carriers would want to use, or else to pre-determine the balance between the different types of operation that should result (for example, based carriers versus non-based; short-haul versus long-haul). Careful thought would need to be given to how packages are put together and how those support the Government’s objectives alongside the constraints of terminal capacity.
- Complexity of airport capacity needs to be taken into account. At London Heathrow there are currently four operating terminals with different capacity limits and different times of peak demand. If slots were auctioned for Terminal 3, for example, demand may be lower as carriers are likely to bid for slots in a terminal they already operate in, rather than being split between terminals. Consideration would also need to be given to what happens to slots in a terminal that a carrier is vacating, where a carrier is bidding for new slots to allow it to move terminals. Under the current system, that carrier could seek to lease or trade them, operate them to retain historic rights or return them to the pool.
- Carriers may be limited in what timings they can bid for at auction by the availability of slots at the other end of a route, or alternatively the process must take place well in advance or in stages to optimise timings and allow for carriers to move slot timings to match availability elsewhere. Auctioning slots in the UK alone would be a major departure from the common processes and timelines under the IATA process.

- In cases of the release of significant new capacity which is greater than demand, well-funded carriers may take advantage of the opportunity to obtain slots at low cost and foreclose competition. Our analysis of secondary trading at London Heathrow demonstrates that large, well-funded carriers and groups are the most active participants in the existing market for slots and are often those most active in leasing slots to protect their position.
- How would auctions fit with re-timing of slots already held by incumbents?
- What happens if packages auctioned are not purchased? Do those slots then go into the pool and does that undermine the auction (e.g. would carriers deliberately not bid in the expectation that the slots would go to pool and be allocated free of charge)?
- Should auctioned slots have historic rights? If they do, should those rights subsist (subject to meeting 80/20) in perpetuity or should they be re-auctioned after a set period of time. If so, how would the original slots be identified if re-timings were allowed (would the carrier be required to return slots at the original auctioned time or at the re-timed time)? If there is no restriction on the period over which historic rights subsist, auctioning could result in the slots never going back into pool as, having paid potentially a substantial amount of money for the auctioned slots, the carrier would be motivated to retain them.
- Consideration would need to be given to year round operations. For example, if a carrier won a bid for a winter bundle, would it get priority in bidding for a summer bundle to make a year round operation? Or would summer and winter bundles be auctioned separately?
- How would packages for auction sit with Government's other objectives, such as supporting regional connectivity? Slots auctioned in peak hours could impact slots ring-fenced for regional routes where there is high demand for the same peak hour slots on the regional routes. For example, the current Dundee and Derry PSO routes operated to and from Stansted are operated at times of high demand.
- Market based mechanisms for allocation of new capacity at London Heathrow could lead to entrenchment of incumbents and not encourage growth of new competitors. ACL's data on secondary trading shows that four carriers accounted for 54% of slot purchases between 2008 and 2019.
- If a carrier pays through auction for the right to use slots, should it still have to meet 80:20 usage to retain them? If not, this could lead to less effective use of airport infrastructure as carriers would be free not to use the slots throughout the season.

If Government concludes that the use of auctions or other market based mechanisms merits further consideration, we believe that there will be a need for significant analysis to understand:

- exactly how these would work in practice, the effect on coordination and capacity management and to identify any unintended consequences; and
- whether the market-based mechanism would lead to a better or more desirable result in line with Government's objectives than would be achieved by the current system or by other means.

On balance, we believe that auctions would bring a range of practical difficulties which could make allocation less fair and potentially less efficient while being less likely to meet Government objectives than alternatives.

The Government's paper also suggests the possibility of selling slots at predetermined prices according to time of day. This would require determination of the selling prices and some form of bundling at least of arrival and departure slots, which would amount to a form of pre-allocation. As with auctions, there would be a number of practical issues to address before implementing a "posted prices" sale of slots, including how slots would be bundled without discriminating between types of operators, whether to bundle slots to achieve specific Government objectives, how prices could be determined to ensure such slots would all be taken up or to prevent massive oversubscription for in-demand slot times and how slots could be coordinated with constraints such as terminal capacity to meet the requirements of carriers. As with auctions, these practical matters could make the success of a posted prices scheme harder to achieve and lead to less efficient outcomes than current allocation.

3.8 Historic rights

Any review of whether historic rights should be time limited raises practical issues which would need to be addressed:

- to identify any unintended consequences, for example, from having a large number of slots released back into the pool for re-allocation at the end of the time period (rather than a slow release), which may be disruptive to established schedules and to airline operations if there are significantly different reallocations;
- to ensure consideration (and potential mitigation) of the impact that any change may have on the industry, for example on current slot financing which carriers have committed to, if existing historic rights are withdrawn; and
- to find practical ways to identify and track slots which have time-limited historic rights, otherwise the slots can be "gamed" as airlines re-time their time-limited slots to less favoured times and re-time other slots with permanent historic rights into their places.

We suggest that this subject is considered both in the context of a significant new capacity release and separately in relation to existing slots (where Government may need either to retain the current rules over historic rights, allow historic rights to subsist for longer or legislate for a much more gradual change over a longer time period).

There are arguments that retention of historic rights assists in ensuring longevity of operations (although that benefit is potentially eroded by the ability of carriers to change routing and aircraft type and by secondary trading) and to allow carriers to innovate. However, there is a balance between the benefit of the former and having carriers assume ownership rights over slots.

In our view, historic rights to slots are not in themselves necessarily a problem if the slots are properly utilised. Eliminating slots wastage is an issue and the fact that the current system allows carriers to operate slots sub-optimally in order to retain historic rights. Changes to rules on late hand back, alleviation and secondary trading could address some of these wastage problems.

Consideration should be given to whether the current slot mobility provisions are too generous. Currently, there is no mechanism aimed at maintaining the competitive position or desired consumer outcome at an airport or to open up a particular market. After allocation, airlines are free to move slots to any route. For example, if the coordinator allocates a slot between London and China or India to improve consumer choice at an airport, the carrier could subsequently change the route to a short-haul route with a lower capacity aircraft. A solution might be to make slots conditional or to legislate a minimum time period after allocation during which the mobility provisions do not apply, or apply in limited circumstances, so that (for

example) the route for which the slots were allocated is preserved. An alternative might be to allow mobility at any time but have the independent coordinator assess the desired change to establish what effect it would have on the original outcome (consumer, competition or market) which was met when the slots were allocated. In that scenario, the coordinator would need the right to reject the mobility request or to suggest or require change to preserve the original desired outcome.

3.9 Priority over re-timings

We think there is value in re-assessing whether priority should be given to incumbent requests for re-timings, especially at the more constrained airports.

ACL has proposed changes to the IATA Worldwide Slots Guidelines to remove priority for historic re-times so that applications for re-times are considered at the same time as, and given equal priority to, new slot requests, including those from new entrants. Any changes should allow the coordinator to retain the flexibility to achieve the best outcome for both re-timings and new allocations. The WSG Strategic Review task force has recently approved in principle these changes to the IATA Worldwide Slot Guidelines (see Annex 3 of this response for the changes proposed).

