

24 May 2022

Dear Stakeholders

Updated timetable for NR23 price control review

In June 2021, we published CAP2160, which set out our view of the NR23 price review programme key dates, including the publication of our NR23 Initial Proposals (IPs) in June 2022.¹ At the time, and in subsequent engagement with stakeholders,² we recognised that the timetable was challenging and there remained difficult issues to be resolved, including uncertainty around traffic forecasts.

We have reviewed the timetable for NR23 and consider that it is appropriate to delay the publication of the IPs to late September/early October 2022. The later publication date provides additional time to consider complex and material policy issues, such as traffic risk-sharing, cost assessment and service quality, to carry out further engagement with NERL and stakeholders where necessary, and to take account of updated traffic forecasts from STATFOR, which we understand are currently planned for June and October 2022.

The initial NR23 timetable did not allow for some of the extra stakeholder engagement activities that have taken place, such as the additional time for stakeholders to make responses to NERL's business plan and workshops on interim findings with our advisors on cost assessment. These added time to the NR23 process, but were important to ensure a robust price control process and we will continue to engage closely with stakeholders including on the IPs.

In CAP 2160 we said that we would publish the formal notice modifying the price control licence conditions after the start of NR23, but that they would apply from 1 January 2023 for the whole of the NR23 period. This means that the regulated unit rates for 2023 would be based on the IPs with an appropriate adjustment in the 2024 unit rate to account for any differences from the Final Decision – in line with the Eurocontrol Principles.³ This approach does not change under the updated timetable for NR23.

Our current view of the next steps for the NR23 price review are:

¹ CAA, [Economic regulation of NATS \(En Route\) plc: further update on approach to the next price control review \("NR23"\)](#), CAP 2160, October 2021

² For example, the [Letter to stakeholders, requesting views on NERL's NR23 business plan](#), 7 February 2022

³ Eurocontrol, Principles for establishing the cost-base for en route charges and the calculation of the unit rates, January 2020, para 3.3.1.4

- publish our IPs by late September/early October 2022 for consultation during October and November 2022;
- publish the Final Decision and proposed licence modifications by the end of Q1 2023 for statutory consultation under the Transport Act 2000; and
- publish the formal notice of licence modifications in Q2 2023. When these come into effect, the price controls would apply for the whole NR23 period from 1 January 2023.

This letter will be published on the CAA website. We look forward to engaging with stakeholders on our initial proposals. If you have any questions or would like to discuss any aspect of this letter, please email stewart.carter@caa.co.uk.

Regards,

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