

Irish RP3 Performance Plan Stakeholder Consultation

Summary of Meeting

Date / Time: 10th September 2019, 10:00 – 15:00

Location: IAA Headquarters, the Times Building, Dublin

Key Discussion Points

RP2 Recap & Underlying Assumptions

- Stakeholders questioned the basis on which the ANSP decided to implement short-term measures to meet capacity requirements during RP2, given their CAPEX underspend and good performance during the period. It was also suggested that there should be sufficient revenue in the system to start training new ATCOs in RP2. The NSA stated that their role is to regulate the cost-base and that the NSA does not hold the remit to regulate how the ANSP manages its decision-making.
- One stakeholder expressed concern that the deferral of leave to meet capacity needs in RP2 could have implications for safety. The NSA assured the stakeholder that all working time and leave conditions are closely managed and reviewed in line with regulatory requirements.

Institutional Separation

- Some attendees supported institutional separation as a concept, but several did not support the magnitude of proposed costs. Additional evidence was requested to support this proposal, to ensure that it is being done efficiently and prudently. The NSA stated that substantive and detailed costings are included in the RP3 Performance Plan to assist the PRB and Commission in their assessment of this item.
- One stakeholder asked for quantification of the 'net financial benefits to airspace users' that institutional separation will generate, which is required to support any proposed restructuring costs under the regulation. The NSA clarified that, ultimately, institutional separation is government policy and therefore mandatory, and that it is notoriously difficult to accurately quantify the financial benefits. The NSA noted that all available information had been provided, and that the main benefits – stemming from independence – are qualitative.
- The NSA clarified that Search And Rescue (SAR) costs covered oversight and consultancy support, but not infrastructure; the costs would fund 2 FTE staffing.

Safety & Environmental KPIs

- Attendees supported the safety and environmental KPIs set out in the draft plan.

- One stakeholder requested further detail on the runway modelling, as the additional taxi-out time in Dublin and ASMA time is above the EU average. With continuing growth, it was questioned what initiatives are being implemented to rectify this. The ANSP clarified that the metric does not compare like-for-like, and the holding takes place outside the ASMA area for some States - Dublin is therefore quite efficient if benchmarked more accurately. The situation should also improve as the ANSP adapts to ensure services meet expansion needs but noted it does not have full control of the traffic due to interface with the UK.

Capacity KPIs

- Some attendees asked the NSA to consider setting more ambitious capacity targets in light of RP2 performance. The NSA responded that capacity constraints do exist and that whilst Ireland is aiming for good performance, it is not targeting zero delay.
- One attendee stated that airlines are not willing to pay excessive amounts for zero delay and that this must be balanced with cost-efficiency. The attendee also emphasised that strategic investment is imperative to ensure medium- to long-term capacity

CAPEX & Investments

- Several attendees requested additional information regarding the basis for investments and the make-up of costs. Greater detail was requested on the status of deferred investments and their breakdown in RP3 delayed CAPEX repayments. The NSA highlighted that the volume of data made available to stakeholders for RP3, compared to RP2, had substantially increased; this detail, and CAPEX repayments, go beyond that required by the RP3 regulation.
- Stakeholders acknowledged that some unspent CAPEX is coming back, but highlighted that it is difficult to determine if it covers all unspent CAPEX. There is no transparency on what has, or has not, been delivered. It was noted by the NSA that differences exist between the figures in the June cost tables and those in the draft plan, since the June figures were provided before the finalisation of the ANSP Business Plan and the review of costs by the NSA.
- Certain stakeholders were concerned by the increase in CAPEX in the context of deferred projects in RP3. It was noted that costs for a project management office are included in the IAA's cost base that will aim to improve the oversight of CAPEX.
- Regarding the proportion of costs comprised of contingency allowances, it was clarified that an arbitrary global percentage was not applied across projects as is done for some ANSPs. Projects are taken on a case-by-case basis and contingency allocated appropriately. The NSA confirmed that detailed Investment costings and benefits will be provided in the RP3 Performance Plan to assist the PRB and Commission in their assessment of this item. The NSA noted that information submitted in relation to CAPEX for RP3 far exceeds the requirements for RP2.
- Some attendees expressed concern that there is not sufficient investment in new technology such as GBASS or ADSB; one participant noted possible obsolescence issues for radar investments. These attendees were informed that the ANSP has a very vigorous assessment process for all new projects. It was also noted that radar data is shared with the UK to prevent the need for unnecessary infrastructure.

