

Mr Paul Smith  
Group Director of Consumers and Markets  
Civil Aviation Authority  
45-59 Kingsway  
London  
WC2B 6TE  
Sent by email: [economicregulation@caa.co.uk](mailto:economicregulation@caa.co.uk)

**Star Alliance Services GmbH**  
Frankfurt Airport Center, Main Lobby  
60546 Frankfurt am Main  
Germany  
Tel +49 (0)69 96375 0  
Fax +49 (0)69 96375 500

**Christian Draeger**  
VP Customer Experience & Loyalty  
T: +49 151 55013 080  
E: [christian.draeger@staralliance.com](mailto:christian.draeger@staralliance.com)

9<sup>th</sup> August 2022

Dear Paul,

### **CAP2365: H7 Final Proposals**

Thank you for the invitation to respond to the above consultation. Please find below Star Alliance's response. This is written on behalf of Star Alliance Services GmbH and its 23 member airlines operating to LHR.

We have worked closely with other airlines through the LACC and AOC forums and working groups and have provided significant input to the detailed community response and its incorporated evidential analysis which is being submitted. Rather than repeat those details here, we hereby state our full support for this submission and summarise below some key points which are of importance to our members.

### **Capital Plan: T2 Baggage**

We are pleased that the Final Proposals show a budget of £478m for T2 Baggage, increased since Initial Proposals in line with HAL's programme plans. Star Alliance's response to the Initial Proposals went into detail about why it is so important to drive forward with the T2 Baggage programme and we are pleased that this importance has been recognised. We see this as an essential element of the H7 capital plan.

Over the last couple of months, the T1/T2 baggage system has experienced its highest volume demand since 2019, as passenger numbers have continued to increase. There have been several significant incidents during this time in which elements of the system have failed and caused serious congestion or stoppages. The most serious of these incidents was caused by a sorter hardware failure, the resulting impact of which was some 18k bags not flying with passengers on their original planned flight.

These recent problems underline the importance of driving forward the T2 Baggage programme, whilst continuing to maintain the ageing T1 system as its development progresses.

**Capital Plan: Efficient Airport**

Nearly all projects listed under the Efficient Airports programme have been struck from the Final Proposals capital plan. From the perspective of Star Alliance airlines, this must be reconsidered. There are several projects which are of great importance and for which H7 investment must be provisioned. These include:

- Passenger Process Automation: the development of common-use payment technology and progress with Automated ID (biometrics); both these projects will deliver improved consumer outcomes
- Airfield Optimisation: several carriers have been waiting for progress with airfield cameras and sensors on aircraft stands, the deployment of which will enable significant improvements to airside operations
- Queue Measurement and Monitoring: as referenced in detail in the AOC/LACC consultation response, it is essential that investment is made to improve the security queue measurement approach, so we can understand the impact on each individual passenger and strive for continuous improvement in security operations

**Outcome-Based Regulation: Timely Delivery of Departing Baggage measure**

As mentioned above, summer 2022 has unfortunately seen airlines and passengers in T2 experience significant baggage disruption on several occasions. Whilst we are pleased that there will be a new measure of 'Timely Baggage Delivery' incorporated into the H7 measures, we are incredulous that it is now proposed this should only be a reputational measure. Given the huge capital and operational costs of HAL's baggage systems, airlines' complete reliance on them and the direct negative and costly consequences of these systems failing to deliver bags on-time, it is reasonable to expect that HAL should have some financial stake in this area. We urge the CAA to reconsider its stance on this measure, taking due note of the detailed AOC/LACC submission presented in April.

In conclusion, we look forward to the Final Proposals, which we hope will set out an approach taking account of the points made here and others as detailed in the LACC/AOC response to this consultation.

Yours sincerely



Christian Draeger

cc: Simon Scoggins, Consultant to Star Alliance Services GmbH, Heathrow Programme Director  
cc: Star Alliance member airlines, LHR