

PRB assessment of the draft final performance plans including corrective measures

Belgium and Luxembourg

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1 INTRODUCTION

1.1 Purpose of the report

- 1 The purpose of this report is to assist the Commission in the assessment of the national final draft performance plans including corrective measures as submitted to the Commission by Belgium on 7th November 2023 and by Luxembourg on 3rd November 2023, pursuant to Article 15(7).
- 2 This report presents the PRB assessment of the consistency of the national performance targets with the Union-wide performance targets, as well as the PRB assessment of the corrective measures adopted by Belgium and Luxembourg within these performance plans.
- 3 The Annex to this report provides a detailed analysis of the items assessed by the PRB.

1.2 Background

- 4 In November 2021, Member States submitted draft performance plans as required by the Commission Implementing Regulation (EU) 2020/1627 based on the revised Union-wide targets.¹ These performance plans covered each year of RP3, from 2020 to 2024, taking into account that the effects of the pandemic set in as of March 2020.
- 5 Belgium, France, Germany, Luxembourg, the Netherlands and Switzerland submitted their draft performance plan at FABEC level. Following its assessment, the Commission concluded that the cost-efficiency performance targets for the Belgium-Luxembourg en route charging zone contained in that draft FABEC performance plan were inconsistent with the Union-wide performance targets, and set out recommendations for the revision of those local performance targets.²
- 6 In July 2022, the FABEC States submitted a revised draft FABEC performance plan for RP3 to the Commission. The Commission found that the local cost-efficiency targets of Belgium-Luxembourg contained in the revised draft FABEC performance plan were still inconsistent with the Union-wide targets. Therefore, the Commission initiated the

detailed examination referred to in Article 15(3) of Implementing Regulation (EU) 2019/317 (hereafter the Regulation).

- 7 Following the initiation of the detailed examination, France, Germany, the Netherlands, and Switzerland informed the Commission that they had withdrawn from the revised draft FABEC performance plan and submitted revised draft national performance plans. After the assessment of those plans, the Commission adopted consistency decisions in December 2022.³ Belgium and Luxembourg had not notified any separate national performance plans. As a result, the revised draft performance plan previously established at FAB level, and subject to the Commission's detailed examination continued to constitute the basis for the assessment of the performance targets of Belgium and Luxembourg and for the detailed examination.
- 8 In June 2023, having carried out the detailed examination with regard to the revised cost-efficiency performance targets proposed for the Belgium-Luxembourg charging zone included in the revised draft performance plan, the Commission found them not consistent with the Union-wide performance targets and adopted a decision on corrective measures to be taken by Belgium and Luxembourg in accordance with Article 15(5) of the Regulation.⁴
- 9 In accordance with Article 15(6) of the Regulation, Belgium and Luxembourg have respectively submitted national final draft performance plans including corrective measures to the Commission on 16th September 2023.
- 10 The Commission verified the completeness of these draft performance plans and communicated to Belgium and to Luxembourg on 13th October 2023 the elements that were missing or incomplete. As a result, Belgium and Luxembourg submitted updated national final draft performance plans to the Commission on 7th and 3rd November 2023, respectively. The PRB highlights that some

¹ With Member States we refer to EU Members plus Norway and Switzerland.

² Implementing Decision (EU) 2022/728.

³ France: Commission Decision (EU) 2023/176; Germany: Commission Decision (EU) 2023/177; Switzerland: Commission Decision (EU) 2023/178; The Netherlands: Commission Decision (EU) 2023/178.

⁴ Commission Implementing Decision (EU) 2023/1336.

of the information provided presented a low level of detail. Moreover, some changes related to the capacity measures have been included by Belgium during the completeness check process.

