



**IAA ANSP Response to Supplementary Consultation:
Updated Irish RP3 Performance Plan, based on
STATFOR's October Scenario 2**

10 November 2021

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Executive Summary

- ❖ IAA ANSP welcomes the opportunity to respond to this Supplementary Consultation and appreciates the difficult position that the NSAs have been placed in following the publication and nature of the revised EUROCONTROL STATFOR traffic forecasts. Having analysed the forecasts and the proposals within the Supplementary Consultation, we see no justification to apply the revised forecasts to Ireland and we are concerned that their application will undermine the entire RP3 process and unnecessarily extend the crisis for IAA ANSP.
- ❖ In this Response to Supplementary Consultation document, IAA ANSP sets out its views and provides evidence on why the Irish RP3 Plan should not be revised to account for the publication by EUROCONTROL on 15 October “**STATFOR’s October Scenario 2**”.
- ❖ IAA ANSP has many concerns in relation to the nature of this latest development that has led to this supplementary consultation, including:
 - (i) The assumptions accompanying **STATFOR’s May Scenario 2** appear to remain relevant today, particularly in the absence of evidence to the contrary from STATFOR
 - (ii) All stakeholders, including IAA ANSP, airline customers and their representatives supported **STATFOR’s May Scenario 2** at end-August, which formed the basis for the NSAs RP3 Decision of 1 October
 - (iii) There is a notable lack of published assumptions accompanying **STATFOR’s October Scenario 2**. A subsequent updated forecast will be available in a number of weeks.
 - (iv) For Ireland, **STATFOR’s October Scenario 2** is extremely close to **STATFOR’s October Scenario 1** for reasons that are unexplained by STATFOR and not explored or noted in the Supplementary Consultation
 - (v) EUROCONTROL normally publishes STATFOR’s Draft forecasts each September but did not on this occasion for reasons that are unknown to IAA ANSP
 - (vi) There is a question on why the completeness of verification process, undertaken with support from EUROCONTROL, did not identify that Plans should be updated on the basis of the midpoint between Scenario 1 and 3? This is particularly relevant given the downside risks that EUROCONTROL has emphasised in its October publication and it is also relevant in the Irish context where Scenario 2 straddles Scenario 1 in an unprecedented manner for reasons unknown to IAA ANSP
 - (vii) The relevant Regulations state that RP3 Decisions should be on the basis of a consistent traffic forecast whereas the proposals in this Supplementary Consultation would result in targets derived from November 2020 forecasts, local considerations on the basis of May 2020 forecasts, and charges on the basis of November 2021 forecasts
- ❖ ✂
- ❖ To update Ireland’s RP3 Plan on the basis of a significantly more optimistic Scenario 2 from STATFOR in October compared to May, and one which is in such close proximity to the high Scenario 1 in 2022, will greatly undermine the ANSP’s ability to recover eligible costs as these costs are incurred in 2022.
- ❖ ✂

