



**London (Heathrow) Airline Consultative Committee**

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3 October 2011 (Sent by email via [barbara.peratasmith@caa.co.uk](mailto:barbara.peratasmith@caa.co.uk))

Dear Ken

**Consultation on NATS (En Route) plc (NERL) flight efficiency performance regime dated 2 August 2011**

On behalf of the airline community at Heathrow I would like to respond to the CAA's consultation on a flight efficiency performance regime for NATS.

Following on from work undertaken by NERL, BA and BAA in July 2010 when a "perfect flight" between Heathrow and Edinburgh demonstrated savings of more than 10% in normal CO2 emissions and 0.35 tonnes of fuel, we are very encouraged by the progress made by NATS in the further development of the metric and the inclusion of both vertical and horizontal dimensions in the proposed performance regime. This is especially important in the TMA environment around Heathrow where significant reductions in both fuel and emissions are possible due to inefficiencies in the air traffic management system and the airspace system.

You will be aware that Eurocontrol's Performance Review Commission reported in April 2011 that the London TMA airspace had a poor record in terms of the additional horizontal distance flown. The airlines believe that now is the time to set challenging flight efficiency targets for NATS which align with the emerging expectation in the UK Government's proposed Sustainability Framework and the Single European Sky performance regime which includes the airports within its scope. Consequently the par value proposed by NERL of 25.5 units is not sufficiently challenging. It has been set at a level that NERL are already exceeding. The 3Di score for 2010 was 24 units. Therefore, we would propose a par value of 23 units in order to incentivise and stretch NERL's performance. Similarly some adjustment in the deadband should be

considered as proposed in our detailed response below.

To conclude, the airlines are pleased that progress has been made in the original timetable proposed by NATS and agreed with the CAA. The new flight efficiency metric should be introduced in 2012 but with more ambitious targets than those currently proposed by NATS. We strongly support an annual review of the metric to avoid any undue consequences and that it remains fit for purpose in improving CO2 emissions. Furthermore it will also be very important to continuously improve the metric as new technologies such as SESAR are introduced and airspace structures are made more efficient as part of the UK's Future Airspace Strategy.

Yours sincerely,



*M. R. Gardiner*  
M. R. GARDINER

Mark Gardiner  
Chair, London Airline Consultative Committee

**Do you consider that NERL has used best endeavours to develop a flight efficiency regime?**

Yes

However we should be aware that the measure is not perfect as follows:

- The lateral profile measures the actual route flown versus the great circle distance with the difference being an indication of the lateral inefficiency. As the preferred business lateral trajectory will be influenced by wind and therefore the great circle track may not be the most efficient.
- Flight planning restrictions (e.g. level caps, RAD constraints) are assumed in calculation for the most efficient flight and therefore a comparison wouldn't be strictly correct.

However, we believe that it is best to implement what is available today and then the regime should be continuously developed as we gain experience with the metric.

It is important that NERL have access to the breakdown of the data to enable them to target particular areas of flight inefficiency. For example, holding at LHR is responsible for a large part of flight inefficiency as is interrupted climbs on departure from airports within the London TMA. Another example would be closure of airspace due to military training.

**Do you agree that there should be a flight efficiency performance regime from the start of 2012 and that it should be based on the 3Di score?**

Yes.

The flight efficiency regime should be implemented at the start of 2012 and it should be based on the 3Di score. As mentioned above, the measure isn't perfect but it is a very good start. We would prefer the early implementation of the regime together with an annual review process.

**Do you agree with NERL's proposals for the par value and deadband? If not, on what basis should the par value and deadband be set?**

No

The par value should be based on expectations of stretching levels of performance. The par value proposed by NERL of 25.5 units does not achieve

this. It has been set at a level that NERL are already exceeding. The 3Di score for 2010 was 24 units. Therefore, the LACC would prefer to stretch NERL's performance by proposing a par value of 23 units.

Furthermore the size of the deadband is too large. The airlines believe that the maximum and minimum values of the deadband should be adjusted in to better incentivise NERL to both achieve a bonus payments and avoid a penalty payment. The LACC would propose that the maximum and minimum level should be 26 units and 20 units accordingly. This is a realistic and stretching incentive to NERL.

**Do you agree that flight efficiency incentive rate should be set at £0.2 million per unit capped at 20% of available money at risk? If not, on what basis should payment rates be set?**

Yes. We agree with the principle of a bonus and penalty regime suggested by NATS, along with the level of money at risk. Furthermore the professional and institutional reputation of the regime will provide NATS with an important incentive to improve its performance to best in class in Europe.

**Do you agree with the adjustments proposed by NERL? Are there any other adjustments that should be made?**

Not entirely.

We recognize that there may be exceptional events that affect the 3Di score e.g. 2012 Olympics, Weather, Traffic mix. However, the following qualifications need to be borne in mind:

- We recognize that the Olympics have the potential to affect the normal 3Di score but it may be best to review the results after the event and remove the time period if a significant and substantial affect has occurred.
- We don't agree that weather event periods should be excluded as these occur every year and are of short duration.
- Traffic mix change will be gradual and is an indication of the evolution of the air traffic business in UK airspace. The deadband should account for these changes if gradual and be adjusted, if necessary, after an annual review. NERL should not receive a bonus or be penalized for a change in the traffic mix. Consideration should be given to having a breakdown of the Flight Efficiency metric by traffic type. For example an increasing volume of international overflights could offset a deteriorating efficiency for London TMA arriving international flights. The aim should be to improve the efficiency of all types of flight.

**Do you agree with the annual review process proposed and the threshold for the test?**

Yes

A Flight Efficiency metric and related performance scheme has never been implemented before. The LACC welcomes a continuous review of the metric and where necessary, that adjustments be made to the process, the deadband and minimum/maximum values of the deadband. This annual review should be conducted by the CAA with support from NERL and consulted on with stakeholders at an annual meeting.

We have no views on the specific threshold set for failure (6% = 1.5 units) but will rely on expert judgement to determine whether this is realistic or not.