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Dear Matt,

NERL'S RESPONSE TO PROPOSAL TO MODIFY NATS (EN ROUTE) PLC LICENCE IN RESPECT OF CERTAIN PLANNING AND REPORTING REQUIREMENTS UNDER CONDITIONS 10 AND 10A (CAP 1405)

NERL supports the CAA's proposals to change the consultation and reporting requirements placed on NERL through its Licence conditions 10 and 10a, as described in CAP 1405.

Background

On airspace, NERL has always expressed concerns about having a specific requirement in its Licence to deliver Transition Altitude (TA) and the London Airspace Management Programme (LAMP). The implementation of TA and LAMP is not in NERL's direct control and so this requirement creates serious risk of NERL breaching its Licence.

Since NERL's current price settlement was agreed in 2014, the aviation industry has collectively decided that lower airspace changes are not realistic while various Government policies are outstanding, including a decision about runways in the South East of England. Therefore, NERL cannot implement this Licence requirement during the current price control period, which ends in December 2019, because of the long lead times required for these airspace changes, including public consultation.

Separately on technology, NERL has decided to accelerate the deployment of SESAR now to reduce its spending on existing legacy systems and instead invest in delivering the benefits of SESAR earlier to airlines than originally envisaged/planned. NERL's customers have responded positively to this approach.

Response

The CAA's proposals are in five main areas, which NERL summarises below, and provides a brief response to:

1. *Removal of specific TA and LAMP requirement* – for the reasons stated above, NERL strongly supports the removal from its licence of the requirement to implement TA of a particular height by a certain date and the lower airspace changes associated with LAMP before 2020
2. *Merger of conditions 10 and 10a* – NERL supports the clearer drafting that the CAA is proposing by putting all the consultation and reporting requirements for its capex plans in one place in the Licence
3. *Formalisation of interim SIP* – NERL supports the CAA's proposal of including interim SIP arrangement in NERL's Licence, which provides an update on the progress of milestones and projects, as developed by NERL with airlines
4. *More transparency* – NERL will work with the CAA and airlines to ensure that it provides the extra transparency that is required to provide further confidence and assurance around its capex plan

5. *Independent monitoring* – NERL will engage constructively and positively with any Independent Reviewer appointed by the CAA to scrutinise our capex plan.

Please do not hesitate to contact me if you have any queries or would like to discuss the points above further.

Yours sincerely,



Thea Hutchinson

Head of Regulation