

PRB Advice to the Commission in the setting of Union-wide performance targets for RP3

Annex A: Impact on target setting of the proposed revision
to the performance and charging schemes

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1. Impact of the proposed revision to the performance and charging schemes

1.1 The regulatory process

- 1 On 3rd October 2018, the Single Sky Committee will discuss the proposal of the European Commission on the revision of the performing and charging scheme (Commission Implementing Regulations (EU) No 390/2013 and (EU) No 391/2013, to be merged in to one regulation). It is expected that Member States will vote on the final proposal in November or December 2018, meaning that the new regulation would enter into force in 2019. The following paragraphs identify how the new regulation will modify the target setting. The assessment considers the state of the draft as of September 2018. Member States may introduce substantial changes which the Performance PRB will continuously assess.

1.2 Process and timelines

- 2 The proposal will modify the timeline for target setting. The main changes are:
 - 15 months before the start of RP3, the Commission proposes ranges (instead of targets).
 - 10 months before the start of RP3, National Supervisory Authorities (NSAs) submit initial local targets as input to Union-wide target setting.
 - Seven months before the start of RP3, the Commission adopts the Union-wide targets after the PRB has submitted its final recommendations (June 2019).

1.3 Baseline values for Union wide targets

- 3 The adoption of Union-wide targets includes the establishment of a Union-wide 'base-line value for determined costs' and a Union-wide 'baseline value for the determined unit cost'. They are required for identifying the “starting point” for the performance target setting in the key performance area of cost efficiency.
- 4 The current target recommendations contained in these documents include the evidence for the starting point both for Determined Cost and Determined Unit Cost.

1.4 Alert threshold

- 5 The Commission will establish alert thresholds together with the Union-wide targets. They are set against the deviation of the actual traffic from the traffic forecast. However, instead of using service units, the new regulations will express the alert threshold as a percentage of IFR movements. In addition, the alert threshold will consider the difference between the reference values of the Network Operation Plan and the capacity targets.
- 6 The alert threshold as proposed by the PRB in the recommendations for the target will need to be reviewed.

1.5 Safety KPA

- 7 The proposed regulation reduces the Key Performance Indicators (KPIs) for safety to cover the minimum level of the effectiveness of safety management of air navigation service providers, but no longer of Member States. The new KPI includes an additional Management Objective (“safety achievement”). Setting the target on this management

objective will require new Acceptable Means of Compliance (AMC) to be adopted. An EASA Working Group is elaborating this AMC.

- 8 After adopting the new AMC, additional work will be required to correlate maturity levels under the previous AMC with maturity levels under the new AMC and setting the target for “safety achievement”. EASA is expected to propose such a correlation.

1.6 Environment KPA

- 9 The changes proposed in the draft revised regulation do not have a major impact on the targets the PRB is recommending to the Commission for the Environment KPA. The PRB will no longer be required to set a target on the flight planned trajectory as the revision proposes to demote this KPI to a performance indicator (PI).
- 10 The other changes introduced by the proposed regulation include (1) updates to definition of the KEA KPI, (2) addition of the share of Continuous Descent Operations (CDO) for arrivals as a performance indicator at a local level and (3) removal of RP2 PIs monitoring the effectiveness of FUA booking procedures, rate of planning of Conditional Routes (CDRs) and effectiveness of CDR use; neither of which is expected to impact on the PRB's EU-wide target setting activities for the RP3, mainly because:
 - there are no changes to calculation methodology for KEA KPI – the change relates to textual definition of this indicator only;
 - the share of CDO arrivals does not require EU-wide targets since this is envisaged to be a local PI only.
- 11 No changes to the values for the targets to the actual trajectory KPI (KEA) would be necessary if the revised regulation was adopted.

1.7 Capacity KPA

- 12 The proposed revision is not expected to have an impact on the setting of EU-wide targets for the Capacity KPI. The definition of the KPI remains the same. For monitoring purposes, the values calculated for this indicator are broken down at the level of area control centre areas of responsibility, including cases of delegation of the responsibility for the provision of air traffic services. The new monitoring mechanism is expected to ensure greater transparency and alignment with the actual operational environment.
- 13 The proposed incentive scheme may impact on the local Capacity KPI target setting because it introduces an asymmetry between bonuses and penalties for both en route and terminal. The reduction of the determined costs is capped at 3% while any bonus shall not exceed 1%. The asymmetrical incentive scheme might affect the definition of the value of the local delay performance. The proposed incentive scheme is associated with ‘pivot values’ (reference values) deriving from the Network Operations Portal (November edition of year n-1) in order to ensure that incentives promote the right outcomes. Definition and introduction of ‘pivot values’ within the incentive scheme should bring greater consistency between the local capacity planning and Network Operations Planning.

1.8 Cost efficiency KPA

- 14 The PRB believes that the impact of the draft revised regulation will be limited for the Cost Efficiency KPA. The indicators remain unchanged and therefore the analysis undertaken to prepare the target ranges and advice under the existing Regulation remains valid.
- 15 The major changes for cost efficiency are the changes to the bounds of the risk sharing mechanisms and the incentive schemes, which may marginally change the risk for ANSPs. Moreover, another important change is the criteria for assessing the consistency of National or FAB performance plans with the Union-wide targets. However, the PRB is convinced that ANSPs have enough resources to manage these relatively minor changes without increasing costs to airspace users.