

Joint UK and Ireland NPP Stakeholder Consultation Meeting
19 April 2011

Stakeholder comments

A – General comments		
	Stakeholder	Comment
1	IACA (Supported by IATA)	Slide 9 states that the Performance Scheme places financial risk on ANSPs – this is only a small percentage of risk arising from the traffic risk-sharing mechanism. Clarification – In addition to traffic risk-sharing, Slide 9 also refers to the cost-risk placed on ANSPs, as outlined in Article 11 of the Charging Regulation, which was not a factor when operating under full cost-recovery.
2	IATA	Any national safety targets established should be coordinated both between UK and Ireland and be consistent with any EASA deliverables.
3	IATA	The EU targets, particularly cost-efficiency were watered-down by the States, prior to their agreement by the Commission and it is therefore the expectation that all States should meet the EU targets as a minimum.
4	IACA	States should not retain any benefit from ECTL internal tax, but pass it on and reduce that element of determined costs.
5	Aer Lingus	Increasing fuel costs have a significant impact on airline costs, such that flight/route efficiency should be considered as more of a priority than capacity/service quality.
6	IACA	Clarification – Pensions and ECTL costs are considered uncontrollable costs under the performance scheme and as such can be passed through to users. This covers both additional costs and savings compared to forecasts.
7	IATA	Disappointed with the results of SES to date. The drivers behind SES II have not yet materialised, as there has been no integration of ANSPs. The Commission still has much to do as so far ATM remains business as usual.
8	IACA	The ATM Masterplan goal of reduction on costs of 50% by 2020 was set in 2005. With the current proposals in RP1 for cost-efficiency, there will be significant reductions required in RP2 to meet the 2020 target.

B – Comments on the Irish presentation		
	Stakeholder	Comment
1	IATA	Whilst the proposed target for cost-efficiency is greater than the EU-target, in the lead up to the Performance Scheme, Irish unit costs have increased significantly up to 2011.
2	BMI & Ryanair	The capacity target is not sufficiently ambitious or challenging, based on recent performance.

C – Comments on UK presentation		
	Stakeholder	Comment
1	IACA	The draft PRU ACE report suggests UK (capacity) performance is not as good as suggested in the draft NPP.
2	Ryanair	Who are users? Clarification – In the context of the NPP, users are considered to be airspace users. In providing a good service to users, it is expected that the benefits are passed on to passengers.
3	Ryanair	NERL has always achieved its capacity targets. Therefore they are not sufficiently ambitious or challenging.
4	easyJet	Why does the ‘measurement difference’ element of the UK capacity target arise? What is its meaning? If the data issue is resolved and it remains within the UK target, will NERL be able to make ‘use’ of it ?
5	IACA	PRU expects traffic in 2014 to equal the peak level across the network in 2008. Does UK think that the ECTL Reference Value represents the base target capacity and is therefore easily achieved and unchallenging?
6	IACA	The incentive/reward for the ANSP is too high and targets can be achieved with little effort.
	IATA	The return on equity is disproportionate and significantly higher than for airlines.
7	IACA	Why is the additional pensions liability permitted as a pass through and recovered through users? Should it not be met by Government?
8	IACA	Why, when UK’s DUR is the highest amongst its peers, do CAA not plan to do anything about it (i.e. re-open CP3)?
9	Aer Lingus	Users expect that if they have to pay the top rate, they should at least get the top service.

10	IACA	Where are the benefits of economies of scale in NERL's monopoly operation? According to the ACE report, it is not clear how Capex and investment plans relate to SESAR developments.
11	IACA	How, after so much experience in performance/economic regulation, is the UK so far from the EU targets?
12	IATA	It is disappointing and must be embarrassing for the UK that the UK targets are not close to the EU targets. They set a bad example to other States new to performance regulation, who say if the UK is not trying, why should they?
14	Ryanair	The DUR is dependant on traffic. However, UK traffic is low because of its high unit rate, which encourages airlines to move their operations elsewhere.
15	IACA	<p>Economic/performance regulation is the best way to regulate a monopoly supplier, however a number of assumptions used by the NSA are surprising:</p> <ul style="list-style-type: none"> • The allowed return on cost of capital is too high • There are too many uncontrollable costs that can be passed through to the user • The high cost of equity allowed by the NSA does not reflect the low risks faced by NERL