York Aviation

Note to the Inquiry on the Implications of the latest Government Air Traffic Forecasts and the response to the Committee on Climate Change
Applications at London Ashford Airport (APP/L2250/V/10/2131934 & APP/L2250/V/10/2131936)

1. On 25th August 2011, the Department for Transport (DfT) published the Government Response to the Committee on Climate Change Report on Reducing CO_2 Emissions from UK Aviation to 2050 (CD5.38) and updated UK Aviation Forecasts (CD5.39). These reports have been published to inform responses to the aviation policy scoping document: "*Developing a sustainable framework for UK aviation: Scoping Document"*[1]. I dealt with this scoping document in my Supplementary Note to the Inquiry, LAA/4/I.

2. I dealt with the Committee on Climate Change and climate change more generally at paragraphs 2.2 to 2.6 of my Rebuttal Proof (LAA/4/D).

Government Response to the Committee on Climate Change

3. In LAA/4/D (paragraph 2.3), I explained my view, reinforced by the findings of the Divisional Court in the London City Airport Judicial Review (*R(Griffin) v London Borough of Newham*), that the targets for aviation set out in the Climate Change Act did not mean that limits on growth referred to by by the Committee on Climate Change[2] would have to be applied.

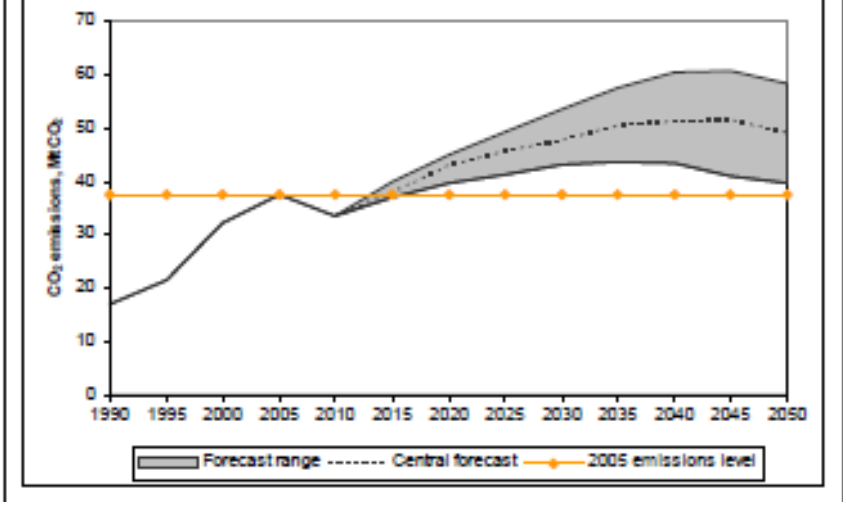
4. Consistent with this analysis, I note that in the Foreword to the Government's recent Response to the Committee on Climate Change, the Secretary of State for Transport makes clear that economic growth remains a priority:

   "Aviation makes a positive contribution to our lives. It gives us the freedom to travel and enables UK businesses to compete in the global economy, but a responsible Government cannot ignore its climate change impacts. I believe that to present the challenge we face as one of deciding between economic growth and reducing carbon emissions is a false choice. This Government is anti-carbon, not anti-aviation, and our goal is to find ways to meet our carbon reduction targets while supporting economic recovery."

[1] Department for Transport, March 2011, CD5.36
[2] CD12.16

5. The latest air traffic forecasts are lower overall than the previous Government forecasts (as we discuss below). However, they continue to show a consistent picture of demand growth above the level implied by the work of the Committee on Climate Change. I reproduce Figure 1 from the Government's Response below.

Figure 1: UK Aviation CO_2 forecasts to 2050

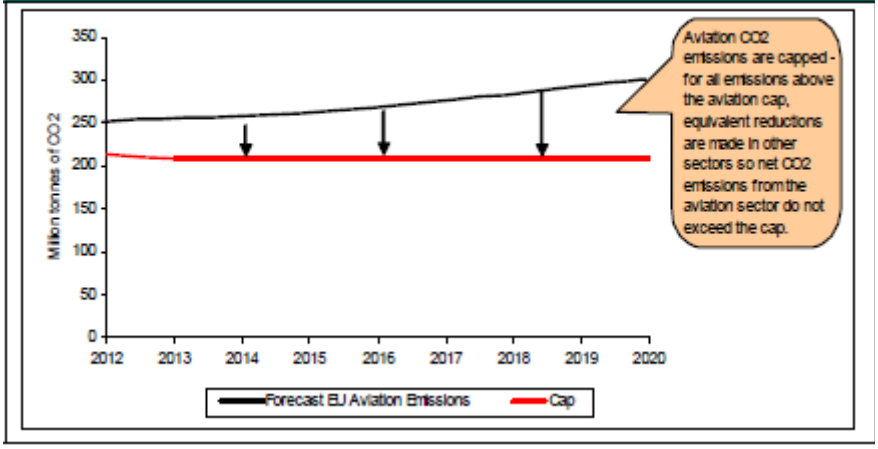


6. The Government's Response then goes onto explain how the air traffic demand projections are to be reconciled to the targets in the Climate Change Act at paragraphs 2.10 and 2.11:

