

Welcome

Welcome to this NCP/PERF WG/37 meeting! We will be starting shortly.

Housekeeping reminders:

- If you would like to **ask a question** or **provide a comment**, please **rise your hand** AND **type in the chat** the text **“Question”** or **“Comment”** – the chair/moderator will give you the floor in the proper moment following the chat order
- Please mute your line when not speaking: the Chair/moderator may mute your line if there is background noise
- When beginning a question or comment, introduce yourself with **your name** and the **NSA/organisation you represent**, for example **“Patricia Nieto Valiente, NCP PERF WG Chair”**



NCP Performance WG/37

29th-30th November 2023

Meeting Room 3.D, Albert Borschette Congress Center, Brussels

1. Introduction

Item lead: Chair

- Welcome
- Introductory remarks
- Approval of draft Agenda

NCP Performance WG meeting/37

Cathy Mannion
PRB Chair

29-30 November 2023

What does the Performance Review Body do?

Commission can appoint a group of experts
(EU Regulation 2019/317)

Article 3 – Assistance by the Performance Review Body (long list of areas)

- a) *collection, examination, validation & dissemination of...data for performance of ANS & network functions ..*
- b) *selection or adaptation of key performance areas..*
- c) *definition of key performance indicators & indicators for monitoring...*
- d) *setting ..Union-wide .. target ranges, & setting & revision of Union-wide performance targets...*
- e) *establishment ... baseline values, alert thresholds, & comparator groups*
- f) *assessment ... consistency of ... performance targetswith Union-wide targets*
- g) *verification .. completeness of draft performance plans*

What does the Performance Review Body do?

Commission can appoint a group of experts
(EU Regulation 2019/317)

- h) verification ...draft Network Performance Plan...*
- i) assessment ..revised performance targets & of corrective measures...*
- j) monitoring ...performance of ANS, including investment & capital expenditure.....*
- k) monitoring ..performance of the network functions....*
- l) assessment... information received from the national supervisory authorities in relation to the performance plans, for the purpose of monitoring performance of European ATM network*
- m) assessment ...achievement of performance targets during reference period...*
- n) maintenance & support in coordination of stakeholder consultation calendar concerning performance plans*

Who are current PRB members & what is their expertise?



Cathy Mannion (CHAIR)



Denis Bouvier



Estelle Malavolti



Joe Sultana



Ben Van Houtte



Jesper Skou



Jan Malawko



Eric Nantier



Juan Montero

PRB deliverables and main tasks 2023 - 2024

2023

- Assessment of RP3 draft performance plans + revisions
- Advice on the RP4 target ranges
- Monitoring report 2022 + traffic light system + new dashboard
- Interdependency CAP-ENV study
- Civil military study
- MET and SAR studies (to be completed)
- Interdependency CAP-CEF study (to be completed)

2024

- Advice on the RP4 targets
- Assessment of RP4 draft performance plans
- RP4 performance plan template + guidelines
- Monitoring report 2023 + traffic light system + improved dashboard
- Support to the NSAs + Meetings and visiting NSAs

Agenda – Day 1

Time	Item	Item Leader
9:30	0 Check-in	All
10:00	1 Introduction	Chair
10:30	2 Preparation of RP4 performance plans by NSAs <ul style="list-style-type: none"> • Update on RP4 target setting process and preparatory activities • Process for the development and adoption of RP4 performance plans • Planned updates of the template for RP4 performance plans 	COM/PRB
11:30	Coffee break (15 min)	
11:45	2 Preparation of RP4 performance plans by NSAs (continued)	COM/PRB
13:00	Lunch (90 min)	
14:30	3 SESAR CP1 investments as part of performance plans <ul style="list-style-type: none"> • Introduction on CP1 requirements and NSA role • Take aways from prior discussions in TRANS WG and resulting “Guidance on SESAR deployment” • Reporting and monitoring of SESAR CP1 investments as part of performance plans 	COM IE NSA PRB
15:30	Coffee break (15 min)	
15:45	4 Cross-border service provision arrangements (allocation of costs and service units, in particular in view of RP4) <ul style="list-style-type: none"> • Introductory remarks • Reporting and monitoring of the costs of cross-border service provision arrangements as part of the performance and charging scheme • Presentation from The Netherlands, with complementary remarks by France and Ireland 	COM PRB NL NSA
17:00	End of Day 1	

Agenda – Day 2

Time	Item	Item Leader
9:30	0 Check-in	All
10:00	5 PRB annual monitoring 2022	PRB
10:30	6 PRB civil-military study: presentation of study results	PRB
11:00	7 Studies on MET and SAR costs: presentation of results of the studies	PRB
11:30	Coffee break (15 min)	
11:45	8 NM post-ops adjustment of ATFM delays <ul style="list-style-type: none"> Principles and process for delay reattribution Results of 2022 post-ops adjustment process 	NM
12:15	Lunch (90 min)	
13:45	9 Incentive schemes implementation in RP3 <ul style="list-style-type: none"> Calculation of pivot values in the case of modulated incentive scheme Annual notification of pivot values 	PRB COM
14:45	10 Cost risk sharing reports 2022 <ul style="list-style-type: none"> Results from the review of the cost risk sharing reports of calendar year 2022 Follow-up of findings 	COM
15:45	11 AOB <ul style="list-style-type: none"> Update of annual NCP Work Programme Date of next meeting 	COM
16:00	End of Day 2	

2. Preparation of RP4 performance plans by NSAs

Item lead: COM/PRB

- Update on RP4 target setting process and preparatory activities
- Process for the development and adoption of RP4 performance plans
- Planned updates of the template for RP4 performance plans



Preparation of RP4 performance plans by NSAs

NCP Performance WG meeting/37 – Item 2

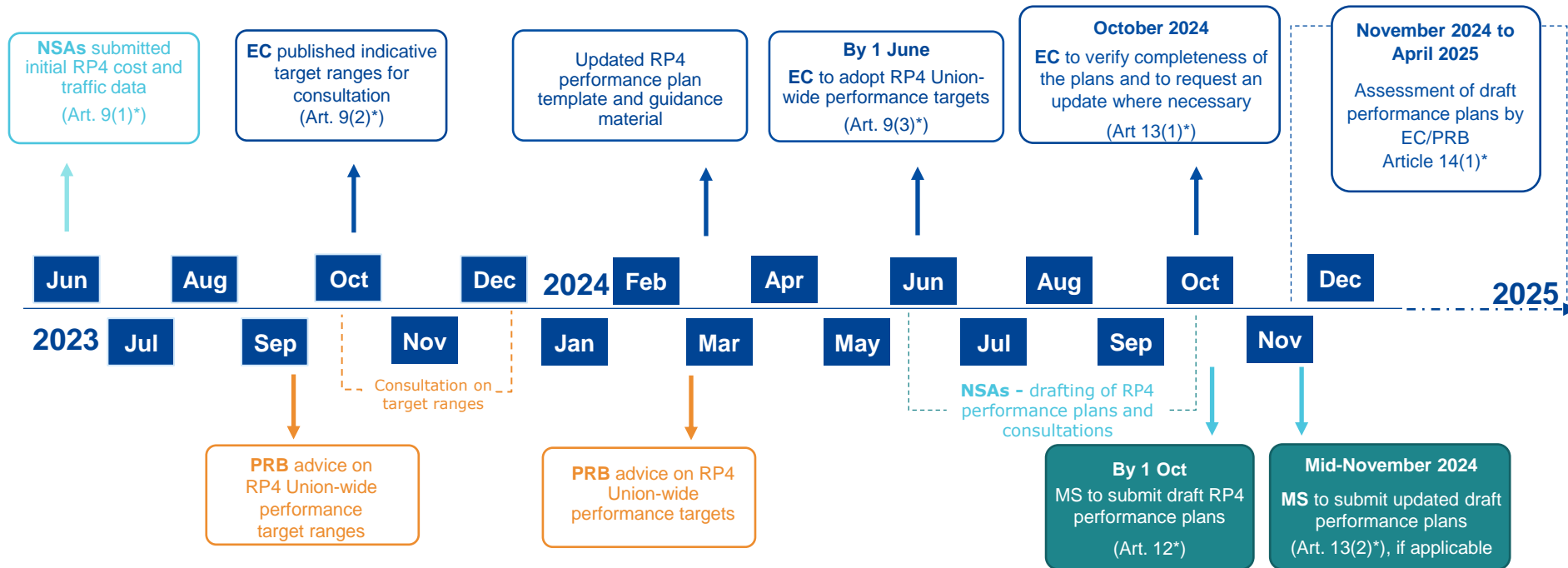
29 November 2023

Structure of the presentation

1. Update on RP4 target setting process and preparatory activities
2. Process for the development and adoption of RP4 performance plans
3. Planned updates of the template for RP4 performance plans

1. Update on RP4 target setting process and preparatory activities

RP4 performance target setting - timeline



* Commission Implementing Regulation (EU) 2019/317

Preparation of RP4 Union-wide performance targets

- The PRB has proposed **indicative Union-wide performance target ranges for RP4**, which the Commission has published for consultation.
 - ✓ The consultation phase on the target ranges will be closed on 1 December 2023.
- Upcoming process in view of the setting of Union-wide performance targets:
 - ✓ Taking account of the comments received, the PRB will deliver in February 2024 its **advice on the RP4 Union-wide performance targets**.
 - ✓ The Commission will publish the draft Commission Decision on the RP4 Union-wide performance targets for **public consultation** in March 2024 (Have your Say portal), for a period of 4 weeks. The draft Commission Decision will then be submitted to the SSC for an opinion (SSC 87 meeting, 10 April 2024). Subsequently, the Decision will be adopted by the Commission.

RP4 performance plan template

The upcoming RP4 performance plan template will maintain the RP3 structure, with updates in certain sections to improve transparency and address shortcomings from RP3 planning.

NCP Performance WG/37

- Presentation of the proposed main changes for RP4 to the performance plan template



End-Feb 2024: Release of updated RP4 PP template

- A blank RP4 performance plan template will be made available, for information
- Volunteer NSAs will be able to test the new elements and functionalities of the template
- Updated guidance material will be provided to support NSAs in the plan preparation

April 2024: Final prefilled RP4 PP template

- Each NSA will receive a pre-filled template
- NSAs will draw up the draft RP4 performance plans by 1 October 2024

Study on indicators, incentives, minimum ATM services



What?

- **New or revised indicators and incentive mechanisms** for the SES performance and charging scheme
- Minimum **resilient air traffic management (ATM) service** levels during crises
- **Impact of major investments** in new technologies and infrastructure in the performance plans and **identification** of areas where ANSPs tend to opt for **solutions different from SESAR**



Next steps

Workshop on 14 December 2023:

- Interim results on updated and new indicators and incentives
- Stakeholder consultation on minimum ATM services and investments

Final report expected by June 2024

Follow-up by the Commission

- Possible amendment of Annex I of Commission IR (EU) 2019/317. Introduction of amended or new monitoring indicators for RP4.

2. Process for the development and adoption of RP4 performance plans

RP4 performance plans

- NSAs are responsible for the development of the draft performance plans and for ensuring that those plans are complete and accurate
- Member States are required to formally adopt their draft RP4 performance plans and to submit those plans to the Commission **by 1 October 2024**:
 - Submission through ESSKY, including a signed PDF copy of the plan, a corresponding Excel file, and all the relevant annexes.
 - The performance targets contained in the draft performance plans shall apply on a provisional basis, until the performance plans are adopted (Art. 17(1) of IR 2019/317).

Stakeholder consultation on draft performance plans

- In line with Art. 10(4) of IR (EU) 2019/317, **NSAs must consult stakeholders on draft performance plans.**

Timing

- Consultations should occur at least one month before submission of draft PP to the Commission
- NSAs should inform the PRB of proposed consultation dates, ideally four weeks in advance (online consultation calendar)

Principles

- Transparency, complete information made available in advance
- Responses / feedback in respect of points raised by users
- Documentation of outcome in the draft PP

Stakeholder involvement

- Relevant ANSPs, airspace user representatives, airport operators.

Charging zones for RP4



- Charging zones to be established in a manner consistent with the provision of air navigation services (Art. 21(1) and (2) of IR (EU) 2019/317).



- Possible changes vs. RP3 may relate, inter alia, to the terminal air navigation services included in the scope of the performance plan on a voluntary basis (i.e. terminal ANS provided at airports below 80K IFR movements per year).



- Formal notification requirements:
 - To the Commission: inform about new or modified charging zones (after consultation with users) at **least seven months before each reference period**
 - To STATFOR: communicate changes for traffic forecast implications

Verification of cost bases for charges (1/2)

Art. 22(7) of IR 2019/317

7. The national supervisory authorities shall verify, in respect of each charging zone, that the cost bases for *en route* and terminal charges comply with the requirements of Article 15(2) of Regulation (EC) No 550/2004 and with this Article. For this purpose, the national supervisory authorities shall examine the relevant accounting documents, including any asset book and other material relevant to the establishment of the cost base for charges.

- NSAs should thoroughly verify the ANSP(s) costs when developing the draft RP4 performance plan, including with regard to the eligibility of costs and the allocation of costs.
- NSAs should assess and challenge the determined costs proposed by the ANSP(s), including based on NSA's own estimates of efficient levels of ANSP(s) costs.

Verification of cost bases for charges (2/2)

Examples of services/activities by ANSPs requiring special attention by the NSA:

- terminal ANS provided at airports below 80k IFR movements per year and exempted from the SES charging scheme
- services in cross-border areas (outside of the geographical scope of the charging zone)
- U-space services (including CIS)
- provision of ATCO training to third-party entities
- provision of global space weather information services
- sales of consulting services
- calibration flights provided to third parties
- ANS provided in non-EU countries
- ANS provided under market conditions

Cost allocation between en route and terminal services

- NSAs shall establish, before the start of the RP, the methodology for the allocation of costs between charging zones and between en route and terminal services and shall verify the proper application of the applied allocation methodology by the ANSP

Art. 15(2)(e) of Reg. (EC) 550/2004

Common costs that relate both to en route and terminal ANS have to be allocated in a proportional way between these services on the basis of a transparent methodology

Cross-subsidy between en route and terminal services is strictly forbidden

Cross-subsidy within either of these two categories is allowed only when justified for objective reasons and subject to clear identification

Terminal cost bases shall include a share of costs related to approach services, which has to be calculated on the basis of “a certain distance” from the relevant airports “defined on the basis of operational requirements” (Art. 22(5)(b) of IR (EU) 2019/317)

3. Planned updates of the template for RP4 performance plans

Identified points for improvement following RP3 performance planning

Cost allocation methodologies

Absence of adequate information and justifications on the methodologies applied for the allocation of costs between en route and terminal services.

Services/activities outside the scope of the performance plan

Lack of clarity on the costs outside of the scope of the PP and how those costs have been excluded from the cost base.

Incentive scheme mechanisms

Certain shortcomings/ambiguities in the presented incentive schemes, in particular with regard to the methodologies for the modulation of the pivot values (where applicable).

Components of the cost bases

Lack of transparency in many RP3 performance plans with regard to certain specific components of the cost bases.

For example: accounting provisions, MET and SAR costs, costs relating to cross-border service provision, assumptions and costs relating to the training and recruitment of new ATCOs.

Link with deployment of SESAR common projects

Incomplete information on the planned SESAR CP1 investments and related costs in the RP3 PPs

Objectives of updated RP4 PP template

- Within the scope covered by Annexes II, VII and IX of IR (EU) 2019/317, the updated performance plan template for RP4 aims to:

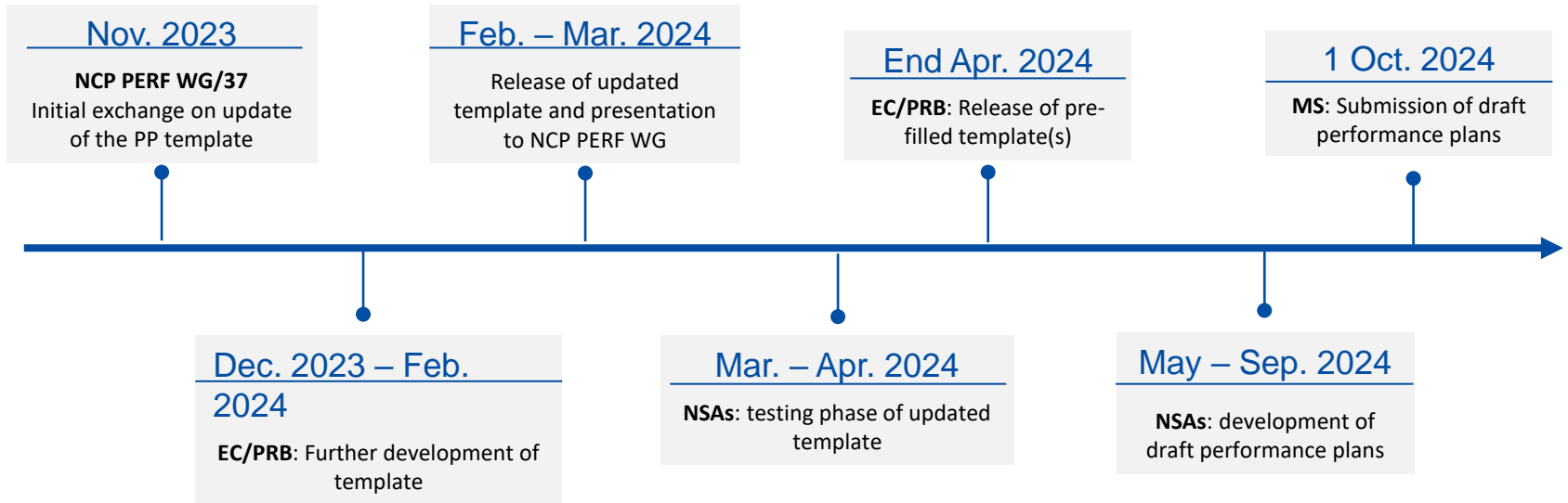
Increase transparency by facilitating the standardized reporting of information in a number of areas



Tackle some of the shortcomings observed during the RP3 process

Applying the recommendations resulting from ad-hoc PRB studies

Timeline



Coffee break

The meeting will resume at 11:45 CET

2. Preparation of RP4 performance plans by NSAs

Item lead: COM/PRB

continued

Agenda item 2

Preparation of RP4 performance plans by NSAs

Updated template for RP4 performance plans

Performance plan template and annexes

- The RP4 performance plan template will follow the structure defined in Annex II of Regulation 2019/317, as for RP3
- A complete draft performance plan is constituted by the following documents:
 1. Body of the performance plan (as defined in Annex II)
 2. Annex A: en route reporting tables (ERTs) and additional information (AIs), as defined by Annex VII of the Regulation
 3. Annex B: terminal reporting tables (TRMs) and additional information (AIs), as defined by Annex VII of the Regulation
 4. Annexes C-Z: complementary information

Current structure

Proposed changes

- 1 INTRODUCTION**
 - 1.1 THE SITUATION
 - 1.2 TRAFFIC FORECASTS
 - 1.3 STAKEHOLDER CONSULTATION
 - 1.4 LIST OF AIRPORTS SUBJECT TO THE PERFORMANCE AND CHARGING REGULATION
 - 1.5 SERVICES UNDER MARKET CONDITIONS
 - 1.6 FAB PROCESS
 - 1.7 SIMPLIFIED CHARGING SCHEME
- 2 INVESTMENTS**
- 3 PERFORMANCE TARGETS AT LOCAL LEVEL**
 - 3.1 SAFETY TARGETS
 - 3.2 ENVIRONMENT TARGETS
 - 3.3 CAPACITY TARGETS
 - 3.4 COST-EFFICIENCY TARGETS
 - 3.5 ADDITIONAL KPIS / TARGETS
 - 3.6 INTERDEPENDENCIES AND TRADE-OFFS
- 4 CROSS-BORDER INITIATIVES AND SESAR IMPLEMENTATION**
 - 4.1 CROSS-BORDER INITIATIVES AND SYNERGIES
 - 4.2 DEPLOYMENT OF SESAR COMMON PROJECT
 - 4.3 CHANGE MANAGEMENT
- 5 TRAFFIC RISK SHARING ARRANGEMENTS AND INCENTIVE SCHEMES**
 - 5.1 TRAFFIC RISK SHARING PARAMETERS
 - 5.2 CAPACITY INCENTIVE SCHEMES
 - 5.3 OPTIONAL INCENTIVES
- 6 IMPLEMENTATION OF THE PERFORMANCE PLAN**
 - 6.1 MONITORING OF THE IMPLEMENTATION PLAN
 - 6.2 NON-COMPLIANCE WITH TARGETS DURING THE REFERENCE PERIOD
- 7 ANNEXES**

- Revised breakdown for major investments
- Safety interdependencies (EASA WG)
- ATCOs planning and training
- Cost allocation and DC assumptions
- Cross-border arrangements
- CP1 and Master plan priorities
- Capacity incentives

Template format and content

- Excel **format** to be **maintained** for the RP4 template
- **Similar functionalities** as included in the RP3 template. A less extensive use of macros is being evaluated to balance ease of navigation vs. technical complexity
- **Help** and **legal reference buttons** will be removed, and the related information included in the guidance material
- The level of **information** and **data** to be included in the body of the performance plan will be **enhanced** in RP4, as compared to the RP3 template

This additional information would replace and/or complement part of the information currently provided (e.g. AI in point 2.1 of Annex VII)



The additional tables and boxes presented as part of this presentation are still under development. The final template might differ

Investments

- As for RP3, one module per each ANSP
- Objective of the changes: improve traceability of major investments, in respect to:
 - Reference periods
 - Investments categories
 - Contribution to CP1/Master Plan

More detailed elaboration of elements already provided as part of the plan



New and existing investments

- Investments summary break-down:

Table A: New major investments (i.e. above 5 M€) for RP4
Table B: Other new investments (below 5M€) for RP4
Table C: Major investments (i.e. above 5 M€) from RP3 performance plan
Table D: Major investments (i.e. above 5 M€) added during RP3
Table E: Existing investments from previous RPs
Table F: Details of other new investments

