



NSAs of UK-Ireland FAB

**BY E-MAIL**

Peter Griffiths  
Chairman  
Performance Review Body  
Rue de la Fusee 96  
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BELGIUM

01 June 2012

Dear Peter,

**'Public consultation on the proposed regulatory approach for a revision of the SES Performance Scheme addressing RP2 and beyond'**

We would like to thank you and the PRB for giving us the chance to influence your emerging thinking for RP2 and your continuing commitment to open stakeholder engagement.

The national supervisory authorities of the UK-Ireland FAB submitted a joint response to your consultation document, using the Commission's online tool, on 11 May 2012. The response was drafted with input from the UK MOD and captures both civil and military perspectives.

We thought you might find it helpful if we highlighted a small number of overarching points that we are keen to discuss with you as you shape your approach to RP2:

- 1. Enhance the process for developing challenging but achievable European targets** – We remain concerned with the time available to allow proper engagement with our stakeholders in the period between European targets being agreed and the submission of our Performance Plan. We would encourage the PRB to informally discuss with stakeholders indicative EU targets/target ranges well in advance of mid 2013, albeit we recognise they may have to be fine tuned later in light of new information and stakeholder feedback. We would also encourage the PRB to pitch the proposed targets at a level that is challenging but can be evidenced to be realistically achievable in relation to the expected level of traffic in RP2.
- 2. Develop a mechanism for capturing total economic value** – We strongly support the development and application of the concept of total economic value when assessing interdependencies between KPAs. We recognise that airlines care about the total cost per flight and ANSPs can influence this in a number of important ways such as through charges, capacity, and flight trajectory efficiency. Although the concept is attractive in principle, we recognise it has not yet been developed into a model for effective practical application. In recognition of this, we are facilitating a high-level symposium on 16 July 2012, where we hope to develop some principles for the practical application of the concept of total economic value. We hope this will help inform the development of the performance scheme for RP2. We welcome the PRB's and PRU's support and contribution to this initiative.

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3. **Promote long-term investment incentives** – We think it is important to recognise that it often takes time to realise the benefits from large-scale investments. Capital expenditure in one reference period may not deliver a return in the same or even next reference period. It is also worth noting the importance of investment for sustainment, in terms of maintaining performance in the ATM system. Although the PRB’s focus will be performance within the reference period, when we are seeking to support private capital for long-term capital investments will need to provide credible regulatory commitments that extend beyond the reference period so that investors have confidence their capital will be fairly remunerated in relation to the risk it bears.
4. **Enhance safety culture** – Although total economic value may be used to consider interdependencies between cost-efficiency, capacity and the environment, the overall impact on safety needs to be better understood. We therefore strongly support the proposal to introduce safety assessments of performance plans to objectively consider the overall impact on safety performance. To support this, it is important that the RP2 safety indicators measure what is important, not what is easy to measure.
5. **Recognise States have adopted different ownership and financing models** – Not all ANSPs within the EU are established and funded in the same way. The approach for RP2 should recognise these differences and make provision for assessments of performance plans to be tailored to the specific context in which they are set. An obvious example is that NATS and the IAA ANSP are commercial entities without access to state funding. Their respective NSAs must therefore ensure that these ANSPs are able to adequately finance their operations including a fair return on capital in relation to the risk they bear. We would encourage the PRB to recognise in its approach that an assessment of cost efficiency improvement cannot be viewed in isolation of whether it would undermine the ability of the ANSP to finance its operations. Where an NSA has considered the ability of the ANSP to finance its operations when setting national targets, we would encourage the PRB to take this into account in its assessment of the national performance plan.
6. **Minimise unnecessary regulatory burdens** – A number of reporting requirements already exist under the performance scheme. It is important that these and any new requirements have a net benefit for performance compared to the costs and burdens they impose. We would encourage greater use of systematic cost-benefit analysis for all reporting and data requirements and the avoidance of duplication of very similar requirements.

The regulatory authorities and service providers of the UK-Ireland FAB are committed to the development of a UK-Ireland FAB performance plan for RP2 and are currently conducting some initial work to identify the extent to which this is both practicable and will generate genuine performance improvements.

We look forward to our continued engagement with a shared commitment to ensuring that RP2 is a success.



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