We would support the Government adopting a similar mechanism in any UK legislation in order to bring it into line with worldwide best practice.

3.10 Slot Bundling

Fundamentally, bundling of slots takes away flexibility from allocation decisions. Government, or an administrator, would need to decide up front how the bundles are pieced together (for example, what slots in which hours of the day for which type of aircraft would be made available). This means that Government is pre-allocating slots and therefore eroding the flexibility and independence of the coordination process and the slots coordinator.

The way that slots are bundled would require careful design to identify any unintended consequences. For example, bundling could inadvertently discriminate against non-UK carriers if slots are bundled in such a way as to work only if the carrier over-nights aircraft at an airport or operates as a based carrier. Bundles with specific times would be inflexible, so would have to offer ranges of times, but the exact timings requested would then have to be coordinated with the rest of the schedule and could be incompatible, for example, with terminal capacity constraints.

The question of how to bundle slots in order to meet the objectives whilst ensuring demand exists for the slots would be complex and there is a risk of slots wastage. For example, there may be low demand for slots bundled to promote the use of a specific, greener aircraft type if the conditions attached prevent a carrier from using another aircraft type with worse environmental performance when its green aircraft are unavailable because of technical problems or maintenance. Where a “green” aircraft suffers a technical failure, must the carrier cancel the flight if it does not have any other green aircraft available (the slot then goes to waste) or is a proportion of “non-green” use allowable?

Where slots are bundled to achieve a specific objective (for example, opening up competition on a specific route or for use with greener aircraft) legislative change may be required to allow legally binding conditions to be attached to the particular slot and legislation would need to provide ACL with effective, dissuasive and proportionate enforcement powers (including the power to impose adequate sanctions and remove slots where those conditions were

breached). The current IATA strategic review is considering formalising conditional slots. That work may be relevant to the consideration of conditional slots in this context.

Thought would need to be given to what happens to a bundle of slots if the airline subsequently fails 80/20 usage on the slots or goes into liquidation. Would the slots return to the pool for general reallocation or would they be bundled again in the same way for other airlines to apply for?

Would an airline be permitted to trade bundled slots (e.g. by sale or lease) and, if so, would they have to be traded as the original bundle? What mobility provisions would be attached to bundled slots?

We question whether bundling of slots is the most effective way to deal with the issues identified by Government in paragraph 3.57 of the consultation document of promoting use of greener aircraft and encouraging optimisation of operations. On the use of greener aircraft, there are already mechanisms available at airport level (for example, through airport charges and the use of local rules) which could be more effective and are likely to be more practical in use and application. Likewise, for the encouragement of optimisation of operations, we question whether bundling would achieve this objective; the current system already has mechanisms which could be better used to this end (for example, looking at removing double dip which we explain in section 4.1 below).

Similar considerations apply to slot bundles intended to encourage a particular type of operation, for example, to promote domestic connectivity by offering a bundle of slots on condition that some of them are used for domestic routes. Designing such bundles would result in reduced flexibility to allocate slots and could discriminate in favour of or against certain airlines. The Government would also have to decide whether or not to restrict use of the slots or bundle of slots to the uses specified and, if so, what conditions to impose on the mobility of the slots and what provisions to make to prevent them being used in another way to that specified.

3.11 Regional Connectivity (paragraphs 4.15 and 4.16 of the consultation document)

The Government has stated its objective of ensuring greater air connectivity with the UK's regions. ACL believes that in any release of significant new capacity at Heathrow, there is likely to be some airline demand for domestic routes alongside demand for other routes. However, if only limited capacity is released in any given year, there is likely to be high demand in particular for morning and late afternoon/early evening slots for services other than those to domestic destinations. These are the timings which are generally attractive for domestic routes as they suit travellers making one day trips to or from London and offer connections to long-haul flights.

It is possible for the Government to give ACL guidance which would encourage allocation of slots, for example, to unserved or underserved routes. ACL in any case takes into account the needs of an airport's route network development under the secondary criteria in IATA Worldwide Slot Guidelines. ACL can also take into account whether an airline is likely to make more efficient use of airport infrastructure. However, slot mobility means that once a carrier has been allocated slots, it may switch the aircraft type or destination. An airline may state that it will offer lower fares, but in practice this may or may not happen. There is no mechanism for monitoring this, nor any power to remove slots if an airline's promise does not come to fruition, so ACL does not believe this is a factor that should be considered.

There is little benefit to ring-fencing slots that no one wants to operate; the system would need to be flexible enough to avoid wastage.

There is very limited scope under existing Slot Regulations for ring-fencing slots (limited to the PSO rules). If the Government wished to ring-fence slots outside the existing PSO mechanism, in order not to have to apply the PSO process, ACL believes this would require legislation in order to have certainty in applying the policy, and would recommend analysing whether the resulting policy would meet Government objectives while outweighing any disadvantages and whether it is needed in addition to airport or other incentives which have led to eleven domestic routes currently operated at Heathrow.

Practicalities to consider (whether ring-fencing through the PSO rules or via new legislation) include:

- a mechanism to deal with a situation where slots ring-fenced for regional routes are not taken up and how wastage of unused slots is avoided. For example, if ring-fenced slots are not used, should they be allocated from the pool to non-regional routes but with a binding condition that they are returned for regional use if required within x years of allocation or allocated without historic rights;
- how ACL controls use of slots allocated to a regional operator to ensure that those slots continue to be operated on the agreed regional route after allocation (and not subsequently used by the carrier, or transferred to a third party carrier, for use on non-regional services), unless a PSO is applied;
- whether the ring-fencing should be time-limited, for example, if the slots were not taken up for regional use after three years, showing that there was no demand for regional use, the ring-fencing restriction could be lifted so the slots go back to the pool for general use.

Currently there are two PSO routes in the UK, other than in the Highlands and Islands of Scotland: (i) Stansted to Derry which is now operated by Loganair. Since 2017, this route has operated during the morning peak with 49-seat Embraer ERJ-145 aircraft; and (ii) Stansted to Dundee which is also operated by Loganair (from 2014). This route operates during the morning peak with a 34-seat Saab 340 aircraft. It is notable that the aircraft currently used for these two routes are significantly lower in capacity than any aircraft in use today at London Heathrow. Ensuring regional connectivity may require significant trade-offs between the most efficient use of airport infrastructure and the desire to ensure effective air links to the UK's regions.

3.12 Slot Hoarding and Gaming (annex B of the consultation document)

In the context of a significant release of new capacity, despite the release of new capacity, peak slots will likely remain highly sought-after (this is more likely to be the case with a slow release of capacity over a long period of years).

In addition, whilst a release of new capacity on this scale could arguably erode the value of some slots, it is likely that this would be short term and that, in the long term, the market value of slots at London Heathrow will remain high, given the scale of expected continued growth of passenger demand.