- ❖ The Supplementary Consultation refers to the proposals and how Ireland would fare under cost efficiency targets that are now outdated. However, annual cost efficiency targets were never relevant before the pandemic nor are they relevant in relation to the revised RP3 Plans because ultimately the assessment will be carried out by the PRB in relation to the targeted average growth over the period 2019-2024.
- ❖ In relation to the proposal to leave the capacity target unchanged in the Supplementary Consultation, IAA ANSP is of the view that this proposal is made on the basis of a highly theoretical and mechanistic model by Opex Consultants Steer, and that this latest development shows that is not adaptable to real circumstances faced by IAA ANSP. There are known constraints in recruiting and training ATCOs and there is no guarantee a modelling outcome can be achieved in practice.
- ❖ Consistent with our Response to the Consultation in August, there is a heightened risk of delays in Irish airspace over the coming years and this Supplementary Consultation is essentially proposing an increase in costs of €3.5m, which would be returned in this event via capacity related financial penalties due to capacity targets that will be impossible to meet i.e. the NM Analysis in our RP3 Business Plan is now more applicable to 2023 due to the nature of **STATFOR's October Scenario 2**. The net effect of this Supplementary Consultation is that the Irish unit rate is reduced by almost 20% and ✂.
- ❖ There is a proposal to now update the very extensive RP3 Planning Process for **STATFOR's October Scenario 2** but not for other relevant developments such as the IMF's World Economic Outlook, which has increased inflation from 1.6% to 1.9% in 2021.
- ❖ In addition, there doesn't appear to have been any attempt by STATFOR to reconcile the GDP projections it has sourced from Oxford Economics with those detailed GDP forecasts by the IMF in October, with the latter considered to be the gold standard when it comes to GDP forecasts. An initial analysis by IAA ANSP indicates that Oxford Economics has been considerably more optimistic in relation to the regions that are relevant to Ireland's traffic – the difficulty with providing specific evidence on this is that is not clear which regions have been used by STATFOR and to what extent in Ireland's case¹. This simply further emphasises the risk for NSAs in developing final Performance Plans on the basis of such unreliable forecasts.
- ❖ In October, the IMF referred to the rapid spread of Delta and the threat of new variants as being responsible for the increased uncertainty in relation to how quickly the pandemic can be overcome. Even this week (week commencing 8th November), there are calls in many European countries for the reintroduction of restrictions. Against this reality and given the fact that the pandemic continues to impact on society despite vaccine roll-out, it is unclear why States would rely on significantly more optimistic forecasts. ✂.
- ❖ STATFOR is now speculating that traffic could be back at 90% of 2019 levels in December of this year but that it could just as easily be 68% of 2019 levels in December. This demonstrates that the level of uncertainty remains extremely high, and the latest series of forecasts simply serves to lower the unit rate for IAA ANSP over the remainder of RP3. Given the lack of time available to the NSAs and IAA ANSP to develop local forecasts, the NSAs should consider using a midpoint between Scenarios 1 and 3, or a forecast that is closer to Scenario 3 due to the downside risks and the additional uncertainty caused by the epidemiological situation that has been unfolding

¹ On 9 November, Oxford Economics aligned itself to the IMF and confirmed that *"The Eurozone Economy is gradually losing momentum – downside risks continue to rise, with the sharp rise in inflation and the persistent problems in supply chains remaining the main headwinds for the recovery"*.

across Europe in recent weeks. This would ultimately resemble *STATFOR's May Scenario 2*, and it is on this basis that IAA ANSP is requesting that the NSAs remain consistent with its Decision of 1 October.

- ❖ If the Irish NSAs disregard the evidence provided in this document and the various requests, IAA ANSP requests that the NSAs will commit to revisiting RP4 forecasts over the course of 2022 and the beginning of 2023 in order to provide guidance to IAA ANSP on an indicative allowance for ATCOs 2025 and 2026 on the basis of these forecasts, given the significant lead times involved in recruiting ATCOs. ✂.
- ❖ IAA ANSP welcomes the proposal surrounding the amended environment targets. However, in relation to the proposal to leave capacity targets and the associated financial penalties unchanged, this response provides evidence in relation to Student Controller Programmes and ✂. Accordingly, IAA ANSP is requesting that the capacity targets in 2022 and 2023 are significantly increased or that the associated financial penalties would be suspended for those two years.

1. Introduction

- 1.1 IAA ANSP agrees with the majority of European States, NSAs and ANSPs that the extensive revised RP3 Planning Process should not be updated over the course of a few days in November to account for **STATFOR Scenario 2 from October**, which is significantly more optimistic than the **STATFOR Scenario 2 from May**, in part due to an assumption that business travel will fully recover to pre-pandemic levels in approx. 12 months beginning in January 2023.
- 1.2 According to the **STATFOR Scenario 2 from October**, Ireland's en route traffic in 2022 and 2023 will be 25% and 21% higher compared to the same Scenario issued in May. The equivalent increase for terminal traffic is 22% and 7% in 2022 and 2023 respectively. ✂.
- 1.3 As set out in the Supplementary Consultation, the updated scenarios have resulted in a limited number of minor changes to the Plan with the ultimate effect of reducing Ireland's en route charge in 2022 and 2023 by 18% and 17% respectively and reducing Ireland's terminal charge in 2022 and 2023 by 16% and 5% respectively. From an ANSP perspective, on the basis that the STATFOR assumptions in May remain largely relevant, this development effectively prolongs the emergency years for ANSPs by a third year and exacerbates the cash flow difficulties caused by the reduction in traffic to date. As is currently stands, IAA ANSP will have to wait until 2029 to recover eligible costs incurred in 2020 and 2021 whereas this supplementary consultation is very likely to result in a situation whereby a proportion of eligible costs incurred in 2022-2024 will not be recoverable until 2024-2026 i.e., n+2.

❖ ✂.

