

Developing the concept of Total Economic Value for assessing National and FAB performance plans for Reference Period 2



In preparing to respond to the PRB consultation on the regulatory approach to RP2 of the SES Performance Scheme, the national supervisory authorities of the UK-Ireland FAB concluded there would be merit in developing a common understanding of the concept of total economic value (TEV).

This jointly-sponsored symposium aims *'To develop a common understanding of the concept of Total Economic Value (TEV) and to consider how it could be used to assess Local Performance Plans for Reference Period 2 of the SES Performance Scheme; including how it might be applied in practice, its limitations and interdependencies between Key Performance Areas (KPA's).'*

The event is chaired by Professor Martin Cave, with speakers and participants from SES Performance Review Body, airlines, air navigation service providers, national supervisory authorities and the broader ATM community.

Martin Cave is a regulatory economist specialising in competition law and in the network industries, including airports, broadcasting, energy, posts, railways, telecommunications and water. He has published extensively in these fields, and has held professorial positions at Warwick Business School, University of Warwick, UK, and the Department of Economics, Brunel University, UK. In 2010/11, Martin held the BP Centennial Chair at the London School of Economics, based in the Department of Law. He is now Visiting Professor at Imperial College Business School, and a deputy chair of the Competition Commission.



Mark Swan joined the CAA as Director Airspace Policy in February 2009 and is the Board member responsible for the safe and efficient use and design of national airspace. He is a member of both the Eurocontrol Provisional Council in Brussels and the Single Sky Committee, representing national aviation stakeholders in Europe. Previously, after completing a UK law degree, Mark joined the Royal Air Force as a pilot in 1979 and flew Phantom and Tornado fighters until 1993 after which he joined the UK Ministry of Defence as one of the principal officials in the Eurofighter Typhoon programme. He is a qualified Spitfire and Hurricane display pilot and has over 3500 flying hours of which some 3000 hours are on military fighters. He is a Fellow and Chartered Director of the UK Institute of Directors.



Iain Osborne is the Civil Aviation Authority's Group Director for Regulatory Policy, taking lead responsibilities on the CAA Board for economic regulation. Iain was previously Chief Executive of Northern Ireland's Utility Regulator, where he created a new regime for water regulation, as well as leading regulation of electricity and natural gas. Iain previously worked in the European Commission's Directorate-General for Competition on gas markets. Prior to that he was Director of Consumer Markets at Ofgem, the GB Energy Regulator. He has also worked for pan-European telecommunications companies, the Department of Trade and Industry and McKinsey & Company.



Kevin Humphreys Director Safety Regulation in the Irish Aviation Authority since 2006 is a native of Dublin. Having spent 18 years as an Air Corps pilot he retired at the rank of Commandant. He joined the Department of Transport in 1987 as an Operations Officer and has flown and instructed on many types of aircraft from light single engine aircraft, business jets and most recently the Airbus A320. He was appointed as Ireland's first Chief Inspector of Aircraft Accidents in 1994. He is one of Ireland's members of the EASA Management Board and he is a Fellow of the International Society of Air Safety Investigators (ISASI). He holds a Masters in Ethics for Professionals from Dublin City University and is a former Irish international athlete.



Keld Ludvigsen is Chairman of the EUROCONTROL Performance Review Commission (PRC) and member of the SES Performance Review Body (PRB). Former President of the EUROCONTROL Enlarged Committee for Route Charges (2005-07). Member of the ICAO expert panels on air navigation and airport charges (ANSEP and AEP). Deputy Director General of the Danish Transport Authority. Holds a master degree in political economy.



Xavier Fron has been heading the EUROCONTROL Performance Review Unit (PRU) since 1998, and worked in ATM R&D and deployment before then. He graduated from Ecole Polytechnique in Paris.



John Raftery: John has over 25 years' consultancy experience, specialising in recent years in the business economics of air navigation services. He has played a key role in benchmarking, performance measurement, and modelling and evaluation of strategic options for ANSPs individually and collectively and has worked for over 20 European ANSPs and regulators. John has been at the heart of the debate on restructuring of the ATM industry through his long-standing work with the Performance Review Commission and the European Commission, concerning benchmarking and the impact of policy options, through his work on international cooperation and Functional Airspace Blocks, and through his work on ATM pricing options.



