TO: Airspace Users

Subject: Consultation as per article 11 of regulation 2019/317

In accordance with article 11, and following the comments raised in the July 2023 consultation, ENAC wants to clarify to airspace users the following items, related to the Italian performance plan.

We regret that this consultation has been launched so late in the year, but the definition of the new pivot value, as well as the clarification, have required a considerable amount of analysis to be prepared.

We hope that the answer can be given by the 27th of December, in order to confirm the initial clarification by the end of the year and upload it on the ESSKY website.

Should you deem it necessary we are ready for an online consultation.

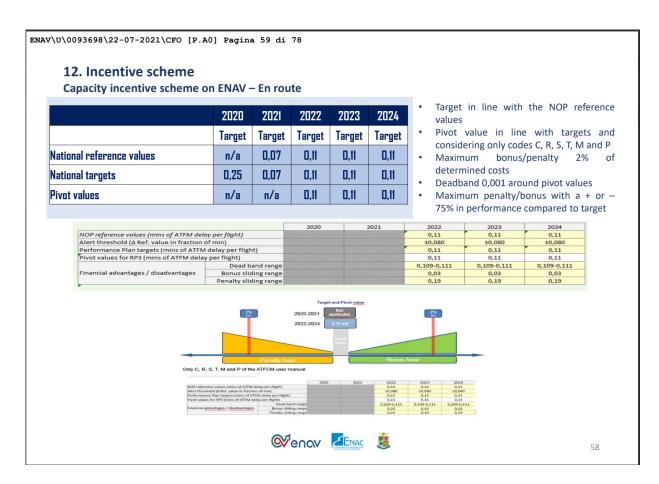## 1 - Clarification about the incentive scheme included in the plan.

The adopted Performance Plan of Italy includes, in the section dedicated to the en-route incentive scheme a formulation of the incentive scheme that requires clarification.

As a matter of fact the version uploaded adopts for 2022, 2023 and 2024 a target of 0.11 minutes ATFM, but at the same time a note specifies that the value is referred to the component CRSTM-P of the delay.

This means that those values should be intended to be limited to delay causes related to ATC capacity, ATC routing, ATC staffing, ATC equipment, Airspace Management and special events with the codes C, R, S, T, M and P of the ATFCM user manual.

However at the same time the box "fixed value" has been ticked.

The incongruence of those two elements has been identified only in 2023 during the calculation of the incentive for 2022, due to the different interpretation between NSA and the Commission and PRB; although no objection was raised in July 2021, during the consultation, when the incentive system based on only CRSMT-P values was presented (see the slide included)

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12. Incentive scheme
Capacity incentive scheme on ENAV – En route

	2020	2021	2022	2023	2024
	Target	Target	Target	Target	Target
National reference values	n/a	0,07	0,11	0,11	0,11
National targets	0,25	0,07	0,11	0,11	0,11
Pivot values	n/a	n/a	0,11	0,11	0,11

- Target in line with the NOP reference values
- Pivot value in line with targets and considering only codes C, R, S, T, M and P
- Maximum bonus/penalty 2% of determined costs
- Deadband 0,001 around pivot values
- Maximum penalty/bonus with a + or − 75% in performance compared to target

		2020	2021	2022	2023	2024
NOP reference values (mins of ATFM delay per flight)				0,11	0,11	0,11
Alert threshold (Δ Ref. value in fraction of min)				±0,080	±0,080	±0,080
Performance Plan targets (mins of ATFM delay per flight)				0,11	0,11	0,11
Pivot values for RP3 (mins of ATFM delay per flight)				0,11	0,11	0,11
Financial advantages / disadvantages	Dead band range			0,109-0,111	0,109-0,111	0,109-0,111
	Bonus sliding range			0,03	0,03	0,03
	Penalty sliding range			0,19	0,19	0,19

Only C, R, S, T, M and P of the ATFCM user manual

58

Therefore we want to give the clarification, meaning that the values indicated in the Italian performance Plan are to be considered as variable, and that the evaluation must be considered to the CRSTMP component only

2 Modulation of pivot values for 2023 and 2024

2.1 INTRODUCTION

Italy has implemented an incentive mechanism of financial nature on Capacity already in the Performance Plan for RP1 (it was not mandatory for RP1) and RP2.