- Annual determined costs of the investment replaced by underlying data:

2025		
Average NBV of the asset	Depreciation	Cost of leasing
0	0	0

Details on new major investments

Name of new major investment 1	AAA			Reference number	(e.g. A1)	Total value of the asset		1,000 €	
Main category of the investment	New ATM system	Overhaul existing ATM system	Other ATM	CNS	Infra.	Ancillary	Other
Description of the asset									
Mandated by a SES Regulation (i.e. PCP/CP1/ Interoperability)?	Yes	If yes, please provide regulatory reference (Regulation, article, point/paragraph)							
If any, link with Master Plan strategic objectives	Reference to MP implementation objectives			Please indicate link with LSSIP+ tool stakeholder lines of action					
Level of impact of the investment	Network								
	Local								
	Non-performance								
Quantitative impact per KPA	Safety				Significant				
	Environment				Negligible				
	Capacity				N/A				
	Cost Efficiency				Negligible				
Benefits for airspace users and results of the consultation of airspace users' representatives									
Joint investment / partnership	Yes	If yes, please provide reference to joint project and/or indicate reference to cross-border initiatives							

Capacity KPA

- Objective of the changes: increase transparency
 - on the planned measures to achieve capacity targets
 - on the allocation of ATCOs (and related costs)
- Module to be filled in only by the main ANSPs providing en route services
- Enhanced information on:
 - ATCOs in OPS and on other duties
 - Allocation of approach ATCOs to en route cost base
 - ATCO licenses
 - ATCO training

More detailed elaboration of elements already provided
as part of the plan



Capacity KPA - ATCO planning and training (1/2)

A. Evolution of **ATCOs in OPS** and on **other duties**

	2025		
	ACC	APP	TWR
ATCO in OPS (year-end FTEs)			
ATCO on other duties (year-end FTEs)			
Number of APP ATCOs allocated to en route cost base			

B. Evolution of **ATCOs licenses** within the organisation

	2025		
	ACC	APP	TWR
Number of new licensees planned to start working during the year			
Number of existing licensees planned to stop working during the year			
Total number of existing licensees available at year-end			

Capacity KPA - ATCO planning and training (2/2)

C. Evolution of **ATCO trainees** (OTJ and ab-initio)

	2025
Number of trainees planned to enter the training program during the year	
Number of trainees expected to successfully complete the training program during the year	
Total number ATCO trainees at year-end	

- Including description of the training process, the average failure rate and the process used to allocate newly qualified ATCOs across ACC-APP-TWR

Cost efficiency KPA – cost allocation

- Objective of the changes: improve transparency in the allocation of costs between entities and across services provided
- Each entity in the scope of the plan to fill in a module providing details on their costs and allocation across activities
- Tailor-made reporting for ATSPs, METSPs and NSAs to reflect the different scope in the service provided
- Description of the methodologies and assumptions used to allocate costs and tables presenting the breakdown across services and activities

More detailed structure for the provision of information already included in section 1, letters a), b), c), d) and e) of the AI



Cost allocation – ATSPs (1/2)

- Summary of the **services provided**:

Air navigation services provided		Detailed description of the services provided by the concerned entity
ATS/ATM	Yes	
Communication	Yes	
Navigation	No	
Surveillance	No	
Search and rescue	Yes	
Aeronautical Information	No	
Meteorological services	Yes	
Services to OAT	Yes	
Cross-border	No	

- Allocation of determined costs by **segments of activities** over the period:

ANSP costs by segments	2025
Determined costs for en route charging zone(s) in the scope of the performance plan	
Determined costs for terminal charging zone(s) in the scope of the performance plan	
Forecasted costs for terminal services outside the scope of the performance plan	
Forecasted costs for services provided to military OAT flights	
Forecasted costs for cross-border services provided outside the State's charging zone(s)	
Forecasted costs for other air navigation services	
Forecasted costs for other services not related to air navigation	
Total forecasted costs for the concerned entity (in line with Business Plan)	0

Cost allocation – ATSPs (2/2)

- Costs for the provision of **approach services** and their allocation over the period:

Allocation of costs related to approach services	2025
Total forecasted costs for approach services	
Determined costs for approach services allocated to the en route charging zone(s)	
Determined costs for approach services allocated to the terminal charging zone(s) within the scope of the performance plan	
Forecasted costs for approach services allocated to the terminal charging zone(s) outside the scope of the performance plan	

- Methodology and assumptions to estimate costs for **VFR flights**
- Description of the arrangements to finance costs for services to **OAT flights** and methodology to ensure that these are not charged to airspace users
- Description of the nature of costs related to **other ANS**, arrangements to finance them and methodology to ensure that these are not charged to airspace users
- Description of the nature of costs related to **non-ANS** and arrangements to finance them and methodology to ensure that these are not charged to airspace users

Cost allocation – METSPs (1/2)

- Detailed information on the allocation of MET costs and their breakdown between **direct** and **core** costs stemming from PRB recommendations on MET study (agenda item 10)
- Description of the services provided
- Allocation of determined MET costs across segments of activities:

Total meteorological costs (direct + core) by segments	2025
Determined costs for en route charging zone(s) in the scope of the performance plan	
Determined costs for terminal charging zone(s) within the scope of the performance plan	
Forecasted costs for terminal services outside the scope of the performance plan	
Forecasted costs for other services provided to civil aviation, other than terminal services outside the scope of the plan	
Forecasted costs for services provided for other purposes than civil aviation	
Total forecasted costs for the concerned entity (in line with Business Plan/Budget forecast)	0

Cost allocation – METSPs (2/2)

- MET **direct** costs allocation

Total direct MET costs	2025
Total forecasted direct costs to civil aviation	
Total determined direct costs in the scope of the performance plan	
Total determined direct MET costs allocated to the CZ(s) within the scope of the performance plan	2025
En route charging zone 1 (prefilled from situation)	
Terminal charging zone 1 (prefilled from situation)	
Terminal charging zone 2 (prefilled from situation)	

MET CORE COSTS ALLOCATION

Total core MET costs	2025
Total forecasted core costs for all activities	
Total determined core costs allocated to civil aviation in the scope of the performance plan	
Total forecasted core costs allocated to civil aviation outside the scope of the performance plan	
Total determined core MET costs allocated to the CZ(s) within the scope of the performance plan	2025
En route charging zone 1 (prefilled from situation)	
Terminal charging zone 1 (prefilled from situation)	
Terminal charging zone 2 (prefilled from situation)	

Cost allocation – NSAs

- Description of the underlying assumptions and the main factors explaining the variations of the following costs, over the reference period:
 - Supervision costs
 - Eurocontrol costs
 - Other State’s costs
 - Search and rescue costs
- Description of the methodology used to allocate costs between en route and terminal as well as across different charging zones
- Detailed information on the amounts and the allocation of **search and rescue** costs stemming from PRB recommendations on SAR study (agenda item 10)

Total SAR costs for the entity providing search and rescue services	2025
Total forecasted search and rescue costs	
Total determined search and rescue costs in the scope of the performance plan	

Cost efficiency KPA – DC assumptions

- Objective of the change: provide a more detailed quantification of the building-blocks of the determined cost by nature
- For ATSPs and METSPs, detailed description, assumptions and amounts related to the building-blocks
- Different structure for OPEX (staff, other operating and exceptional costs) and investment costs (depreciation and cost of capital)
- Additional information concerning accounting provisions in the cost-base to be disclosed

More detailed structure for the provision of information already provided in section 1, letters f), g), h), i) of the AI



DC assumptions – Operating costs

- Descriptions and amounts relating to the building blocks for en route and terminal
- Building blocks defined in line with the entity’s accounts/business plan/budget, e.g.:
 - Staff costs – salaries and wages, pensions, other staff-related costs and benefits, etc.
 - Other operating costs – maintenance, utilities, consulting, etc.
 - Exceptional items

Staff costs building blocks	Description of the composition of each item	En route charging zone(s) in the scope of the plan				
		2025	2026	2027	2028	2029
E.g. salaries and wages						
E.g. pensions						
etc ...						
...						
Total staff costs		0	0	0	0	0

DC assumptions – accounting provisions

- Detailed information and quantification of **accounting provisions** included in the determined costs

List of accounting provisions included in the determined cost	Description of the composition of each item	En route CZ(s) in the scope of the plan				
		2025	2026	2027	2028	2029
E.g. provisions related to pension						
etc...						
...						
Total accounting provision costs		0	0	0	0	0

- Guidance on the treatment of accounting provisions when establishing the cost base will be provided in the guidance material

DC assumptions – Investment costs

- Complementary information to the determined investments costs
- Method adopted for the calculation of the depreciation cost:

Method adopted for the calculation of the depreciation cost (point 1.3 of Table 1):	Current
If current, provide comparable historical cost data.	

- Description of the assumptions used to compute the cost of capital and its components

Cost of capital assumption	Description of the composition of each item
Cost of capital in value	
<i>NBV fixed assets</i>	
<i>Adjustments total assets</i>	
<i>Net current assets</i>	
<i>Cost of capital %</i>	
<i>Return on equity</i>	
<i>Average interest on debts</i>	
<i>Share of financing through equity</i>	

Cross-border initiatives

- Objective of the changes: improve visibility on the existing cross-border arrangements for the provision of ANS and their financial implications
- More details to be provided under **agenda item 4**

Deployment of SESAR Common Projects

- Objective of the changes: improve transparency on the deployment of investments related to SESAR common projects
- More details to be provided under **agenda item 3**

Capacity incentives

- Objective of the changes: improve the reporting of pivot values
- The template will provide a more clear and visible section to define the mechanism for the modulation of pivot values and the methodology used to compute/update them over the period, i.e.:
 - Limited to CRSTMP delay codes
 - Based or informed on the reference values provided in the yearly N-1 NOP update provided by NM
 - Based on a combination of the two methods above
- Pivot values would have to be communicated on a yearly basis though a specific template and no longer in the body of the plan
- More details to be provided under **agenda item 9**

Conclusions and next steps

- Following the discussions at today's NCP meeting, EC and PRB to work on the development of the final template
- In parallel, EC and PRB to work on the development of guidance material supporting NSAs in the development of National/FAB draft plans
- RP4 template and guidance material to be presented to the NCP PEF-WG in March 2024
- Testing phase to be foreseen before final release of the template
- Pre-filled RP4 template to be released in April-May 2024



Lunch break

The meeting will resume at 14:30 CET

3. SESAR CP1 investments as part of performance plans

Item lead: COM / IE NSA / PRB

- Introduction on CP1 requirements and NSA role
- Take aways from prior discussions in TRANS WG and resulting “Guidance on SESAR deployment”
- Reporting and monitoring of SESAR CP1 investments as part of performance plans

SESAR CP1 investments as part of performance plans

Takeaways from prior discussions in TRANS WG and resulting “Guidance on SESAR deployment”

TRANS WG Chair

The background features a complex network of green wireframe structures, including a large lantern-like shape on the left and a tall, thin tower on the right. These structures are interconnected by thin lines and punctuated by several green and yellow stars. The overall aesthetic is technical and futuristic, set against a light blue sky with soft clouds.

The NSA and CP1

Paul Kennedy

NCP Transversal Working Group Chair

29/11/2023

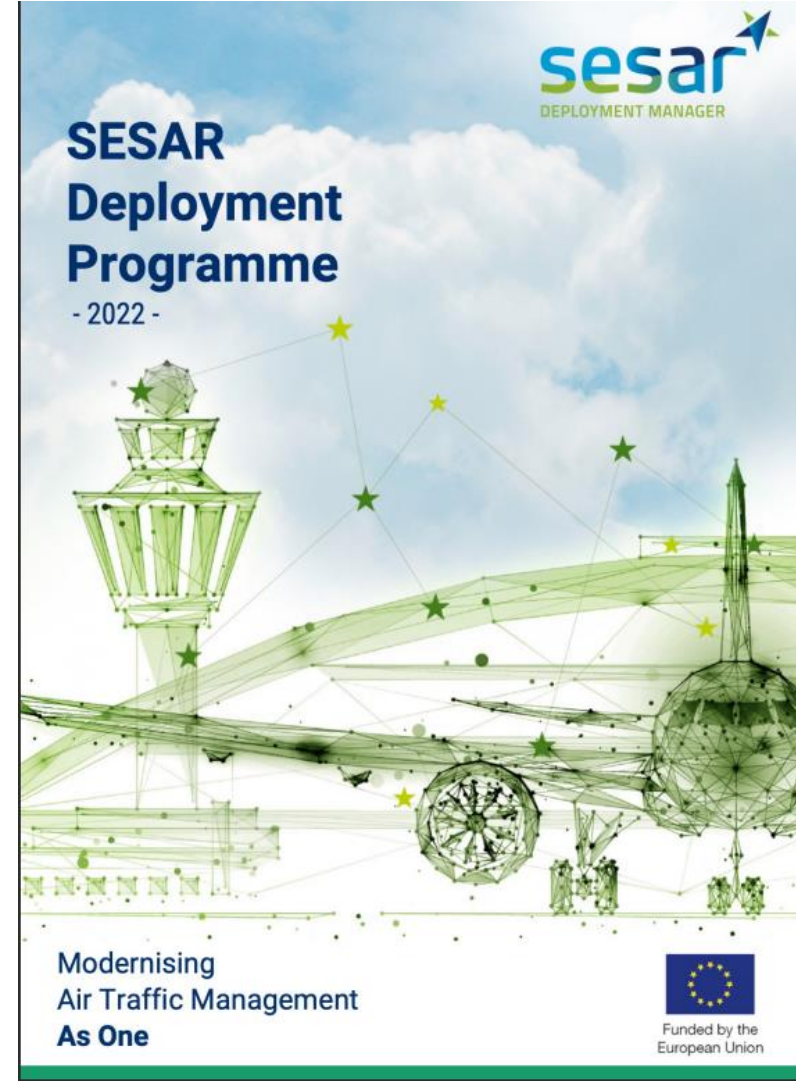
CP1 Implementation Oversight – Context

- SESAR deployment was discussed by NSAs during the following meetings:
 - - Transversal Working Group meeting 10 (April 2023);
 - - SDM workshop in June 2023; and
 - - Transversal Working Group meeting 11 (November 2023).
- During these meetings, NSAs have discussed amongst others:
 - their role and responsibility in CP1 implementation;
 - issues currently being faced; and
 - their experiences in assessing compliance.



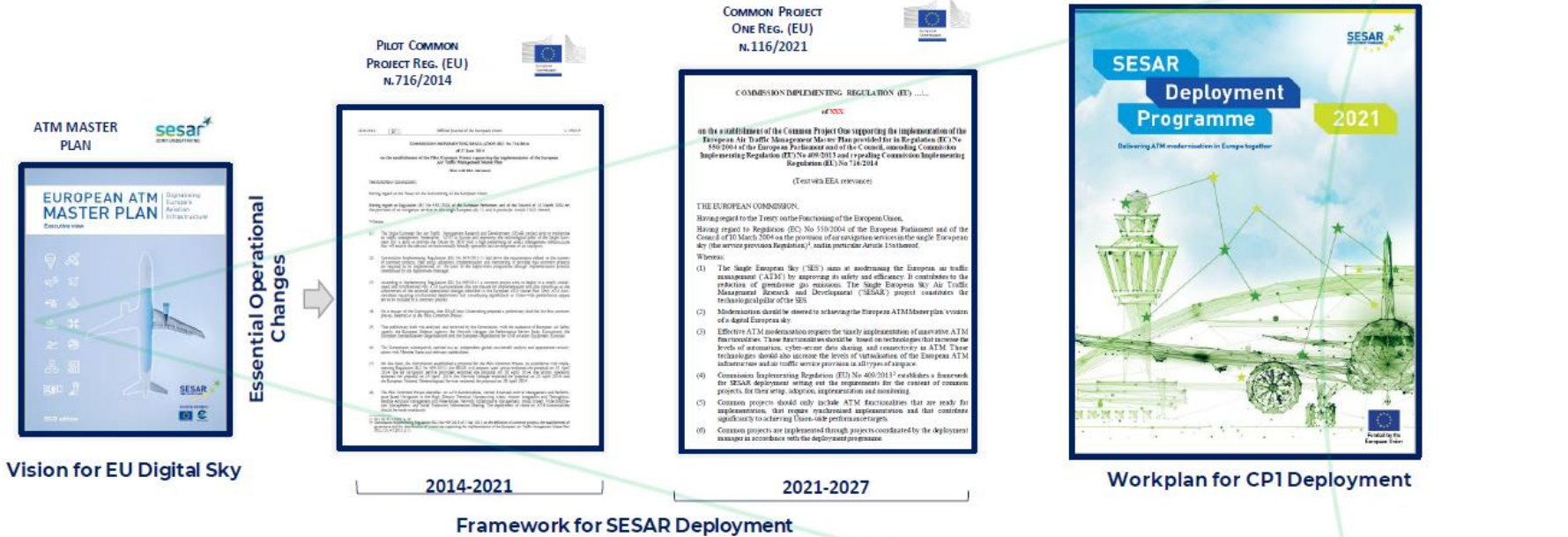
Guidance on SESAR deployment

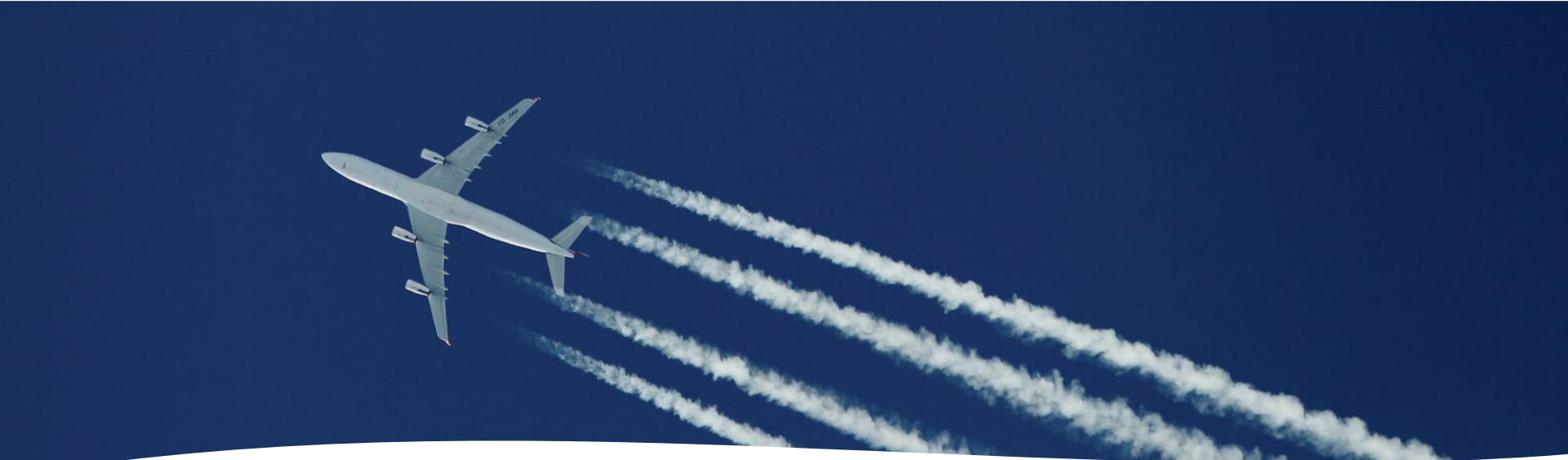
- Information regarding the Implementation of CP1 has been captured in an annex document, which will ultimately sit in the *Guidance on SESAR Deployment* document prepared by NCP Support. This annex will be updated in line with Member feedback.
- This paper includes information on:
 - the regulatory baseline for CP1 monitoring;
 - the challenges currently being faced by NSAs in the implementation of CP1;
 - the experiences of NSAs in assessing stakeholder compliance to CP1;
 - how the NCP can support NSAs with the provision of CP1 Implementation oversight.
- **Status of paper**
- The *CP1 Implementation Oversight* annex document is currently being updated to reflect discussions at TRANS WG/11 in November.
- The document will be distributed to NCP members in the coming weeks.



Regulatory framework

Developed and consulted by all stakeholders





NCP Guidance – NSA Role

- NSAs are expected to be the “local agents” for SES implementation,
- NSAs are expected to support the Commission in efficient and effective SES implementation
- The SESAR Deployment Manager (SDM) is responsible for the Management Level of the SESAR deployment governance
- The SDM shall ensure appropriate coordination with NSA.
- A Memorandum of Understanding between the NSA Coordination Platform and the SESAR Deployment Manager was renewed in 2023.

NCP Guidance – NSA Legal Basis

- Previously the legal basis for the involvement of NSAs in SESAR Deployment was limited.
- The Commission has indicated that NSAs' concerns would be considered within the context of the upcoming changes to the SES regulatory frameworks.
- This is reflected in Article 9(j) of the Regulation (EU) 409/2013 as amended by CP1 Regulation, which now requires the Deployment Manager to ensure appropriate coordination with the NSAs.



NCP Guidance – NSA Legal Basis

Regulation (EC) 549/2004,

- **Article 4,**
- Paragraph 1 of this Article gives NSAs the responsibility to assume the tasks assigned to them “***under this Regulation and under the measures referred to in Article 3***”; this refers to all the SES framework and implementing Regulations adopted on the basis thereof

Regulation (EC) 550/2004

- **Article 2, Tasks of the National Supervisory Authorities,**
 - The national supervisory authorities referred to in Article 4 of the framework Regulation **shall ensure the appropriate supervision of the application of this Regulation,**
 - To this end, each NSA shall organise proper inspections and surveys to **verify compliance with the requirements of this Regulation,.....**
 - The air navigation service provider concerned shall facilitate such work.
- **Article 15a, Common projects**
 - Common projects may assist the successful implementation of the ATM Master Plan.
 - Such projects shall **support the objectives of this Regulation** to improve the performance of the European aviation system in key areas such as capacity, flight and cost efficiency as well as environmental sustainability, within the overriding safety objectives.