Chris Gadsden heads the team at easyJet that is responsible for government and regulation policy, including economic regulation and EU policy. He has worked there for five years, prior to which Chris worked at the CAA for a year on policy issues, before which he was a civil servant at the UK and South African Treasuries.



Nigel Fotherby joined NATS in October 1999 as Finance Director and led the Finance team through the transition to PPP (2001) and, following the events of 9/11, the financial restructuring and refinancing of NATS in 2003. In addition to his current responsibilities for finance, Nigel leads NATS' economic regulatory team. Previously, he worked for Lex Service plc as Finance Director of its retail group and then for BT Cellnet, where he was Deputy Finance Director. Nigel began his career with Coopers & Lybrand where he qualified as a Chartered Accountant.



Simon Posluk, head of market surveillance and market regulation at the Swedish Transport Agency, Transportstyrelsen, has extensive experience from economic oversight and regulation within the aviation industry. Since 2007 Simon has been responsible for the development of the economic regulation area within the Swedish aviation authority to now being one of the topmost areas of interest within the agency. Prior to working for the Swedish regulator he was working as a management consultant for PricewaterhouseCoopers. Simon is an economist with a degree from Linköping University.



Richard Moriarty is Director of Economic Regulation at the UK Civil Aviation Authority. He is responsible for price and service regulation at the UK's largest airports and en route air traffic management. He has held senior positions with other economic regulators and overseen reform in sectors such as gas, electricity, postal services, and social housing. Richard is also currently a non-Executive Director for the UK's social housing regulator. He has advised organisations such as the European Commission and World Bank on sector reform and regulation. Richard holds undergraduate and postgraduate degrees in Economics and an MBA.



Tom Regan is a Director in the Safety Regulation Division of the Irish Aviation Authority with responsibility for ANS, Airspace and Aerodromes. A native of Cork he began his career in Air Traffic Control in Shannon and has over thirty years experience as Tower, Approach and Area Controller including a number of years in senior management with the ANSP. In 1997 he was appointed the Safety Regulator for ANS. He has been closely involved with the SES since its inception and manages the NSA functions as they pertain to Ireland. He is a member of the NAT SOG, SRC, SSC and a number of other SES related groups.



The presentations and conclusions from the symposium will be sent to participants and published at www.caa.co.uk/npp following the event.

Should you require any further information please contact Matt Claydon – email: matt.claydon@caa.co.uk telephone: +44 (0) 20 7453 6508.

Programme – 16th July 2012

1000	Coffee and registration		
1030	Welcome and introduction	Mark Swan, Director Airspace Policy UK CAA Kevin Humphreys, Director Safety Regulation IAA Iain Osborne, Group Director Regulatory Policy UK CAA	
1050	Chair’s observations on the concept of total economic value	Professor Martin Cave, Visiting Professor Imperial College Business School	
Session One – SES Context, TEV principles & trade-offs			
1100	SES Context <i>SES performance scheme</i> <i>PRB view of total costs</i> Q&A	Xavier Fron, Eurocontrol Performance Review Unit (PRU) Keld Ludvigsen, SES Performance Review Body (PRB)	
1130	What does TEV comprise? <i>Identification of benefit & cost components</i> <i>Trade-offs</i> Q&A	John Raftery, Senior Consultant Helios	
Session Two – Stakeholder perspectives			
1200	Airline Perspective <i>How do airlines assess the TEV of ANSPs?</i> Q&A	Chris Gadsden, Regulatory Affairs easyJet	
1230	Lunch		
Session Two – Continued...			
1315	ANSP Perspective <i>The relevance of Total Economic Value to the service ANSPs provide?</i> Q&A	Nigel Fotherby, Finance Director NATS	
1345	NSA Perspective <i>How can NSAs assess the economic value of air navigation service provision?</i> Q&A	Simon Posluk, Head of market surveillance and market regulation, Civil Aviation Department, Swedish Transport Agency	
1415	Refreshments		
Session Three – Drawing it together			
1430	Panel discussion	Keld Ludvigsen John Raftery Chris Gadsden	Nigel Fotherby Simon Posluk Richard Moriarty
1515	Chair’s conclusions/outcomes on shaping the agenda for TEV	Professor Martin Cave	
1530	Close		