Incentive schemes have to be included in the Performance Plan as adopted by the Member State and applied to their ANSPs, based on the principles described in art. 11 of (EU) Reg. 317/2019. On that basis incentives on Capacity shall:

a.   be of financial nature;
a.   apply during the entire period covered by the performance plan;
b.   be non-discriminatory, transparent and effective;
c.   apply to en route and terminal air navigation services.

Additionally, the Regulation defines more specific requirements to be fulfilled:

Italian Civil Aviation Authority

- be proportionate to the level of ATFM delay and consist of financial advantages and financial disadvantages having material impact on revenue at risk;
- be set so that the maximum financial disadvantages are at least equal to the maximum financial advantages (not exceeding 2% of determined costs);
- pivot values shall be used
- have a symmetric range around the pivot value to ensure that minor variations in ATFM delay do not lead to any financial advantages or disadvantages (i.e. deadband);

The incentives are included in the Performance Plan for the purpose of rewarding or penalising actual performance in relation to the adopted performance targets.

Italy has applied the incentive mechanism of financial nature on Capacity for ENAV as part of the national performance plan on the following indicators:

- KPI #1: En route ATFM delay per flight
- KPI #2: Terminal and airport ANS ATFM arrival delay per flight

The Italy Incentive Scheme on Capacity applies to ENAV and is aimed at:

a.   ensuring operational and financial benefits to AUs
a.   promoting continuous improvement of ANS, also taking into consideration interdependencies amongst KPAs
b.   effectively contributing to the achievement of national and EU-wide targets
c.   promoting performance based approach principles within the ANSP. In particular this last point has been implemented in a very successful way.

2.2 Italy incentive scheme on Capacity en-route – key features
The Incentive Scheme on en route capacity:

1. relates to the Capacity KPI en-route
2. it considers the year 2023 and 2024 as the EC informed the Member States of the non application of the incentives for the years until 2022 due to Covid
3. is modulated according to the C, R, S, M, T and P ATFM manual values as envisaged in the Performance and Charging regulation and as presented in the Italian Performance Plan for RP3, both in 2019 and in 2022, as also consulted with the Airspace Users
4. has pivot values that are considering only the C, R, S, M, T and P reasons which reflect the historic values as well as the most recent developments and evidence in the en-route capacity performance at European as well as national level, in particular including the major factors affecting the Italian airspace in the recent years – the weather being by far the major factor impacting on the overall performance at national level as well as in terms of impacts and volatility of traffic flows
5. has a progression of the bonus/penalty starting from the deadband and extending until reaching + or - 75% and + or – 85% respectively for 2023 and 2024.

The incentive mechanism is represented in the following comprehensive table.

En-route	Expressed in	Value
Dead band Δ	fraction of min	0,001

Max bonus (≤2%)		2,00
	% of DC	%
Max penalty (≥ Max bonus)		2,00
	% of DC	%
The pivot values for RP3 are	modulated	0

NOP reference values (mins of ATFM delay per flight)				0,11	0,11
Alert threshold (Δ Ref. value in fraction of min)				±0,050	±0,050
Performance Plan targets (mins of ATFM delay per flight)				0,11	0,11
Pivot values for RP3 (mins of ATFM delay per flight)*				0,04	0,07
Financial advantages / disadvantages	Dead band range			[0,039-0,041]	[0,069-0,071]
	Bonus sliding range			0,009	0,009
	Penalty sliding range			0,071	0,131

For the calculation of pivot value it has been considered the traffic increase of 10% on yearly basis since 2021, not included in the forecast from NM which represents an operational challenge to be faced.

Furthermore, it has been considered the abnormal impact of Weather on the Capacity performance in Italy in the past years, including 2023. The unexpected and unprecedented increase of weather related delays hugely impacted the overall en-route performance at the national level.

