| | A. CALCULATION OF AMOUNT OF RISK SHARED | 2022 |
|---|---|---|
| | | H7 |
| | **Forecast case** | |
| 1 | Forecast passengers (m) | 54.9 |
| 2 | Max airport charge (£ per pax, current prices) | 30.19 |
| 3 | Allowed airport charges revenue (£m, current prices) | 1657 |
| | | |
| | **Outturn case** | 14.4% |
| 4 | Outturn passengers (m) | 62.8 |
| 5 | Allowed airport charges revenue (£m,current prices) | 1896 |
| | | 239 |
| | **Difference in allowed revenues - allocation to bands (£m, current prices)** | |
| 6 | > 10% higher than forecast case | 73 |
| 7 | 0-10% higher than forecast case | 166 |
| 8 | 0-10% lower than forecast case | 0 |
| 9 | > 10% lower than forecast case | 0 |
| 10 | Total difference in allowed revenues | 239 |
| | | |
| | **Risk shared (£m, current prices)** | |
| 11 | Upper outer band | -76 |
| 12 | Upper central band | -83 |
| 13 | Lower central band | 0 |
| 14 | Lower outer band | 0 |
| 15 | Total | -159 |

| | B. IMPACT ON CHARGES IN H7 | 2022 |
|---|---|---|
| | | |
| 16 | H7 WACC (RPI real, pre-tax) | 4.18% |
| 17 | Annual average RPI index | 335.0 |
| | | |
| | **Adjustments before uplifts (£m, original prices)** | |
| 18 | Adjustment for 2022 outturn | |
| 19 | Adjustment for 2023 outturn | |
| 20 | Adjustment for 2024 outturn | |
| | | |
| | **WACC uplift (to current year)** | |
| 21 | Uplift for 2022 adjustment | |
| 22 | Uplift for 2023 adjustment | |
| 23 | Uplift for 2024 adjustment | |
| | | |
| | **Inflation uplift (to current year)** | |
| 24 | Uplift for 2022 adjustment | |
| 25 | Uplift for 2023 adjustment | |
| 26 | Uplift for 2024 adjustment | |
| | | |
| | **Uplifted adjustments (£m, current prices)** | |
| 27 | Adjustment for 2022 outturn | |
| 28 | Adjustment for 2023 outturn | |
| 29 | Adjustment for 2024 outturn | |
| 30 | Total adjustment in year | |

| | | |
|---|---|---|
| 31 | **Adjustment to airport charges (£ per pax, current prices)** | |

| **C. ADJUSTMENT TO HAL'S RAB DURING H7** | | **2022** |
|---|---|---|
| 32 | December RPI index | 347.6 |
| 33 | **Risk share carried forward from H7 (£m, current prices)** | |
| | Adjustment for 2022 outturn | -111 |
| | Adjustment for 2023 outturn | |
| | Adjustment for 2024 outturn | |
| | Adjustment for 2025 outturn | |
| | Adjustment for 2026 outturn | |
| 34 | **WACC uplift (to start of H8)** | |
| | Uplift for 2022 adjustment | 1.202 |
| | Uplift for 2023 adjustment | |
| | Uplift for 2024 adjustment | |
| | Uplift for 2025 adjustment | |
| | Uplift for 2026 adjustment | |
| 35 | Inflation uplift (to end of year) | 1.038 |
| | **Adjustments to HAL's RAB (£m, current prices)** | |
| 36 | Cumulative adjustment to RAB at start of year | 0 |
| 37 | Inflation uplift | 0 |
| 38 | TRS adjustment for current year (with WAC uplift to start of H8) | -139 |
| 39 | Cumulative adjustment to RAB at end of year | -139 |
| 40 | **ADJUSTMENT TO OPENING RAB FOR H8 (£m, current prices) =** | **-437** |

| **D. IMPACT ON CHARGES IN H8** | | **2027** |
|---|---|---|
| 41 | Outturn passengers (m) | 84.0 |
| 42 | H8 WACC (RPI real, pre-tax) | 4.18% |
| 43 | December RPI index | 398.1 |
| | **Remaining RAB adjustment (£m, current prices)** | |
| 44 | Remaining adjustment to RAB at start of year | -437 |
| 45 | Regulatory depreciation | 44 |
| 46 | Inflation uplift | -12 |
| 47 | Remaining adjustment to RAB at end of year | -405 |
| | **Adjustment to allowed revenues (£m, current prices)** | |
| 48 | Regulatory depreciation | -44 |
| 49 | Allowed return | -18 |
| 50 | Total adjustment to allowed revenues | -61 |
| 51 | **Adjustment to airport charges (£ per pax, current prices)** | -0.73 |

**ADJUSTMENTS WILL CONTINUE INTO H9 (with £-224m carried forward to the opening**

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Notes:

1. The adjustment to allowed airport charges (in [31] and [51]) will be based on outturn passe
knows these outturns. Any forecasting errors will be picked up through the correction factor tl

2. The adjustment for outturn traffic in each year will be spread over 10 years (from t+2 to t+1
through an adjustment to the opening RAB for H8 which will be depreciated over the next 7 y
to apply a slightly backloaded profile (see paragraph 2.36 of CAP2365B).

| | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|
| H7 | | H7 | H7 | H7 |
| | 67.3 | 75.4 | 81.0 | 81.6 |
| | 29.68 | 28.43 | 27.33 | 26.31 |
| | 1997 | 2144 | 2214 | 2147 |
| | 11.1% | 8.1% | 3.0% | 2.6% |
| | 74.8 | 81.5 | 83.4 | 83.7 |
| | 2220 | 2317 | 2279 | 2202 |
| | 223 | 173 | 66 | 55 |
| | 23 | 0 | 0 | 0 |
| | 200 | 173 | 66 | 55 |
| | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 |
| | 223 | 173 | 66 | 55 |
| | -24 | 0 | 0 | 0 |
| | -100 | -87 | -33 | -28 |
| | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 |
| | -124 | -87 | -33 | -28 |

| | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|
| | 353.4 | 361.7 | 370.8 | 380.9 |
| | | -15.9 | -12.4 | -8.7 |
| | | | -12.4 | -8.7 |
| | | | | -8.7 |
| | | 1.085 | 1.131 | 1.178 |
| | | | 1.085 | 1.131 |
| | | | | 1.085 |
| | | 1.080 | 1.107 | 1.137 |
| | | | 1.049 | 1.078 |
| | | | | 1.053 |
| | | -18.7 | -15.5 | -11.6 |
| | | | -14.1 | -10.6 |
| | | | | -9.9 |
| | | -18.7 | -29.6 | -32.1 |

| | | | |
|---|---|---|---|
| | **-0.23** | **-0.36** | **-0.38** |

| **2023** | **2024** | **2025** | **2026** |
|---|---|---|---|
| 360.3 | 366.1 | 375.6 | 386.3 |
| -99 | | | |
| | -78 | | |
| | | -33 | |
| | | | -28 |
| 1.154 | | | |
| | 1.108 | | |
| | | 1.063 | |
| | | | 1.021 |
| 1.020 | 1.012 | 1.013 | 1.014 |
| -139 | -261 | -352 | -397 |
| -5 | -4 | -9 | -11 |
| -117 | -88 | -35 | -29 |
| -261 | -352 | -397 | -437 |

| **2028** | **2029** | **2030** | **2031** |
|---|---|---|---|
| 84.5 | 85.0 | 85.5 | 86.0 |
| 410.1 | 422.4 | 435.0 | 448.1 |
| | | | 3.0% |
| -405 | -365 | -320 | -272 |
| 51 | 55 | 56 | 54 |
| -11 | -9 | -8 | -7 |
| -365 | -320 | -272 | -224 |
| -51 | -55 | -56 | -54 |
| -16 | -14 | -12 | -10 |
| -67 | -69 | -68 | -65 |
| -0.79 | -0.81 | -0.80 | -0.75 |

**ɟ RAB)**

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enger numbers. In common with several other terms in the
hat applies to the whole price control formula. Similar com

11). The adjustment for 2022, for example, will be impleme
/ears. The precise depreciation profile will be confirmed at

Input
Input
= [1] x [2]

Input
= [4] x [2]

= amount of [5] that is more than 10% above [3]
= amount of [5] that is up to 10% above [3]
= amount of [5] that is up to 10% below [3]
= amount of [5] that is more than 10% below [3]
= [6] + [7] + [8] + [9]

= [6] x 105%
= [7] x 50%
= [8] x 50%
= [9] x 105%
= [11] + [12] + [13] + [14]

---

Input
Input

= $[15]_{2022}$ / 10
= $[15]_{2023}$ / 10
= $[15]_{2024}$ / 10

= (1 +[16]) ^ 2;  (1+[16]) ^ 3;  (1+[16]) ^ 4
= (1 +[16]) ^ 2;  (1+[16]) ^ 3
= (1 +[16]) ^ 2

= $[17]_{t}$ / $[17]_{2022}$
= $[17]_{t}$ / $[17]_{2023}$
= $[17]_{t}$ / $[17]_{2024}$

= [18] x [21] x [24]
= [19] x [22] x [25]
= [20] x [23] x [26]
= [27] + [28] + [29]

= [30] / [4]

---

Input

= $[15]_{2022}$ x 0.7
= $[15]_{2023}$ x 0.8
= $[15]_{2024}$ x 0.9
= $[15]_{2025}$
= $[15]_{2026}$

= (1 +[16]) ^ 4.5
= (1 +[16]) ^ 3.5
= (1 +[16]) ^ 2.5
= (1 +[16]) ^ 1.5
= (1 +[16]) ^ 0.5

= [32] / [17]

= [39] from previous year
= [36] x ($[32]_t$ / $[32]_{t-1}$ - 1)
= [33] x [34] x [35]
= [36] + [37] + [38]

---

Input
Future policy decision
Input

= [47] from previous year (or [40] for first year)
Future policy decision (but limited to 10 years in total)
= ([44]+[45]) x ($[43]_t$ / $[43]_{t-1}$ - 1)
= [44] + [45] + [46]

= - [45]
= ([44]+[47])/2 x [42]
= [48] + [49]