- One attendee asked where the evidence was that CAPEX would be translated into productivity or efficiency gains. It was highlighted that some costs are tied to meeting expanding regulatory requirements that do not have cost or capacity benefits. In particular, IR (EU) 2017/373, which comes into force in 2020, is expected to generate significant resource requirements.

Cost Efficiency KPIs

- Several attendees expressed concern regarding the growing cost-base, especially in the context of good performance seen during RP2. The NSA stated it is satisfied that all costs were necessary to prevent capacity issues in RP3. Another attendee highlighted that Ireland remains one of the most cost-effective ANSPs in Europe and that cost increases were marginal in the context of wider European costs and trends.
- Some stakeholders queried the basis of the choice of Cost of Capital (CoC), stating lower values were used for businesses from related sectors (e.g. airports). It was highlighted by the NSA that they had chosen the lowest value from the range determined by the independent First Economics CoC study commissioned by the IAA. This value was deemed appropriate and fair by the NSA.
- STATFOR forecasts were discussed. The base forecast had been used, but for some the risk of a hard Brexit meant the low scenario would be preferred. Other attendees countered that other States in Europe had used the base forecast despite risks of traffic falls due to conflicts in neighbouring nations, such as in South-Eastern Europe.
- One attendee expressed disappointment at the gap between expected and actual new ATCO numbers in RP2. The NSA noted its role is to check the ANSP business plan for fairness and reasonableness; the NSA's assessment was that the planned RP3 numbers are sufficient. It was stated by another attendee that ATCO numbers mask the underlying experience levels of staff.
- Certain stakeholders queried the status of pension funds, in particular to clarify that no liabilities had been transferred from RP2 into RP3; this would generate double-charging. It was requested that the NSA clarify if the costs were for a reserve fund or to cover a deficit. The NSA stated that thorough analysis had been undertaken to check that the costs included are sustainable and viable; the NSA verified that pension funding levels are appropriate based on current standards.
- In response to an attendee's request, the NSA noted that all cost tables would be supplied to stakeholders in Excel format following the stakeholder consultation.

Capacity Incentives & Traffic Risk Sharing

- Attendees generally supported the proposed capacity incentives scheme and traffic risk sharing mechanism laid out in the draft plan.
- It was requested by some attendees that the NSA considers a "no penalties" scheme for en route capacity.

List of Participants

First name	Last name	Representation
HELEN	SHERIDAN	IATCA
ALAN	SINGLETON	IATCA/ATCEUC
BRENDAN	MANNING	IATCA
BILLY	THOMPSON	AHCPS
RORY	SERGISON	IATA
ANDREW	KNILL	PRB
TOMISLAV	MIHETEC	PRB
TONY	TIGHE	MET EIREANN
GEORGINA	WALLACE	FORSA
JOSEPHINE	PRENDERGAST	MET EIREANN
FIONA	RIBBONS	IAA CONTRACTOR
DAVID	USHER	IAA
ENRIQUE	VENTAS GARCIA	RYANAIR
PAUL	JOHNSON	IAA
HARVEY	O'KEEFFE	IAA
BRIAN	FLYNN	IAA
DECLAN	DOWNEY	IAA
COLIN	BETTERIDGE	IAG
LOUISE	NUGENT	IAA
SIMON	FLANAGAN	FORSA
NIALL	TIMLIN	AER LINGUS
DARRAGH	PHELAN	DTTaS
ROSS	KEANE	DTTaS
SEAN	PATRICK	IAA
GER	CAFFREY	IAA
JONNY	KILROY	IAA
ASHLING	ENNIS	IAA
PAUL	KENNEDY	NSA – IAA SRD
JAMES	GAVIN	NSA – IAA SRD
ANTHONY	EIFFE	NSA – IAA SRD