1.3 *Decision on corrective measures to be taken by Belgium and Luxembourg*

- 11 The Commission Decision (EU) 2023/1336 (hereafter the Decision) requested Belgium and Luxembourg to define and communicate to the Commission corrective measures designed to achieve the consistency of national cost-efficiency performance targets with the Union-wide cost-efficiency performance targets for RP3, and to start applying those corrective measures in respect of skeyes and MUAC in RP3.
- 12 The Decision required that the corrective measures so defined result in the reduction of the determined costs for the Belgium-Luxembourg en route charging zone by an amount leading to the consistency of the national cost-efficiency performance targets with the Union-wide cost-efficiency performance targets. The amount of reduction in the determined costs shall take into account the results of the compliance review of the performance of skeyes and MUAC that Belgium committed to carrying out. The Decision specified that the corrective measures have to lead to the reduction of the operating costs of both skeyes and MUAC.
- 13 The Decision listed in its Annex three measures that Belgium and Luxembourg may take to remedy the inconsistency of the cost-efficiency performance targets for the Belgium-Luxembourg charging zone with the Union-wide cost-efficiency performance targets:
 - Amend the DISPO functional availability regime applied in Belgium, in view of reducing its impact on the cost base of the Belgium-Luxembourg charging zone;
 - Waive the return on equity of skeyes which is planned to be charged as part of the cost of capital;
 - Reimburse to airspace users, through an exceptional cost reduction, any surplus from year 2022 resulting from the traffic risk sharing mechanism or from the difference between the determined and actual costs.
- 14 Furthermore, in the light of the findings set out in the Decision, Belgium and Luxembourg should, in

particular, appropriately address the following issues:

- (a) Incorrect application of the respective legal provisions governing traffic risk sharing, cost risk sharing and incentive schemes in respect of MUAC;
- (b) Requested verification by the NSAs that the costs charged in RP2 for the cancelled and delayed investments in fixed assets are not double-charged to airspace users in the event that those investments materialize at later stage;
- (c) Incorrect financing arrangements for the costs incurred for services provided in cross-border areas;
- (d) Incorrect allocation of the approach costs between en route and terminal air navigation services in respect of skeyes;
- (e) Lack of adequate justifications for excessive terminal cost-efficiency targets of Belgium;
- (f) Incorrect level of the maximum financial disadvantages in the incentive schemes of Belgium and Luxembourg supporting the achievement of en route and terminal capacity targets.

2 SAFETY TARGETS

2.1 *Belgium*

- 15 The targets for the safety KPA submitted by Belgium within the draft final performance plan including corrective measures and the related measures remain the same as those submitted within the previous revised FABEC draft performance plan of July 2022.
- 16 Belgium provided targets for the effectiveness of safety management for each year of RP3 and plans to achieve the Union-wide targets at the latest by the end of RP3.
- 17 The PRB concludes that the safety targets proposed by Belgium should be approved.

2.2 *Luxembourg*

- 18 The targets for the safety KPA submitted by Luxembourg within the draft final performance plan including corrective measures and the related measures remain the same as those submitted within the previous revised FABEC draft performance plan of July 2022.
- 19 Luxembourg provided targets for the effectiveness of safety management for each year of RP3 and plans to achieve the Union-wide targets at the latest by the end of RP3.
- 20 The PRB concludes that the safety targets proposed by Luxembourg should be approved.

3 ENVIRONMENT TARGETS

- 21 The information included in the draft final performance plans including corrective measures submitted by Belgium and Luxembourg with respect to the environment KPA are the same in both national performance plans. Therefore, the PRB assessment in this chapter covers the two plans.
- 22 The targets for the environment key performance indicator adopted by Belgium and Luxembourg within their respective draft final performance plans including corrective measures are consistent with the reference values calculated by the Network Manager for each year of RP3 (Table 1).
- 23 The measures to achieve these targets defined within the national performance plans remain the same as those submitted within the revised FABEC draft performance plan.
- 24 Belgium and Luxembourg highlight that an improvement in KEA performance is challenging for skeyes as an ANSP due to the scope of their airspace (up to FL245, meaning FRA is out of skeyes' scope), and do not expect any improvements with the implementation of tactical level measures. However, the ANSP is contributing to achieving the target with the CIV-MIL AMC initiative, improved FUA at Belgian level and via an internal Environmental Action plan.
- 25 However, MUAC as the ANSP operating upper airspace has implemented FRA 24/7 across its airspace, further optimised by implementing major overhaul of its airspace sector layout in 2021, which also reduced airspace complexity. Belgium and Luxembourg also claim that MUAC removed 100 RAD restrictions (in 2020) and implemented CDR activation and Area Activation concepts contributing to more direct routings and better predictability.
- 26 While planning to reach the KEA reference values, Belgium and Luxembourg underline uncertainties of achieving the target due to strong correlation with delays.
- 27 The PRB concludes that the environment targets proposed by Belgium and Luxembourg should be approved. However, the performance target for Belgium and Luxembourg was not achieved in 2022 (by 0.48 percentage points). The PRB will closely monitor the performance of the environment KPI for the remaining years of RP3. The PRB encourages Belgium and Luxembourg to work with the Network Manager to achieve the targets for the environment KPA in the remaining years of RP3 and continue efforts on the development of cross-border FRA.