Regulatory Baseline

Reg (EU) 409/2013 as amended by CP1 Regulation

Article 6 Monitoring

- **The Commission shall monitor the implementation** of common projects and their impact on the performance of the EATMN through specific reporting requirements.
- Those requirements shall be set out by the Commission under the framework partnership referred to in Article 9(5).

Article 8 Policy level

- The Commission shall be assisted by the Single Sky Committee, ..., **the National Supervisory Authorities** and the Performance Review Body, within their respective roles and competencies as defined in the SES regulatory framework.

Article 9

The **deployment manager shall**, in particular, be responsible for:

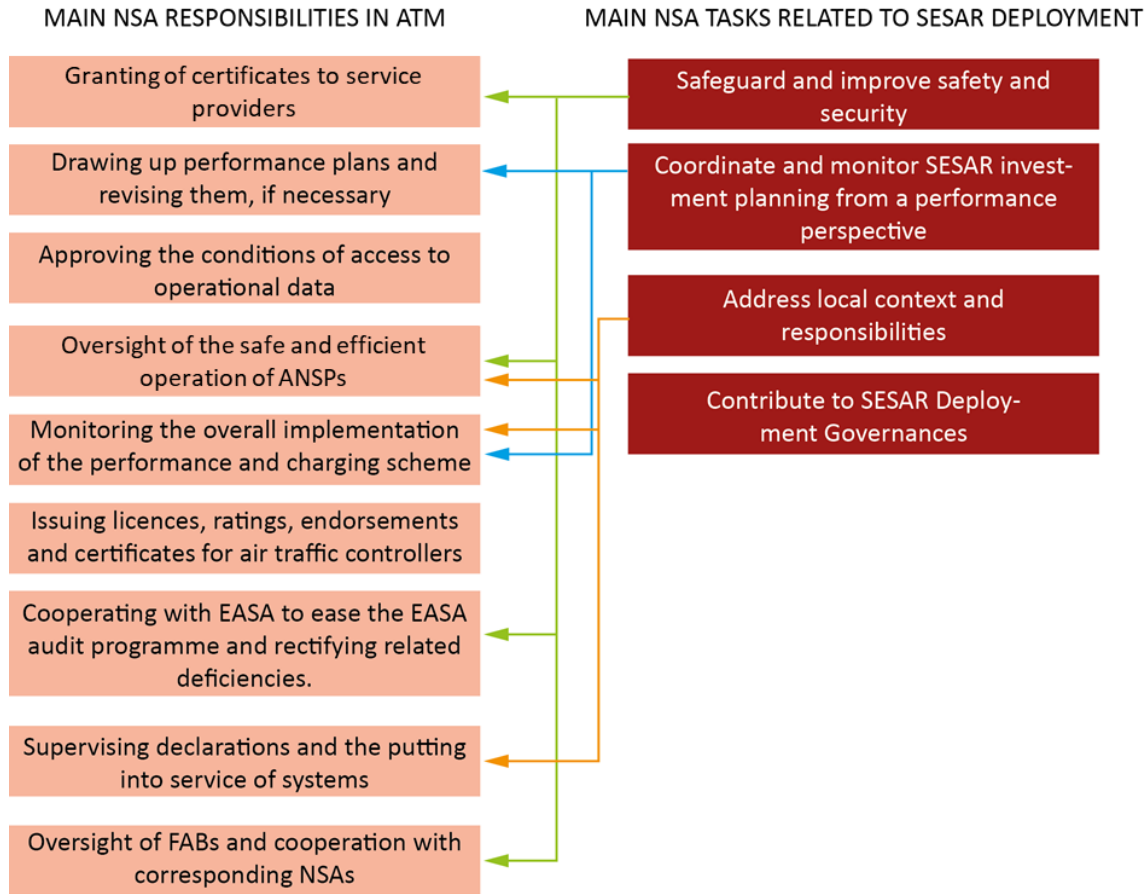
- (j) **ensuring appropriate coordination with National Supervisory Authorities;**

SESAR Deployment Governance

- The lack of specificity has generated inconsistent interpretation of the role of NSAs.
- It has been raised by multiple stakeholders that there is ambiguity regarding the exact legal obligations and rights the NSA has in SESAR Deployment, and therefore these legal foundations must be more closely examined.
- In the absence of directly defined obligations, advice offered by the Commission in interpreting the NSA's role in SESAR Deployment and Governance from [Implementing Regulation \(EU\) No 409/2013](#) divides the NSA's tasks into three governance levels:
- **Policy level:** As outlined in Article 8(3) on Common Projects, NSAs should provide advice to the Commission based on their experience gained through exercising their local powers deriving from SES and any local legislation (e.g. in terms of consumer protection or the environment).
- **Management level:** Article 9(2)(j) states that the Deployment Manager shall, in particular, be responsible for ensuring appropriate coordination with NSAs, effectively recognising the NSAs' important contribution to the SDM's relevant management processes.
- **Implementation level:** At a local level, NSAs should ensure safe and secure technology deployment, and take into account all local aspects that may influence delivery of the programme.



Responsibilities of the NSA in SESAR Deployment



Source: Input paper 04_Guidance on SESAR Deployment (March 22)

NCP Guidance – NSA Oversight Responsibility

Regulation (EU) 2017/373 - Oversight of Change

- Article 10 of Implementing Regulation (EU) No [409/2013](#) does **not explicitly** outline any role for NSAs.
- However, as part of their general oversight responsibilities in application of SES legislation, NSAs are obliged to perform oversight of changes, as stated in Article 4 of the [Common Requirements Regulation \(EU\) 2019/373](#).
- NSAs therefore perform oversight of Common Projects according to their general oversight tasks outlined in legislative texts, meaning that different approaches may be taken within each State regarding oversight of Common Projects and coordination with ANSPs.
- Harmonisation of oversight tasks should be addressed at the Management level by the Deployment Manager.

Regulation (EU) 2019/317 - Performance Monitoring and Reporting

- Article 37(1) of the Commission [Implementing Regulation \(EU\) 2019/317](#) establishes that NSAs shall monitor the performance of ANSPs.
- This creates an indirect obligation to monitor SESAR projects. This NSA oversight also contributes to the development of its [Member State's LSSIP](#), which is used to implement the ATM Master Plan Level 3 (formerly the ESSIP).
- performance plans should detail and justify any major investments. These investments should be consistent with SESAR deployment and with expected performance gains.
- *“Technology deployment shall be performance-driven”*, meaning no new technology shall be deployed unless it brings performance benefits in a measurable way and within a predictable timeframe.
- The performance driven approach is to achieve a timely and optimal investment policy, enabling the achievement of both performance targets and optimal technology deployment in line with [ATM Master Plan](#) requirements.
- [Common projects](#) are the immediate priority because of their aim to develop mature technology, which brings better performance at a network level, in a synchronised way.

NCP Guidance – NSA Oversight Responsibility

Performance Monitoring

- NSAs should monitor the deployment of planned investments and actual expenditure over the course of the Reference Period.
- The CP1 Regulation reiterated the principle that investments related to the implementation of common projects should be included in the Member States' performance plans, and subsequently monitored.
- This yearly monitoring exercise requires the production of an Annual Monitoring Report by the NSAs including cost reporting tables

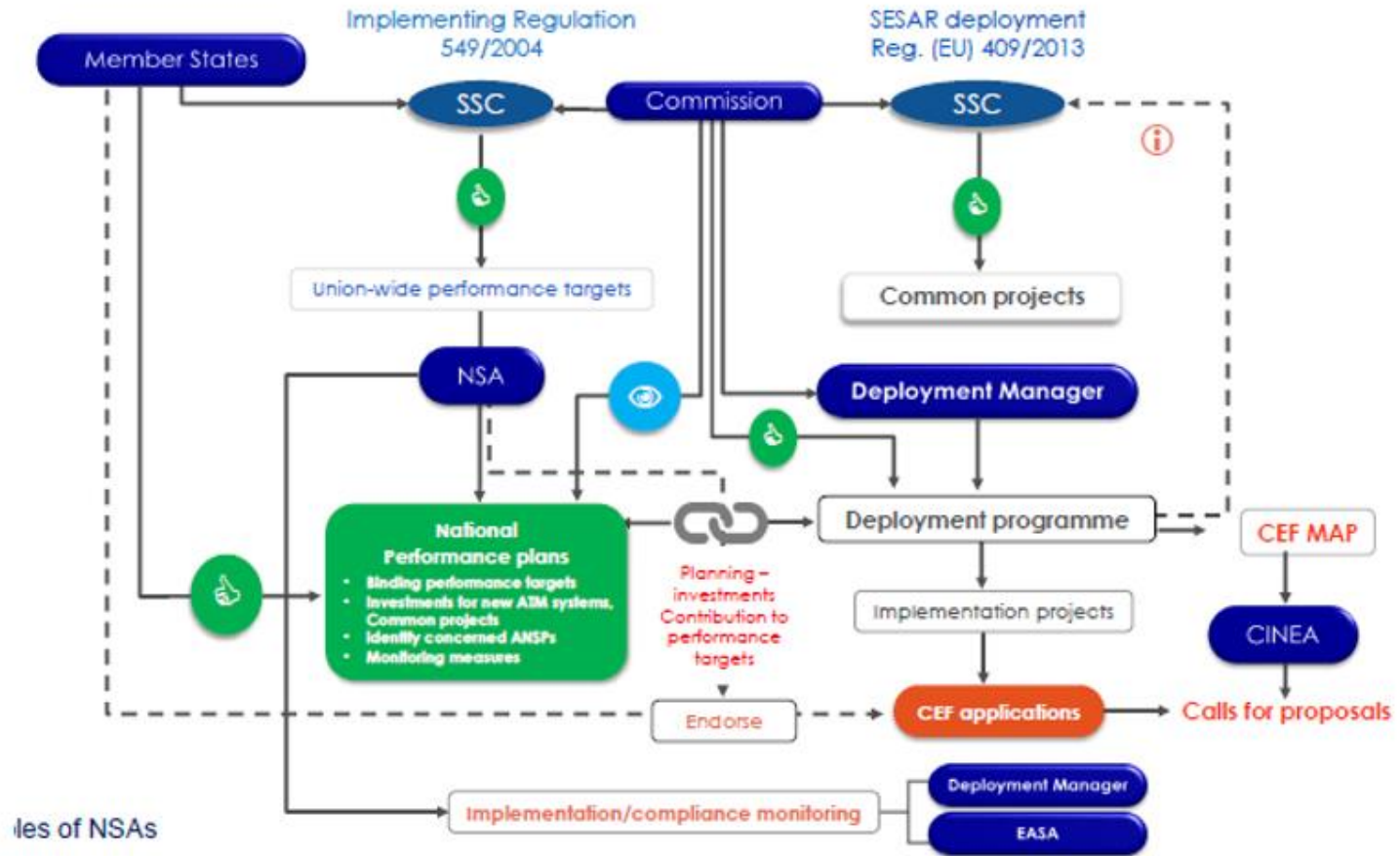
NCP – NSA Monitoring Focus

It is expected that NSAs shall work towards streamlining these reporting streams where possible by identifying and exploiting synergies between reported information to avoid duplication of efforts and to ensure coherence of reporting.

Throughout these processes, the main issues for NSAs to assess, address and report on are:

- Is deployment in line with the performance plan?
- Is deployment in line with the deployment projects timeline set by the Deployment Manager?
- Can slippage (in time, budget and/or benefits) be identified, and if so:
 - Are the explanations for it reasonable and/or convincing?
 - Could remedial action be/have been taken?
 - Does the slippage have consequences on the date of expected benefits and does this jeopardise reaching the performance targets?
- Currently State Authorities (i.e. NSAs), the Military, ANSPs and Airports from all European countries (ECAC and non-ECAC) report on all mature Master Plan elements (which include [CP1](#) and formerly PCP projects) through annual [LSSIP](#) documents, which are integrated into the [Master Plan Level 3](#) Report.
- ANSPs must report to NSAs, who then pass the information on to EUROCONTROL, however this arrangement may differ across states (e.g. some ANSPs may report directly to Eurocontrol).

Stakeholder mapping

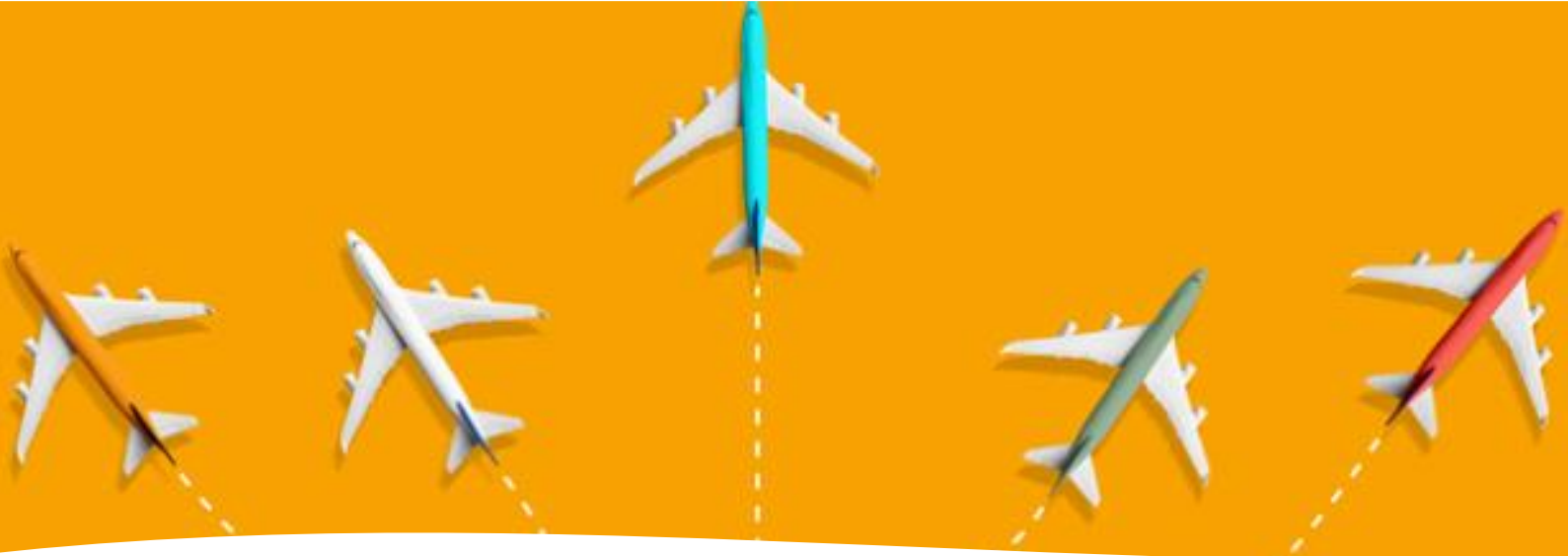


Challenges in the Implementation of CP1

- Challenges that have been identified by NSAs:
 - Lack of clarity about the role of the NSA
 - Lack of clarity about the relationship between NSAs, the SDM and the NCP
 - Resourcing
 - Heterogenous institutional set up at the national level
 - Limited availability of standards or usable specifications
 - Assessment of CP1 investments
 - Lack of obligation to provide evidence before implementation deadline
 - Differing views on the legal status of the SESAR Deployment Programme (SDP)
 - Over-reliance on LSSIP+
 - Implementing Projects which involve partners that not directly under the NSA's remit
 - Understanding the infringement process



Experiences of NSAs in assessing compliance

- 
- Examples and good practice in the context of assessing compliance:
 - Embedment of CP1 oversight monitoring in the safety oversight audit
 - NSA auditors to retain CP1 as a permanent audit topic
 - Good communication on the roles and responsibilities of all stakeholders
 - Enforcement process in case of late/no implementation
 - The use of compliance checklists to support CP1 oversight
 - Acquisition of additional support through good dialogue with SDM
 - Timely involvement in the CP1 oversight process and early coordination with parties concerned
 - Clear contact persons for CP1 oversight matters
 - Specific CP1 training to support a more harmonised implementation
 - Active involvement with operational stakeholders to enable a positive exchange of information

NSA Oversight Topics for Discussion

What level of visibility does your NSA have of CP1 progress?

What have been implementation barriers to CP1 in your state?

What effective actions have overcome these barriers?

What enforcement tools are available to NSA?

What lessons have been learned?



Agenda item 3

SESAR CP1 investments as part of performance plans

Reporting and monitoring of SESAR CP1 investments as part of performance plans

Reporting and monitoring of SESAR CP1 investments as part of performance plans

- Objective of the changes: enhance transparency on the implementation of CP1 functionalities and improve trackability with ANSPs' investments
- Reporting in line with provisions included in Regulation 409/2013, article 5(7):

“Member States and the Network Manager shall include the investments related to the implementation of common projects in the performance plans and the Network performance plan”

More detailed structure for the provision of information already provided in section 1, letter j) of the AI



Reporting and monitoring of SESAR CP1 investments as part of performance plans

CP1-s-AF1.1 AMAN extended to en-route airspace	For each sub-AF, the following information should be provided:
Implementation target date as per CP1 Regulation <i>31-12-2024</i>	Prefilled from CP1 Regulation
Deployment status Planned	Selection amongst the following categories: not planned, planned, ongoing, completed, n/a
Date of actual/expected deployment of sub-functionality	Info. on actual/expected deployment date of sub-AF
Description of realized/planned investment(s) related to the deployment of sub-AF	Qualitative info. on the investments linked to the sub-AF
References to major investments in the plan <i>(e.g. A1)</i>	Direct reference to the investment reported in the investments module of the template
Additional information on other investments	Detail for investments presented at aggregate as “others”
Total RP4 determined costs for common project related to the sub-AF	DC related to the sub-AF as presented in item 3.9 of RTs

Thank you for participating!

The NCP/PERF WG/37 will continue
tomorrow at 10.00 CET

Welcome

Welcome to this NCP/PERF WG/37 meeting! We will be starting shortly.

Housekeeping reminders:

- If you would like to **ask a question** or **provide a comment**, please **rise your hand** AND **type in the chat** the text **“Question”** or **“Comment”** – the chair/moderator will give you the floor in the proper moment following the chat order
- Please mute your line when not speaking: the Chair/moderator may mute your line if there is background noise
- When beginning a question or comment, introduce yourself with **your name** and the **NSA/organisation you represent**, for example **“Patricia Nieto Valiente, NCP PERF WG Chair”**

Agenda – Day 2

Time	Item	Item Leader
9:30	0 Check-in	All
10:00	4 Cross-border service provision arrangements (allocation of costs and service units, in particular in view of RP4) <ul style="list-style-type: none"> • Introductory remarks • Reporting and monitoring of the costs of cross-border service provision arrangements as part of the performance and charging scheme • Presentation from The Netherlands, with complementary remarks by France and Ireland 	COM PRB NL NSA
11:00	5 Updates from the PRB on conclusions of 2022 monitoring and ad hoc studies <ul style="list-style-type: none"> • Key outcomes of the 2022 monitoring exercise • Key results of the ad hoc studies (civil-military, MET and SAR) 	PRB
11:30	Coffee break (15 min)	
11:45	6 NM post-ops adjustment of ATFM delays <ul style="list-style-type: none"> • Principles and process for delay reattribution • Results of 2022 post-ops adjustment process 	NM
12:15	Lunch (90 min)	
13:45	7 Incentive schemes implementation in RP3 <ul style="list-style-type: none"> • Calculation of pivot values in the case of modulated incentive scheme • Annual notification of pivot values 	PRB COM
14:45	8 Cost risk sharing reports 2022 <ul style="list-style-type: none"> • Results from the review of the cost risk sharing reports of calendar year 2022 • Follow-up of findings 	COM
15:45	9 AOB <ul style="list-style-type: none"> • Update of annual NCP Work Programme • Date of next meeting 	COM
16:00	End of Day 2	

4. Cross-border service provision arrangements (allocation of costs and service units, in particular in view of RP4)

Item lead: COM / PRB / NL NSA

- Introductory remarks
- Reporting and monitoring of the costs of cross-border service provision arrangements as part of the performance and charging scheme
- Presentation from The Netherlands, with complementary remarks by France and Ireland



European
Commission

Cross-border service provision arrangements

NCP Performance WG meeting/37 – Item 4

29 November 2023

4. Cross-border service provision arrangements

Introduction

Background

- Cross-border ATS/ANS is driven by operational aspects
- Cross-border airspace areas vary from “simple” small border-straightening to large airspace areas (entire ACCs)

Key financial aspects

- EU legal provisions governing the allocation of air navigation service costs and service units apply in respect of all ANS provided, including those provided in cross-border areas
- Transparency should be ensured in the performance plans regarding the cross-border arrangements in place, including the associated costs and their allocation

Relevant SES legal provisions (performance and charging scheme)

- Recital 22 of Regulation 550/2004

(22) Air navigation service providers offer certain facilities and services directly related to the operation of aircraft, the costs of which they should be able to recover according to the ‘user pays’ principle, which is to say that airspace users should pay for the costs they generate at, or as close as possible to, the point of use.

- Art. 21(2) of Commission Implementing Regulation (EU) 2019/317

2. Member States shall ensure that the geographical scope of charging zones is clearly defined. The charging zones shall be consistent with the provision of air navigation services, and may include services provided by an air navigation service provider established in another Member State in relation to cross-border airspace.

- Art. 22(1) of Commission Implementing Regulation (EU) 2019/317

1. The cost base for *en route* and terminal charges shall consist of the determined costs related to the provision of air navigation services in the charging zone concerned.

Financing of cross-border services

- Appropriate arrangements in cross-border areas should be agreed between the parties concerned, in compliance with the performance and charging scheme:
 - ✓ Option a): The geographic scope of the charging zone comprises all the cross-border areas covered by the ANSP(s) concerned over the territory of one or several other States. The costs and service units for the cross-border area(s) are recorded within the charging zone. (recommended option)
 - ✓ Option b): The geographic scope of the charging zone excludes one or several cross-border area(s) covered by the ANSP(s) concerned over the territory of one or several other States. The related costs for those cross-border areas are therefore excluded from the cost base of the charging zone. The ANSP is remunerated for those services through appropriate financial arrangements, whilst ensuring the transparency of costs.