❖ ✂.
- 1.4 The wide difference between Scenarios 1 and 3 (i.e. high and low) from STATFOR in both May and October continue to demonstrate that there is significant uncertainty surrounding the nature of the recovery from as early as 2022. In fact, on this basis there is more uncertainty in 2022 and 2023 compared to the years that follow given the extent of the range between Scenarios 1 and 3. Moreover, Scenario 2 for Ireland in 2022 is straddling the high scenario, and this appears to be contrary to the underlying assumptions that have been published by EUROCONTROL i.e., risks remain skewed to the downside.
- 1.5 As the RP3 Planning timelines in 2021 have coincidentally corresponded to the original Planning timelines in 2019, it is worth noting that the RP3 Regulation from 2019 sets out that the STATFOR publication from Spring should be considered ahead of the RP3 process – this has already been extended somewhat in 2021 to May. The revised RP3 Regulation in 2021 merely notes that the STATFOR publication from November 2020 would enable the revised RP3 process to commence. Neither Regulation sets out or required that a traffic scenario published two weeks following the Decisions on RP3 Plans should result in Plans being amended and within such a short timeframe. Further scenarios from STATFOR will issue in draft form for consultation within a matter of weeks and these will be finalised ahead of the DG MOVE completing its review of RP3 Plans. Yet this will not be relevant, nor is there a suggestion that RP3 Plans should be updated on this basis – these forecasts will have come just days after the 2022-unit rate will have come into force.
- 1.6 It is important for context to show that **STATFOR's October Scenario 2** is by no means more reliable than **STATFOR's May Scenario 2** simply because it is published five months later. Looking at the European perspective, STATFOR is now saying, for example that traffic could be back at 90% of 2019 levels in December of this year but alternatively that it could be 68% of 2019 levels

in December. This level of uncertainty remains extremely high, using the latest series of forecasts simply serves to lower the unit rate for IAA ANSP over the remainder of RP3. This factor needs to be considered by the NSAs before the RP3 Decision of 1 October is reopened on the basis of **STATFOR's October Scenario 2** alone.

- 1.7 Given the lack of time available to the NSAs and IAA ANSP to develop local forecasts, perhaps the NSAs should consider using the midpoint between Scenarios 1 and 3, or a forecast that is closer to Scenario 3 due to the downside risks and the epidemiological situation that has been unfolding in recent weeks. This would ultimately resemble **STATFOR's May Scenario 2**, and it is on this basis that IAA ANSP is requesting that the NSAs remain consistent with their Decision from 1 October.

The extent of the uncertainty in EUROCONTROL's latest forecasts

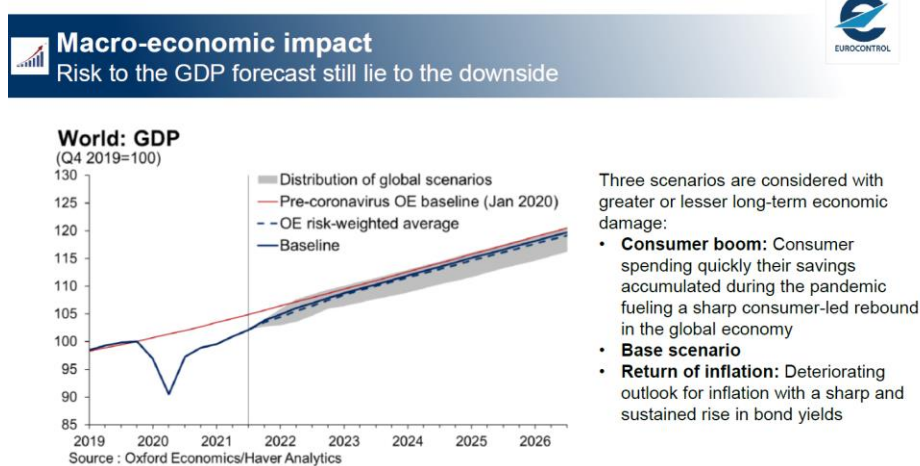


- 1.8 To quote the IMF from its World Economic Outlook published in October, 2021 has been revised downwards due to supply disruptions and worsening pandemic dynamics. Despite near term prospects among some commodity exporting emerging market economies, rapid spread of Delta and the threat of new variants have increased uncertainty about how quickly the pandemic can be overcome. Accordingly, policy choices have become more difficult, with limited room to manoeuvre.
- 1.9 Oxford Economics published something similar to the IMF the following month stating that the Eurozone Economy is gradually losing momentum – downside risks continue to rise, with the sharp rise in inflation and the persistent problems in supply chains remaining the main headwinds for the recovery.
- 1.10 We also wish to acknowledge that in October, IATA issued forecasts indicating that from the perspective of Revenue Passenger Kilometre (RPK), North Atlantic traffic would reach 65% of 2019 levels in 2022 whereas the equivalent figure for Europe is 66%.
- 1.11 The implication of the evidence presented above is that the Oxford Economics forecasts relied upon by STATFOR have already proved to be too optimistic. ✗.