Careful thought needs to be given to how we ensure carriers are applying for slots for long term operations, rather than to grab slots for speculative purposes, to block competitors or theoretically as a future investment (although we have no evidence of airlines obtaining slots primarily as an investment, intending to sell them in future). Ways around this may be to issue

new slots with binding conditions attached (i.e. use requirements) and with restrictions over transfer or exchange.

Consideration should also be given to carriers with multiple AOCs, but operating under a single brand, and groups of carriers applying for slots to benefit from new entrant status. The current EU Slot Regulations and the IATA Worldwide Slot Guidelines do not specifically prohibit this, although the current rules would prevent a subsidiary holding its own AOC from transferring slots gained as a new entrant for two years after allocation. A coordinator using its discretion not to allocate slots with new entrant status to airlines from a group which had incumbent airlines already at an airport would risk legal challenge. Government should consider legislative clarification to prevent this potential form of gaming.

Our study on secondary trading data shows that airlines use leasing as a way of maintaining their interest in slots which they are not using, often for extended periods of time. Possible ways to stop hoarding would be to time limit historic rights or to restrict trading on newly allocated slots for two years after allocation (similar to the restriction under existing Regulations for slots allocated to new entrants).

4. Other areas where ACL sees a need for change

We think the current system could benefit from reform in the following areas, which have not been specifically identified in the consultation document:

4.1 Review of alleviation over historic rights

ACL supports a review of whether the current allocation system gives too much alleviation to carriers allowing them to retain historic rights to slots which could be allocated more effectively from the pool and be used more effectively across the whole season.

Under the current system, carriers are able to cancel one in five flights under the 80/20 rule. In addition to this carriers are able to:

- a. apply for further alleviation for non use of slots during season for force majeure events under Article 10(4) of the EU Slot Regulations, meaning that if alleviation is granted they retain their historic rights notwithstanding that 80% of the slots allocated have not been used; and
- b. cancel up to an additional 20% of the slots allocated before the historic rights baseline date and retain historic rights to those flights; meaning that the 80/20 “use it or lose it” rule is actually 64/46. This is allowed under Article 10(3) of the EU Slot Regulations and is known as “double dip”. The returned slots will go into the slot pool but will be allocated either for ad hoc flights (to which historic rights do not attach) or for series operations but with a condition that historic rights will not attach, so that the historic rights of the original carrier are preserved.

In Annex 4 of this response, we set out data showing the extent to which carriers are using double dip at Level 3 airports since S14. Whilst the percentages of flights operating under the 80% baseline due to double dip may appear low (up to 5%), that represents between 17 and 257 series which is between 169 and 5,609 slots in one season and equates to 60 daily slots per year which retain historic rights when they arguably should not have done under 80/20 and the normal rules of alleviation for force majeure. With airports becoming more congested,

every marginal gain in slot utilisation allows more airlines to operate or incumbent airlines to increase services at congested airports.

There is a potential downside to changes designed to increase slot utilisation. For example, an unintended consequence of changing or removing the double dip provisions may be that ghost flying becomes more prolific as carriers decide to operate empty flights on short routes on low demand days instead of operating on longer, more expensive to operate flights.

4.2 Review of series length

A “Series of Slots” is defined in the EU Slot Regulation as being at least five weeks. This may create fragmentation in a season due to the 80/20 rule, as historic rights may be gained for flights operated over a series of 5 weeks (subject to meeting utilisation criteria), rather than a whole Summer or Winter season.

Over a period of years, this means slots can go to waste. Such fragments can then block a subsequent request from a second carrier for an entire season’s operation. In the example in figure 2 below, the carrier has a separate slot pair from week 13 to 19 that has gained historic precedence for timings which are different from the slots it holds for the rest of the season. A new request for the 0835 arrival and 0915 departure for the entire season would not be allocated as it would be blocked by the fragment held by the existing carrier.

Figure 2 – fragmentation example

Flight ID		51	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30			
		2	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14	12	12	12	12	12	12	12	12	12	10				
A	0710	F																																		
D	0750	F																																		
A	0835	F																																		
D	0915	F																																		

Changing the series length to a substantial length (for example 15 weeks in summer) may reduce the impact by re-setting the historic rights clock, as flying in the next season for the 7 week period (on the 0835/0915 timings in the above table) would not generate historic rights. So the fragmentation would be cleared at the end of the next season allowing the coordinator to make best use of the available slot. It should be noted that the best use may be the 7 weeks that had previously been allocated. The benefit is that the coordinator can make a choice based on the requests presented at the time.

However, this needs further and careful review on an airport by airport basis. It is likely that a “one size fits all” model will not work; different optimal series lengths will be necessary for each airport. In some cases, fragmentation may be a positive, for example, where the dynamics of a particular airport supports the development of charter operations (e.g. where there is a particular demand for ski flights at an airport).

ACL ran a model for Dublin and Stansted airports in 2018 to illustrate how a longer series length might improve utilization of capacity at initial coordination. We modelled having a series length of 15 weeks instead of the current 5. A 15 week series length resulted in more slots being allocated during initial coordination for a greater period of the season. For Stansted, 1% more slots were allocated in the initial coordination trial as a result of having a series length of 15 weeks, which equates to more than eight daily flights in the peak hours. For Dublin, 4% more slots were allocated in the initial coordination trial as a result of having a series length of 15 weeks, which equates to more than thirty daily flights in the peak hours. The increase in series length does not preclude shorter series from gaining capacity, it is simply allowing the coordinator more flexibility to move short series flying for the benefit of longer series, thus

potentially improving utilisation overall. Longer series length may be beneficial for carriers wishing to operate year round operations at the expense of shorter series operations.

4.3 Protection of the coordinator from legal challenge

ACL has only faced five judicial reviews (JR) in its history (which we summarize under Annex 2 of this response). Of those: (i) only one related to a challenge to an allocation decision made by ACL (the Laker case in 1997) and only one (the recent Monarch case) resulted in a ruling being made against ACL. On that history, it could be argued that the risk of successful judicial review against ACL is low.

However, we believe that the risk of JR may increase going forwards. Airlines are becoming more open to challenging decisions (as slots are more valuable and, for example, third party financial interests come into play where slots are used as security over debt). Allocation of significant new capacity may also bring increased risk of JR (for example if airlines, having been required to invest heavily in new airport infrastructure, do not receive the slots they feel entitled to). As we discuss in section 3.4.2.3 of our response, Government guidance may provide a useful mechanism to reduce the risk of challenge but guidance is not, in itself, a total solution to the risk of challenge.

Article 11(2) of the EU Slots Regulation affords ACL valuable protection against damages claims. It is vital that this protection is retained in any future UK legislation. Government should consider how the protection against damages claims could be expanded to include protection against JR costs. With JR costs in the UK being so high, this can erode ACL's independence if decisions on whether or not to fight a judicial review had to be made on a cost basis, rather than on the basis of upholding the principles of slot allocation and ensuring fair allocation. As discussed earlier in this response, some form of Government protection or indemnity against the costs of judicial review should in our view be considered, given that ACL (although a private entity) has been delegated public functions.