Agenda item 4

Cross-border service provision arrangements
(allocation of costs and service units, in particular in
view of RP4)

Reporting and monitoring of the costs of cross-border service
provision arrangements as part of the performance and
charging scheme

Reporting of the costs of cross-border service provision in the RP4 PP - in chapter 1.1.1

1.1.1 - List of ANSPs and geographical coverage and services

Cross-border arrangements for the provision of ANS services

Number of cross-border arrangements where the ANSP(s) certified in the State provide(s) ANS in another State's charging zone(s)	1
---	---

ANSP(s) certified in the State which provide(s) ANS in the charging zone(s) of another State		
ANSP Name	Cross-border area(s)	Charging zone(s)
<ANSP certified in the State>	<Name of the CB area(s)>	<CZ in which services are provided>

Number of cross-border arrangements where ANSPs from another State provide services in the State's charging zone(s)	1
--	---

ANSPs established in another Member State providing services in one or more of the State's charging zone(s)	
ANSP Name	Description and scope of the cross-border arrangement

Reporting of the costs of cross-border service provision in the RP4 PP – in new 4.1.1 (1/2)

4.1.1 - Cross-border areas where the ANSP provides ANS outside the State's charging zone(s) in the scope of the PP

Cross-border area # 1	<CB area(s)>		Situated in:	<CZ>	
Geographical scope of the cross-border area					
Rationale for establishing the cross-border area, including performance benefits					
Size of the cross-border area (km2)		Yearly estimated traffic in number of flights		Yearly estimated traffic in number of SU	
Services provided by the ANSP in the cross-border area	Y/N	Description of the services provided by the ANSP in the cross-border area			
ATS/ATM					
Communication					
Navigation					
Surveillance					
Search and rescue					
Aeronautical Information					
Meteorological services					
Services to OAT					

Reporting of the costs of cross-border service provision in the RP4 PP – in new 4.1.1 (2/2)

Annual cost incurred by the ANSP for the provision of services in the cross border area ('000 Nat.Curr.)	2025	2026	2027	2028	2029
Methodology used to estimate/establish these costs					
Confirmation by the NSA that these costs are excluded from the determined costs in the scope of the PP					Y/N
<detailed explanations, justifications>					
Description of the financial arrangements in place to cover these costs					
Additional comment					



ATS delegation and third countries

NCP/PERF WG/37

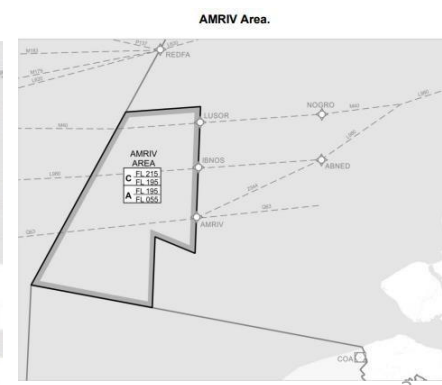
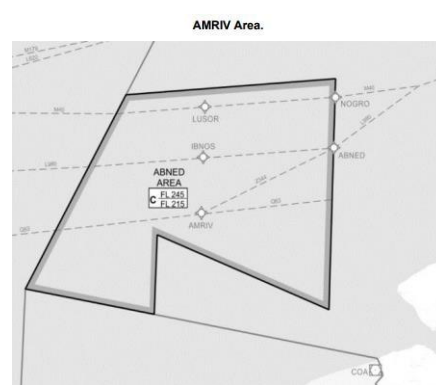
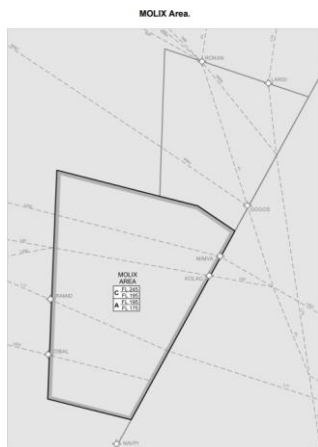
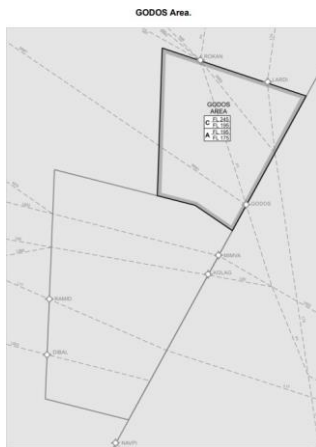
Fredrik Eriksson
29 November 2023

- 1 The Netherlands situation
- 2 Cost and charges
- 3 Summary



Service provision Amsterdam FIR

- Service providers: LVNL (<FL245), MUAC (>FL245), Ministry of Defence (<FL245)
- Areas with delegated ATS served by NATS and LVNL are situated on the UK-NL boundary above the North Sea.
- LVNL provides delegated ATS in:
 - MOLIX area
 - GODOS area
- NATS provides delegated ATS in:
 - ABNED area
 - AMRIV area





Operational arrangements Amsterdam – London FIR

- > LVNL provides delegated ATS
 - NATS handover of the aircraft (transfer of communication and control) to LVNL at the boundary of the areas with delegated ATS, MOLIX and GODOS
 - LVNL provides ATS to the aircraft before the aircraft crosses the Amsterdam FIR boundary.
 - This allows LVNL to efficiently (capacity and environment) control the aircraft and thereby the traffic flows into the destination airports, mainly Schiphol.

- > NATS provides delegated ATS
 - LVNL handover of the aircraft (transfer of communication and control) to NATS at the boundary of the areas with delegated ATS, ABNED and AMRIV.
 - NATS provides ATS to the aircraft before the aircraft crosses the London FIR boundary.
 - This allows NATS to efficiently control the aircraft and thereby the traffic flows into the destination airports in London TMA.



Operational effects Amsterdam - London FIR

- › The reason these ATS delegations have been set up is to improve operational efficiency.
- › The initiative has its origin at the ANSP operational level, and the agreement (article 10) is between the ANSPs with the consent of the states.
- › The advantage for the ANSP that carries out the delegated ATS is that they can control traffic earlier, allowing improved and more stable traffic flows. This has a positive effect on flight efficiency and capacity both in the Netherlands and the UK, and in the wider EATMN.
- › ATS delegation enable the ANSPs to deliver better vertical and horizontal profiles resulting in fewer track miles, less fuel burn and less emissions, and more available operational capacity.
- › Carrying out the ATS delegation does not require more personnel or equipment. It follows that it has no impact on the cost base of the ANSP.
- › As the ATS delegation is carried out to improve the ANSPs own operation and not to support the other ANSP or state, no financial transaction or compensation is part of the agreement.



Route charge – principles

- > All EUROCONTROL Member States apply the same principles for en-route charges.
- > CRCO operates a common route charges system for the cost recovery of ANSP services to airspace users. Each aircraft operator receives a single bill per month independent of the number of states that were overflown.
- > The en-route charge calculation per flight is based on the multiplication of two elements, Service Units and Chargeable Unit Rate.
 - Service unit
 - Distance flown. – *Shortest distance between entry and exit point*
 - Aircraft weight. – *MTOW*
 - Chargeable unit rate
 - *Determined Cost*
 - *Forecasted Service Units*
- > The regular FIR and UIR boundaries are used in calculating route charges. The areas with delegated ATS are not considered when measuring the distance flown.



Cost allocation

- › ANSPs allocate costs to a charging zone, which generally follows the FIR boundaries.
- › The cost is based on the air traffic control activity to be carried out and it depends on numerous variables like traffic picture complexity, the amount of traffic, the complexity of airspace design, etc.
- › Allocating cost to a sub-part of the charging zone is not meaningful. All operational activity in a charging zone is dynamically inter linked and any division of cost to parts of the activity will be arbitrary.
- › The allocation of costs on the basis of, for example, area, volume, distance, time, or workload, does not provide meaningful insights.



Cost recovery ANSPs and delegated ATS

- > The purpose of collecting route charges is to recover the ANSPs costs for providing ATS.
- > The Chargeable Unit Rate is defined as the forecasted ATS cost divided by the forecasted distance flown and the weight of the aircrafts.
- > Changing the forecasted distance flown will increase or decrease the Chargeable Unit Rate but not impact the total cost to be recovered.
- > Therefore, including or excluding the ATS delegated areas when determining the Chargeable Unit Rate will have no impact on the total amount to be recovered by the ANSP.



Cost of delegated ATS with third countries

Cost of service provision

- › The cost of service provision in a charging zone is not expected to change with the delegation of ATS to/from a neighbouring ANSP.
- › The size of the areas with delegated ATS are very small in comparison to the AoR of LVNL.
- › The marginal cost of delegated ATS is nil.

Other costs

- › Costs for certification and oversight due to UK CAA certification and oversight.
- › The cost for certification of LVNL are appr. €1750.
- › Cost for oversight are not yet known.
- › Most likely the cost for certification and oversight will be invoiced to the respective ANSP.



Summary and conclusion

- › ATS delegations have an operational background resulting in improved efficiency.
- › The route charge calculation per flight is based on the multiplication of three elements.
- › ANSPs allocate costs to a charging zone. It is not meaningful to allocate costs to a specific area of the Area of Responsibility of the ANSP or the charging zone.
- › The (areas with) delegated ATS have no impact on the recovery of the cost of an ANSP.
- › The cost of service provision in a charging zone is not expected to change with the delegation of ATS to/from a neighbouring ANSP.
- › The marginal cost of delegated ATS are nil.
- › Only other costs (for certification and oversight) can meaningfully be allocated to the ATS delegation, based on the invoiced amount.



End



**MINISTÈRE
CHARGÉ
DES TRANSPORTS**

*Liberté
Égalité
Fraternité*



ATS delegations and third countries

Eric Chambroy – Direction du Transport Aérien – France

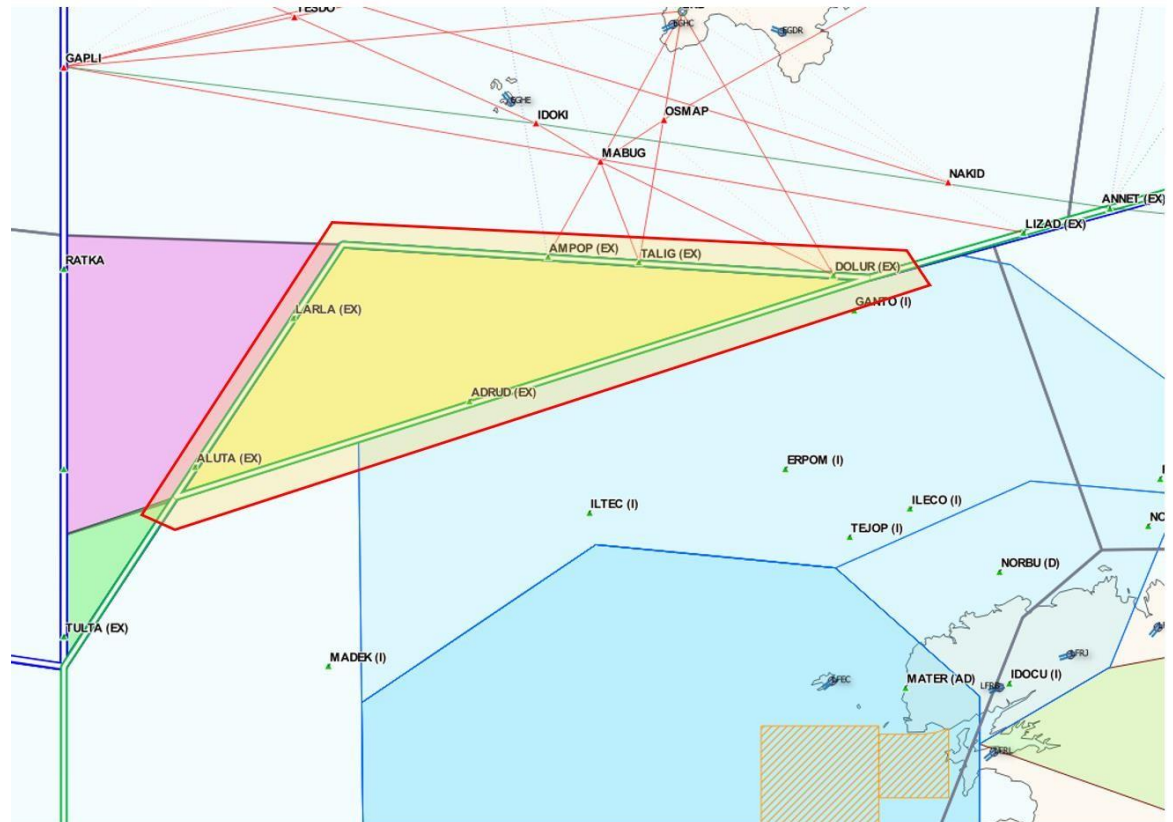
Sommaire

- 1. Service provision with third country**
 - a. FR in UK FIR
 - b. UK in FR FIR
 - c. Release box
- 2. Financing (costs and revenues)**
 - a. Certification aspects
 - b. Costs and revenues
- 3. Ideas / way - ahead**

LFRR – LARLA triangle FL 245 - FL 660

Key elements

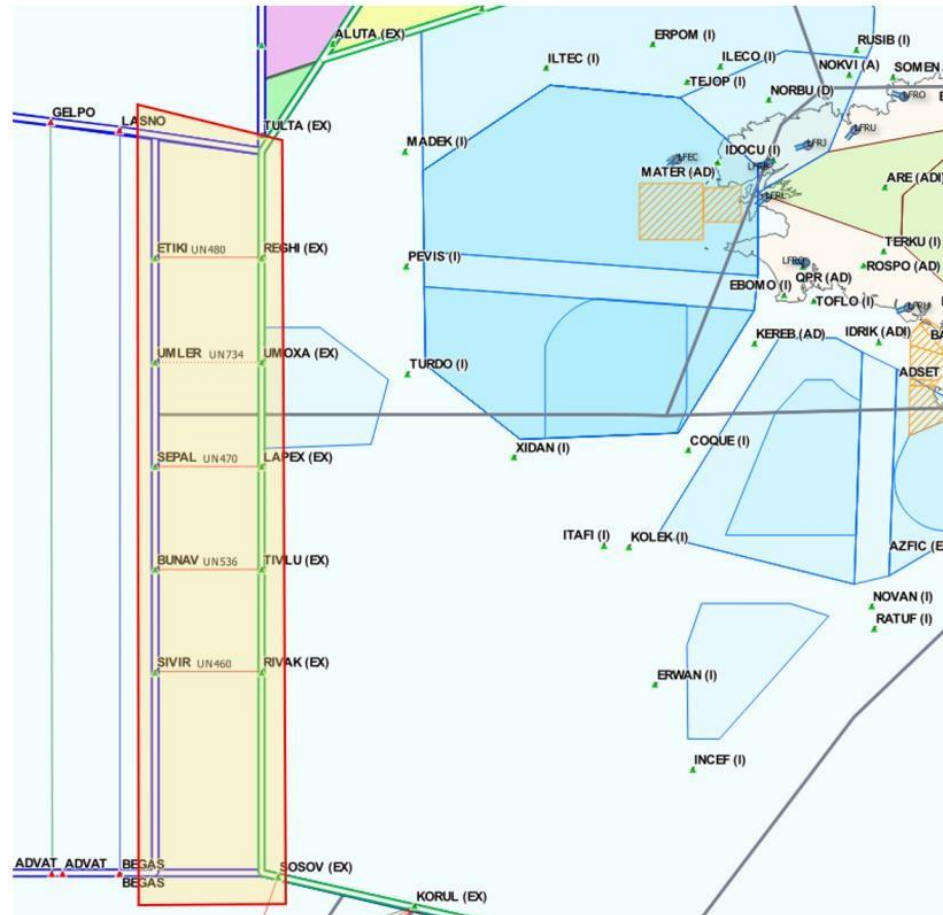
- Coordination involving FR, UK and IE
- **Operational benefits** : avoid unnecessary (from airborne and ATC perspectives) coordination ... direct transfer vs 2 transfers within 10 minutes
- **Impact on DSN** : NA ... indeed the relevant traffic is either leaving or heading to FR.



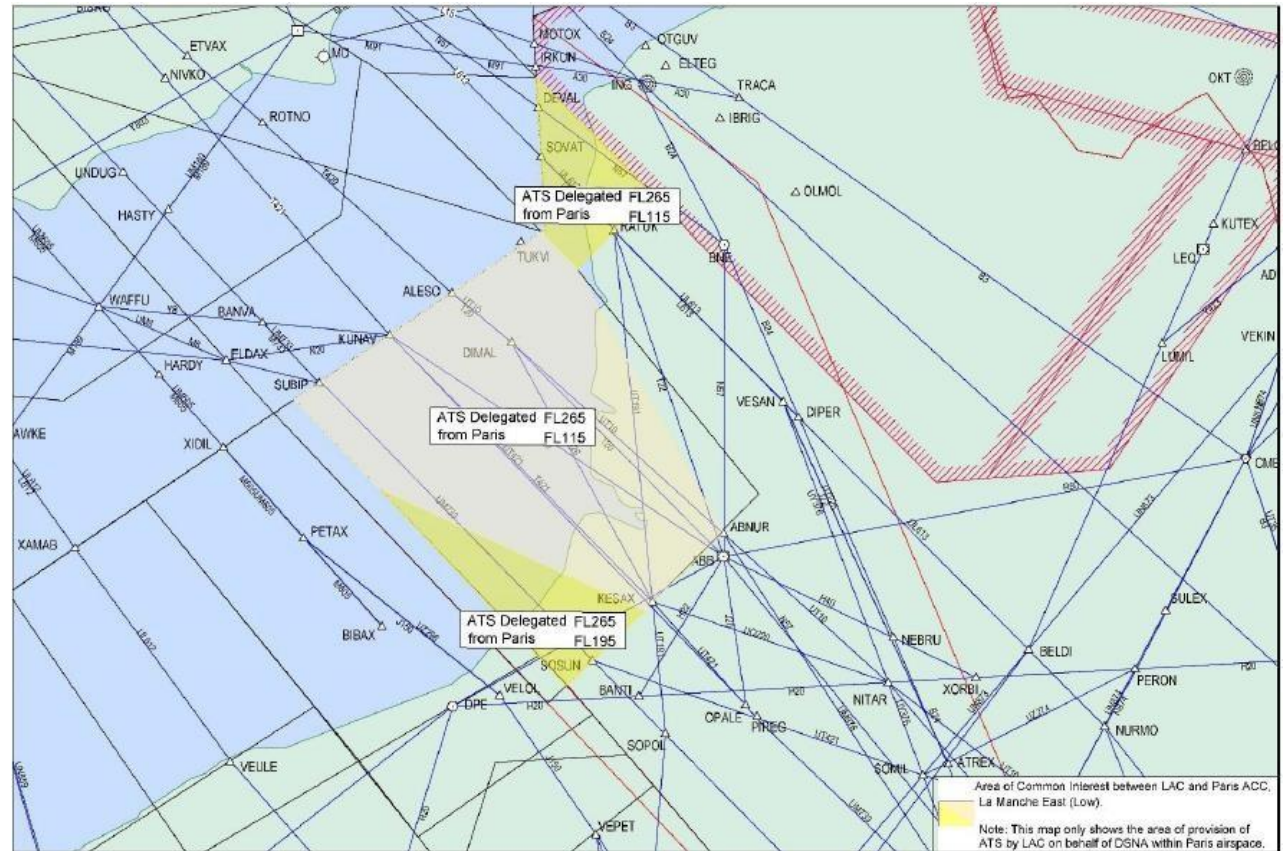
LFRR – BOTA FL 55 - UNL

Key elements

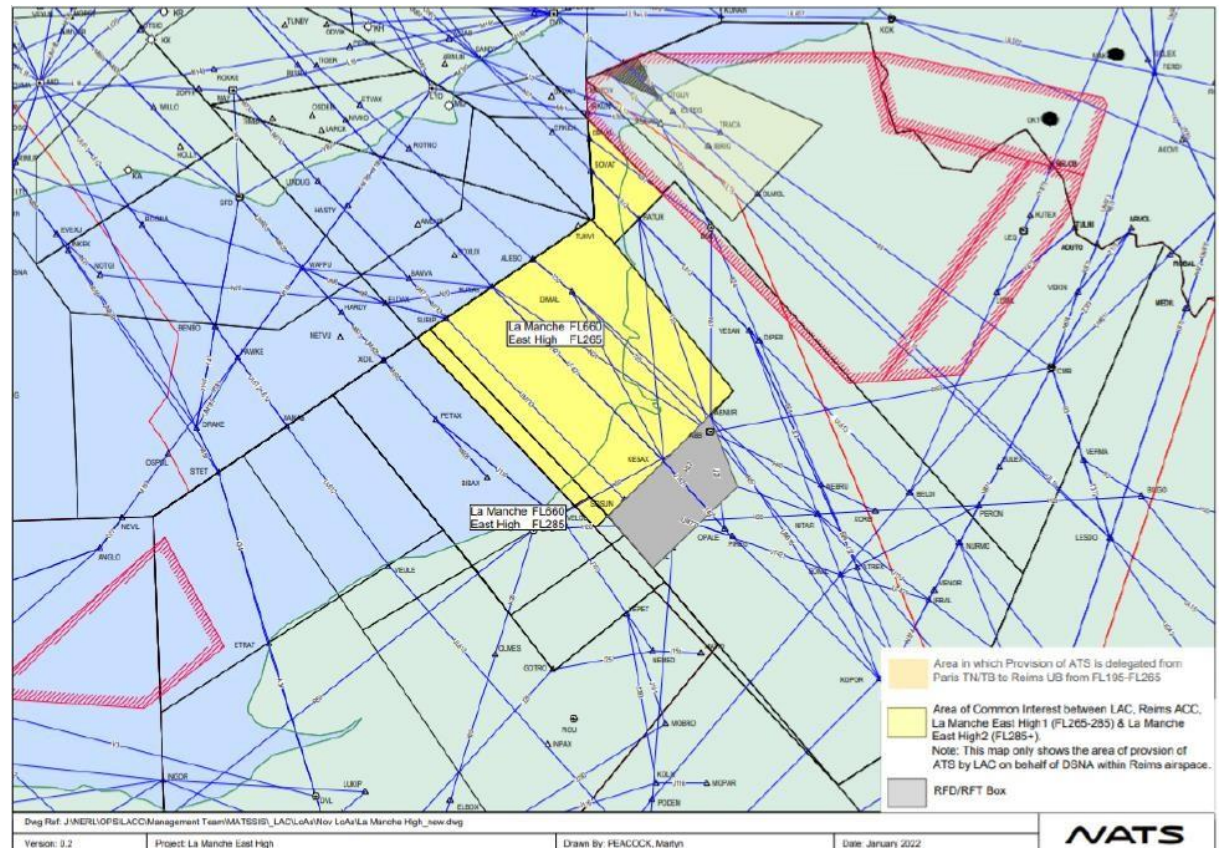
- **Operational benefits** : additional flexibility to transition from oceanic to continental separation
- **Impact on DSNA** : Positive ... indeed the relevant traffic is either leaving or heading to FR ... and it reduces ATCOs workload