KEA	2020	2021	2022	2023	2024
National reference values	n/a	3.10%	3.05%	3.00%	3.00%
National targets	n/a	3.10%	3.05%	3.00%	3.00%

Table 1 – Environment reference values and targets for Belgium and Luxembourg.

4 CAPACITY TARGETS

4.1 En route capacity targets

- 28 The information included in the draft final performance plans including corrective measures submitted by Belgium and Luxembourg with respect to the en route capacity KPA are the same in both national performance plans. Therefore, the PRB assessment in this chapter covers the two plans.
- 29 The targets for the capacity key performance indicator included by Belgium and Luxembourg within their draft final performance plans are consistent with the national reference values calculated by the Network Manager. The values are below the range of the delay forecast for each year between 2022 and 2024 (Table 2).⁵
- 30 The en route capacity targets of Belgium and Luxembourg have been achieved in years 2020, 2021, and 2022. However, based on the latest data and monthly tendencies, the en route capacity target may be missed in 2023.
- 31 The values of the latest capacity plans for skeyes and MUAC ACCs indicate a capacity increase for the remaining RP3 years. For skeyes, no capacity surplus or gap is forecasted in 2023 as the planned capacity value is equivalent to the reference value. However, in 2024 is expected a minor capacity gap. For MUAC a capacity surplus is expected both for both 2023 and 2024.

- 32 The en route capacity enhancement measures detailed by Belgium and Luxembourg are coherent with those present in the NOP. There are some additional measures related to both skeyes and MUAC that are listed in the NOP but are not elaborated in the draft final performance plan. Based on the details provided in the draft final performance plan, a further increase of ATCO FTEs is planned for both ACCs. The measures planned by the Member States are expected to have a positive impact on their en-route capacity and therefore in line with the planned increase of capacity profiles.
- 33 However, in the draft final performance plan there are inconsistencies between capacity profile plans, the capacity enhancement measures, and the proposed national targets. Belgium and Luxembourg may not be able to achieve capacity targets without introducing additional measures, mitigating the impact of the system transitions, and realising capacity gains from the new ATM systems.
- 34 The en route capacity incentive scheme proposed in the draft final performance plans of Belgium and Luxembourg have a maximum penalty parameter set at 0.5% of determined costs, thus lacking a material impact on revenue.
- 35 The PRB concludes that the capacity targets proposed by Belgium should be approved. Due to the foreseen minor capacity gap, the PRB will closely monitor the performance of Brussels ACC in the capacity KPA.

ATFM delay per flight	2020	2021	2022	2023	2024
National reference values (min/flight)	n/a	n/a	0.17	0.17	0.17
National targets (min/flight)	n/a	n/a	0.17	0.17	0.17

Table 2 – Capacity reference values and targets for Belgium.

⁵ Delay forecasts are provided by the European Network Operations Plan (NOP) 2022-2026 July 5 2022 Edition, and are calculated for ANSPs.

4.2 Terminal capacity targets Belgium

- 36 The information related to the terminal capacity KPA submitted by Belgium within its draft final performance plan including corrective measures and the related measures remains the same as those submitted within the previous revised FABEC draft performance plan of July 2022.
- 37 Brussels is the only airport included in the Belgian draft final performance plan for RP3. The proposed target (all causes) is constant during 2021-2024 and equals 1.08 minutes per arrival, which is higher than the observed performance in RP2 (0.95 minutes per arrival) for Brussels. Therefore, it does not represent an improvement with respect to the past performance.
- 38 The terminal capacity incentive schemes proposed in the draft final performance plan of Belgium have a maximum penalty parameter set at 0.5% of determined costs, thus lacking a material impact on revenue.

4.3 Terminal capacity targets Luxembourg

- 39 The information related to the terminal capacity KPA submitted by Luxembourg within the draft final performance plan including corrective measures and the related measures remains the same as those submitted within the previous revised FABEC draft performance plan of July 2022.

- 40 Luxembourg is the only airport included in the draft final performance plan. National targets are set lower than in RP2, and represent an improvement compared to the average past performance in RP2. The performance of Luxembourg airport is expected to be slightly worse than that of the group of similar airports, despite the planned improvements in the targets.
- 41 The terminal capacity incentive scheme proposed by Luxembourg includes a modulation of the pivot value for 'CRSTMP-only' delays. The modulated pivot value is established at the median value of CRSTMP-only delays from the past eight years and is filled in the performance plan for all years of RP3. The maximum penalty parameter is set at 0.25% of determined costs, thus lacking a material impact on revenues.