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Stakeholder	KPA/KPI	Issue/Comment	NSAs response
IATA	Traffic Forecasts	The use of STATFOR Base case for Enroute is in line with the IR requirements, however, it is unclear that in the TNC that from 2022 onwards the impact of the second runway becoming operational at Dublin has been considered, can the IAA clarify if this is the case and to what extent it has been modelled?	Noted - The forecast used does account for the changed operating environment at DAP post completion of the second runway.
Ryanair	Traffic Forecasts	We support Ireland NSA's decision to use the STATFOR Base forecast in RP3. As mentioned in the performance plan, "the uncertainty inherent in these items was not sufficiently quantifiable to justify a departure from the STATFOR Base forecast). In RP2, the Performance Review Body reported that many monopoly air navigation service providers used their own low traffic forecasts to game the regulatory system and inflate unit rates. This situation must not be allowed.	Noted
ANSP	Traffic Forecasts	The new runway will directly lead to increased arrival and departure capacity (from the current normal capacity of 48 movements per hour to more than 60). The current "capacity deficits" during peak hours manifest themselves in Additional Arrival Sequencing and Metering (ASMA) time (see below), increased taxi-out and taxi-in times, and delays on stand. Significant improvements in the latter three performance indicators do require the delivery of new airport stand and taxiway infrastructure. Significant improvements in ASMA, and in CDO (continuous descent	Noted

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		<p>operations) will directly result from the availability of a dedicated arrival runway. ATFM arrival delays that currently occur due to adverse weather will significantly reduce.</p>	
Aer Lingus	Traffic Forecasts	<p>Aer Lingus believe the use of IMF GDP forecast to be reasonable.</p> <p>Aer Lingus requests that clarification is provided in respect of the statement (section 2.24) that "under a no deal Brexit, with a growth rate of 2.5% in 2020 that would cause a decrease in air travel demand" as it is unclear if this refers to a reduction in absolute growth or a an actual year on year decline in traffic.</p> <p>The forecast appears to be reasonable for the period 2020-2021. From 2022 onwards it is unclear if the impact of the second runway becoming operational at Dublin is factored into the traffic forecasts for Ireland.</p> <p>Aer Lingus also note that the STATFOR model, whilst generally appropriate, deflates traffic movements in its forecast due to Brexit assumptions that may not be prudent and is inconsistent with CAR approach to potential Brexit impact in their 2020-24 forecast.</p>	<p>Noted - The 2.5% growth in 2020 in a no deal Brexit refers to GDP growth rate.</p> <p>The NSA is satisfied that STATFOR forecasts are robust.</p>
Ryanair	Institutional Separation	<p>Ryanair is not in favour of the current proposal to restructure the IAA into two new entities. This proposal includes a significant cost increase which will ultimately be borne by airspace users. Ryanair has already requested</p>	<p>Noted - The NSA has carried out detailed validation exercises on the costs included in respect of restructuring <u>attributable to ANS activities</u> and is satisfied they are accurately</p>

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		<p>additional information and justification for this cost increase, but has not received a response. The consultation document notably fails to provide information that justifies any increase in the En Route or Terminal unit rates as a result of the restructuring, and only refers to vagaries such as “staff costs”, “other operating”, “depreciation” and “cost of capital” costs, all of which are already incurred by the current safety and regulatory bodies. Notably, both the safety and regulatory bodies currently have their own offices, staff, HR, ICT etc, and will not therefore incur any additional costs, despite the consultation documents opaque claims to the contrary.</p>	<p>portrayed in line with relevant Regulations and guidance (recent EY document).</p> <p>The NSA can confirm that substantive and detailed costings are included in the RP3 Performance Plan to assist the PRB and Commission in their assessment of this item</p> <p>Institutional separation is government policy and therefore mandatory. It is notoriously difficult to accurately quantify the financial benefits, and the main benefits – stemming from independence – are qualitative.</p>
ANSP	Institutional Separation	<p>The transition from RP2 to RP3 next year is particularly unique in Ireland due to the Government mandated separation of the IAA's Air Navigation Services Provider and the IAA's Safety Regulation Division, which is expected to be complete at the beginning of RP3. This will require the ANSP to create a brand new identity and relocate its headquarters with inevitable transitional costs associated with this restructure. It is important that stakeholders are aware that these costs would not be incurred in the absence of the structural reform. Institutional separation is necessitating the ANSP to source a new HQ.</p>	Noted