2. STATFOR’s Scenario 2 in May compared to Scenario 2 in October

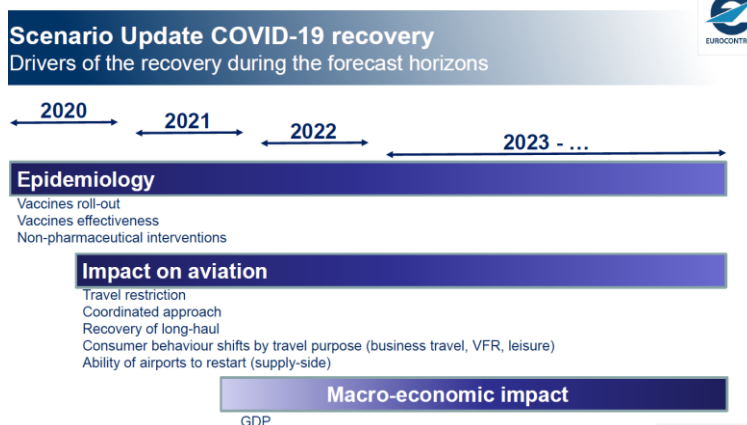
- 2.1 The only real change that IAA ANSP can see with **STATFOR’s October Scenario 2** compared to **STATFOR’s May Scenario 2** is that updated GDP forecasts have been factored into account albeit in a manner that is not very transparent at this time. There is also an unexpected position taken in relation to business travel fully recovering to pre-pandemic levels in 2023.
- 2.2 In addition to the point that GDP forecasts are unlikely to be as relevant a determinant in future growth compared to more normal times, it can be seen below that EUROCONTROL was keen to emphasise in October that **risks still lie to the downside**.
- 2.3 Given the recognition by EUROCONTROL that these risks remain skewed to the downside, it is unclear why Ireland’s **STATFOR Scenario 2 from October** increased so significantly compared to **STATFOR Scenario 2 from May** and why is it so close to the high **STATFOR Scenario 1 from October**?

“Risks still lie to the downside”: Text published alongside STATFOR’s October Scenario 2



- 2.4 Furthermore, in relation to the position that EUROCONTROL take in relation to GDP impacting on travel from end-2021, IAA ANSP is of the view that any multiplier used should have regard for the epidemiological situation, the related travel restrictions, an increasing public concern over the sustainability of air travel and overall consumer confidence, and not simply forecast growth with the same impact that GDP growth would have in non-pandemic years.

GDP Multiplier from October 2021



2.5 The assumptions underpinning **STATFOR Scenario 2 from May** are set out below, which accounted for

- *Reduced demand for business travellers* → EUROCONTROL in **STATFOR Scenario 2 from October** is now saying business travel will return to pre-pandemic levels in just over 12-months, which IAA ANSP does not agree with particularly as EUROCONTROL noted in May under this Scenario there would be a permanent lingering effect to business travel. IAA ANSP would welcome the Irish NSA’s views on this, given it appears to be the only assumption that has changed between May and October.
- *Vaccines being effective* → we now know regions with extremely high vaccination rates are simultaneously incurring very high rates of COVID-19, and that booster vaccines are required so it is difficult to see how a change to this assumption has driven such large increases in **STATFOR Scenario 2 from October**.
- *Speediness of herd immunity* → given the experience of recent months, we now attach a different meaning to herd immunity. Again, it is difficult to see how a change in this factor has driven such large increases in **STATFOR Scenario 2 from October**. Additionally, the rate of vaccination appears to have slowed significantly in Europe and the US.
- *Savings glut and pent-up demand* → this continues to be relevant, and the key point is that it was already an assumption in **STATFOR Scenario 2 from May**.

