

ICB

Industry Consultation Body

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Subject: ICB Position Paper on Changes to the Performance and Charging Schemes for Reference Period 3

Dear Mr Castelletti,

Dear Maurizio,

I have the pleasure of enclosing the ICB position paper on Changes to the Performance and Charging Schemes for Reference Period 3 which has been developed by the ICB's Institutional Sub-Group, and subsequently adopted by the Quick Response Team following ICB/63.

ICB Position Paper on Changes to the Performance and Charging Schemes for Reference Period 3

As the ICB, we have worked hard since the start of the year to develop a position on how the Performance and Charging Schemes should evolve for RP3.

As I am sure you can appreciate, this topic is one of the most divisive for industry. The resulting position paper therefore presents common industry viewpoints where consensus was possible, but to provide maximum value for the Commission the divergent opinions and rationale are also presented. A summary of the key points is provided below.

The ICB agrees that many of the current problems are due to the interpretation and application of the regulation, rather than the text of the regulation itself. Some clarification of the requirement of the regulation is needed in order to improve execution by the NSAs and improve oversight of the application of the current regulation by the PRB/EC.

Furthermore, the ICB agrees with the intention to simplify the performance and charging schemes, to improve transparency and reduce administrative burden. In particular, the industry agrees that the involvement of FABs in the Performance Scheme adds unnecessary administrative burden and cost with little added value. There is also agreement on the need for more dynamic rapid review and reset/alert mechanisms to allow performance plans to be altered in the event of unexpected outside influences; there needs to be clear and robust regulatory requirements to invoke action.

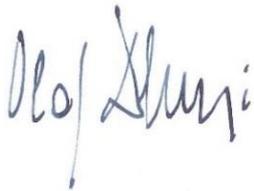
However, whilst the significance and importance of network performance is beyond doubt, there are divergent opinions on the decision level (local vs. central) in regulatory performance processes. This pervades into critical topics such as target setting, invoking the alert mechanism and evaluating interdependencies.

Airspace users believe that the network dimension should prevail, and that the PRB (with input from the Network Manager) should coordinate action at a local level; CANSO believes that more decisions should be taken at local level, with appropriate *oversight* from the central level. The Professional Staff also believe that more decisions should be taken at local level, but with appropriate *coordination* from the network level. In addition, CANSO stresses the importance of maintaining the clear distinction between the regulation of performance from the co-operative operational management of the network.

And finally, no common ground has been found between member groups on the financial framework for RP3. There are divergent opinions on the scope of change for RP3, the cost efficiency KPI, CAPEX handling, risk sharing, financial incentives and cost of capital. A table of the different opinions is provided in the paper.

The ICB, through its Institutional Sub-Group, will continue its work on preparations for RP3, including the evolution of the Performance and Charging schemes. We welcome opportunities to provide proactive input, and would be delighted to respond to future requests you may have in these areas.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Olaf Dlugi'.

Olaf Dlugi
Chairman,
Industry Consultation Body

Enc. ICB Position Paper on Changes to the Performance and Charging Schemes for Reference Period 3