In addition the impacts from abnormal weather also affect the capacity of sectors non directly constrained by weather for two reasons:

- airlines replanning to avoid affected sectors;

-traffic flows moved from the sector affected to other sectors, that in several cases cannot accommodate the unexpected additional flights beyond the planned capacity.

As a final element impacting capacity, recognized by the PRB, is the high volatility of the traffic flows due to the conflicts in Ukraine as well as in the Mediterranean area.

Additional details in support to the Pivot Value definition are included in the following paragraph

2.3 Traffic forecast and actual performance

Traffic forecast from STATFOR in February 2021 had indicated a traffic evolution represented in the range between 55% and 70% of the 2019 actual traffic.
Further updates provided by NM indicated, on 7th June, peaks of traffic at 70% then further revised at the end of June with peaks expected at a level of 80%.
This forecast was further revised upwards and in July the traffic forecast was at a level of 85% of 2019 traffic, well above the expected traffic values.

In terms of actual traffic, summer 2021 showed the following evolution compared to 2019 reference year: 47% in June; 67% in July (with daily peaks of 80%); 75% in August (with peaks of 85%); 75% in September (with peaks at the level of 80%).

Here following the actual level of performance on Capacity (**all inclusive**):

- June   0.05

- July   0.15
- August   0.06
- September   0.16

Here following the actual performance on Capacity only including **C, R, S, M, T, P reasons**:
- June   0.05
- July   0.08
- August   0.00
- September   0.07

Comparing those values, we can see that the increase in the impact of weather fenomena also affect the ATC related delays at a level of 50%. This is due to the domino effect on adjacent sectors, when weather is affecting a specific sector.

2.4 2022 - Traffic forecast and actual performance

When we look at the actual traffic vs the traffic forecast (considering the baseline scenario) vis-a-vis 2019, the Summer results at ACC level shows:

- Brindisi ACC
  - June 18,64%
  - July 21.27%
  - August 27.32%
  - September 21.23%
- Milano ACC
  - June 7.7%
  - July 9.58%
  - August 11.18%
  - September 9.33%
- Padova ACC
  - June -0.76%
  - July 2.06%
  - August 3.66%
  - September 4.59%
- Roma ACC
  - June 1.82%
  - July 4.96%
  - August 5.85%
  - September 5.97%

Further details on the comparison are included in the following table.

Traffico summer 2022: consolidato e rapportato 2019

CTA	mese	2019	2022 STATFOR OTT High	2022 STATFOR OTT base	2022 current	var 2022(H)vs2019	var 2022(base)vs 2019	var 2022 vs 2022(H)	var 2022 vs 2019
LIBBCTA	giugno	38.537	34.937	32.939	40.121	-9,34%	-14,53%	14,84%	4,11%
	luglio	47.056	42.551	40.176	50.187	-9,57%	-14,62%	17,95%	6,65%
	agosto	48.009	43.570	41.166	54.284	-9,25%	-14,25%	24,59%	13,07%
	settembre	39.894	35.986	33.951	42.421	-9,80%	-14,90%	17,88%	6,33%
LIMMCTA	giugno	90.814	86.571	81.107	88.103	-4,67%	-10,69%	1,77%	-2,99%
	luglio	98.524	92.948	87.232	96.674	-5,66%	-11,46%	4,01%	-1,88%
	agosto	93.392	88.174	82.744	93.596	-5,59%	-11,40%	6,15%	0,22%
	settembre	87.618	83.544	78.297	88.766	-4,65%	-10,64%	6,25%	1,31%
LIPPCTA	giugno	81.131	76.915	72.206	71.594	-5,20%	-11,00%	-6,92%	-11,76%
	luglio	88.229	83.843	78.814	80.633	-4,97%	-10,67%	-3,83%	-8,61%
	agosto	86.945	81.940	76.908	80.097	-5,76%	-11,54%	-2,25%	-7,88%
	settembre	77.350	73.237	68.895	72.449	-5,32%	-10,93%	-1,08%	-6,34%
LIRRCTA	giugno	90.182	86.777	81.912	83.551	-3,78%	-9,17%	-3,72%	-7,35%
	luglio	102.245	97.853	92.390	97.465	-4,30%	-9,64%	-0,40%	-4,68%
	agosto	102.520	97.723	92.281	98.272	-4,68%	-9,99%	0,56%	-4,14%
	settembre	88.756	85.063	80.346	85.640	-4,16%	-9,48%	0,68%	-3,51%

If we focus o July and August, traffic level has maintained above 95% compared to 2019, with peaks even beyond, at 110%.