Factors considered in STATFOR’s May Scenarios

Scenario COVID-19 recovery

We reviewed the scenarios from Nov20 forecast to consider all possible risks and their relative impacts

In updating the scenarios, we took into account the following dimensions:

- ✈ Effectiveness of vaccine against new virus variants
- ✈ Speed of deployment of vaccine amongst population, reaching herd immunity (±70%)
- ✈ Strength of domestic aviation markets
- ✈ Coordinated European approach facilitating a safe free movement inside EU (Digital green certificate)
- ✈ Possible differences in state aid and risks of bankruptcies in aviation industry
- ✈ Savings glut and pent-up demand effect, particularly the VFR (Visiting Friends and Relatives) market
- ✈ Reduction in demand to fly for business travellers (i.e. increased uptake of video conference,...) but also of leisure travelers (e.g. Effect of travel shaming and achievement of the global climate ambitions)
- ✈ Variation of long-haul recovery: e.g. North-Atlantic flows recovering faster

High-level assumptions underlying STATFOR’s May Scenarios

Scenario Update COVID-19 recovery

Optimistic and pessimistic scenarios are explored

Scenario 1	Scenario 2	Scenario 3
<p>Vaccine Summer 2021</p> <p>Easing of travel constraints as of Summer 2021</p> <p style="background-color: #002060; color: white; text-align: center; padding: 2px;">Recovery to 2019 level in 2024</p>	<p>Vaccine Summer 2022</p> <p>Easing of travel constraints as of Q1 2022</p> <p style="background-color: #002060; color: white; text-align: center; padding: 2px;">Recovery to 2019 level in ~2025</p>	<p>Lingering infection</p> <p>Lingering infection and low passenger confidence</p> <p style="background-color: #002060; color: white; text-align: center; padding: 2px;">Recovery to 2019 level in ~2029</p>
<p>From mid-2021:</p> <ul style="list-style-type: none"> Vaccine roll-out progressing within Europe and globally. Effective test & trace programme. Relatively good passenger confidence. Coordinated interregional approach. Savings glut/Pent-up demand. Lingering hit to business travel. Airlines, especially LCCs, reasonably well able to invest and re-hire once demand returns. Some long-haul flows restarting quicker than others (e.g. North Atlantic, Oceania and Asia). 	<p>From late-2021:</p> <ul style="list-style-type: none"> Vaccine roll-out reaching herd immunity levels within Europe. Effective test & trace programme. Relatively good passenger confidence. Coordinated European approach. Savings glut/Pent-up demand. Permanent lingering hit to business travel. Airlines, especially LCCs, reasonably well able to invest and re-hire once demand returns. A few long-haul flows restarting quicker than others (e.g. North-Atlantic first). 	<ul style="list-style-type: none"> Persistent restrictions due to vaccine not effective against new and more transmissible coronavirus variants. Patchy uptake of vaccine. Difficult for airlines to operate as pre-COVID-19: some regions are experiencing renewed outbreak phases, not at the same time, not with the same severity. Demand is bouncing back for 60-70% of travelers but reluctance to fly for rest (fear and/or alternatives); permanent drop in propensity to fly.

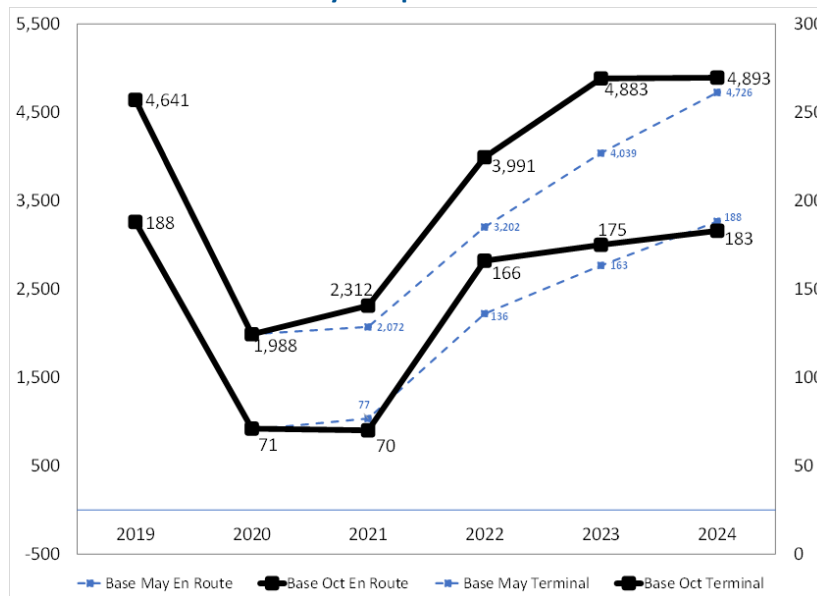
2.6 To emphasize why it would be a mistake to update the RP3 Plan on the basis of **STATFOR Scenario 2 from October**, we can focus on the assumption in **STATFOR Scenario 3 from May** whereby there would be patchy uptake of vaccine. This assumption that has since materialised in relevant jurisdictions but yet it remains a key assumption in **STATFOR Scenario 3 from October** with this low scenario also set on the basis that there would be a need for updated vaccines. This is further evidence on why there should not be an overreliance on **STATFOR Scenario 2 from October**.