4.4 Review of effectiveness of slot monitoring

The current Slot Regulations require the coordinator to monitor slot performance and give the coordinator the power to sanction carriers for misuse of slots. Misuse covers early or late operation, operation without a slot or operation in a different way from that indicated at the time of allocation (for example, operation with a different aircraft type).

The Slot Regulations prevent ACL from issuing a sanction where the cause of the misuse is demonstrated by the carrier to be beyond its reasonable control (for example, the aircraft had a technical defect). Currently the Slot Regulations require no consideration of whether the cause of the misuse should have been reasonably foreseen, and planned for, by the carrier concerned. For example, ACL sees many instances of carriers relying on providing assistance to Passengers with Reduced Mobility as a justifiable reason for late operation. However, it could be argued that providing assistance to Passengers with Reduced Mobility is so much a part of normal operation, that carriers should be better planning for these predictable delays (perhaps by building in more turn time on certain routes to mitigate the delays). Currently there is nothing in the Slot Regulations to require carriers to plan properly for foreseeable delays.

Despite the monitoring work undertaken by ACL and the sanctions levied by ACL, on-time performance (OTP) remains poor at certain airports. Consideration should be given to providing the coordinator with an additional power to sanction carriers for consistently poor OTP at an airport. For example, where a carrier's OTP at an airport has been very bad in one season and that carrier submits exactly the same schedule for the next season, ACL should

be able to take action to encourage the carrier to amend its schedule (for example by adjusting turn or block times) to mitigate the risk if a recurrence of the poor OTP in the next season.

Government may wish to review the maximum penalty which ACL can impose for slots misuse under the current regulations (which is up to £20,000 per occurrence) as we question whether the current levels of sanctions which we can impose are sufficiently high to discourage slots misuse. In addition, the current rules in Article 14(4) of the EU Slot Regulations could benefit from greater clarity in any UK legislation over exactly how, and in what circumstances, slots can be withdrawn to enhance enforceability of that provision.

5. Single Airline Dominance (paragraphs 3.60 to 3.65 of the consultation document)

In Annex 1, figures 15 to 20, we show the development of slot holdings by carrier at the coordinated London airports (Heathrow, Gatwick, London City, Luton and Stansted) over the last twenty years.

If Government wishes to prioritise competition between airlines as part of a reformed slot allocation process, including for significant new capacity, we would benefit from clear Government guidance on what prioritising competition means. The data on slot holdings at the London airports shows that, under the current slot allocation process combined with secondary trading, the largest airlines have increased their slots at individual airports but also that the process has not simply led to one airline increasing its position inexorably at an airport. In the period shown in the data, airlines have been able to enter four of the airports and build significant positions either because there was capacity available or because a carrier has taken advantage of the weakness or failure of less successful operators. The market and effective slot coordination have acted to enable entry and growth.

If Government believes that there is a need for a different form of competition, it should give guidance to enable the coordinator to take allocation decisions which lead to that outcome or should amend rules, such as the new entrant rule, in support of its objective.

As the industry is so dynamic, it is likely that competitive conditions and outcomes will change over time. If guidance is issued on how allocation decisions are to be taken to support the Government's objective of facilitating effective competition between carriers, it may not be long before that guidance becomes out of date as the situation changes. Any guidance on competition should be subject to regular review and change.

6. A supervisory role for the CAA (paragraphs 3.62 to 3.65 of the consultation document)

Current competition laws allow for review where competition concerns are raised, whether through the instigation of legal proceedings by carriers or through competition authority review of significant market distortions.

As this is the normal process for competition law to operate, we do not see a need for the CAA or CMA to be given additional powers over slot allocation in relation to competition at UK airports.

If the CAA were to take on an enhanced role in the monitoring of airline services and competition at airports, careful thought would need to be given to the powers that the CAA has, or would need, to enforce any decision it takes and to correct perceived dominance. What additional powers would ACL need to support that? For example, under the current Slot Regulations, there is no power for ACL to remove slots in support of the outcomes of competition cases or reviews. Such powers would be incompatible with worldwide airport coordination practice, so ACL would urge caution about departing from this.

ACL believes that its ability to allocate slots in line with industry deadlines is an important part of providing certainty and quick decisions for stakeholders, whether airlines or airports. Any competition process or supervisory role would cause significant delay to the allocation timescale, whether in coordination or in the normal day to day allocation process.

ACL does not believe a supervisory role for the CAA in slot allocation is necessary nor would it be compatible with efficient and effective slot coordination. Oversight or intervention by the CAA (or a similar body) could weaken ACL's ability to coordinate effectively, independently and in line with the timescales needed by stakeholders.

ACL is an independent entity with a governing body which supervises its activities. All of its allocation decisions are challengeable at various stages in the process (see section 3.2.1 above) and ultimately through judicial review.

On paragraph 3.65 (about guidance), please refer to our comments at section 3.4.2 above.

7. In conclusion

ACL welcomes the Government's review of the current allocation system and supports the high level aims set out in the consultation document of ensuring best use of existing capacity and fair and competitive growth of the industry to support best consumer outcomes.

ACL will be pleased to engage with Government to discuss and analyse proposals for change as these develop and to provide support with the evidence base for policy decisions.

ANNEX 1 - ACL DATA

SECTION INTENTIONALLY REDACTED

ANNEX 2

Summary of ACL's judicial review history – 1992 to present day

1. Laker

In 1997, Laker Airways (Laker) took action in the Florida courts against British Airways (BA) and ACL.

The action alleged a conspiracy between BA and ACL to deny Laker access to slots at Gatwick at commercially viable times, and that this conspiracy had led to the failure of Laker's new services between Gatwick and Florida.

On the advice of BA's US counsel, ACL refused to acknowledge the jurisdiction of the US courts and no response was ever filed to the various papers which were purportedly served on ACL in the UK.

In the event, BA succeeded in having the action dismissed, both against itself and against ACL. As far as ACL was concerned, the judge in Florida decided that ACL was carrying out a public function in allocating slots and was, in effect, part of the UK Government.

The judge's dismissal of Laker's claim was upheld on appeal.

2. Guernsey

In 1998, The States of Guernsey Board of Transport, sought judicial review against ACL in the High Court.

Air UK, which had been operating flights between Guernsey and Heathrow, had decided to discontinue those services. Rather than use its Heathrow slots for other routes, it agreed to 'exchange' them with BA which proposed to use the slots, but not for services to Guernsey. The slots which Air UK received from BA were not, in fact, to be used but were returned to the pool.

ACL approved the exchange in accordance with Art. 8.4 of Regulation 95/93. Guernsey challenged that decision by ACL on the grounds that the transaction was not a true exchange, but rather a unilateral transfer of slots which it alleged was contrary to the Regulation.

Mr Justice Maurice Kay in the High Court rejected Guernsey's application and totally upheld ACL's position. In his view, the Regulation imposed no duty on ACL to investigate the circumstances surrounding a request for an exchange; ACL was merely obliged to consider whether or not it met the "feasibility" criteria laid down in the Regulation i.e. basically, that "airport operations would not be prejudiced" as a result of the exchange.