Actual capacity performance, with a level of traffic in 2022 at 90.84% compared to 2019, has been 0.153 m/f (all reasons) and 0.045 m/f (C, R, S, M, T, P reasons). The level of the C,R,S,M,T,P causes is 30% or even bigger (34%) if we exclude the impact of industrial action 0,021 m/f.
The Capacity performance has to be furhter considered in the framework of the above mentioned traffic evolution, well beyond traffic forecast that represented the basis of the planning of sector opening and operational staff work.

2.5 2023 - Traffic forecast and expected performance

According to STATFOR forecast in February 2023, traffic was expected in a range between +9% and +13% compared to 2022 (baseline +11%). While the overall traffic evolution seems to be in line with that level,

Summer traffic was higher than in the expected scenario:

- June 14.93%   +3.93% compared to baseline scenario
- July 13.18%   +2.18% compared to baseline scenario
- August 11.99%   +0.99% compared to baseline scenario
- September 11.31%   +0.31% compared to baseline scenario

With reference to traffic volumes compared to 2019:
- June -0.64%
- July 1.24%

- August 1.29%
- September 3.3%

At the end of May 2023, delay due to weather counted for 0.06 m/f, while delays for C, R, S, M, T, P reasons was 0.00 m/f.

During summer the situation has evolved and on 1 October 2023 we have 0.210 m/f all reasons while C, R, S, M, T, P reasons was 0.016 m/f.

This comparison and evolution highlights how the traffic variations, in combination with adverse weather fenomena in the summer months alone, determined the whole C, R, S, M, T, P reasons delays for 2023.

2.6 Final comments

The evolution of traffic and weather in the past few years has drastically changed the overall level of performance for both delays All Reasons and C, R, S, M, T, P reasons. The relation between WEATHER and C, R, S, M, T, P reasons therefore cannot be solely determined considering the longer term statistics.

The actual performance is the result of the following key factors:

- Impact of weather on traffic volumes managed in the Italian airspace

The growing impact of weather results in ATC regulations in the affected sectors which triggers traffic flows being moved to sectors not directly affected by bad weather, that therefore have to manage a growing demand. As the demand in many cases was already beyond the traffic forecast and the planned capacity, as described above, the final effect is the growing number of regulations needed to manage ATC capacity in those sectors.

- Traffic demand higher than forecast

STATFOR forecasts in the past 3 years have not provided a good basis for proper planning in operational staff and sector capacity, as the traffic to be managed was higher especially with peaks, in the summer period, going beyond +10% compared to the plans.

- Traffic volatility

At European level, in 2022 and 2023, due to the lack of capacity in some European airspaces, a delay reattribution procedure has been implemented, managed by the Network Manager and with the involvement of the Member States concerned.

The procedure implemented was not fully reflecting the correct attribution of delays, with the result that some of the delays remained to the Italian actors (and not redistributed as needed to the ANSPs being responsible for the delays) thus affecting the Italian actual performance. The procedure should be improved as it is not clear the rationale used for the delays reattribution.

Furthermore, the impact of the war in Ukraine on traffic flows has been bigger than expected (in particular with reference to Brindisi ACC).

3 Update of capacity target taking into consideration the traffic variation and weather fenomena.

As explained above, the en-route capacity pivot values (modulated target only considering C, R, S, M, T, P reasons) for 2023, 0.04 m/f, and for 2024, 0.07 m/f, are considered as challenging and realistic and reflecting the operational environment.

