

The Civil Aviation Authority's response to Arora Holdings Limited's Environmental Impact Assessment Scoping Report

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Civil Aviation Authority
Aviation House
Gatwick Airport South
West Sussex
RH6 0YR

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Contents

Contents	3
The CAA's response to Arora's Environmental Impact Assessment Scoping Report	4
Introduction	4
The DCO and CAA's Regulatory Processes	5
Economic Regulation	5
Safety Regulation	7
Airspace Change	8
CAA's response to Arora's EIA Scoping Report	9
Chapter 7 – Carbon and Greenhouse Gases	10
Chapter 8 – Climate Change	10
Chapter 9 – Community	12
Chapter 10 – Economics and employment	12
Chapter 13 – Landscape and Visual Amenity	13
Chapter 16 – Noise and Vibration	13

The CAA's response to Arora's Environmental Impact Assessment Scoping Report

Introduction

1. The CAA is the UK's specialist aviation regulator. We work so that:
 - the aviation industry meets the highest safety standards. We regulate the safety of airport design against UK, European and international safety criteria;
 - consumers have choice, value for money, are protected and treated fairly when they fly. We regulate the prices that Heathrow Airport Limited ("HAL") can charge for operating from Heathrow airport. This includes incentivising the efficiency of HAL's costs. Following the designation of the Airports National Policy Statement (ANPS) we have extended the scope of our approach to include the costs of expanding the airport;
 - airspace is well managed. We make decisions on proposals to change airspace design, which we do against the background of Directions and environmental guidance from the Secretary of State; and
 - the aviation industry manages security risks effectively.
2. We also provide environmental advice to the government, and, on a commercial basis, to third parties, including information about the noise effects of aviation operations.
3. It is for government to determine environmental policy and for the CAA, where required, to apply that policy when making its regulatory decisions.
4. We welcome the opportunity to respond to Arora Holdings Limited's (Arora) Environmental Impact Assessment (EIA) scoping report in our capacity as a prescribed statutory consultee in the planning process.
5. By way of general introductory comment, in paragraphs 7 to 26 we provide a high-level overview of our regulatory roles and how they relate to the Development Consent Order (DCO) process together with some background information on the CAA's engagement with Arora to date. In paragraphs 27 – 32 we explain how we approached our consideration of Arora's EIA scoping report. In paragraphs 33 – 61 we provide such comments as we have at this stage on those chapters of Arora's EIA scoping report that relate to the CAA's regulatory roles.
6. For further information about the CAA's responsibilities or on any of our comments in this paper, please contact us at DCO.Coordination@caa.co.uk.

The DCO and CAA's Regulatory Processes

7. In addition to obtaining DCO approval, the operation of a third runway will require a number of regulatory approvals from the CAA. The CAA's regulatory approval processes will continue throughout the planning and construction phases. The environmental statement that will form part of Arora's DCO application will contain topics which are relevant to the CAA's regulatory processes. Although we have not seen any detailed proposals made by Arora, their DCO application appears to rely on HAL submitting a DCO application and successfully obtaining development consent. Accordingly, we have commented on matters wider than terminal capacity, and this is due to the difficulty in dealing discretely with an application which has a significant number of critical dependencies with the application to be made by HAL on which Arora's application appears to be predicated. The three most significant regulatory areas are as follows.

Economic Regulation

8. The CAA is the economic regulator of Heathrow Airport Limited (HAL), in accordance with its duties as set out in the Civil Aviation Act 2012 ("CAA12"). The CAA's primary duty is to carry out its functions "in a manner which it considers will further the interests of users of air transport services regarding the range, availability, continuity, cost and quality of airport operation services". The other matters to which we must have regard are set out in s.1(3) of the Act.
9. The CAA considers that capacity expansion is important to further the interests of air transport users. In line with the ANPS requirements, user's interests will be best served if expansion is cost-efficient, and sustainable, and seeks to minimise costs to users over its lifetime.
10. Arora Group is not currently an airport operator, nor is it economically regulated by the CAA. If Arora's DCO application were to be successful, and were it likely that Arora would become an airport operator, the CAA would need to undertake significant work to identify whether a regulatory regime for Arora would be required and, if so, develop a regulatory regime accordingly.
11. As outlined above, we have reviewed Arora's EIA scoping report through the lens of our statutory consultee role under the planning process. As such, we have not commented on the credibility or maturity of Arora's proposals. For further information on our approach to engagement with Arora, please see our published economic regulation consultations, available online.¹ We most recently set out our views in October 2018 and will update these in March 2019. The CAA

¹ <https://www.caa.co.uk/Commercial-industry/Airports/Economic-regulation/Licensing-and-price-control/Heathrow-price-control-review-H7/>