High-level assumptions underlying STATFOR’s May Scenarios


Scenario Update COVID-19 recovery Optimistic and pessimistic scenarios are explored			
	High scenario	Baseline scenario	Low scenario
	Recovery to 2019 level in mid-2023	Recovery to 2019 level by end 2023	Recovery to 2019 level after 2027
Epidemiology	<ul style="list-style-type: none"> Efficient vaccination campaign within Europe and globally Reliable vaccine (also against variants) Effective test-trace-isolate programme 	<ul style="list-style-type: none"> Vaccine roll-out reaching herd immunity levels within Europe Reliable vaccine (also against variants) Effective test-trace-isolate programme 	<ul style="list-style-type: none"> Patchy uptake of vaccine Need of updated vaccines Frequent reintroduction of lockdowns and mask mandates
Specific impact on aviation	<ul style="list-style-type: none"> Less travel restriction Coordinated interregional approach North-Atlantic flows restarting during November 2021 Asia-Pacific/India Q2 2022, Middle-East Q4 2021, Australia flows Q3 2022 Good passenger confidence Savings glut/Pent-up demand Faster bounce-back of business travel Airports well able to bring back capacity 	<ul style="list-style-type: none"> Limited travel restriction Coordinated European approach North-Atlantic flows restarting during November 2021 Asia-Pacific/India Q3 2022, Middle-East Q1 2022, Australia flows Q4 2022 Relatively good passenger confidence Savings glut/Pent-up demand Business travel return to pre-COVID19 levels in 2023 Airports well able to bring back capacity 	<ul style="list-style-type: none"> Strong travel restriction Coordinated European approach Long-haul flows restarting as of end 2022 Demand is bouncing back for 60-70% of travelers but reluctance to fly for rest; Permanent drop in propensity to fly; Growing environmental constraint Airport difficulties to operate as pre-COVID

2.7 It is not possible to work out how the assumptions set out above for **STATFOR Scenario 2 from October** have impacted on the figures, but we can examine how the assumptions themselves have evolved between May and October, and whether the related change in figures is consistent with this. IAA ANSP does not see any evidence presented to indicate that there is a strong case for en route traffic in **STATFOR Scenario 2 from October** to increase by 25% in 2022 and 21% in 2023 compared to projected increases that were already assumed in **STATFOR Scenario 2 from May**, given the nature of how the published assumptions have evolved. We would ask that the Irish NSAs to examine this in further detail before considering updating the State Performance Plan to align to **STATFOR Scenario 2 from October**. The same point applies to Ireland’s terminal traffic.





STATFOR Scenario 2 in May compared to October



“Additional Risks” accompanying STATFOR May Scenarios



Additional Risks

-  The risk behind **Brexit**: We have assumed that continued transport connectivity will be ensured. Businesses and individuals operating in the UK should therefore see no change to existing conditions after the transition period.
-  Future **airspace and network changes** (e.g. unexpected closures, new routes) and **airlines’ changing choice of routes** are not modelled by the forecast.*
-  The **economic recovery** remains fragile. Current forecast includes different economic forecasts (Sc1: Rapid upturn, Sc2: Baseline, Sc3: Limited Vaccine Effectiveness) but a further deterioration of the economic situation (eg financial crisis) is a downside risk.
-  The **volatility in oil and fuel prices**: A surge in oil prices could lead in an increase of fuel cost, hence an increase of the ticket prices which is a downside risk.
-  **Terrorist attacks, bans of one country on another one, wars and natural disasters.** These are impossible to predict. Their impact on air traffic could however be a temporary one, or more significant.

* Overflights are calculated from routes used over the Sep19 to Aug20 period; this is more significant for individual countries than for all ECAC.