For 2023, the actual traffic compared the forecast, especially in the summer period, with peaks very higher than expected, the delay reattribution issues, together with the impact of adverse weather, when considering the performance of 2021 and 2022 (as described in detail above), would result in a value of respectively 50% for 2021 and 33% for 2022 when comparing C, R, S, M, T, P reasons and all ATFM reasons.

For 2024, taking into consideration the further traffic growth expected between 6,7% and 10% when compared to 2023 (see table below for all details), also considering the expected performance at the European level (well beyond the European targets) and considering the impact of this aspect together with the high volatility of traffic due to socio-political instability in several areas in the region (in particular Ukraine) and considering the consistent impact of weather in the past years, it is considered as challenging and realistic the pivot value (C, R, S, M, T, P reasons) at a level of 0.07 m/f.

October 2023 forecast

IFR Movements (Thousands)		2019	2020*	2021	2022	2023	2024*	2025	2026	2027	2028*	2029	AAGR 2023-2029	AAGR RP3 2020-2024	AAGR RP4 2025-2029
Italy	High	.	.	.	.	1.988	2.193	2.287	2.370	2.443	2.512	2.565	5,3%	2,2%	3,2%
	Base	1.962	782	1.106	1.788	1.974	2.142	2.183	2.224	2.259	2.290	2.305	3,7%	1,8%	1,5%
	Low	.	.	.	.	1.959	2.090	2.082	2.086	2.084	2.081	2.065	2,1%	1,3%	-0,2%
ECAC	High	.	.	.	.	10.192	11.122	11.518	11.907	12.252	12.585	12.847	4,8%	0,1%	2,9%
	Base	11.085	4.979	6.230	9.237	10.187	10.888	11.076	11.297	11.490	11.682	11.800	3,6%	-0,4%	1,6%
	Low	.	.	.	.	10.048	10.640	10.632	10.690	10.718	10.755	10.727	2,2%	-0,8%	0,2%
NM Area	High	.	.	.	.	10.220	10.997	11.392	11.778	12.123	12.454	12.716	4,6%	-0,2%	2,9%
	Base	11.106	4.984	6.240	9.252	10.149	10.768	10.954	11.173	11.365	11.556	11.673	3,4%	-0,6%	1,6%
	Low	.	.	.	.	10.075	10.529	10.518	10.574	10.601	10.637	10.608	2,0%	-1,1%	0,1%

IFR Movements (Growth)		2019	2020*	2021	2022	2023	2024*	2025	2026	2027	2028*	2029	AAGR 2023-2029	AAGR RP3 2020-2024	AAGR RP4 2025-2029
Italy	High	.	.	.	.	11%	10%	4,3%	3,7%	3,1%	2,8%	2,1%	5,3%	2,2%	3,2%
	Base	4%	-60%	41%	62%	10%	8,5%	1,9%	1,9%	1,5%	1,4%	0,7%	3,7%	1,8%	1,5%
	Low	.	.	.	.	9,6%	6,7%	-0,4%	0,2%	-0,1%	-0,1%	-0,7%	2,1%	1,3%	-0,2%
ECAC	High	.	.	.	.	10%	9,1%	3,6%	3,4%	2,9%	2,7%	2,1%	4,8%	0,1%	2,9%
	Base	1%	-55%	25%	48%	10%	6,9%	1,7%	2,0%	1,7%	1,7%	1,0%	3,6%	-0,4%	1,6%
	Low	.	.	.	.	8,8%	5,9%	-0,1%	0,5%	0,3%	0,4%	-0,3%	2,2%	-0,8%	0,2%
NM Area	High	.	.	.	.	10%	7,6%	3,6%	3,4%	2,9%	2,7%	2,1%	4,6%	-0,2%	2,9%
	Base	1%	-55%	25%	48%	9,7%	6,1%	1,7%	2,0%	1,7%	1,7%	1,0%	3,4%	-0,6%	1,6%
	Low	.	.	.	.	8,9%	4,5%	-0,1%	0,5%	0,3%	0,3%	-0,3%	2,0%	-1,1%	0,1%

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