The judge rejected Guernsey's request that the issue be referred to the European Court of Justice for a preliminary ruling as to the correct interpretation of Art.8.4. Guernsey accepted the Court's judgement and did not appeal.

3. Ad hoc slot procedures at Heathrow

In 1996/7, new procedures were introduced for the allocation of ad hoc slots at Heathrow. The revised arrangements were worked out in close cooperation between ACL, Heathrow Airport Ltd (HAL), as the operator of Heathrow, and NATS, and there was extensive consultation with interested parties.

The new procedures were likely to make it more difficult for business/general aviation operators to obtain slots at Heathrow, and a group of seven companies involved in that area of business, sought a judicial review in the High Court against ACL.

The case against ACL was based on a number of grounds, including that it had failed to demonstrate in the studies which it had carried out that general/business aviation caused delays to other traffic, and also that ACL was in breach of Art.8.3 of Regulation 95/93 which required it as coordinator to “at all times endeavour to accommodate ad hoc slot requests for any type of aviation including general aviation”.

The application was rejected by the High Court, and its judgement was upheld by the Court of Appeal.

4. Metro Business Aviation

Metro Business Aviation (Metro) was one of the applicants in the judicial review on ad hoc slots procedures at Heathrow. It was not itself involved in general/business aviation, but had a substantial facility at Heathrow providing technical support and other services for operators of such services.

Having failed in the judicial review proceedings, it issued proceedings in the High Court against HAL, ACL and NATS, in late 1998 alleging infringement of Articles 81 and 82 of the EC Treaty.¹

Both ACL and NATS argued as a preliminary point that they were not “undertakings” within the meaning of Articles 81 and 82 in that they were carrying out public duties.

Before this issue could be resolved by the Court, the case was settled. ACL was not directly involved in the settlement which was believed to involve compensation being paid by HAL, and Metro agreeing to move its operations to Stansted.

5. Monarch JR

Monarch Airlines (MAL) entered into administration on 2nd October 2017 and on the same day, the UK CAA provisionally suspended MAL’s Air Operator’s Certificate and issued notice of proposal to suspend or revoke MAL’s Operating License.

On 24 October 2017, ACL formally reserved its position on allocation of summer 2018 slots to MAL, pending the outcome of the CAA process. This was because the EU Slot Regulations provided no certainty as to whether MAL was an “air transport undertaking holding a valid operating license”, and could therefore be allocated slots.

The administrators of MAL made clear that the intention of the administration was not to rescue the airline as a going concern but to realise property for secured creditors. The administrators wanted to have valuable slots, for which MAL held historic rights particularly at London Gatwick and Manchester airports, allocated to MAL so that they could then proceed to sell those slots to the highest bidding airlines.

¹ Article 81 prohibits agreements between undertakings which could prevent, restrict or distort competition in the common market and which may affect trade between member states; Article 82 prohibits an abuse of a dominant position in so far as it may affect trade between member states.

On 26 October 2017, expedited judicial review proceedings were issued against ACL in the High Court challenging ACL's decision to reserve its position on the allocation of slots to MAL.

On 15th November, the High Court issued judgement in favour of ACL and ruled that the MAL slots should be returned to the pool for allocation, free of charge, between applicant carriers; rather than allowing the administrators of MAL to sell the slots. However, the High Court ordered a stay on the effect of its judgement for slots in respect of which historic rights were held for London Gatwick and Manchester airports until 23rd November in order to ensure that any right of appeal was upheld. (If the slots had been immediately returned to the pool, that would effectively have estopped any right of appeal as the action of placing the slots into pool could not be reversed by any future court order).

On 17th November MAL's administrators appealed to the Supreme Court and the earlier decision of the High Court was overturned, meaning that ACL was forced to allocate slots to MAL at London Gatwick and Manchester airports. Each party was ordered to pay its own costs.

The administrators of MAL subsequently sold the slots held.

ANNEX 3

Changes to WSG approved in principle at the ACA Task Force relating to re-timings

1.1 PRIMARY CRITERIA FOR INITIAL SLOT ALLOCATION

1.1.1 When developing a slot allocation plan for the SC based on initial submissions by airlines, coordinators should, in accordance with the coordination parameters, apply the following priorities:

1.1.2 Historic Slots

1.1.2.1 The first priority of slot allocation is historic slots requested as unchanged or with changes that do not impact the coordination parameters (e.g. change in a flight number). These slot requests are referred to herein as unchanged historic slots.

~~1.1.3 Changes to Historic Slots~~

~~1.1.3.1 Changes to a historic slot should have priority over new requests for the same slot within the capacity available.~~

1.1.4 Slot Pool

1.1.4.1 Once unchanged historic slots and ~~changes to historic slots~~ have been allocated, the coordinator will establish a slot pool, including any newly created slots.

1.1.4.2 The coordinator will treat new entrant requests, non-new-entrant requests, and requests for changes to historic slots holistically and fairly across the day, using primary and, if necessary, additional criteria for initial slot allocation set forth in these guidelines.

1.1.4.3 50% of the slots contained in the pool at initial slot allocation must be allocated to new entrant requests in accordance with 8.3.4 below, unless new entrant requests are less than 50%. Similarly, 50% of the slots contained in the pool at initial slot allocation must be allocated to non-new-entrant requests, unless such requests are less than 50%.

1.1.4.4 Where this 50/50 balance is not achievable in a single season (for example, where there is a very limited number of slots available in the pool), the coordinator should correct this imbalance over the next equivalent season (or seasons, if that is not possible) to ensure that the pool is allocated equitably to both new entrants and non-new entrants.

~~1.1.4.5 Slots available in the pool are allocated to airlines requesting a slot, using the criteria set out in 8.3.5, 8.3.6 and 8.4 below.~~

Annex 4 Double Dip Analysis at UK Airports

Methodology

- Using calculations based on the number of operations in a series held at initial allocation, Handback deadline and end of season to show how airlines have made use of the current guidelines to “double dip”.
- Figures / graphs represent the number of series where an airline has operated less than 80% of the number of operations they held in a series at initial allocation but still maintained their historic rights – i.e., by cancelling in two waves (pre-handback deadline to implement a lower Use It Or Lose It target, and additional post-handback deadline) airlines can effectively (as a worst-case scenario) operate only 64% of flights in a series and gain back a full season historic (20% pre-HBD, 20% post-HBD)
- All percentages displayed are based off number of series rather than number of operations. The minimum number of operations in a series required to “double-dip” is 6 (one canx pre-HBD to make 5 weeks, then 1 canx further to make 4. A series of 5 weeks can only make one canx in total, as 20% of 4 is less than 1)