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Aer Lingus	Institutional Separation	<p>Aer Lingus is concerned at the restructuring costs associated with IAA and CAR merger within the Document indicating c.€8m Opex per annum and c.€10m Capex.</p> <p>Aer Lingus is also concerned at the conclusion that another building will be required for the office accommodation of one separated entity without appropriate supporting evidential material.</p> <p>In addition Aer Lingus notes that COMMISSION IMPLEMENTING REGULATION (EU) 2019/317 states that" 'restructuring costs' means significant one-time costs incurred by air navigation service providers in the process of restructuring for introducing new technologies, procedures or business models to stimulate integrated service provision, compensating employees, closing air traffic control centres, shifting activities to new locations, writing off assets or acquiring strategic participations in other air navigation service providers" Similarly it also states that these restructuring costs should implement restructuring measures that lead to restructuring costs referred to in Article 2(18), provided that the deviation is exclusively due to those restructuring costs and that a demonstration is provided in the performance plan that the restructuring measures concerned will deliver a net financial benefit to airspace users at the latest in the subsequent reference period. There is no evidence in the proposal that the separation will have any financial</p>	<p>Noted - The NSA is satisfied that the Restructuring Costs are correctly stated in the Performance Plan, and will provide all necessary information to the PRB and Commission to assist them in their assessment of this item.</p>

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		<p>benefits.</p> <p>In respect of above, Aer Lingus believes that a more prudent approach would be for the RP3 submission costs to be submitted exclusive of restructuring costs pending further consultation to allow review in greater detail and supporting rationale of any institutional separation costs.</p>	
IATA	Service Providers' Investment Plans	<p>The IAA is behind on its RP2 investment plan the requested RP3 plan must include clear links with RP2 actual developments – which investments have been completed, delayed, postponed or cancelled?, IATA notes that although some of the capex not spent in RP2 is to be refunded, the concern is that IAA are carrying forward potential inefficiencies that should have been corrected through this spending in RP2. No CBA`s have been presented for the proposed investment plan of RP3 or linkage to the KPA`s is evident, without this basic information the investment programme of some € 172.8m, cannot be supported at this time.</p> <p>While we have been provided some information planned RP3 investment/CAPEX programme, it lacks enough detail to be supported. Benefits should be more clearly linked to specific projects. There was no cost benefit analysis provided for any of the major investments nor was there a detailed breakdown of the cost of past investments, depreciation, deployment dates and benefits. We require this detail to ensure we are not being double charged for</p>	Noted - The NSA confirms that detailed Investment costings and benefits will be provided in the RP3 Performance Plan to assist the PRB and Commission in their assessment of this item. Information submitted in relation to CAPEX for RP3 far exceeds the requirements for RP2.

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		<p>CAPEX planned and financed during RP2, but not deployed until RP3. When we examine the plan, we note that most of the planned new investment costs are scheduled from 2022-2024, again we request that the associated CBA`s be made available for consultation to ensure that they can be verified by airspace users and utilized in any monitoring processes. In relation to the management of public funds, full transparency for staff, operational cost and capex is required. All administration costs not a part of the determined cost must be transparent and reported annually. Cost not known at the time of drafting the performance plan must be transparent, justified and reported annually with specific details on actual versus plan.</p> <p>IATA is concerned that the cost of capital WACC rate range proposed is out of sync with the independent Swiss Economics report prepared for CAR (whom IAA are due to merge with) who published a 4% WACC rate in May of this year as part of 2019 draft determination we call for an independent review of the appropriate WACC given the recent comparable decisions by CAA around Europe.</p>	
Ryanair	Service Providers' Investment Plans	We appreciate that IAA reimburses the money underinvested in RP2 to airspace users. However, we are concerned that airlines have also paid for the cost of applying capacity short term measures in RP2 that could likely be avoided deploying the full investment plan on time. For similar reasons, we are also concerned that the	Noted - The NSA confirms that detailed Investment costings and benefits will be provided in the RP3 Performance Plan to assist the PRB and Commission in their assessment of this item. Information submitted in relation to CAPEX for RP3 far

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		<p>investment plan for RP3 might not be properly deployed either and detailed cost-benefits analysis are required to properly address the proposal. Cost increase is not properly justified. In this sense:</p> <ul style="list-style-type: none"> - Please explain which process will be put in place to monitor and ensure that the investments are deployed cost-efficiently and timely. - Please provide further evidences regarding the investment benefits 	<p>exceeds the requirements for RP2.</p>
ANSP	Service Providers' Investment Plans	<p>The ANSP does not agree with the NSA's decision to use a WACC that is at the lowest end of the range identified by Frontier Economics. There is typically an asymmetry of consequences with getting the WACC wrong on the downside compared to slightly overestimating the WACC. For this reasons, other jurisdictions typically "aim-up" the WACC but for the Irish RP3 Plan the NSA has reduced the WACC, without considering the consequences in the event of a downturn. Furthermore, the ANSP does not agree with references and concerns identified by airspace users regarding WACCs in other jurisdictions, such as the Swiss Economics estimate, which is a draft subject to review at the time of this consultation. Finally, the ANSP believes that the WACC for the regulated entity in RP3 should be forward-looking and represent that of a hypothetical efficient operator.</p>	Noted