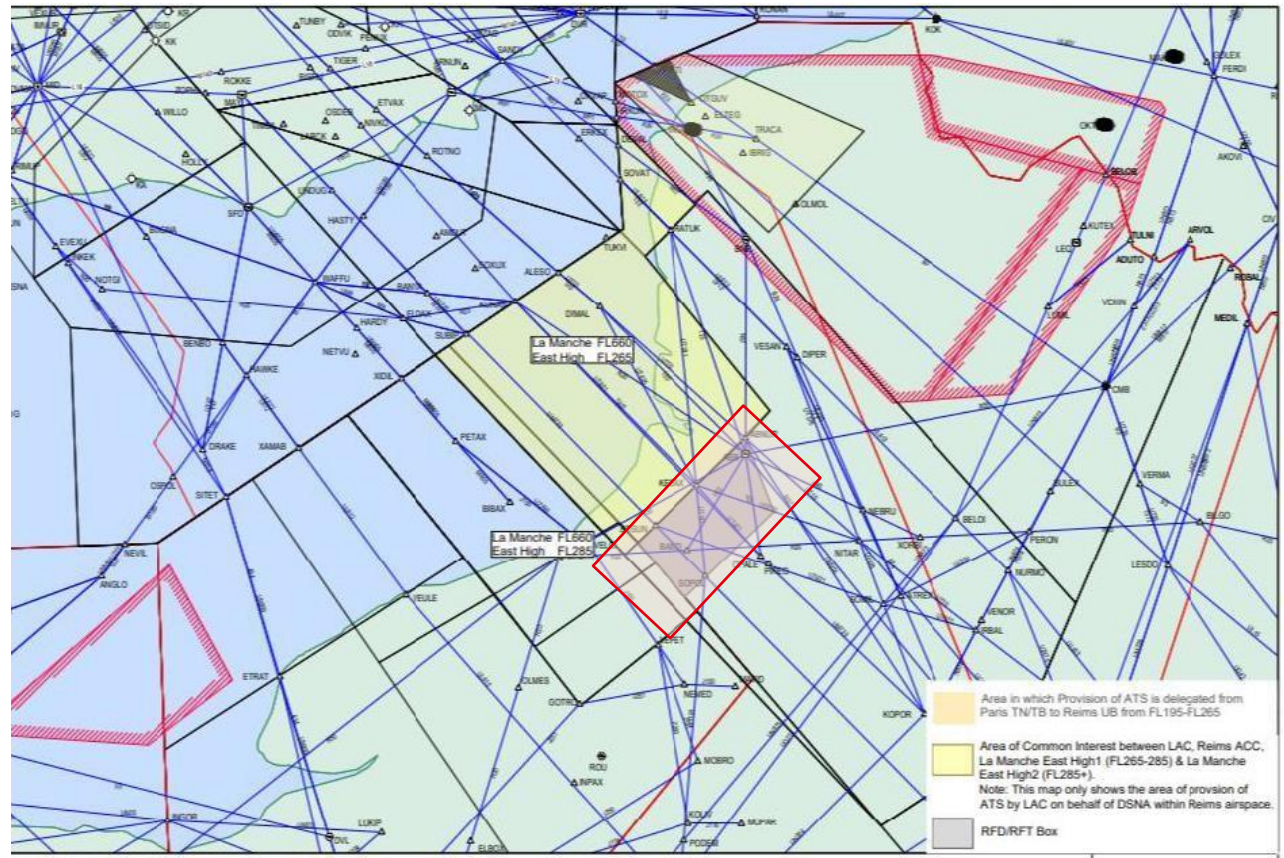
LFFF – La Manche East Low FL 115 - FL 265 / FL 195 - FL 265



LFEE – La Manche East High FL 265 - FL 660

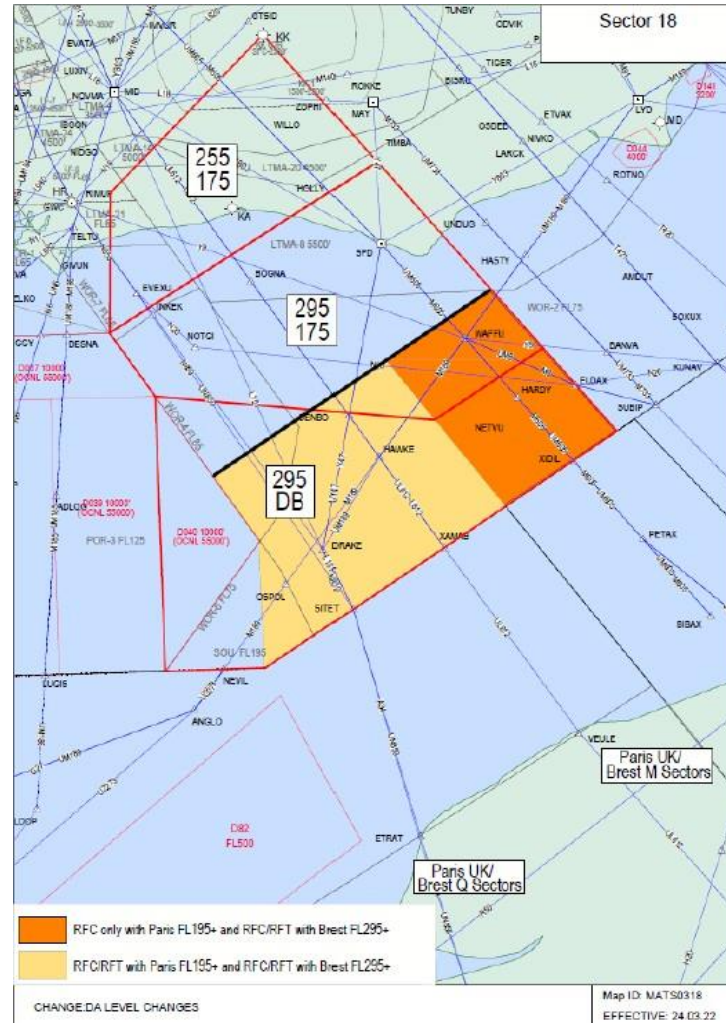


LFEE – to LAC



LFRR – from LAC

1. Service provision with third country c. Release box



Certification aspects

As a consequence of Brexit, ANSPs are required to hold a valid certificate issued by the competent authority in the airspace concerned.

- DSNA had to apply for a certificate by CAA UK
 - Costs related to that certificate are not in FR cost base (Performance plan already approved when the application was required)
- NATS has an EU certificate delivered by EASA

Costs and revenues

ANSPs are bearing the costs related to the provision of their services and receive the revenue generated in the airspace allocated to their country of origin.

- Situation in line with long lasting cooperation where investments are performed in relation with the core activities of the ANSP (within the airspace of their country of origin) and data sharing (e.g. radar) is performed at marginal costs without recovery since there are mutual interests / both way data flows.
- Improved quality of service to airspace users and higher efficiency deemed to generate savings for the party providing the service (e.g. wrt to flexibility to handle traffic enabling an efficient use of resources)

Some elements

Rationale supporting the current situation :

- Baseline
 - Without additional resources e.g. no dedicated sector, no dedicated ATCOs, no specific technical equipment
 - Marginal costs associated to the use of existing resources compensated by the savings coming from the reduced complexity and charging rules based on FIR boundaries
 - All traffic is anyway inbound / outbound
- Operational benefits
 - ATS efficiency : the ATS unit handling the traffic gets more flexibility with an internal knowledge of all constraints that would otherwise require additional coordination with adjacent units i.e. increased workload for ATCOs and less flight paths efficiency
 - Better quality of service to airspace users through a smoother experience relying on more effective radiocommunications and optimised flight paths.

Concerns :

- Potential administrative burden (e.g. at ANSP, States and/or Eurocontrol CRCO levels) of seeking alternative financing mechanisms with limited financial impact considering the situation ... on top of current (and future?) certification aspects introduced after Brexit
- Potential higher costs for users to handle the traffic in a more constrained environment with a detrimental impact on the environment vs flight paths and delays vs ATS coordination and lack of flexibility



Delegated ATM/ANS: Ireland

Paul Kennedy



Context

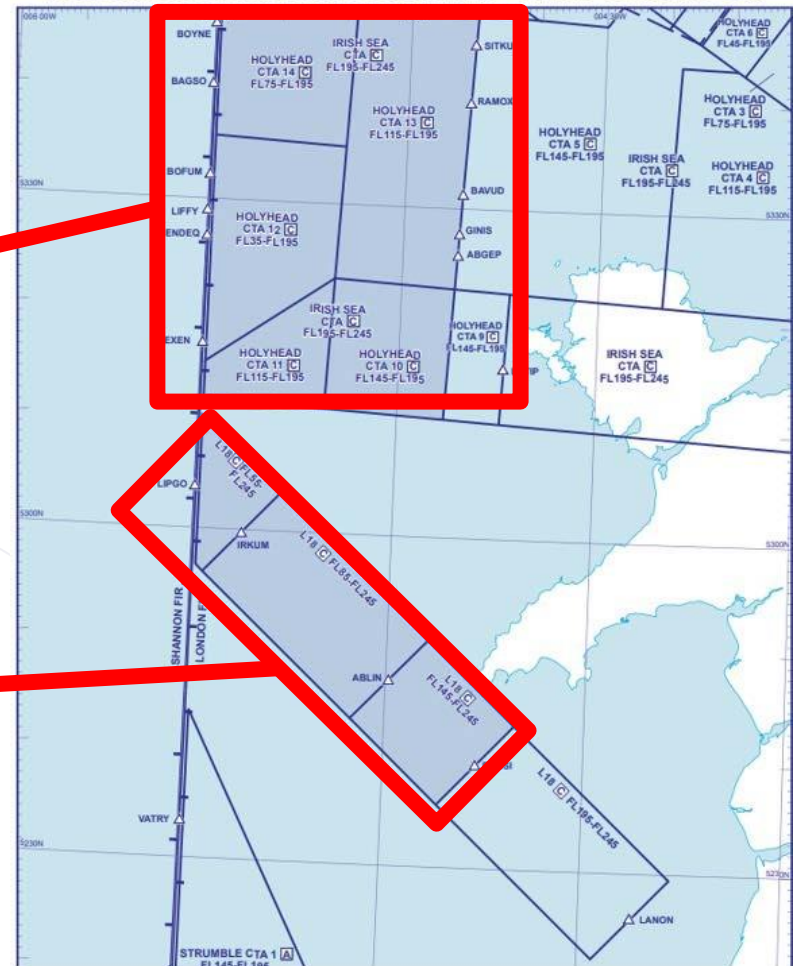
- Due to geographical proximity and shared management of large sections of North Atlantic airspace, Ireland and the UK have worked very closely to manage our airspaces over decades (Shanwick OCA, UK IRL FAB, EACCC, etc.)
- The operation of delegated ATM/ANS in UK airspace by AirNav Ireland and NATS in Irish airspace is a longstanding practice to improve the flow of both domestic, European and North Atlantic Air Traffic.
- Ireland also provides delegated ATM/ANS in small sector of Brest FIR/ France UIR

Delegation Responsibilities

- Swanwick Isle of Man Sector delegated to Dublin ACC at FL180
- Crucial for the operation of Point Merge system for arrival at Dublin Airport (Runway 28L PM starts in London FIR)
- Circa 50,000 flights per year
- Also facilitates continuous climb operations (to FL 230) before transfer to UK NATS

- Swanwick Sector 5 also delegated to Dublin ACC
- Integrates arrivals with arrivals through IOM at Dublin Airport
- Circa 20,000 flights per year

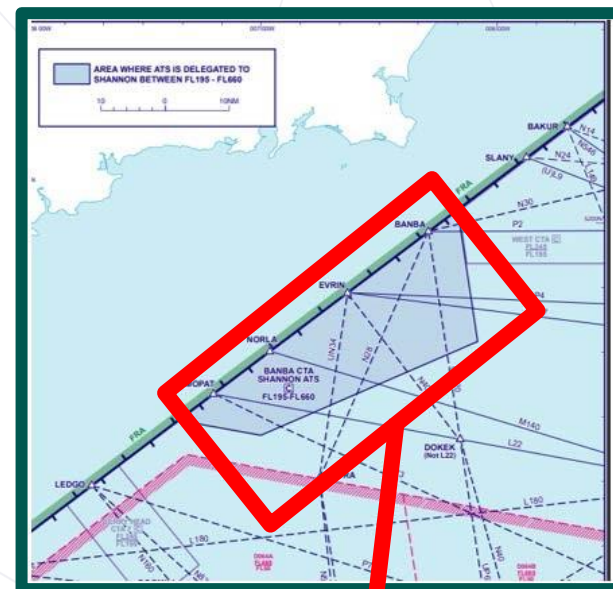
DELEGATION OF ATS RESPONSIBILITIES - WITHIN THE IRISH SEA



Delegation Responsibilities



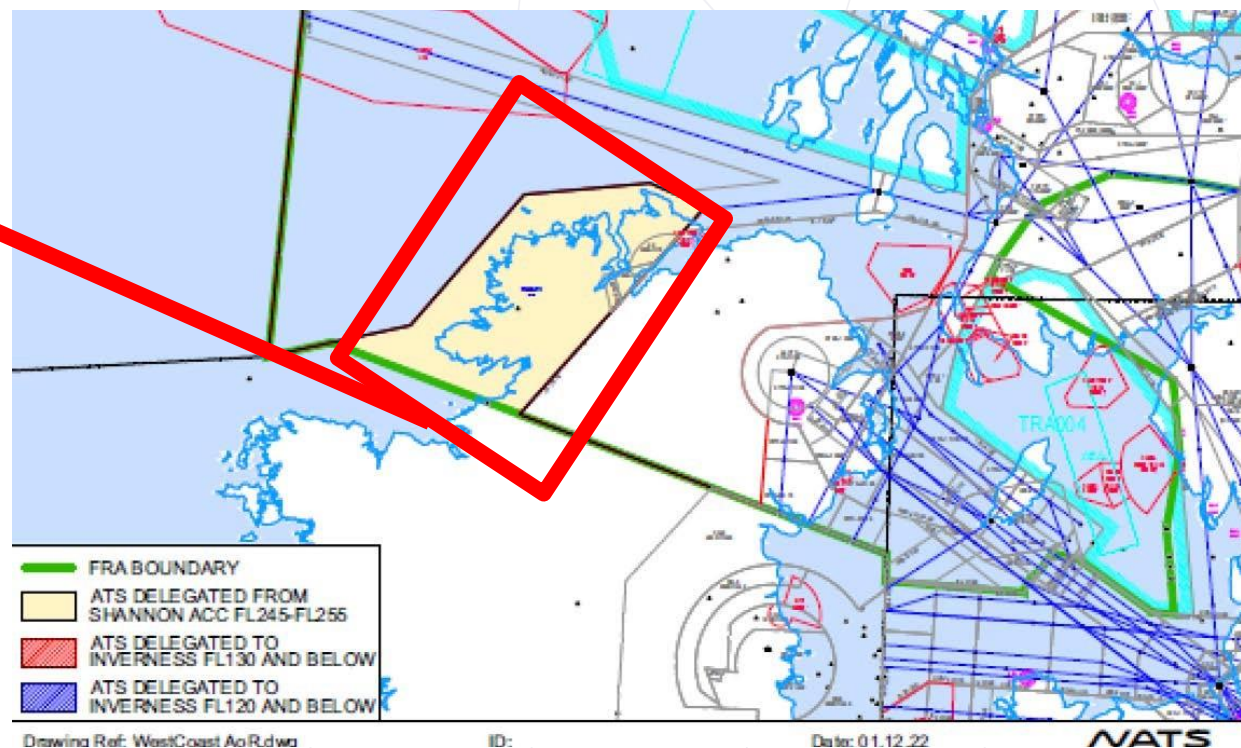
- Swanwick BHD Sector ('TAKAS BOX') delegated to Shannon ACC at FL 245 to FL 660 by UK NATS. Shannon ACC also provides ATS on behalf of DSN (circled) FRA since 2021
- Facilitates East/West traffic flows primarily.
- Allows direct transfers between Shannon/Brest and NATS



- Swanwick BHD and BCN Sector segments ('BANBA Box') delegated to Shannon ACC from FL 195 to FL 660
- facilitates climb profile (esp westbound) and optimises flight trajectories both east and westbound

Delegation Responsibilities

- ATS delegated from Ireland to UK
- FL 245 to FL 660
- To facilitate an expeditious and safe flow of air traffic



Effects of ending delegated ATM/ANS

- Following UK CAA notification of certification requirements in mid-2022, EUROCONTROL conducted a study on the impacts of removing delegated ATM/ANS
- The AirNav Ireland also conducted a similar analysis on the effects on Irish air traffic
- The EUROCONTROL and AirNav Ireland reports both found that
 - Dublin airport could face a 10-30% reduction in capacity
 - ATFM delays of 50,000 mins p/a could be expected
 - Capacity would be reduced at the IRL-UK FIR boundary
 - Increased emissions would be inevitable due to holding requirements and sub-optimal climb, descent and routing profiles



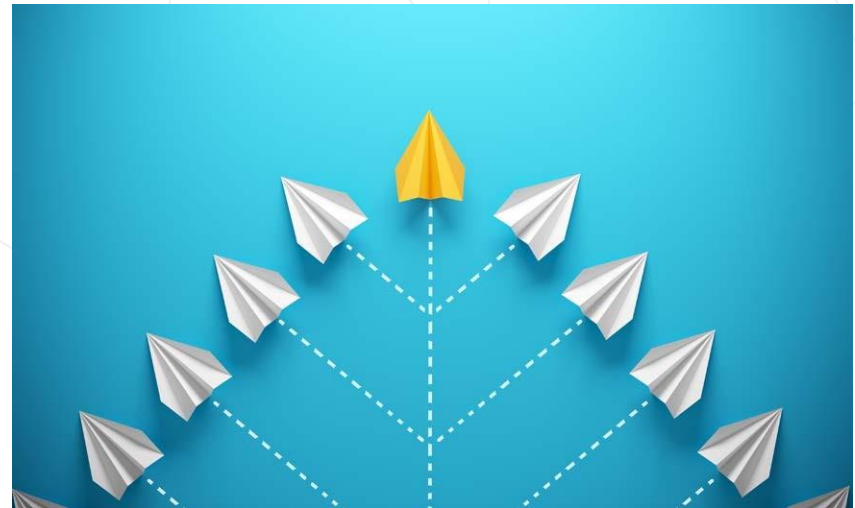
Actions taken

- Ireland liaised with EUROCONTROL, other affected MS and the UK in advance of the UK CAA notification of certification requirements by end 2022.
- Due to the potentially significant impacts on traffic flow to and from Ireland arising from a cessation in delegated ATS operations, Ireland applied for and received UK CAA certification in Q3/4 2022.
- Costs are difficult to enumerate precisely.



Ways Forward/Next Steps

- Ireland will continue to monitor the effects of the Brexit on airspace management, both domestically and on the European Network. Dual regulation for AirNav Ireland is not a desirable long-term solution
- Ireland has advocated the opening of EU-UK dialogue on ATM/ANS issues. Such activity could achieve long-term alignment of the EU and UK in aviation regulation, in addition to maintaining and improving European network performance.
- Given the findings of EUROCONTROL on the overall effects of ending UK delegated ATS on the network as a whole, a comprehensive study (including timelines for reorganisation) should be undertaken.
- Given the obvious benefits of delegated ATS for the overall functioning of the network, the focus should be on maintaining and facilitating such arrangements (between SES countries and TCs) especially due to the current issues that face the European Network



END



5. Updates from the PRB on conclusions of 2022 monitoring and ad hoc studies

Item lead: PRB

- Key outcomes of the 2022 monitoring exercise
- Key results of the ad hoc studies (civil-military, MET and SAR)



Coffee break

The meeting will resume at 11:45

6. NM post-ops adjustment of ATFM delays

Item lead: NM

- Principles and process for delay reattribution
- Results of 2022 post-ops adjustment process

Supporting
European
Aviation



NM post-ops adjustment of ATFM delays

NM Post-Operations Adjustment Process

Ged Boydell/Anne Simon
NMD/ACD/PRF
November 2023



Content



- Description
- Overview of the process
- Publication
- Dataset
- 2022 review and issues

Description



- Delay re-attribution allows operational stakeholders to notify national and European authorities of issues related to ATFM delay measurement, classification and assignment.
- Adjustment process provides better understanding of network constraints and encourages positive network behaviour.
- Main output is a separate performance dataset which includes approved changes.
- Adjustment process is restricted to changes to data related to ATFM delay. It includes the option to reassign delay to third party.
- Process launched and working well since 2016 (The Process can be found via: <https://www.eurocontrol.int/service/post-operations-performance-adjustment>)

Overview of the process (5 steps)

- 1. Problem identification:** Stakeholders identify issues, contact NM; NM analyses issue, informs the requester, maintains and updates the register.
- 2. Collaborative decision:** NM and stakeholders decide collaboratively whether data should be changed and recorded. If no consensus NM proposes a decision.
- 3. Data update:** The regulation delay data used for the performance scheme updated depending on the decision, NM informs the ATFM Performance focal point on the decision.
- 4. Escalation:** focal point may challenge NM decisions through the National Supervisory Authority or Network Management Board.
- 5. Year end close:** The objective is to publish the controlled regulation data for a full year in time for formal performance monitoring.