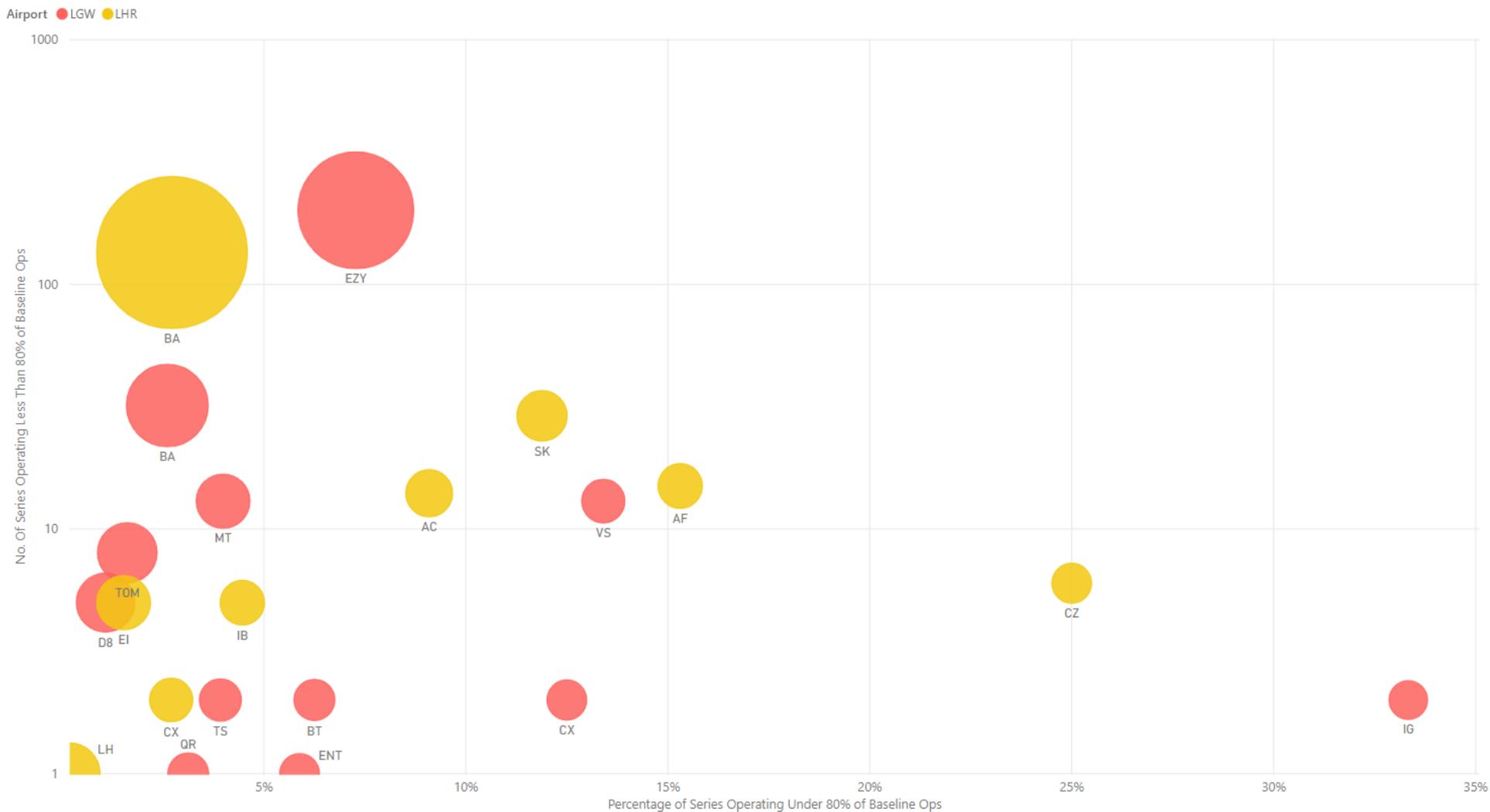


Graph Explanation

- Y-axis shows number of series operating less than 80% of a series as allocated at initial allocation – scale is logarithmic (1, 10, 100, 1000)
- X-axis shows the percentage of series operating less than 80% of a series as allocated at initial allocation as a percentage of total series held – scale is linear (10%, 20%, 30%, 40%)
- Bubble size is the total number of series the airline holds



Figure 55 - Flight series operated at less than 80% use, LGW and LHR Summer 2018



Airport	LGW		
Operator	Total No. Of Series	No. Of Series Operating Less Than 80% of Baseline Ops	Percentage of Series Operating Under 80% of Baseline Ops
BA	1227	32	2.61%
BT	32	2	6.25%
CX	16	2	12.50%
D8	464	5	1.08%
ENT	17	1	5.88%
EZY	2763	201	7.27%
IG	6	2	33.33%
MT	326	13	3.99%
QR	32	1	3.13%
TOM	495	8	1.62%
TS	51	2	3.92%
VS	97	13	13.40%
Total	5526	282	5.10%

Airport	LHR		
Operator	Total No. Of Series	No. Of Series Operating Less Than 80% of Baseline Ops	Percentage of Series Operating Under 80% of Baseline Ops
AC	154	14	9.09%
AF	98	15	15.31%
BA	4957	135	2.72%
CX	74	2	2.70%
CZ	24	6	25.00%
EI	328	5	1.52%
IB	112	5	4.46%
LH	524	1	0.19%
SK	244	29	11.89%
Total	6515	212	3.25%

Airport	BHX		
Operator	Total No. Of Series	No. Of Series Operating Less Than 80% of Baseline Ops	Percentage of Series Operating Under 80% of Baseline Ops
AF	40	2	5.00%
BE	808	1	0.12%
EZY	50	2	4.00%
LH	94	1	1.06%
LS	354	1	0.28%
MT	175	2	1.14%
SK	64	2	3.13%
SN	34	1	2.94%
SWN	2	1	50.00%
TOM	309	4	1.29%
Total	1930	17	0.88%

Airport	LCY		
Operator	Total No. Of Series	No. Of Series Operating Less Than 80% of Baseline Ops	Percentage of Series Operating Under 80% of Baseline Ops
AZ	72	2	2.78%
BA	12	4	33.33%
BE	240	3	1.25%
CJ	1333	16	1.20%
EZ	22	8	36.36%
KL	136	2	1.47%
LG	100	4	4.00%
LH	42	14	33.33%
LX	128	4	3.13%
SI	22	1	4.55%
TP	36	2	5.56%
WX	96	4	4.17%
Total	2239	64	2.86%

Airport LTN			
Operator	Total No. Of Series	No. Of Series Operating Less Than 80% of Baseline Ops	Percentage of Series Operating Under 80% of Baseline Ops
EZY	1270	38	2.99%
LY	32	3	9.38%
RO	12	2	16.67%
W6	943	10	1.06%
Total	2257	53	2.35%

Airport STN			
Operator	Total No. Of Series	No. Of Series Operating Less Than 80% of Baseline Ops	Percentage of Series Operating Under 80% of Baseline Ops
AWC	20	2	10.00%
BCS	14	2	14.29%
EZY	514	24	4.67%
LS	461	3	0.65%
MT	110	6	5.45%
Total	1119	37	3.31%