5 COST-EFFICIENCY TARGETS

5.1 En route cost-efficiency targets

- 42 The information included in the draft final performance plans including corrective measures submitted by Belgium and Luxembourg with respect to the cost-efficiency en route are the same, since the cost-efficiency en route relates to the single charging zone of Belgium-Luxembourg. Therefore, the PRB assessment in this chapter covers the two plans.
- 43 In the revised draft performance plan submitted in 2022 and subject to the detailed examination, the cost-efficiency performance targets were not consistent with the RP3 Union-wide DUC trend, or with the long-term Union-wide DUC trend, or with the average baseline value of the comparator group. Justifications for a possible deviation to achieve capacity targets had been provided, justifying an excess of 19.2M€₂₀₁₇ against the Union-wide DUC trends. However, it was insufficient to cover the estimated deviation of 43.7M€₂₀₁₇ from the long-term Union-wide DUC trend. Hence, Belgium and Luxembourg still had a remaining unjustified gap of 24.5M€₂₀₁₇ against the long-term Union-wide DUC trend.
- 44 In the draft final performance plans including corrective measures, the cost-efficiency targets for 2023 and 2024 have been revised downwards, Table 3.

- 45 Based on the PRB assessment (Section 2 of the Annex), the revised cost-efficiency performance targets for the en route charging zone as presented in the draft final performance plans including corrective measures are:
- Consistent with the RP3 Union-wide DUC trend, as the DUC is planned to decrease on average by -0.9% between 2019 and 2024, which is better than the RP3 Union-wide trend (+1.0%);
 - Not consistent with the with the long-term Union-wide DUC trend, as the DUC is planned to decrease by -0.2% between 2014 and 2024, which is worse than the long-term Union-wide trend (-1.3%). However, the deviation (19.4M€₂₀₁₇) from the long-term Union-wide trend is considered justified for the achievement of capacity targets;
 - Not consistent with the average baseline value of the comparator group; as the 2019 baseline DUC is +13.2% higher than the average of the comparator group.
- 46 The PRB concludes that the en route cost-efficiency targets proposed for the Belgium-Luxembourg charging zone are consistent with the Union-wide cost-efficiency targets for RP3.
- 47 A summary of the results of the criteria of the cost-efficiency KPA compared to the draft performance plan submitted in 2022 is shown in Table 4.

	2014 baseline	2019 baseline	2020-2021	2022	2023	2024
<i>Revised performance plan of 2022</i>	81.78	83.26	189.52	104.47	94.18	89.87
Revised final draft performance plan	81.78	83.26	189.52	104.47	90.34	80.26

Table 3 – Cost-efficiency targets for the Belgium-Luxembourg en route charging zone, in €₂₀₁₇.

	Criterion a: Short-term trend (+1.0%)	Criterion b: Long-term trend (-1.3%)	Criterion c: Comparator group	Criterion d i): deviation for capacity	Criterion d ii): deviation for restructuring costs
<i>Revised performance plan of 2022</i>	+1.9%	+1.1%	+13.2%	✗	Not applicable
Revised final draft performance plan	-0.9%	-0.2%	+13.2%	✓	Not applicable

Table 4 – Assessment criteria applied to local cost-efficiency KPA targets.

5.2 *Cost-efficiency terminal Belgium*

- 48 The targets for the terminal cost-efficiency submitted by Belgium within the draft final performance plan including corrective measures have been revised downwards compared to the revised draft performance plan submitted in 2022. The detailed analysis of the terminal cost-efficiency targets can be found in the Annex of this report.
- 49 The PRB notes that in the past years annual subsidies covering +/- 25% of the unit rate has been granted via a royal decree for the EBBR charging zone. However, as the subsidies are decided on an annual basis, it is unclear whether these subsidies will be pursued in the medium/long term.

5.3 *Cost-efficiency terminal Luxembourg*

- 50 The targets for the terminal cost-efficiency targets submitted by Luxembourg within the draft final performance plan including corrective measures have been revised downwards compared to the revised draft performance plan submitted in 2022. The detailed analysis of the terminal cost-efficiency targets can be found in the Annex of this report.