Publication



- NM publishes 4 regulation delay datasets for a specific year:
 - 3 drafts (mid-May, mid-September and mid-January)
 - 1 final version for the full year end of April.
- NM surveys annually the stakeholders' views of the adjustment process. The intention is to propose process improvement where needed.
- Annual report outlines number of issues submitted and their status and other process information.

Dataset



- The controlled regulation delay data used for the performance scheme is updated depending on the decision following the submission of an issue. NM informs the focal point of the result of the adjustment process.
- The Performance Dataset 2022 EXCEL file is accessible via :
<https://www.eurocontrol.int/publication/post-operations-adjustment-process-dataset>
- The corrections applied concern:
 - Change of a regulation reason
 - Change of reference location name.
 - Change of reference location type (en-route to airport, vice versa).
 - Correction of delay amount.
 - Re-assignment of ATFM delay to a third party due to events and disruptions.

2022 quick review

- No update to the Adjustment process in 2022
- No change in NM policy in 2022
- 41 cases, 200,392 minutes of delay “adjusted” in 2022
- NM reattributed 1,268,134 minutes of delay as part of the Summer 2022 traffic reorientation scheme (eNM/S22)
- 3 pre-agreement cases are ongoing with Skyguide for the year 2022
- Spain NSA requested delay correction for 3 cases in 2022
- Light survey 2022 – no comments on process to date
- Intensive workload for the Post Operations Adjustment process teams, particularly for third party reattribution: process update – NM reply by 3 months.
- Very operational, individual flight delay requests – rejected. For the NSAs.
- ATFM delay re-allocation to UK under discussion



Lunch break

The meeting will resume at 14:00 CET

7. Incentive schemes implementation in RP3

Item lead: PRB / COM

- Calculation of pivot values in the case of modulated incentive scheme
- Annual notification of pivot values

Agenda item 7

Incentive schemes implementation in RP3

Calculation of pivot values in the case of modulated incentive scheme

Capacity incentive schemes

Overview

1. Key points from the regulation
2. Overview of the parameters and the setup
3. Pivot value modulation options
4. Example for 'CRSTMP only' modulation mechanism
5. Calculation of financial advantages and disadvantages
6. Key points for RP4 preparation

Key points from the regulation

Implementing Regulation (EU) 2019/317

CAP incentive schemes are mandatory parts of the performance plan

- Shall financially incentivise the achievement of CAP performance targets

- Shall be transparent, proportionate, effective, and non-discriminatory

- Shall have a material impact on the revenue at risk

- Shall be defined for en route and terminal capacity performance

En route CAP incentive schemes may be defined on FAB level as well as on a national level

CAP incentive schemes shall be based on national targets or modulation thereof

- Two main modulation options (see next slides)

- If any modulation is applied, NSAs need to consult airspace users and inform the EC annually of the pivot values.

Maximum financial bonus is limited to 2% of determined costs of the ANSP, maximum financial penalty parameter must be at least equal to maximum bonus parameter.

All parameters are to be set on ANSP level (and on FAB level, if applicable)

Overview of the parameters and the setup

Parameters of the CAP incentive schemes

Parameter	Description
Dead band	Symmetrical, relatively narrow band around the pivot value, to allow for minor variations in performance without triggering financial bonus/penalty
Alert threshold	Symmetrical band around the pivot value. Serves double purpose: boundary of the bonus/penalty sliding range, threshold for the variation of reference values in the NOP (0.05 min/flight if $\text{pivot} < 0.2$ or $0.04 + 0.05 * \text{pivot value}$)
Pivot value	Equal to or lower than the national performance target. May be modulated. It is the central point of the incentive scheme
Modulation	Options on pivot value modulation (see next section): can be 'CRSTMP-only' and/or based on annual changes of reference values in the NOP
Penalty/Bonus sliding range	The range between the boundaries of the dead band and the alert thresholds, in which the penalty/bonus increases on a smooth sliding scale (i.e. lineary)
Maximum financial bonus/penalty	Expressed as a percentage of determined costs of the ANSP. Max bonus is capped at 2%, max penalty must be at least equal to or greater than max bonus.

Pivot value modulation options

How to modulate the pivot value

By default, the pivot value is equal to or lower than the national reference value (or ANSP breakdown value)

Modulation option 1: pivot value is informed annually by the reference values in the November release of the NOP in year n-1

If the modulated pivot value **is not equal** to the reference value in the NOP, a clear description and justification of the modulation mechanism is required

In practice, the reference values are provided by the NM in November, as there is no NOP edition

Modulation option 2: pivot value is limited to include 'CRSTMP only' delays

The modulated pivot value shall be lower than the all-cause pivot value

There should be a clear and justified description of the modulation mechanism

The modulation may be done on a historical basis (see example later on)

Modulation option 3: combination of options 1 and 2

All general requirements must be met by the incentive scheme despite the modulation

The Commission needs to be notified (and stakeholders consulted) annually about the modulated pivot values!

Practical example: how to modulate

Pivot value modulation for CRSTMP only reasons

C, R, S, T, M, and P reasons include delays that are mostly under the control of the ANSP
No mandatory mechanism to apply, up to the NSA to define the modulation

The common approach is to apply the historical 'CRSTMP ratio' to the pivot value

The CRSTMP ratio is the percentage of delays under the delay codes C, R, S, T, M, and P

NSAs mostly applied the RP2 average ratio of CRSTMP delays to establish the pivot values for RP3

It is strongly recommended to use a rolling average (i.e.: recalculate the historical value of CRSTMP ratio each year, to account for changes in the operations and operational environments)

Even if the modulated values are determined at the time of the performance plan submission, the Commission needs to be informed about the values annually, before the start of the year

If the pivot values are modulated based on the updated reference values from November as well, the CRSTMP modulation is applied to the new pivot.

Example incentive scheme without modulation

Dead band Δ (in fraction of minutes)	± 0.02									
Max bonus (% of determined costs of the ANSP)	1.00%									
Max penalty (% of determined costs of the ANSP)	2.00%									
Targets, pivot values and thresholds (min/flight)	2025		2026		2027		2028		2029	
National target	0.15		0.15		0.15		0.14		0.14	
Pivot value	0.15		0.15		0.15		0.14		0.14	
Alert threshold (Δ ref. value in fraction of a min)	0.05		0.05		0.05		0.05		0.05	
Ranges calculated on the basis of parameters	2025		2026		2027		2028		2029	
	Low	High	Low	High	Low	High	Low	High	Low	High
Dead band range	0.13	0.17	0.13	0.17	0.13	0.17	0.12	0.16	0.12	0.16
Bonus sliding range	0.10	0.13	0.10	0.13	0.10	0.13	0.09	0.12	0.09	0.12
Penalty sliding range	0.17	0.20	0.17	0.20	0.17	0.20	0.16	0.19	0.16	0.19

Example analysis of historical CRSTMP ratio

Calculation based on randomised values

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
IFR movements ('000)	1,226	1,574	1,445	1,372	1,902	1,635	1,819	1,323	1,006	634	873	783
All-causes en route ATFM delay minutes	14,211	507	6,219	37,950	12,161	4,898	12,572	60,107	22,563	5,546	52,394	210,583
CRSTMP delay minutes	10,373	120	0	20,794	11,897	247	3,776	4,938	8,417	0	17,213	74,032
All-causes (min/flight)	0.012	0.000	0.004	0.028	0.006	0.003	0.007	0.045	0.022	0.009	0.060	0.269
CRSTMP only (min/flight)	0.008	0.000	0.000	0.015	0.008	0.000	0.002	0.004	0.000	0.000	0.020	0.095
CRSTMP ratio (CRSTMP delays / all-cause delays)	72.99%	23.71%	0.00%	54.79%	130.72%	5.06%	30.04%	8.22%	0.35%	0.00%	32.85%	35.16%

- Post-ops adjustments were introduced from 2016 onwards, all data starting with 2016 include the adjustments.
- Source: [ansperformance.eu website](https://ansperformance.eu), en route ATFM delay datasets (AUA), [2011-2015 file](#), [2016-2022 file](#)
- CRSTMP delay minutes only include the delays attributed to delay codes C – ATC capacity, R – ATC routing, S – ATC staffing, T – ATC equipment failure, M – Airspace management, and P – Special event.
- The CRSTMP ratio is simply the percentage of CRSTMP delays compared to total en route ATFM delays in each year.

Calculation of the theoretical CRSTMP ratio

Calculation options and the calculation of a reasonable range

Calculation options for the average CRSTMP ratio	2018-2022	2011-2022	2015-2019
Simple arithmetic mean of yearly CRSTMP ratios	15.32%	30.08%	28.30%
Weighted (with IFR movements) average of CRSTMP ratios	14.60%	33.25%	33.86%
Overall CRSTMP ratio of the period (total CTSTMP delays / total all-cause delays)	27.41%	32.63%	18.64%

- All above calculations are for demonstration purposes, to display how the modulation of the pivot values may be done
- CRSTMP-only pivot values may be calculated based on different methods, looking at the past performance of the ANSP and the operational environment.
- The modulated pivot values are obtained by applying the CRSTMP ratio to the national target/reference value.
- The NSA may define the methodology to calculate the CRSTMP-only pivot values, as long as the methodology is clearly described, transparent, and meets the general requirements set out by the Performance and Charging Regulation.

Example incentive scheme with CRSTMP only modulation

Dead band Δ (in fraction of minutes)	± 0.02									
Max bonus (% of determined costs of the ANSP)	1.00%									
Max penalty (% of determined costs of the ANSP)	2.00%									
Targets, pivot values and thresholds (min/flight)	2025		2026		2027		2028		2029	
National target	0.15		0.15		0.15		0.14		0.14	
Pivot value	0.15		0.15		0.15		0.14		0.14	
CRSTMP ratio	15.32%									
Modulated pivot value	0.023									
Alert threshold (Δ ref. value in fraction of a min)	0.05		0.05		0.05		0.05		0.05	
Ranges calculated on the basis of parameters	2025		2026		2027		2028		2029	
	Low	High	Low	High	Low	High	Low	High	Low	High
Dead band range	0.003	0.043								
Bonus sliding range	0.000	0.073								
Penalty sliding range	0.043	0.093								

- Simple arithmetic mean is used for example purposes
- Dead band and threshold are applied to modulated pivot
- Later years are not included, as CRSTMP ratio should be reconsidered

Theoretical calculation of financial disadvantage

Calculation of the financial penalty with/out modulation

	No modulation	CRSTMP only
Actual performance in 2024	0.189	0.082
Pivot value	0.150	0.023
Dead band upper bound	0.170	0.043
Alert threshold upper bound	0.200	0.073
Calculation of the penalty		
Actual value - dead band upper bound	0.019	0.039
Penalty sliding range (Threshold upper bound - dead band upper bound)	0.030	0.030
Penalty ratio	63.333%	100%*
Conversion to financial penalty (penalty ratio x maximum penalty parameter, 2% of DC)	1.267%	2%

- The ratio of the penalty is calculated by comparing the distance of the actual value from the dead band upper bound to the width of the penalty sliding range
- (*) If the actual value is above the threshold upper bound, the penalty ratio is 100%
- The penalty ratio is then applied to the maximum penalty parameter to obtain the theoretical financial penalty, expressed as the percentage of determined costs

Key points for 2023/24 and RP4 preparation

Practical tips and information

For 2023 and 2024:

Incentive schemes are fully applicable for 2023 and 2024, with financial consequences

NSAs need to inform the EC about modulated pivot values for 2023/2024 via the new template provided by the EC

NSAs are informed about the updated reference values by the NM

For RP4

Performance plan template is updated, and will be more straightforward

If any modulation is chosen, the NSA will have to inform the EC about the pivot values annually (and consult AUs/ANSPs)

NSAs should consider the materiality of the financial advantages/disadvantages vis-a-vis the estimated costs of delay borne by AUs

[Tool for modelling](#) the value of penalty / additional delay minute as a function of delay minutes and the number of IFR flights



European
Commission

Incentive schemes implementation in RP3

NCP Performance WG meeting/37 – Item 7

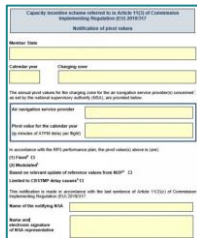
30 November 2023

Annual notification of pivot values (1/2)

Art. 11 (3) (c) of IR 2019/317: *The national supervisory authority shall inform the Commission about the pivot values annually.*

- **New proposed template for annual pivot value notification by NSAs:**

- To be filled out **separately for each ANSP** at the level of **each charging zone**.
- To specify whether the pivot value is **fixed or modulated**. If modulated, **indicate the chosen option** as per point 1 of Annex XIII to IR 2019/317.
- The submission of the completed template **fulfils the obligation** to annually notify the Commission of the pivot values, in accordance with Art. 11(3) of IR 2019/317.



The image shows a thumbnail of a form titled 'Modification of pivot values'. It contains several fields for data entry, including 'Member State', 'Charging zone', 'Calendar year', 'Pivot value for the calendar year', and 'Name and address of the NSAI'. The form is partially filled with yellow boxes.



[Link of the document](#) (click here)



(or scan this QR code)

Annual notification of pivot values (2/2)



Proposed process: NSAs to submit the annual pivot values set for en route and terminal capacity incentive schemes for year n by **20 December of year n-1**, in conjunction with the final unit rate notification for year n.

- This submission is to be made through ESSKY.



Modulated pivot values are subject to consultation with airspace users and ANSPs. This may be done through written communication, with the option for an online meeting if requested by the consulted stakeholders.

8. Cost risk sharing reports 2022

Item lead: COM

- Results from the review of the cost risk sharing reports of calendar year 2022
- Follow-up of findings

Cost risk sharing reports 2022

NCP Performance WG meeting/37 - Item 8

• 30 November 2023



Structure of the presentation

1. Process to assess the cost risk sharing reports of 2022

2. Overall outcome

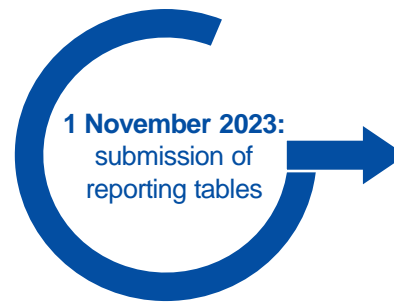
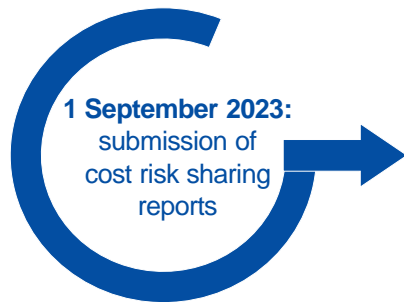
3. Issues relating to quality/completeness of the cost risk sharing reports

4. Issues relating to the correct application of the cost risk sharing mechanism

5. Interest rates on loans – additional check

6. Contacts

1. Process to assess the cost risk sharing reports of 2022



Actions by DG MOVE support team:

- To analyse the adjustments, information and justifications presented in the cost risk sharing reports
- Where applicable, to recommend to NSAs to address any identified issues (by email and follow-up calls)
- To inform DG MOVE on preliminary findings and unresolved issues

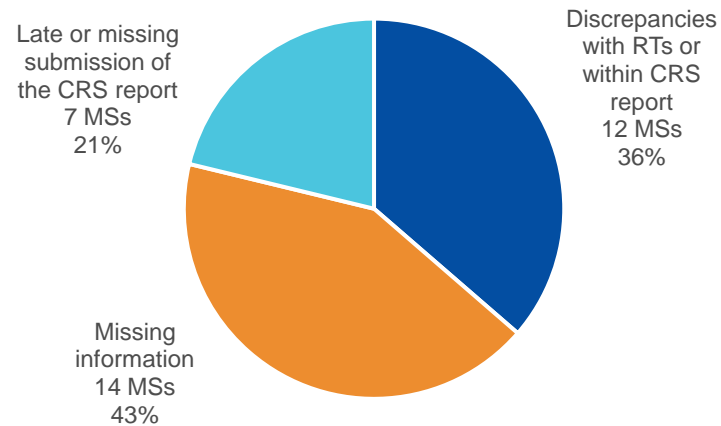
- To verify the consistency of November reporting tables with the cost risk sharing reports
- To reach out to the NSAs in case of missing information or discrepancies
- To update DG MOVE on remaining findings and unresolved issues

- To finalise the review process
- To submit a draft report to DG MOVE, setting out the results of the analysis including any remaining issues
- To communicate country-specific findings to the NSAs concerned

2. Overall outcome

In the last weeks, we reached out to **23** NSAs as we identified two types of issues.

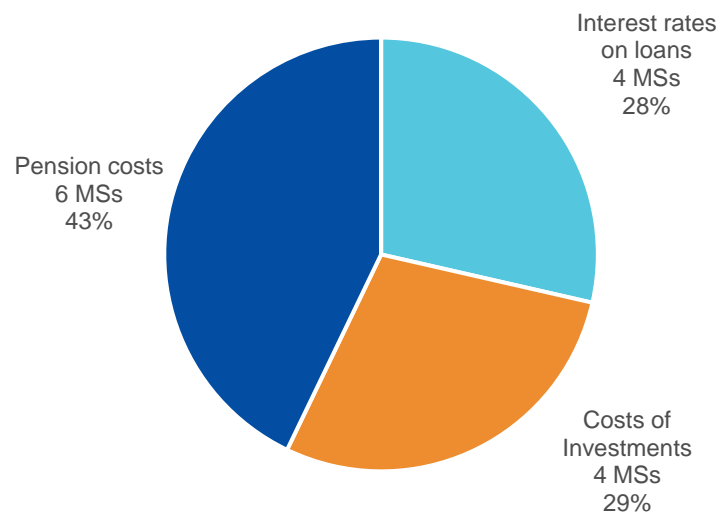
1. Issues relating to the **quality and/or completeness** of the cost risk sharing reports.



2. Overall outcome

2. Issues relating to the **correct application of the cost risk sharing mechanism**.

- Pending issues will be followed-up in due course.



3. Issues relating to quality/completeness of the cost risk sharing reports

1. One NSA has not submitted its 2022 cost risk sharing report.

Six NSAs submitted their report after the deadline in article 28(7) of IR 2019/317.

2. Two NSAs did not report the main issues discussed at consultations with airspace users

ANSP	
Summary of comments received from stakeholders on:	
Differences in the costs of new and existing investments	N/A
Differences in pension costs	N/A
Differences in the costs of interest rates on loans	N/A
Differences in the costs resulting from changes in law	N/A

3. Issues relating to quality/completeness of the cost risk sharing reports

3. Eight NSAs had discrepancies in the reported data

- Adjustments not consistently reflected in all the relevant parts of the report:
 - Discrepancies between the Table “**amounts to be reimbursed/collected from year n**” and the table on the **timing** of the adjustment;

As per the reporting tables	Difference between actual and determined costs						Amounts to be reimbursed/collected from year n				
	2020	2021	2020-2021	2022	2023	2024	2020	2021	2020-2021	2022	2023
En route CZ	0	821	821	197			0	0	0	0	
Total difference/amounts to be reimbursed/collected from year n	-	821	821	197	-	-	-	-	-	-	-
As a percentage of related en route determined costs	0,00%	9,86%	5,14%	3,49%			0,00%	0,00%	0,00%	0,00%	

ii) Timing of unit rate adjustments (nominal, '000 national currency)							
Amounts to be reimbursed/collected from differences in investment costs	Amounts	2020	2021	2022	2023	2024	After RP
En route CZ 2020-2021	0						821
En route CZ 2022	0						197

- Discrepancies between reported adjustments and explanations that the amounts will not be carried over.

3. Issues relating to quality/completeness of the cost risk sharing reports

3. Eight NSAs had discrepancies in the reported data

- Discrepancies with the reporting tables of June / November 2023 on the determined costs, actual costs, and adjustments reported in Table 2 and/or Table 3 of the reporting tables.

