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DIRECTORATE-GENERAL FOR MOBILITY AND TRANSPORT

Directorate E - Aviation
E.3 - Single European Sky

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Mr Olaf DLUGI
Chairman of ICB
Kaigasse 32
A - 5020 SALZBURG

Subject: Your letter of 20 April 2017 and accompanying ICB Position Paper on Changes to the Performance and Charging Schemes for Reference Period 3 (RP3)

Dear Mr Dlugi,

I would like to thank you for your letter in reference and the very comprehensive ICB Position Paper on the Changes to the Performance and Charging Schemes for RP3. We note that although some agreement was reached by all ICB members, there were numerous issues on which the airspace users, CANSO and the Professional Staff could not agree, at times differing significantly.

Nevertheless, I and our performance team appreciate the views of all member organisations of the ICB, and consider them of great value to our ongoing discussions with Member States, as well as within the Commission, on the evolution of the performance and charging schemes. This paper will be distributed to Single Sky Committee members, as well as to the PRB and the external contractor (Steer Davies Gleave) assisting the Commission in the impact assessment of RP3 options.

As regards the ICB position on the structure of both schemes, we welcome the fact that all members see the benefits of simplification in order to improve transparency and reduce administrative burden. This is also a priority for the Commission. We note that the ICB does not consider the involvement of FABs in the Performance scheme as necessary, and that the RP3 should have duration of five years, mainly in order to facilitate investment planning. On the decision-making in performance regulatory process, it is unfortunate that airspace users, CANSO and Professional Staff have divergent opinions (local vs. central decision-making) in areas such as target-setting and invoking the alert mechanism. As for amending the regulation on alert mechanisms so that NSAs are obliged to react immediately when a threshold is reached, the views of stakeholders again differ, challenging the Commission to take into account all inputs. It should be noted that the current legislation already requires (not recommends) NSA action in case of triggered alert thresholds. We note all stakeholder views as well as on the clarity of the requirement, oversight of application, NSA resourcing and the diverging views on the gate-to-gate scope.

We understand that no common ground could be found between member groups on the financial framework for RP3, yet a detailed table has been provided outlining the position of each member group on a number of issues – principle of RP3, cost-efficiency KPI, traffic risk-sharing, cost-risk sharing, CAPEX handling, financial incentives, and cost of capital. These divergent views are nonetheless useful in order to understand the position of each stakeholder group and will be considered carefully.

As for the ICB's position on target-setting, we note the agreement of members that it should take better account of local conditions, and that consultation should be improved on the target-setting and performance plan development process. Diverging opinions on the relationship to network operational planning and the appeal mechanism are apparent between airspace users and CANSO along with Professional Staff. Similarly, views on traffic forecasts and interdependencies differ significantly. Finally, we welcome the agreement of the ICB on the human aspect as critical to the success of SES. I would like to recall that the Expert Group on the Human Dimension of SES is also discussing the human aspects of the performance and charging schemes.

Finally, we note that a common position was reached on the evolution of KPAs and KPIs (except on the cost-efficiency KPA), which is reassuring. We recognise that ICB considers that targeting safety performance is not appropriate in the performance scheme, as this may lead to the underreporting of incidents. Concerning the capacity KPA, the ICB supports the retention and optimisation of the existing mechanisms based on ATFM delays and proposes some valuable evolutions. We will take into account the ICB principles for the environment KPA.

The Commission is now taking stock of all proposals and opinions submitted by Member States, NSAs, FABs and stakeholders. They are currently being assessed in terms of their impacts, with the support of external consultants. The impact study will also include opportunities to engage once the options have been narrowed down to a smaller subset. I kindly ask that you are open to dialogue with Steer Davies Gleave (SDG) should they require clarification on any of the ICB positions or wish to follow up on some of the details. Only once the impacts are thoroughly considered, the Commission will decide on the best way forward and make first legislative proposals.

We will keep the ICB informed of further developments on this topic and look forward to your continued work on the reform of the Performance and Charging Schemes for RP3 and onwards.

Yours sincerely,



Maurizio CASTELLETTI
Head of Unit