6 CORRECTIVE MEASURES

- 51 According to the Decision on corrective measures, Belgium and Luxembourg should define corrective measures in their draft final performance plans, which should:
- Achieve consistency of national cost-efficiency performance targets with the Union-wide cost-efficiency performance targets for RP3;
 - Take into account the results of the compliance review of the performance of skeyes and MUAC carried out by Belgium;
 - Lead to the reduction of the operating costs of both skeyes and MUAC.
- 52 The corrective measures defined by Belgium and Luxembourg for the en route charging zone of Belgium-Luxembourg are analysed in detail in the Annex to this report.
- 53 The reduction of the determined costs compared to the draft performance plan submitted in 2022 amounts to -13.1M€₂₀₁₇ for 2023, and -23.0M€₂₀₁₇ for 2024 (Table 5).
- 54 Based on the analysis of the revised cost-efficiency targets, the PRB concludes that the application of the defined corrective measures leads to the consistency of the en route cost-efficiency targets with the RP3 Union-wide targets. According to Belgium and Luxembourg, these corrective measures were prepared taking into account the results from the compliance review.
- 55 As far as the reduction in the operating costs, the defined measures lead to a decrease in en route determined operating costs for skeyes by -4.3M€₂₀₁₇ in 2023 (-3.2%) and -3.5M€₂₀₁₇ in 2024 (-2.6%), while for MUAC by -7.7M€₂₀₁₇ in 2023 (-10%) and -4.7M€₂₀₁₇ in 2024 (-6.2%) compared to the draft revised performance plan submitted in 2022.

	Skeyes		MUAC		ANA		NSA		Total	
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
Total cost base review	-4.6	-4.0	-8.2	-5.0	-0.2	-0.2	0.01	0.01	-13.1	-9.2
Of which: Staff	-2.3	0.2	-6.9	-4.8	-0.2	-0.2	0.01	0.01	-9.3	-4.8
Other operating costs	-2.0	-3.7	-0.9	0.2	-0.05	-0.05	0.003	0.004	-2.9	-3.6
Depreciation	0.2	-0.1	-0.5	-0.5					-0.3	-0.6
Cost of capital	-0.5	-0.7	-0.02	0.1					-0.6	-0.5
Exceptional items		0.2				0.01				0.3
New exceptional items		-4.6		-9.2						-13.8
Of which: RP2 unspent capex		-4.4		-1.6						-6.1
2022 regulatory result		-0.1		-7.6						-7.7
Impact of the revision of determined costs	-4.6	-8.6	-8.2	-14.2	-0.2	-0.2	0.01	0.01	-13.1	-23.0
In % of the determined costs from the revised draft performance plan of 2022	-3.4%	-6.4%	-11%	-19%	-3.0%	-3.2%	0.1%	0.1%	-5.7%	-10.1%

Table 5 – Impact of the corrective measures for the Belgium-Luxembourg en route charging zone in M€₂₀₁₇ compared to the draft revised performance plan submitted in 2022 (PRB elaboration on the reporting tables).

7 CONCLUSIONS AND RECOMMENDATIONS

- 56 Based on its analysis, the PRB concludes that the corrective measures regarding the cost-efficiency performance targets defined by Belgium and Luxembourg in their draft final performance plans including corrective measures are sufficient to ensure compliance with the Commission Decision on corrective measures:
- The revised targets contained in the national draft final performance plans including corrective measures are consistent with the Union-wide cost-efficiency targets for RP3;
 - The corrective measures take into account the results of the compliance review of the performance of skeyes and MUAC carried out by Belgium;
 - The corrective measures lead to a reduction of the operating costs of both skeyes and MUAC.
- 57 The PRB recommends the Commission to approve the draft final revised performance plans including corrective measures of Belgium and Luxembourg for RP3.
- 58 The PRB highlights that the cost reduction presented in the final draft performance plans including corrective measures are for the majority ad-hoc cost savings, mostly stemming from reimbursement of unspent determined costs. In view of RP4, the treatment of such ad-hoc reductions should be evaluated when setting the local cost-efficiency targets and the related baselines. The PRB reiterates the recommendations to Belgium to put in place structural measures in order to contain the cost increases.
- 59 The PRB conclusions and recommendations are without prejudice to any compliance issue with the Regulation, including those identified in the findings of the Commission which are still unresolved. The PRB will continue to closely monitor the open issues and will take due account of their development in view of the development and assessment of the performance plans and targets for the next reference period.