Table 2 A - Adjustments relating to year n		2020/2021	2022	2020/2021	2022
A. Cost-sharing					
Differences between determined and actual costs referred to in Article 28(4) to 28(6)					
3.1	New and existing investments (Art. 28(4))	0,0	0,0	821,0	127,0
3.3	Competent authorities and qualified entities costs (Art. 28(5))	0,0	0,0	0,0	0,0
3.4	Eurocontrol costs (Art. 28(5))	0,0	0,0	0,0	0,0
3.5	Pension costs (Art. 28(6))	0,0	0,0	0,0	0,0
3.6	Interest on loans (Art. 28(6))	0,0	0,0	0,0	0,0
3.7	Changes in law (Art. 28(6))	0,0	0,0	0,0	0,0
3.8	Differences between determined and actual costs relating to year n (Art. 28(4) to 28(6))			821,0	127,0

ii) Timing of unit rate adjustments (nominal, '000 national currency)							
Amounts to be reimbursed/collected from differences in investment costs	Amounts	2020	2021	2022	2023	2024	After RP
En route CZ 2020-2021	0						821
En route CZ 2022	0						197

The figures in the reporting tables and in the cost risk-sharing report should always match

3. Issues relating to quality/completeness of the cost risk sharing reports

4. Eleven NSAs did not report the justifications for the differences and/or adjustments in at least one cost category

- **Underspend** and/or decisions **not to reimburse** airspace users;
- **Overspend** and/or related decisions **to collect** from airspace users.

iii) NSA assessment	
En route CZ- 2022	
Number of elements of change:	
<i>none</i>	If the number of elements of change is zero, please delete the table below. For more than 1 element, please replicate the table below as many times as needed.



iii) NSA assessment	
En route CZ - 2022	
Number of elements of change:	<i>[please complete this mandatory field]</i>
<i>[Please indicate here the name of the element that changed]</i>	If the number of elements of change is zero, please delete the table below. For more than 1 element, please replicate the table below as many times as needed.
Please describe the nature of the change in this element and the reasons for that change.	<i>[please, complete this field]</i>
Is the change in this element considered significant ? Please explain.	<i>[please, complete this field]</i>
Is the change in this element considered unforeseeable ? Please explain.	<i>[please, complete this field]</i>
Is the change in this element outside of the control of the ANSP ? Please explain.	<i>[please, complete this field]</i>
What is the amount to be reimbursed/collected for this element? Please also specify any amounts that will not be reimbursed/collected.	<i>[please, complete this field]</i>



3. Issues relating to quality/completeness of the cost risk sharing reports

5. One NSA have misplaced information on the differences and/or adjustments in costs of investments

Please note that for costs of investments the NSA assessment is divided in 2 sections:

a) To be completed in case of an **underspend that will not be fully reimbursed** to airspace users.

iv) NSA assessment			
En route CZ- 2022			
a) Please answer the questions below if the en route actual costs of investments are lower than determined, if they are higher please go to section b) below			
Will the ANSP reimburse the total difference in the costs of new and existing investments?		If you answer Yes , please go to the terminal section (b) below (if applicable to your Member State).	If you answer No , please respond to the question immediately below.

b) To be completed in case of an **overspend that will be even partially recovered** from airspace users.

b) Please answer the questions below if the en route actual costs of investments are higher than determined			
Will the ANSP recover the total difference in the costs of new and existing investments with regard to 2022? <i>Note: the difference can be recovered up to a limit of 5% of determined costs, which for Member States having chosen to calculate the balance over the whole RP is considered based on the total determined and actual costs</i>		If you answered 'Yes' or 'Partially', please respond to the questions immediately below.	If you answered 'No' and the ANSP has not requested the recovery of any additional amount, please go to the terminal section below (if applicable to your Member State).

3. Issues relating to the correct application of the cost risk sharing mechanism

1. Six NSAs had issues related to costs of investments

- Intend to collect an overspend above 5% of the related determined costs (article 28(4)(b) of IR 2019/317).
- Adjustments related to 2020-2021 were modified in the 2022 report with no explanations provided.
- Missing detailed justifications from the ANSPs in particular as regards the need to increase capacity when there is an overspend (article 28(4)(b) of IR 2019/317).

iv) NSA assessment		
En route CZ- 2022		
b) Please answer the questions below if the en route actual costs of investments are higher than determined		
Will the ANSP recover the total difference in the costs of new and existing investments with regard to 2022? <i>Note: the difference can be recovered up to a limit of 5% of determined costs, which for Member States having chosen to calculate the balance over the whole RP is considered based on the total determined and actual costs</i>	[please, type Yes or No]	If you answered 'Yes' or 'Partially', please respond to the questions immediately below.
Reasons for the NSA's decision to allow a part of the difference to be collected by the ANSP		
Please summarise the detailed justifications provided by the ANSP for recovering the incurred cost difference, including with regard to the need to increase capacity	[please, complete if applicable]	

4. Issues relating to the correct application of the cost risk sharing mechanism

2. Six NSAs had issues relating to pension costs / double charging

- **Article 28(3)(c) of IR 2019/317** requires ANSPs to take “reasonable measures” to address pension cost increases.
- Determined pension costs are subject to the inflation adjustment under **article 26 of IR 2019/317**.
- The inflation adjustments on determined pension costs already cover a part or the total difference between determined and actual pension costs that can be subject to the cost risk sharing mechanism.

To avoid double charging, if the inflation adjustment is:

- **higher** than the cost risk sharing adjustment, Member States should use any additional amount stemming from the inflation adjustment on pension costs to offset any additional pension costs.
- **lower** than the cost risk sharing adjustment, Member States should collect under the cost risk sharing mechanism only the difference between the two amounts.

4. Issues relating to the correct application of the cost risk sharing mechanism

3. Three NSAs had issues related to the interest rates on loans

The template calculates the **interest costs adjustment** by multiplying the interest rate subject to the adjustment with the determined proportion of net current assets financed through debt.

- NSAs did not provide the formula and calculation to reach the adjustment reported.
- NSAs calculated the adjustments based on a modified formula (e.g. using the actual instead of the determined net current assets / share of financing through equity).

$=028*011*(1-013)-H14$

i) Calculation of unit rate adjustments (nominal, '000 national currency)									
Determined costs						Actual costs			
If you wish to make corrections to the determined and/or actual costs, please do so in the CHECK tab									
2020D	2021D	2020-2021D	2022D	2023D	2024D	2020A	2021A	2020-2021A	2022A
52.568	437.335		311.251	324.651	365.837	52.568	485.620		377.543
1,54%	1,54%		1,54%	1,54%	1,54%	1,54%	3,12%		4,36%
62,00%	62,00%		62,00%	62,00%	62,00%	62,00%	62,00%		62,00%
308	2.559	2.867	1.821	1.900	2.141	308	5.758	6.069	6.255

Difference between actual and determined interest rates on loans					Amounts to be reimbursed/connected from				
If you wish to make corrections to the adjustments proposed for 2020-2021, please do so below and provide the related explanations in the green box									
2020	2021	2020-2021	2022	2023	2024	2020	2021	2020-2021	2022
0,00%	1,58%		2,82%				1,58%		4,36%
0,00	3.198,22	3.198,22	4.433,70				356,38	356,38	013)-H14

As per the reporting tables (RTs)	
3.3 Net current assets	
3.7 Average interest on debts	
3.8 Share of financing through equity	
Interest costs (except on fixed assets)	

As per the reporting tables	
En route CZ	
3.7 Average interest on debts	
Interest costs (except on fixed assets)	

4. Issues relating to the correct application of the cost risk sharing mechanism

3. Three NSAs had issues related to the interest rates on loans

An NSA reported an average actual interest rate that does not reflect the rate effectively incurred by the ANSP due to the inclusion of a risk free rate / debt premium.

According to article 22(4) of IR 2019/317: *“The interest rate on debts shall be equal to the weighted average interest rate on debts of the air navigation service provider.”*

Excel formula bar: =O28*O11*(1-O13)-H14

Worksheet: i) Calculation of unit rate adjustments (nominal, '000 national currency)

	Determined costs						Actual costs			
	2020D	2021D	2020-2021D	2022D	2023D	2024D	2020A	2021A	2020-2021A	2022A
As per the reporting tables (RTs)										
3.3 Net current assets	52.568	437.335		311.251	324.651	365.837	52.568	485.620		377.543
3.7 Average interest on debts	1,54%	1,54%		1,54%	1,54%	1,54%	1,54%	3,12%		4,36%
3.8 Share of financing through equity	62,00%	62,00%		62,00%	62,00%	62,00%	62,00%	62,00%		62,00%
Interest costs (except on fixed assets)	308	2.559	2.867	1.821	1.900	2.141	308	5.758	6.065	6.255

	Difference between actual and determined interest rates on loans					Amounts to be reimbursed/collected from				
	2020	2021	2020-2021	2022	2023	2024	2020	2021	2020-2021	2022
En route CZ										
3.7 Average interest on debts	0,00%	1,58%		2,82%				1,58%		4,36%
Interest costs (except on fixed assets)	0,00	3.198,22	3.198,22	4.433,70			356,38	356,38	0,00	0,00

The correct figure should have been lower (e.g. 2.02%)



5. Interest rates on loans – additional check

The formula in the template exclusively considers the determined figures for *net current assets* and *share of financing through debt*. If the **actual figures deviate from the determined figures**, the formula would not reflect the interest costs incurred by the ANSP.

The DG MOVE support team uses a **check formula** that considers the difference in interest costs incurred by the ANSP when calculating the adjustments to prevent potential overcompensation.

Key note:

- Only a limited number of cases are facing this issue in 2022

6. Contacts

- General email address
 - Support Team: essky@prb.eusinglesky.eu
 - Move ESSKY: MOVE-ESSKY@ec.europa.eu
- Personal email addresses:
 - Maria Baquero: maria.baquero@be.ey.com
 - Luisa Libertini: luisa.libertini@be.ey.com

9. Any other business

Item lead: All

- Update of annual NCP Work Programme
- Date of next meeting

Context

The NCP Work Programme provides an overview of the main topics to be addressed by the NCP over the next year.

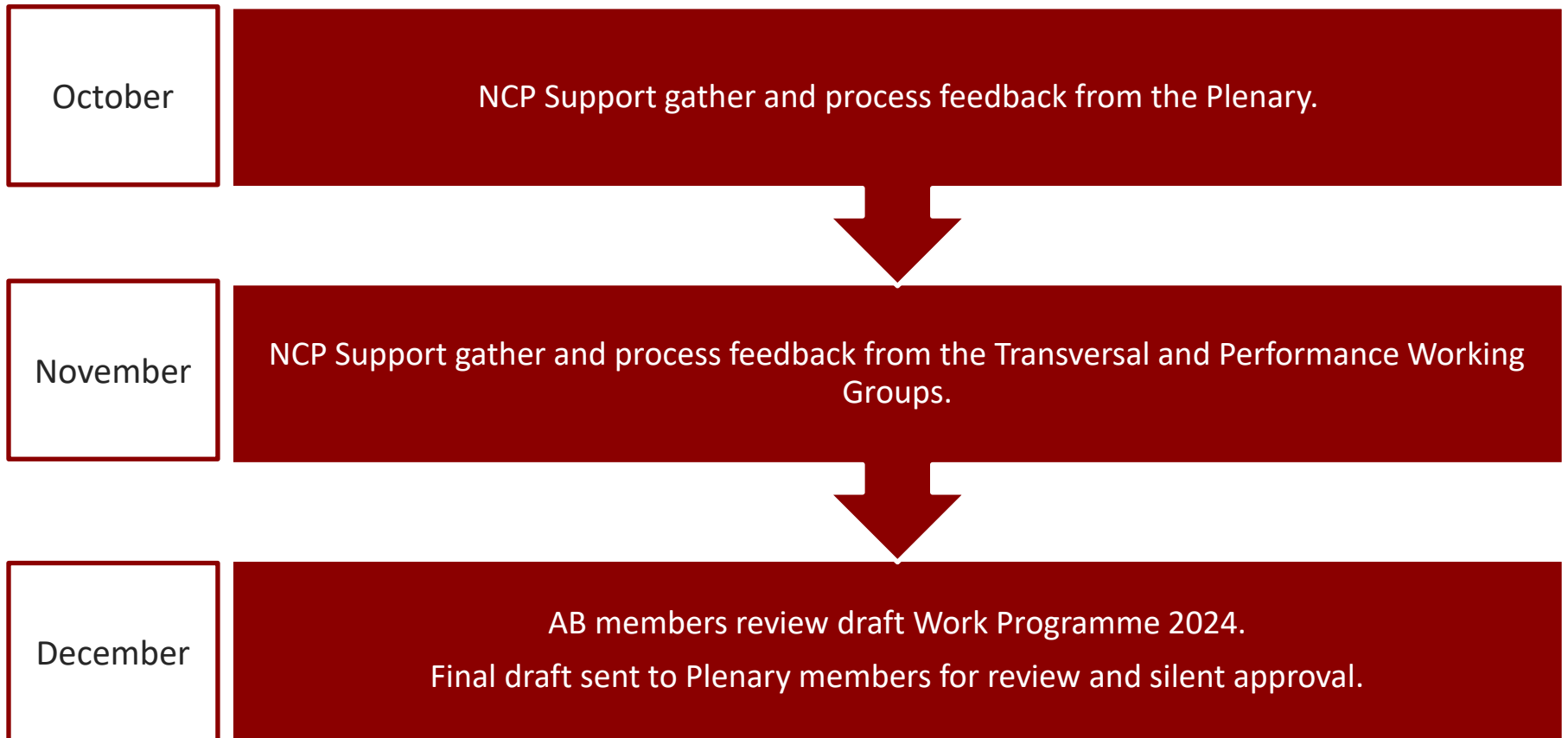
It is developed based upon the evolving needs and priorities of the NCP's members and observers.

The document aims to focus discussions during meetings and direct effort towards the most relevant activities of interest to NCP members.

It reflects the timescales required for the development of NCP outputs, providing the continuity and direction necessary to develop quality deliverables and to maximise their value to NSAs.

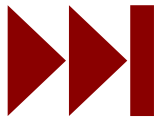
Updating and approving the Work Programme

Process for updating the Work Programme:

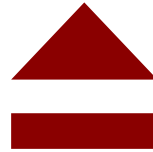


Next Steps

Brainstorm PERF WG topics for 2024:



Continuation of
existing activities



Closing of existing
activities



New activities

The Work Programme defines the following:

- Topics
- Sponsors
- Timescales
- Outputs

Performance WG Work Programme /1

Topic	Description	Sponsor	Timescales	Output
<i>RP4 Performance Plans</i>	<ul style="list-style-type: none"> • Updates on the preparation of RP4 • Presentation of updated guidelines and material that may support NSAs in preparing for RP4 • Sharing of views on the measurement and target setting with regard to existing KPIs, including calculations and related assumptions made within the Performance Plans • Identification and benchmark of financial penalties and incentives that States implement • Presentation of updated guidelines to support NSAs in preparing for RP4 • Topics to be discussed could include, among others: <ul style="list-style-type: none"> ○ Process and time schedule ○ Template and template guidelines ○ Reporting tables ○ Traffic forecasts ○ Target setting process (e.g. Baseline values for DC and DUC, Capacity/Environment EU-wide performance targets and local reference values) ○ Stakeholder consultation process ○ Incentive schemes, including possible optional financial incentives in the ENV KPA ○ Enforcement measures by NSAs and financial penalties ○ Cross-border service provision ○ Reporting and monitoring of SESAR CP1 investments 	COM	Q1 - Q4 2024	Presentations / Discussion
<i>NSA role in monitoring and addressing deviations from performance targets</i>	<ul style="list-style-type: none"> • Sharing lessons learnt on how NSAs monitor performance and address observed deviations from performance targets • Emphasis should be on capacity and environment KPAs 	Sponsors welcome	Q4 2024	Presentations / Discussion

Performance WG Work Programme /2

Topic	Description	Sponsor	Timescales	Output
<i>Cost risk sharing</i>	<ul style="list-style-type: none"> • Sharing lessons learnt on how NSAs apply cost risk sharing mechanisms • Topics to be explored could include, among others: <ul style="list-style-type: none"> ○ Identification and categorisation of eligible costs ○ Detailed justifications of differences ○ Process for approving changes to major investments ○ Cost exempt • Feedback from the analysis of the cost risk sharing reports submitted by NSAs 	Sponsors welcome	Q4 2024	Presentations / Discussion
<i>Supporting the development of NSA expertise</i>	<ul style="list-style-type: none"> • Sharing of NSAs of best practices and lessons learnt in the implementation of the SES performance and charging scheme, including NSA procedures, guidelines and working arrangements. • Sharing lessons learnt on training programs for NSA staff. • Topics to be explored could include, among others: <ul style="list-style-type: none"> ○ Monitoring of operational KPAs ○ Design and implementation of incentive schemes, including annual pivot values ○ Verification of costs 	Sponsors welcome	Q2 2024	Presentations / Discussion / Paper
<i>Impact of new entrants on capacity provision</i>	<ul style="list-style-type: none"> • Sharing lessons learnt on how new entrants may impact ANSPs and their ability to deliver on KPAs, in particular capacity • Topics to be explored could include, among others: <ul style="list-style-type: none"> ○ Interdependencies between KPAs ○ Consideration of rocket launches, UAS, and high-level operations ○ Role of the Network Manager 	ES, IE	Q2 2024	Presentations / Discussion

11. Any other business

Date of the next meeting

- NCP PERF WG/38: *Mid-March 2024?*

NCP support contact email

- NCPSupport@integra-consult.com
- 14 December Workshop – in case an invitation was not received, please contact: MOVE-ESSKY@ec.europa.eu

Annex

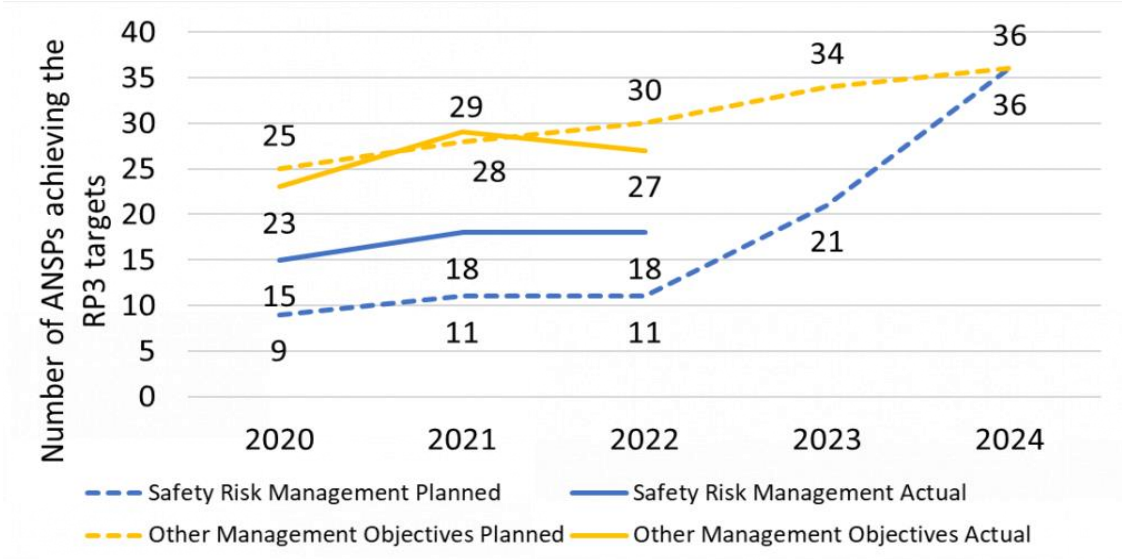
Complementary PRB slides

- PRB annual monitoring 2022
- PRB civil-military study
- Studies on MET and SAR costs

Agenda item 5

PRB annual monitoring 2022

Safety - Effectiveness of Safety Management System



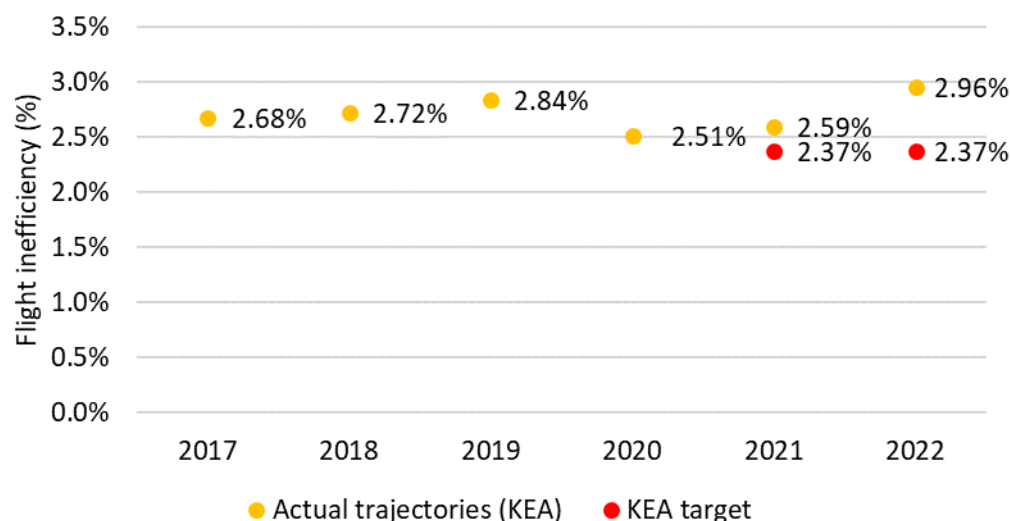
- The message remains positive, although there was some degradation compared to 2021
- Most ANSPs improved their performance achieving higher than planned intermediate levels
- 18 ANSPs reached RP3 maturity level for safety risk management in 2022 - compared to the planned 11
- 27 ANSPs reached RP3 maturity level in Other Management Objectives, down from 29 in 2021

Safety - Conclusions and recommendations

In general, ANSPs continued to improve their EoSM maturity levels

- Most ANSPs improved performance achieving higher than planned intermediate levels, some are a little behind compared to plans while a few had a degraded 2022 performance compared to 2021
 - Member States should ensure that ANSPs achieve their planned maturity levels for all Management Objectives by the end of RP3
- Three ANSPs had degraded performance in specific Safety Management Objectives
 - Member States should ensure that the ANSPs implement the additional measures (e.g. resources, training, reviews) to recover their planned maturity levels
- All ANSPs can still reach the targets at the end of RP3

Environment - Horizontal Flight Efficiency (KEA)



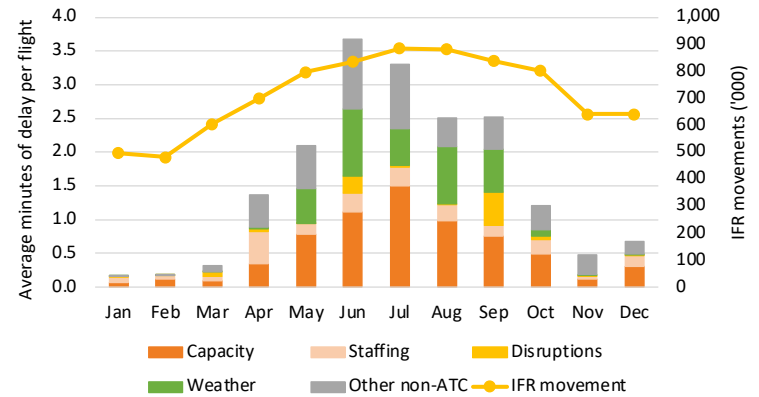
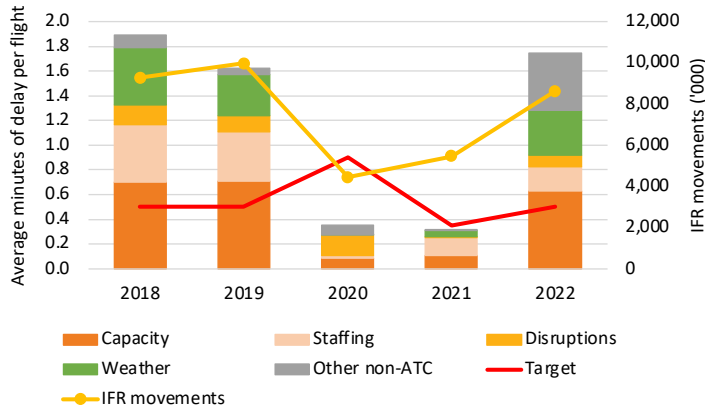
- KEA increased by 0.37 pp (+13%) compared to 2021
- Target missed (0.59 pp or 25%). This compares to 0.22 pp (+9%) in 2021
- KEA exceeded 2019 values - highest level seen in 6 years, while movements 17% lower than 2019 levels
- Due to capacity constraints and disruption to trajectories following Russian war of aggression on Ukraine
- 25 Member States did not achieve their reference values in 2022