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		<ul style="list-style-type: none"> •Increased Engineer & ATCO staffing will help facilitate on target CAPEX delivery. •ATMPG review and planning. •CAPEX review and planning. •Weekly & monthly updates provided on top ten projects. •Technology restructured will assist better planning and project delivery. •Each Capital project undergoes rigorous internal scrutiny before being approved. Any unspent Capex Allowance is returned to Airspace Users 	
Aer Lingus	Service Providers' Investment Plans	<p>With respect to the Capital investment plans, Aer Lingus is concerned that, although the capex not spent in RP2 is to be refunded, the IAA are carrying forward potential inefficiencies that should have been corrected through capex spend in RP2.</p> <p>Additionally, there appears to have been a significant level of cost overrun on the capex projects which were completed in RP2. In the absence of detail on the reasons for this cost overrun Aer Lingus cannot support the inclusion of this increased capex total in the RP3 base asset base.</p> <p>Finally, Aer Lingus is concerned that the WACC rate range proposed is out of sync with market expectations and should be falling significantly in line with cost of borrowing trends.</p>	<p>Noted - The NSA confirms that detailed Investment costings and benefits will be provided in the RP3 Performance Plan to assist the PRB and Commission in their assessment of this item. Information submitted in relation to CAPEX for RP3 far exceeds the requirements for RP2.</p> <p>Regarding the CAR report, the WACC was based on Dublin airport. This was consequently based on an organisation with an entirely different asset base and capital structure.</p>

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		+D6 Aer Lingus would draw attention to current WACC rates for NATS in UK (<3%) and for the daa as set out in CAR 2019 draft determination (4%) in May of this year.	
IATCA	Service Providers' Investment Plans	The ANSP has committed to returning 24.6million in unspent CAPEX to Airlines relating to RP2. Given that this is a gesture of good faith and not a required practice until RP3 it is significantly disturbing for staff and unions who have seen their pensions continually underfunded.	Noted
IATA	Safety KPIs	We acknowledge that intention of Ireland to achieve the European targets with respect to Safety.	Noted
Ryanair	Safety KPIs	We consider the target for the Effectiveness of Safety Management (EoSM) appropriate given the good safety performance of Ireland during the last years. We also support the additional measures proposed to continuously improve safety levels.	Noted
ANSP	Safety KPIs	Safety is the IAA ANSPs number one priority and will not be compromised under any circumstances. The requirements identified in the ANSPs Business Plan ensure that the ANSP is sufficiently resourced to maintain excellent safety standards and comply with all of the new Regulations coinciding with RP3 including EU 2017/373, which is applicable from January 2020 and will have a serious impact across various levels of the organisation to ensure full compliance.	Noted
Aer Lingus	Safety KPIs	Aer Lingus can indicate support for the safety element of the Performance Plan, and that the KPIs described in the	Noted

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		plan are aligned with our own views on the areas that require focus over the reference period	
IATA	Environment KPIs	On Environmental performance, IATA note and support the IAA's intention to meet the targets as indicated in the performance plan. However, we would like to understand the potential impact the development of the second runway at Dublin airport may have on the KPA, considering the extensive Airspace restructuring that will have to accompany this new infrastructure.	Noted
Ryanair	Environment KPIs	We welcome the Ireland's environment targets (KEA) proposed for the whole reference period that will help to keep building a modern and environmental efficiency airspace. Furthermore, we also encourage IAA to put the focus on the rest of monitoring indicators like ASMA and Taxi-out and improve its performance. Please provide a detailed plan on how these areas will be improved.	Noted
ANSP	Environment KPIs	This NSA Validated Business Plan will ensure that we are well placed to meet the environment targets that have been set by the European Commission whereby the average horizontal en route flight efficiency of the actual trajectory (measured by average additional distance flown compared to the great circle distance) shall not exceed 2.53% in 2020, 2.47% in 2021 and 2.40% in 2022, 2023 and 2024. The IAA is also conscious of its corporate responsibility to environmental protection and the EC's wider commitments to carbon reduction. Accordingly, appropriate investment provisions were made in the Business Plan to upgrade our energy management systems, improve carbon emissions	Noted