“Additional Risks” accompanying STATFOR October Scenarios



Additional Risks

-  The **economic recovery** remains fragile. Current forecast includes different economic forecasts (High: Consumer Boom, Base: Baseline, Low: Return of inflation) but a further deterioration of the economic situation (eg financial crisis) is a downside risk.
-  The **volatility in oil and fuel prices**: A surge in oil prices could lead in an increase of fuel cost, hence an increase of the ticket prices which is a downside risk.
-  Future **airspace and network changes** (e.g. unexpected closures, new routes) and **airlines’ changing choice of routes** are not modelled by the forecast.*
-  The risk behind **Brexit**: We have assumed that continued transport connectivity will be ensured. Businesses and individuals operating in the UK should therefore see no change to existing conditions after the transition period.
-  **Terrorist attacks, bans of one country on another one, wars and natural disasters.** These are impossible to predict. Their impact on air traffic could however be a temporary one, or more significant.

2.8 It is noteworthy that one of the only differences in the Figures above is that **STATFOR Scenario 3 from May** was referred to as “Limited Vaccine Effectiveness” whereas **STATFOR Scenario 3 from October** is being referred to as “Return of Inflation”. It appears that the scope for the vaccine to have limited effectiveness has been entirely dismissed, but it can be seen in the more detailed assumptions above that the reintroduction of lockdowns and mask mandates remain a concern and that **STATFOR Scenario 3 from October** has been put forward on that basis.

3. Procedural Considerations

- 3.1 ✂. IAA ANSP is of the view that consistent application of the regulation on key matters such as traffic forecasts is imperative to guarantee the integrity of the process and ensure there is a robust regulatory system across Europe.
- 3.2 Given the extent of the proposed traffic changes in this Supplementary Consultation, which greatly exceed the sensitivities consulted on by the Irish NSAs in August, there has been insufficient time allocated to this consultation process. ✂.
- 3.3 ✂.
- 3.4 ✂.
- 3.5 ✂.
- 3.6 ✂.
- 3.7 IAA ANSP understands the reasoning behind this Supplementary Consultation but is of the view that the Decision following the consultation should be to remain with an RP3 Plan, consistent with what was published in October following a very detailed consultation.
- 3.8 ✂.
- 3.9 In this consultation, it is being proposed that IAA ANSP would receive an additional €3.5m over the 3-year period 2022-2024 to cover traffic increases over the same period, with increases in excess of 20% across En Route and Terminal in 2022 alone according to **STATFOR Scenario 2 from October**. Conversely, however, IAA ANSP would lose in the region of €5.6m across en route and terminal services in 2022 alone if the RP3 Plan is amended on the basis of the Supplementary Consultation and the traffic levels that subsequently materialises is 10% lower than **STATFOR Scenario 2 from October**.
- 3.10 Given the Opex model is being updated solely on the basis of traffic developments, the figures set out in the previous paragraph indicates there is a certain level of inconsistency between the principles of the traffic risk sharing mechanism as set out in the RP3 Decision and the increase in costs that is now being proposed under the Supplementary Consultation.