Airport MAN			
Operator	Total No. Of Series	No. Of Series Operating Less Than 80% of Baseline Ops	Percentage of Series Operating Under 80% of Baseline Ops
AT	8	2	25.00%
BA	108	2	1.85%
CJ	38	1	2.63%
EZ	38	2	5.26%
EZY	566	4	0.71%
FR	703	2	0.28%
LS	684	1	0.15%
MT	488	4	0.82%
SK	206	14	6.80%
TOM	515	8	1.55%
Total	3354	40	1.19%

ANNEX 5 Summary of Series Length Trials

S19 trial for Stansted Airport

S19 STN Fragmentation Trial Assumptions

- Trial for Dublin (Runway constrained) and Stansted (Terminal constrained)
- S19 Demand used as a baseline for coordination exercise
- All series of 15 weeks or less considered non historic
- Priority given to full season operations
- Multiple fragments that sum to greater than 15 weeks considered a series
- Subsequent changes by airlines after initial coordination not considered
- Does not take into account any potential change in airline behaviour as a result of the change



Integrity | Together | Own it | Professional | Constantly striving for better

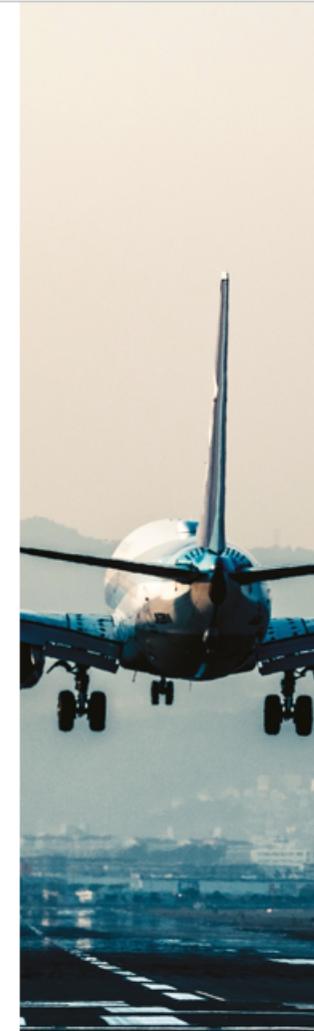


Stansted S19 – Trial

		0700					0715					0730					0745					0800					0815					0830																		
		M	T	W	J	F	S	Z	M	T	W	J	F	S	Z	M	T	W	J	F	S	Z	M	T	W	J	F	S	Z	M	T	W	J	F	S	Z	M	T	W	J	F	S	Z	M	T	W	J	F	S	Z
25MAR	WS2							217							230							256							256							256							256							
01APR	W1	793	606	437	602	401	581	332	148	182	184	320	401	398	332	141	182	184	1	401	283	178	141	26	184	1	401	283	178	141	26	184	1	526	283	178	141	26	184	1	402	283	178	170	26	177	179	402	466	390
08APR	W2	793	606	437	602	401	581	332	148	182	184	320	401	398	205	141	182	184	1	401	283	11	141	26	184	1	401	283	31	141	26	184	1	526	283	11	141	26	184	1	402	283	31	170	26	177	179	402	466	243
15APR	W3	793	606	437	602	401	581	332	148	182	184	320	401	398	205	141	182	184	1	401	283	11	141	26	184	1	401	283	31	141	26	184	1	526	283	11	141	26	184	1	402	283	31	170	26	177	179	402	466	243
22APR	W4	793	606	437	602	401	581	33	148	182	184	320	401	398	39	141	182	184	1	401	283	59	141	26	184	1	401	283	59	141	26	184	1	526	283	119	141	26	184	1	402	283	123	170	26	177	179	402	466	243
29APR	W5	793	606	254	419	223	189	99	148	182	1	137	223	189	59	141	182	1	1	189	96	59	141	26	1	1	189	96	59	141	26	1	1	189	96	119	141	26	189	1	189	96	123	170	26	177	179	189	268	450
06MAY	W6	793	606	254	419	223	189	237	148	182	1	137	223	189	237	141	182	1	1	189	96	237	141	26	1	1	189	96	237	141	26	1	1	189	96	297	141	26	189	1	189	96	301	170	26	177	179	189	268	628
13MAY	W7	793	606	254	419	223	189	237	148	182	1	137	223	189	9	141	182	1	1	189	96	9	141	26	1	1	189	96	9	141	26	1	1	189	96	9	141	26	189	1	189	96	13	170	26	177	179	189	268	340
20MAY	W8	793	606	254	419	223	189	415	148	182	1	137	223	189	187	141	182	1	1	189	96	13	141	26	1	1	138	96	13	141	26	1	1	138	96	13	141	26	189	1	138	96	13	170	26	177	179	138	268	725
27MAY	W9	793	606	254	419	223	189	415	148	182	1	137	223	189	187	141	182	1	1	189	96	13	141	182	1	1	138	96	13	141	182	1	1	138	96	13	141	204	189	1	138	96	13	170	26	177	179	138	268	725
03JUN	W10	793	606	254	419	223	189	415	148	182	1	137	223	189	187	141	182	1	1	189	96	13	141	182	1	1	138	96	13	141	182	1	1	138	96	13	141	204	189	1	138	96	13	170	26	177	179	138	268	580
10JUN	W11	793	606	254	419	223	189	415	148	182	1	137	223	189	187	141	182	1	1	189	96	13	141	182	1	1	138	96	13	141	182	1	1	138	96	13	141	204	189	1	138	96	13	170	26	177	179	138	268	580
17JUN	W12	793	606	254	419	223	189	415	148	182	1	137	223	189	187	141	182	1	1	189	96	13	141	182	1	1	138	96	13	141	182	1	1	138	96	13	141	204	189	1	138	96	13	170	26	177	179	138	268	580
24JUN	W13	793	606	254	419	223	189	415	148	182	1	137	223	189	187	141	182	1	1	189	96	13	141	26	1	1	138	96	13	141	26	1	1	138	96	13	141	26	189	1	138	96	13	170	26	177	179	138	268	580
01JUL	W14	793	606	254	419	223	189	415	148	182	1	137	223	189	187	141	182	1	1	189	96	13	141	26	1	1	138	96	13	141	26	1	1	138	96	13	141	26	189	1	138	96	13	170	26	177	179	138	268	580
08JUL	W15	793	606	254	419	223	189	415	148	182	1	137	223	189	187	141	182	1	1	189	96	13	141	26	1	1	138	96	13	141	26	1	1	138	96	13	141	26	189	1	138	96	13	170	26	177	179	138	268	580
15JUL	W16	793	606	254	419	223	189	415	148	182	1	137	223	189	187	141	182	1	1	189	96	13	141	26	1	1	138	96	13	141	26	1	1	138	96	13	141	26	189	1	138	96	13	170	26	177	179	138	268	580
22JUL	W17	793	606	254	419	223	189	415	148	182	1	137	223	189	187	141	182	1	1	189	96	13	141	26	1	1	138	96	13	141	26	1	1	138	96	13	141	26	189	1	138	96	13	170	26	177	179	138	268	373
29JUL	W18	793	606	254	419	223	189	415	148	182	1	137	223	189	187	141	182	1	1	189	96	13	141	204	1	1	138	96	13	141	204	1	1	138	96	13	141	204	189	1	138	96	13	170	26	177	179	138	268	195
05AUG	W19	793	606	254	419	223	189	415	148	182	1	137	223	189	187	141	182	1	1	189	96	13	141	204	1	1	138	96	13	141	204	1	1	138	96	13	141	204	189	1	138	96	13	170	26	177	179	138	268	195
12AUG	W20	793	606	254	419	223	189	415	148	182	1	137	223	189	187	141	182	1	1	189	96	13	141	204	1	1	138	96	13	141	204	1	1	138	96	13	141	204	189	1	138	96	13	170	26	177	179	138	268	195
19AUG	W21	793	606	254	419	223	189	415	148	182	1	137	223	189	187	141	182	1	1	189	96	13	141	204	1	1	138	96	13	141	204	1	1	138	96	13	141	204	189	1	138	96	13	170	26	177	179	138	268	195
26AUG	W22	793	606	254	419	223	189	415	148	182	1	137	223	189	187	141	182	1	1	189	96	13	141	204	1	1	138	96	13	141	204	1	1	138	96	13	141	204	189	1	138	96	13	170	26	177	179	138	268	402
02SEP	W23	793	606	254	419	223	189	415	148	182	1	137	223	189	187	141	182	1	1	189	96	13	141	26	1	1	138	96	13	141	26	1	1	138	96	13	141	26	189	1	138	96	13	170	26	177	179	138	268	402
09SEP	W24	793	606	254	419	223	189	415	148	182	1	137	223	189	187	141	182	1	1	189	96	13	141	26	1	1	138	96	13	141	26	1	1	138	96	13	141	26	189	1	138	96	13	170	26	177	179	138	268	402
16SEP	W25	793	606	254	419	223	189	415	148	182	1	137	223	189	187	141	182	1	1	189	96	13	141	26	1	1	138	96	13	141	26	1	1	138	96	13	141	26	189	1	138	96	13	170	26	177	179	138	268	224
23SEP	W26	793	606	254	419	223	189	415	148	182	1	137	223	189	187	141	182	1	1	189	96	13	141	26	1	1	189	96	13	141	26	1	1	189	96	13	141	26	189	1	189	96	13	170	26	177	179	189	268	224
30SEP	W27	793	606	254	419	223	189	415	148	182	1	137	223	189	187	141	182	1	1	189	96	13	141	26	1	1	189	96	13	141	26	1	1	189	96	13	141	26	189	1	189	96	13	170	26	177	179	189	268	402
07OCT	W28	793	606	254	419	223	189	415	148	182	1	137	223	189	187	141	182	1	1	189	96	13	141	26	1	1	189	96	13	141	26	1	1	189	96	13	141	26	189	1	189	96	13	170	26	177	179	189	268	547
14OCT	W29	793	606	254	419	223	189	602	148	182	1	137	223	189	187	141	182	1	1	189	96	13	141	26	1	1	189	96	13	141	26	1	1	189	96	13	141	26	189	1	189	96	13	170	26	177	179	189	268	547
21OCT	W30	793	606	254	419	223	189	148	182	1	137	223																																						