= [50] / [41]

e price control formula, HAL will need to set charges before it
ıments apply to outturn RPI indices.

ented by adjusting charges in the last 3 years of H7, then
t each periodic review, though we have stated that we expect

| | | | |
|---|---|---|---|
| **A. CALCULATION OF AMOUNT OF RISK SHARED** | | | **2022** |
| | | H7 | |
| | **Forecast case** | | |
| 1 | Forecast passengers (m) | | 54.9 |
| 2 | Max airport charge (£ per pax, current prices) | | 30.19 |
| 3 | Allowed airport charges revenue (£m, current prices) | | 1657 |
| | **Outturn case** | | |
| 4 | Outturn passengers (m) | | 14.8 |
| 5 | Allowed airport charges revenue (£m,current prices) | | 448 |
| | **Difference in allowed revenues - allocation to bands (£m, current prices)** | | |
| 6 | > 10% higher than forecast case | | 0 |
| 7 | 0-10% higher than forecast case | | 0 |
| 8 | 0-10% lower than forecast case | | -166 |
| 9 | > 10% lower than forecast case | | -1044 |
| 10 | Total difference in allowed revenues | | -1210 |
| | **Risk shared (£m, current prices)** | | |
| 11 | Upper outer band | | 0 |
| 12 | Upper central band | | 0 |
| 13 | Lower central band | | 83 |
| 14 | Lower outer band | | 1096 |
| 15 | Total | | 1179 |
| **B. IMPACT ON CHARGES IN H7** | | | **2022** |
| 31 | **Adjustment to airport charges (£ per pax, current prices)** | | |
| **C. ADJUSTMENT TO HAL'S RAB DURING H7** | | | **2022** |
| | **Adjustments to HAL's RAB (£m, current prices)** | | |
| 36 | Cumulative adjustment to RAB at start of year | | 0 |
| 37 | Inflation uplift | | 0 |
| 38 | TRS adjustment for current year (with WAC uplift to start of H8) | | 1030 |
| 39 | Cumulative adjustment to RAB at end of year | | 1030 |
| 40 | **ADJUSTMENT TO OPENING RAB FOR H8 (£m, current prices) =** | | **3377** |
| **D. IMPACT ON CHARGES IN H8** | | | **2027** |
| | **Remaining RAB adjustment (£m, current prices)** | | |
| 44 | Remaining adjustment to RAB at start of year | | 3377 |
| 45 | Regulatory depreciation | | -338 |
| 46 | Inflation uplift | | 93 |
| 47 | Remaining adjustment to RAB at end of year | | 3132 |

| | | |
|---|---|---|
| 51 | **Adjustment to airport charges (£ per pax, current prices)** | 5.64 |

**ADJUSTMENTS WILL CONTINUE INTO H9 (with £1730m carried forward to the opening**

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Notes:

1. The adjustment to allowed airport charges (in [31] and [51]) will be based on outturn passe
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| | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|
| H7 | | H7 | | H7 | | H7 | |
| | 67.3 | 75.4 | 81.0 | 81.6 |
| | 29.68 | 28.43 | 27.33 | 26.31 |
| | 1997 | 2144 | 2214 | 2147 |
| | 16.2 | 51.3 | 75.4 | 81.0 |
| | 479 | 1458 | 2061 | 2131 |
| | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 |
| | -200 | -214 | -153 | -16 |
| | -1318 | -472 | 0 | 0 |
| | -1518 | -686 | -153 | -16 |
| | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 |
| | 100 | 107 | 77 | 8 |
| | 1384 | 495 | 0 | 0 |
| | 1484 | 602 | 77 | 8 |

| | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|
| | | **2.70** | **4.20** | **5.03** |

| | 2023 | 2024 | 2025 | 2026 |
|---|---|---|---|---|
| | 1030 | 2464 | 3112 | 3275 |
| | 38 | 40 | 81 | 93 |
| | 1397 | 608 | 82 | 8 |
| | 2464 | 3112 | 3275 | 3377 |

| | 2028 | 2029 | 2030 | 2031 |
|---|---|---|---|---|
| | 3132 | 2823 | 2471 | 2100 |
| | -391 | -423 | -433 | -420 |
| | 83 | 72 | 61 | 51 |
| | 2823 | 2471 | 2100 | 1730 |

| | | | |
|---|---|---|---|
| 6.11 | 6.28 | 6.18 | 5.81 |

**g RAB)**

---

enger numbers. In common with several other terms in the
hat applies to the whole price control formula. Similar com

11). The adjustment for 2022, for example, will be impleme
/ears. The precise depreciation profile will be confirmed at

Input
Input
= [1] x [2]

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= amount of [5] that is more than 10% below [3]
= [6] + [7] + [8] + [9]

= [6] x 105%
= [7] x 50%
= [8] x 50%
= [9] x 105% 105%
= [11] + [12] + [13] + [14]

---

= [30] / [4]

---

= [39] from previous year
= [36] x ($[32]_t$ / $[32]_{t-1}$ - 1)
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= [36] + [37] + [38]

---

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= ([44]+[45]) x ($[43]_t$ / $[43]_{t-1}$ - 1)
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= [50] / [41]

---

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