4. ANSP Service Delivery Considerations

- 4.1 The scope of this Response to Consultation document is focussed solely on the contents within the Supplementary Consultation. However, the points raised in IAA ANSP's Response to Consultation in August remain relevant for the RP3 Period and IAA ANSP has ongoing concerns in relation to the RP3 Decision of 1 October, which doesn't fully recognise the required step changes in IAA ANSP's RP3 Business Plan nor does it fully recognise the required staffing levels to deliver an acceptable service. This is relevant insofar as the Supplementary Consultation is concerned because on balance the proposals made a bad situation for IAA ANSP even worse.
- 4.2 It is also important at this stage to note that the traffic risk sharing mechanism was not applied in 2020 and 2021 in accordance with the 2019 RP3 Regulation. Airspace Users have benefited from a Revised Regulation in November 2020, which in part defers required payments until 2029. The proposals in this Supplementary Consultation compound the situation for ANSPs by applying a similar mechanism to 2022, but without any regulatory basis either from the 2019 RP3 Regulation or the revised RP3 Regulation in 2020.
- 4.3 ✂.
- 4.4 ✂.
- 4.5 The traffic scenarios for the beginning of the RP4 period cannot be overlooked at this stage given their relevance to the RP3 consultation process in recent months. In 2024 and 2025, the lowering of **STATFOR Scenario 2 from October** compared to May, and the manner in which **STATFOR Scenario 2 from October** is unprecedently close to **STATFOR Scenario 3 from October** needs to be further considered by the Irish NSAs and whether it is appropriate to revise the RP3 Decision on this basis.
- 4.6 Should the Irish NSAs disregard the evidence provided in this document and the associated requests outlined, IAA ANSP requests that the NSAs will commit to revisiting RP4 forecasts over the course of 2022 and to provide guidance to IAA ANSP on how many ATCOs will be permitted in 2025 and 2026 on the basis of these forecasts, given the significant lead times involved in recruiting ATCOs. ✂.
- 4.7 If the NSA decides to use **STATFOR Scenario 2 from October**, the capacity targets need to be significantly increased or alternatively the associated financial penalties should be suspended in 2022 and 2023 given the extent of the capacity constraints that arise within such a short timeframe.
- 4.8 If the NSAs decide to use **STATFOR Scenario 2 from October**, the capacity targets should be extended in both 2022 and 2023 beyond the original target for 2022 of 0.07 minutes per flight given the extent of the resource requirement that cannot be realised in such a short timeframe. Alternatively, the associated financial penalties should be suspended in 2022 and 2023 because it is simply not possible to meet the targets proposed in the Supplementary Consultation.
- 4.9 As requested by the NSAs in the Supplementary Consultation, the points outlined below indicate why it is not appropriate to leave the capacity targets and financial penalties unchanged despite the proposed increase in cost of €3.5m that is heavily skewed over the period 2022-23:

➤ ✂

- IAA ANSP believes that for these reasons alone, an en route target of 0.07 minutes in 2022 and 2023 would not be met and requests that the associated financial penalties for these years are either suspended or that the capacity targets are materially increased
- ✂
- ✂
- Most importantly of all, the NM analysis included in our RP3 Business Plan was applicable for 2024 but only on the basis of traffic levels in 2024. This delay simulation would come forward by one year to 2023 given the nature of **STATFOR Scenario 2 from October** compared to **STATFOR Scenario 2 from May**

4.10 Finally, the evidence set out above needs to be considered in conjunction IAA ANSP's Response to Consultation document, which had already pointed towards significant bottlenecks from capacity point of view.

4.11 In order to support the proposals surrounding the environment target, it is important that all stakeholders have regard to the following:

- The KEA reduction to 1.11% in 2020 took place during an exceptional period. The traffic mix in Irish airspace significantly changed during 2020 with a much larger decrease in North <> South traffic (e.g. UK/Scandinavia <> Iberian Peninsula and Canaries) and international arrivals and departures, than in East <> West transatlantic traffic.
- East <> West traffic flows typically have better KEA performance due to more efficient routings which are not are generally subject to routing constraints which affect their KEA. North <> South traffic typically performs less well mainly due to the geographical structure/shape of Irish controlled airspace. The return to more normal traffic levels will include a return to normal North <> South traffic levels and this will inevitably result in an exponential deterioration of the KEA. This is reflected in the September KEA performance of 1.2% as traffic levels and complexity have increased while still remaining well below 2019 levels.
- Shannon ACC is involved in the ICAO NAT Oceanic Clearance Removal Project Team, it is likely that IAA ANSP can expect an increase in tactical vectoring, ✂ this may adversely affect the KEA performance.

Other factors include:

- In Summer 2020, approx. 1,200 Network RAD measures were suspended across Europe. For Summer 2021, 60 RAD measures have been re-activated to assist with demand/capacity balancing. For 2022, it's expected many more of the remaining suspended RAD measures will be re-activated thereby creating inefficiency affecting ENV performance across the entire network, including Irish controlled airspace.
- Military Exercise areas, all of which are outside the control of IAA ANSP
- Scottish FRA Implementation Phase 1 (2nd December), we do not expect any noticeable improvement in the KEA in the Shannon FIR, in the early stages of FRA Implementation, flight routings will be to COPs rather than DCT Cross Border operations.
- ✂

- UK Spaceport activities, e.g Spaceport Cornwall with air launches from a Boeing 747/400 carrier aircraft may have an adverse effect on IAA ANSP KEA.
- High traffic recovery rates are expected for the year 2022. The NOP 2022-2024 indicates that the European capacity targets will not be met and that a number of ANSPs will generate very high delays.
- Major projects are expected to be implemented across the network with long and overlapping transition periods. Current information indicates also that major military exercises are expected to be organised in 2022 and that they might overlap with the transition periods for major Network projects.