Aviation's entry into the EU ETS from 1 January 2012 will mean that CO_2 emissions in the aviation sector will be limited (or capped) at the EU level. Aircraft operators flying into, within and out of the EU will be required to surrender allowances and credits to cover their annual CO_2 emissions. In 2012, the emissions limit (or cap) for the aviation sector will be set at 97% of the average level of emissions over the period 2004-2006 (equivalent to 212.9 million tonnes of CO_2) and will tighten to 95% of average 2004-2006 emissions from 2013 onwards (208.5 million tonnes of CO_2). If aircraft operators across the EU want to exceed the aviation cap, they will be required to buy allowances from other sectors included in the ETS where emissions reductions have taken place.

Therefore, although CO_2 emissions from aviation are forecast to continue to grow in the UK and other EU countries, this growth will not result in any overall increase in the total CO_2 emissions from sectors included in the ETS, because the aviation sector will have to pay for reductions to be made elsewhere. The overall result will be that the net contribution of the aviation sector to CO_2 emissions will not exceed the level of the cap. Figure 2 shows the ETS in operation." [Emphasis added]

Figure 2: Aviation in the EU ETS



7. Hence, the Government's Response to the Committee on Climate Change makes clear that the requirement to meet the targets in the Climate Change Act does not mean that growth in aviation activity will need to be capped, as the carbon implications will be managed through the EU Emissions Trading Scheme. This is consistent with the approach I explained in evidence and the approach adopted by the Secretaries of State in the recent Farnborough decision.

UK Aviation Forecasts

8. New UK Aviation Forecasts have been produced, extended to cover the period to 2050. Although these, forecasts take into account the effects of the recession, they are still based on a 2008 base year, which pre-dates the recessionary dip in traffic, whereas our forecasts for LAA were based on 2009 data, reflecting the recessionary downturn in demand.

9. We based our original forecasts on a combined short haul growth rate from 2009 of 2.7% per annum to 2020 and 2.5% per annum thereafter, as set out at paragraph 5.33 to my Proof of Evidence (LAA/4/A). If we had based our analysis on 2008 (before the recession) as used as the base year by DfT in its forecasts, the net growth rate would have been 2% per annum from 2008 to 2020. The latest DfT forecasts indicate a short haul growth rate of 1.93% per annum from 2008 to 2020. This would theoretically result in around 9% lower passenger numbers at 2020 than in our original forecasts. This would amount to a difference of no more than 20,000 to 30,000 passengers in that year and therefore does not significantly alter the position already explained in evidence.

10. However, significantly, the latest DfT forecasts confirm the Government position than no additional runway capacity will be provided. On this basis, all the main London airports are shown to be full, to the limits of their maximum capacity by 2030. This is shown in Table 2.15 of the DfT forecasts as reproduced below. At 2020, Heathrow, Gatwick and London City Airports are all shown as being full.

Table 2.15: UK terminal passenger forecasts (constrained – 'max use'), South East airports (central forecast)

Airport	2010	2020	2030	2040	2050
Heathrow	65	80	85	85	85
Gatwick	30	35	40	40	40
Stansted	20	25	35	35	30
Luton	9	12	15	15	15
London City	3	7	7	7	7
London	125	155	180	185	185
annual growth rate		2.2%	1.5%	0.3%	0.0%
Others	80	115	150	210	285
annual growth rate		3.7%	2.7%	3.4%	3.1%
Total	**210**	**270**	**335**	**405**	**470**
annual decennial growth rate		2.5%	2.2%	1.9%	1.5%

Notes:
National forecasts and throughputs at the three largest airports rounded to nearest 5 mppa
Columns may not sum to total due to rounding
Individual airport totals capped strictly to capacity, modelling constraint tolerances removed, model output totals may differ

11. Given that a key factor in the development of commercial passenger services at LAA is expected to be the speed at which such services are displaced from Gatwick, the latest DfT forecasts robustly confirm my evidence to date that there is a strong potential for LAA to attract such services from Gatwick in order to meet its local catchment area demand before 2020. Hence, I do not consider that the revised DfT forecasts require any adjustment to the forecasts presented to the Inquiry and consider that they reinforce the evidence that I have already given.