Summary (Stansted)

- 1,784 (+1%) more slots allocated in the trial than during initial coordination which equates to more than 8 daily flights in the peak hours
- The % of cleared OK fell by 1.42% and the number of cleared Ok was 3,575 higher.
- The number of series with a length of 30 weeks increased by 107 series. The greatest fall in series length came from those flights with a series length of between 14 and 5 weeks.



Integrity | Together | Own it | Professional | Constantly striving for better



Assumptions

- Trial for Dublin (Runway constrained) and Stansted (Terminal constrained)
- S19 Demand used as a baseline for coordination exercise
- All series of 15 weeks or less considered non historic
- Priority given to full season operations
- Multiple fragments that sum to greater than 15 weeks considered a series
- Subsequent changes by airlines after initial coordination not considered
- Does not take into account any potential change in airline behaviour as a result of the change



Integrity | Together | Own it | Professional | Constantly striving for better



Dublin S19 – Initial Coordination

		0400		0500		0600		0700		0800		0900		1000		1100		1200		1300		1400		1500		1600		1700		1800		1900		2000			
		M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	
A	052	29MAR-31MAR																																			
	02	08APR-14APR																																			
	04	22APR-28APR																																			
	06	09MAY-12MAY																																			
	08	29MAY-29MAY																																			
	09	03JUN-09JUN																																			
	10	17JUN-23JUN																																			
	12	01JUL-07JUL																																			
	14	15JUL-21JUL																																			
	18	29JUL-04AUG																																			
	19	12AUG-18AUG																																			
	20	26AUG-01SEP																																			
	22	09SEP-15SEP																																			
	24	23SEP-29SEP																																			
	26	30SEP-06OCT																																			
	28	14OCT-20OCT																																			
	30	28OCT-03NOV																																			
D	02	29MAR-31MAR																																			
	02	08APR-14APR																																			
	04	22APR-28APR																																			
	06	09MAY-12MAY																																			
	08	29MAY-29MAY																																			
	09	03JUN-09JUN																																			
	10	17JUN-23JUN																																			
	12	01JUL-07JUL																																			
	14	15JUL-21JUL																																			
	18	29JUL-04AUG																																			
	19	12AUG-18AUG																																			
	20	26AUG-01SEP																																			
	22	09SEP-15SEP																																			
	24	23SEP-29SEP																																			
	26	30SEP-06OCT																																			
	28	14OCT-20OCT																																			
	30	28OCT-03NOV																																			
T	02	29MAR-31MAR																																			
	02	08APR-14APR																																			
	04	22APR-28APR																																			
	06	09MAY-12MAY																																			
	08	29MAY-29MAY																																			
	09	03JUN-09JUN																																			
	10	17JUN-23JUN																																			
	12	01JUL-07JUL																																			
	14	15JUL-21JUL																																			
	18	29JUL-04AUG																																			
	19	12AUG-18AUG																																			
	20	26AUG-01SEP																																			
	22	09SEP-15SEP																																			
	24	23SEP-29SEP																																			
	26	30SEP-06OCT																																			
	28	14OCT-20OCT																																			
	30	28OCT-03NOV																																			



Summary (Dublin)

- 6,566 (+4%) more slots allocated in the trial than during initial coordination which equates to more than 30 daily flights
- The % of cleared OK fell by -1.32% however the number of cleared Ok was 3,594 higher.
- The number of series with a length of 30 weeks increased by 174 series. The greatest fall in series length came from those flights with a series length of between 7 and 14 weeks.
- In the S19 trial, the airlines that suffered the greatest impact from the changed series length were similar to the S18 trial.



Integrity | Together | Own it | Professional | Constantly striving for better