Environment - Conclusions and recommendations

Horizontal flight efficiency target was not met

- Underperformance resulted from capacity constraints and Russia's war of aggression against Ukraine
 - Member States and ANSPs must focus efforts on resolving capacity bottlenecks, expanding FRA, and implementing cross-border FRA without unnecessary RAD restrictions to enable more direct routes
- PRB's interdependency study estimates that 0.17 pp of horizontal en route flight inefficiency originates from 1.74 minutes/flight en route ATFM delay
 - Interdependency between delay and horizontal flight efficiency must be taken into consideration - to effectively safeguard environmental performance against potential future disruptions

Capacity - En route delay



- Delays returned to pre-COVID-19 pandemic levels
- Target: 0.5 min/flight. Actual: 1.74 adj. to 1.69
- Disrupting effects of Russia’s war of aggression against Ukraine contributed to increased delays
- Bottlenecks continued to impact on performance
- 2021 PRB recommendation on improving capacity before traffic recovers only partially implemented
- Monthly distribution of delays following usual trends, with the highest delays in June and July, due to:
 - ATC capacity problems
 - System implementations and summer traffic
 - Impact of war
- ATC disruption was significant in September

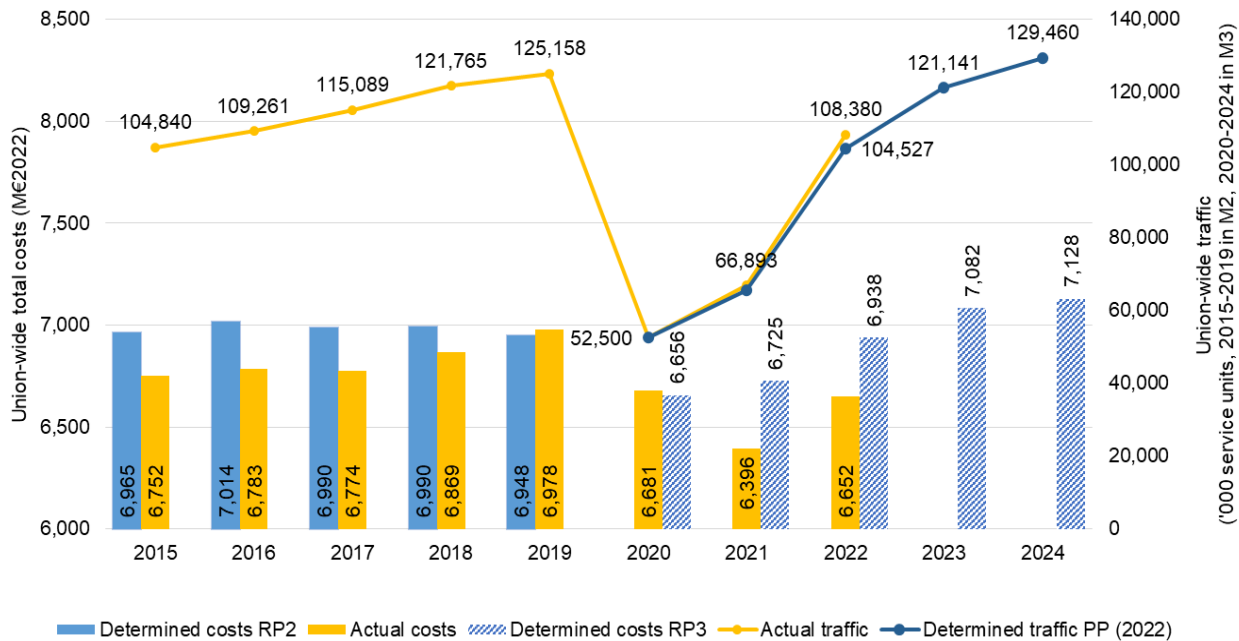
**Figures do not include post-ops adjustments*

Capacity - Conclusions and recommendations

En route capacity target was not met by a wide margin

- En route ATFM delays returned to higher-than-2019 levels, with some ANSPs not prepared for traffic recovery
 - ANSPs should deliver capacity improvement measures, as included in performance plans. This was highlighted by the PRB in the 2021 Annual Monitoring Report
- ATM system transitions created disruptions, increasing 2022 delays
 - Member States and ANSPs should ensure that system transitions are accompanied by appropriate change management procedures and contingency plans to minimise network disruptions
- Benefits of investments in ATM systems and new ATC tools not apparent
 - Member States and ANSPs should conduct capacity studies before and after implementations, and NSAs should monitor closely the evolution of capacity

Cost-efficiency - Determined Unit Cost



- 2022 actual costs -4% lower than determined, service units 3.8% above determined service units
- Significant difference between actual & planned inflation. Actual costs not increasing by lower rate
- Five Member States granted a deviation for capacity reported lower actual costs

Cost-efficiency - Conclusions and recommendations

Trend in under-expenditure continues

- Actual costs lower compared to determined
 - Member States should take immediate, adequate, and proportionate actions to implement their ATCO and investment plans to avoid any future capacity gaps
- Member States, for which a deviation for capacity was considered justified, reported significantly lower 2022 actual cost compared to planned; one achieved the 2022 en route capacity target
 - Member States should ensure that additional means granted through capacity deviations are used to address capacity issues in a timely manner
- Significant differences between 2022 actual inflation and planned
 - Impact of actual inflation compared to impact of inflation mechanism should be assessed, and if necessary, consideration given to use of a modified indexation in future updates of the Regulation

Agenda item 5

PRB civil-military study
Presentation of study results

PRB civil-military study

Aims

- **Increase transparency of costs charged to airspace users** by ANSPs, as required by service provision Regulation and performance and charging Regulation
- Provide **overview** of current **arrangements** between civil and military entities
- Increase knowledge of **cost allocation** methodologies used by Member States
- **Evaluate magnitude** of the ANS shared resources and the costs of exemptions of military flights on the en route costs charged to airspace users

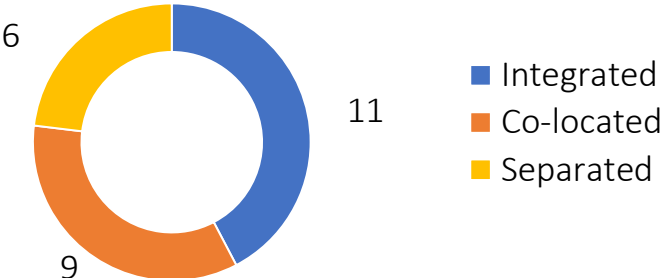
PRB civil-military study results

Process

- Questionnaires were sent to NSAs on 8 March 2023
- 26 responses (out of 29 possible) by 19 July 2023 (25 Member States & MUAC)
- Draft report was sent to NSAs for fact verification on 31 July 2023 and shared with the European Defence Agency (EDA)
- 19 responses received by 28 September 2023 (covering 19 States & MUAC)
- Final PRB report published on 27 October 2023

Organisation for the provision of ANS between civil and military

- Member States organise the provision of civil and military ANS along three models: integrated, co-located, and separated
- A majority of ANSPs shows a notable level of integrated cooperation, either integrated or co-located with the military
- Depending on the organisation, services provided by the civil ANSPs to military non-GAT flights span from the full range of ANS to simple exchange of data



Integrated:	ANSPs provide en route ANS to both GAT and OAT in whole or part of the airspace under the responsibility of one or more Member States
Co-located:	En route ANS provided by civil ANSP for flights operating under GAT and military for flights operating under OAT from the same ACC
Separated:	En route ANS provided by civil ANSP for flights operating under GAT and military for flights operating under OAT, each from its own ACC(s)/ATC unit(s)

ANS costs for services provided by the civil ANSPs to non-GAT military flights

- 8 ANSPs, costs are financed by military and deducted from en route cost base
- For remaining ANSPs, NSAs provide two reasons for not deducting amounts from en route cost bases:
 - (a) the ANSPs incur no/low additional costs for these services, and
 - (b) these services are provided to minimise possible negative impact of non-GAT traffic on airspace availability for GAT airspace users)

PRB recommendations:

RP4 performance plans to include a description of ANSPs cost-allocation to GAT/non-GAT activities, and NSA confirmation that no costs for non-GAT traffic are included in cost bases charged to GAT airspace users

RP4 guidance material to clarify if costs for non-GAT could be calculated through a marginal cost methodology

ANS costs for services provided by the military to GAT flights

- 8 Member States include costs in their en route cost bases (in total 2% of the actual en route costs at Union-wide level in 2019-2021)
- Costs relate mainly to SAR, MET and ANS around military airport used for GAT traffic

PRB recommendation:

RP4 performance plans to detail the nature of the services and the cost-allocation to GAT/non-GAT activities

Member State	Actual costs (M€)			% of actual costs		
	2019	2020	2021	2019	2020	2021
Belgium	0	1	1		0.05%	0.1%
Italy	50	47	48	8%	8%	8%
Spain	37	35	40	5%	5%	6%
France	12	9	12	1%	1%	1%
Hungary	2	2	2	2%	2%	2%
Greece	8	20	19	6%	16%	14%
Portugal	5	6	6	4%	5%	5%
Sweden	1	1	1	0.3%	0.2%	0.3%
8 States	114	119	128	3%	3%	4%
Union-wide	114	119	128	2%	2%	2%

ANS costs for implementation and operation of Flexible Use of Airspace (FUA)

- Costs for FUA implementation and operations incurred by the civil ANSPs are difficult to identify separately in ANSPs accounts but are reported to have only a limited impact on the ANSPs en route cost bases
- Some NSAs seem to confuse FUA costs with costs incurred by ANSPs for the provision of ANS to non-GAT flights or with costs for exempted flights

PRB recommendation:

RP4 guidance material to clarify FUA related costs that are considered eligible for inclusion in the ANSP's cost base

ANS costs for services provided to exempted military GAT IFR flights

- Costs account for around 1% of the total en route costs at Union-wide level
- In some Member States, the costs can be significant and have increased in 2022 due to intensified military activities
- Costs should be covered by Member States. However, it is not clear how they are calculated and what financial arrangements are in place

PRB recommendations:

RP4 performance plans and monitoring reports to include more detailed information on financial arrangements and amounts covered by the Member States

RP4 guidance material to further explain the methodology to calculate the costs based on the unit rate and the actual service units for the exempted IFR flights

General conclusions

- The **financial impact** of shared civil-military resources and exempted GAT military flights on en route costs charged to airspace users is **limited at Union-wide level**
- However, at a **local level, the impact may be significant** for some Member States
- Information supplied by NSAs should be more specific in the relevant sections of the performance plans and in the monitoring reports and:
 - Should provide transparency on costs and on cost allocations and
 - Should be verified in terms of compliance with the performance and charging Regulation

Agenda item 5

Studies on MET and SAR costs

Presentation of results of the studies

Review of the reporting of meteorological costs for air navigation services

PRB review of reporting of MET costs for ANS

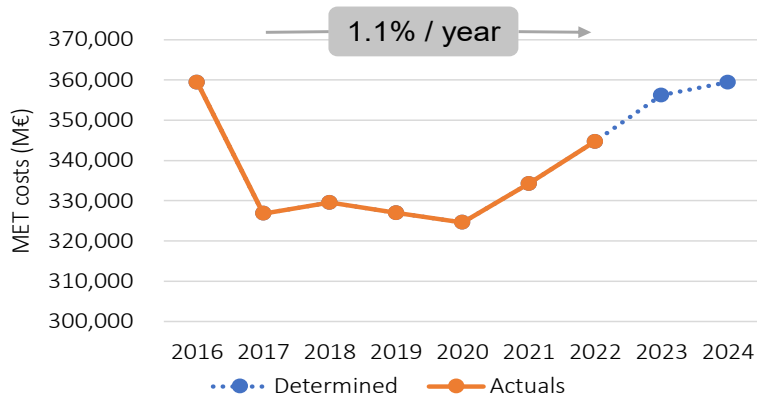
Aims

- Provide a **clear and comprehensive overview** of the regulatory background related to reporting requirements
- Understand and document the current, often non-uniform, **approaches to MET reporting** by Member States
- Recognise and **highlight inconsistencies in the data** provided by Member States caused by variations in reporting practices
- **Establish recommendations** for future reporting to improve data quality and relevance

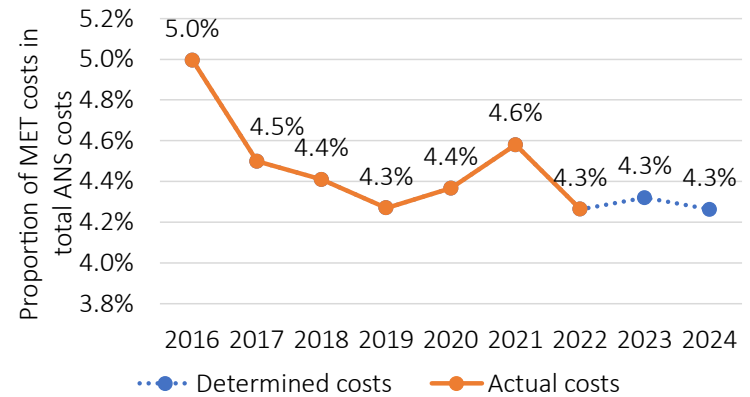
Methodology

1. **Literature review** of the European and international legislative framework, and guidance available to report MET costs
2. **Data collection** via a **questionnaire** sent to NSAs on how MET costs are currently calculated and reported, 28 responses were received (out of 29)
3. **Comparison with relevant data** from the adopted performance plans and reporting tables submitted on 1 June 2023
4. **Fact-verification exercise** with selected NSAs to corroborate the data and clarify any gaps. Virtual interviews took place with **seven** NSAs and written responses received from **four** others

MET Costs evolution



Union-wide determined and actual MET costs from 2016* to 2024, in nominal terms**



Union-wide proportion of determined and actual MET costs in total ANS costs from 2016 to 2024

*Note that the large decrease in MET costs between 2016 and 2017 (33M€) is predominantly due to the decision by the German government to exclude MET core costs (31M€) from the ANS cost base, transferring funding responsibilities to the federal budget.

**Across the EU Member States, the Harmonised Index of Consumer Prices (HICP) exhibited a growth rate of 2.6% in 2020 and to 8.7% in 2021. In Switzerland, the HICP growth rate was 0.5% in 2020 and increased to 2.7% in 2021. Similarly, Norway saw a HICP growth rate of 1.2% in 2020, rising to 3.9% in 2021.

Key findings

- The questionnaire and interviews showed that Member States do not have a common understanding of how MET costs are “supposed” to be reported
- A wide range of allocation methodologies are used to allocate costs between MET core and direct costs related to ANS, as well as to en route and terminal charging zones. As a result, the data provided is not transparent or harmonized
 - Some Member States use sharing keys based on historical agreements, while others employ methodologies based on actual data, or use a combination of the two. This is also a result from different interpretations of what ‘MET core costs’ should include
- There are various degrees of government funding between Member States, predominantly for the provision of core MET services
- There is occasional inclusion of non-regulated areas into the cost base, justified on the basis that the costs are very small / close to zero

Factual overview

- SES regulatory framework lays the groundwork for MET cost reporting but gaps exist (e.g. no definition of direct cost)
- 24 Member States do not provide detailed additional information to the reporting tables on the breakdown of meteorological costs (although it is a requirement), and only 5 provide information on allocation shares
- Provision of MET services varies; provided exclusively by main ANSP in 5 Member States, by main ANSP & another ANSP in 3 Member States, and exclusively by another ANSP in 21 Member States
- Average proportion of MET costs allocated to en route services is 82%, 18% to terminal
- Member States expressed a need for guidance materials (through case studies) given the information required for MET cost establishment and allocation methodologies in the additional information attached to the reporting tables

Draft recommendations

- Update the performance plan template to harmonise and enhance the reporting by Member States of the methodologies employed to allocate MET costs among core costs and direct costs, for en route and terminal services respectively, without imposing excessive administrative burden
- Develop additional technical guidance material, building on the findings of the report, to define how MET cost information should be provided. Member States requested that this include specific case studies to support understanding

The performance plan template with improved reporting of MET costs will be presented to NSAs at the NCP Performance Working Group meeting in February or March 2024. Technical guidance will follow.

Review of the reporting of search and rescue costs for air navigation services

PRB review of reporting of SAR costs for ANS

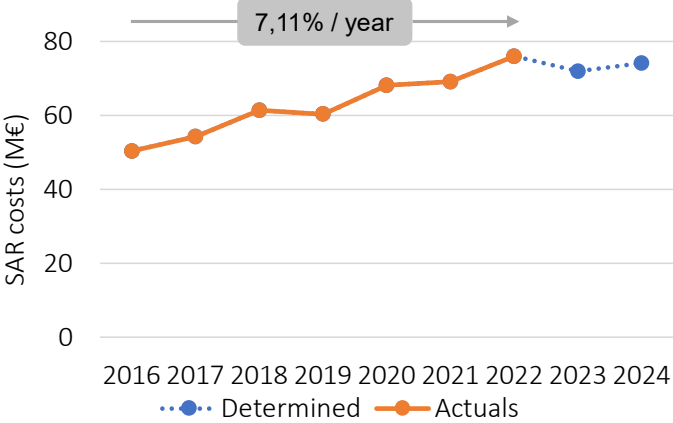
Aims

- Provide a **clear and comprehensive overview** of the regulatory background related to reporting requirements
- Understand and document the current, often non-uniform, **approaches to SAR reporting** by Member States
- Recognise and **highlight inconsistencies in the data** provided by Member States caused by variations in reporting practices
- **Establish recommendations** for future reporting to improve data quality and relevance

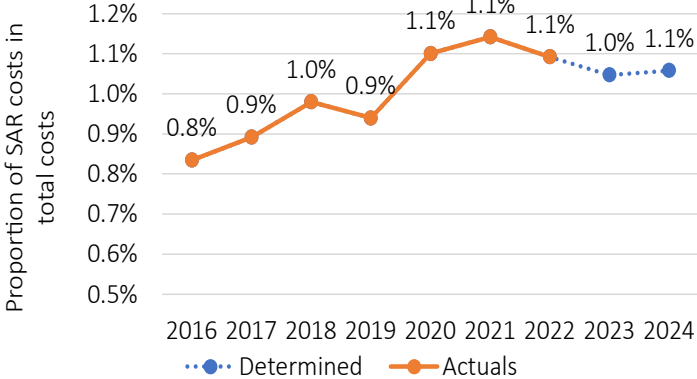
Methodology

1. **Literature review** of the European and international legislative framework, and guidance available to report SAR costs
2. **Data collection** via a **questionnaire** sent to NSAs on how SAR costs are currently calculated and reported, 28 responses were received (out of 29)
3. **Comparison with relevant data** from the adopted performance plans and reporting tables submitted on 1 June 2023
4. **Fact-verification exercise** with selected NSAs to corroborate the data and clarify any gaps. Virtual interviews took place with **four** NSAs and written responses received from **two** others

SAR Costs evolution



Union-wide determined and actual SAR costs from 2016 to 2024, in nominal terms



Union-wide proportion of determined and actual SAR costs in total ANS costs from 2016 to 2024

Factual overview

- SES framework lays groundwork for SAR cost reporting but gaps and inconsistencies exist
 - The additional information in reporting tables does not contain any specific questions on SAR reporting
 - Member States can choose whether to include SAR costs either within the ANSP cost base, or the NSA cost base, resulting in differing applications of the cost risk sharing mechanism to those costs as per Article 28 of the Performance and Charging Regulation
- Provision of SAR services in civil aviation involves collaboration between different entities, which may or may not include ANSPs, but in most cases include national public entities
- 19 of 29 Member States include SAR costs in their ANS cost base
- Most Member States allocate SAR costs 100% to en route services, while two Member States allocate costs to terminal services. The Eurocontrol “Guidance on the route charges system” (2012) recommends to allocate all SAR costs to en route services

Key findings

- Given the gaps in the SES regulatory framework, the questionnaire and interviews showed that Member States do not have a common understanding of how SAR costs are “supposed” to be reported
- Some Member States allocate SAR costs to civil aviation via an agreed sharing key with other sectors, where a 50/50 ratio is common, consistent with the principle outlined in ICAO Doc 9182 “ICAO’s Policies on Charges for Airports and Air Navigation Services” that suggests services serving a dual role should be equitably allocated
- Other Member States allocate costs in a statistical way using, for example, measures of activity
- 20 Member States reported having cross-border agreements to provide SAR services. Some Member States exhibit strong cross-border collaboration, while others focus on national SAR provision. Gaps in provision may happen if events occur in sea borders where the precise location is difficult to ascertain

Recommendations

- Update the performance plan template to harmonise and enhance the reporting by Member States of the methodologies employed to allocate SAR costs to civil aviation, and between en route and terminal, without imposing excessive administrative burden
- Develop additional technical guidance material, building on the findings of the report, to define how SAR cost information should be provided. Member States requested that this include specific case studies to support understanding

The performance plan template with improved reporting of SAR costs will be presented to NSAs at the NCP Performance Working Group meeting in February or March 2024. Technical guidance will follow.