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		and environmental sustainability. Despite the subsequent reduction of €2m by the NSA over the course of RP3, the ANSP will continue to prioritise initiatives in this space.	
Aer Lingus	Environment KPIs	Aer Lingus can indicate support for the Environment KPI's of the Performance Plan over the reference period.	Noted
IATA	EN Route Capacity KPI	IATA supports the intention to develop and implement an asymmetrical incentive scheme for enroute capacity, however as we do not currently support the enroute Capacity target aspects of the plan. We note the intention to meet the National targets as developed by the Network manager, however we would expect to see a higher level of ambition considering the evidence that the IAA have successfully managed the additional traffic with zero delay and bonuses paid for the past reference period performance. We understand that several states have chosen to deviate from the National reference values to create a higher level of ambition for their service providers. During the consultation we noted that the IAA already had a zero-delay performance and internal ambition, while we also understand that no additional enroute capacity was evidenced for RP3 during the consultation. For these reasons we expect the IAA NSA to develop a plan that reflects the reality of the situation and one that continues to drive performance through the development of ambitious targets.	Noted
Ryanair	En Route Capacity KPI	We are also concerned about the cost increase linked to the short-term measures applied in RP2 to tackle the capacity issue and its potential recurrence application in	Noted

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		<p>RP3. Please detail what short-term measures were applied, when and the cost-benefit analysis associated to them.</p> <p>Furthermore, Ryanair calls for the urgent need for ANSPs to recruit and train air traffic controllers to meet the demand of European citizens to travel by air. In this sense, we welcome the recruitment plan to increase air traffic controllers from 313 to 346 by 2024 in Ireland however we would like to understand how this increment will benefit airlines since the delay is currently 0.0 min/flight. Please provide cost benefit analysis for the staffing increase and the quantitative benefits that will be seeing by airspace users, for instance:</p> <ul style="list-style-type: none"> - % capacity increase - Overtime reduction (time and cost) and other short-term measures avoided - Environmental impact 	
ANSP	En Route Capacity KPI	The ANSP Business Plan contains considerable details of the required resources during RP3 to safeguard capacity and ensure the business is on a more sustainable foot during RP3 and ahead of RP4. The ANSP is satisfied that the NSA has appropriately considered this evidence and will be available to answer any further queries on this evidence from the NSA or the PRB during its evaluations of the Plan.	Noted

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Aer Lingus	En Route Capacity KPI	Aer Lingus can indicate support for the En route Capacity element of the Performance Plan- With regard to cost, Aer Lingus would like to see evidence of a cost benefit analysis being carried out - it is unclear how the extra costs referenced arise given the logical expectation that overtime costs being paid in RP2 would be actually more expensive than the cost of new ATCOs.	Noted
IATA	Irish Charging Policy	The IAA have not provided sufficient evidence of additional capacity that would be delivered for significant additional cost. When we analyse the available information including the PRB monitoring reports we note that the IAA have achieved zero delay in 2015/16/17. How does +1.9% DUC RP2/3 trend vs -1.9% target tally with strong capacity performance in RP2? Logical conclusion is ANSP is over rather than underresourced and does not require the levels of investment leading to +3.8% DUC vs Union target. (Justification is over-use of overtime and leave deferrals in RP2). However, we were not presented with enough evidence to support this claim, nor have any legal references been supplied to justify the claim under IR2019/317	Noted
IATCA	Irish Charging Policy	IATCA would like to identify a dissonance between what the NSA has stated during stakeholder consultation and what they include in relation to their Charging Policy. In their Charging policy section (7.14.iv) they reference Article 28.3 of Regulation 2019/317 and their intention to utilise the mechanisms set out to determine Unit rate adjustments when necessary.	Noted - The NSA will continue to apply the unit rate adjustments required by the Regulation. All applications under “Cost Exempt” and other provisions will be considered in line with the Regulation and any supporting guidance available.

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		<p>However, even though Article 28 clearly sets out the criteria to allow for unforeseen and significant changes in pension costs the NSA has stated that Unit rate adjustments will only be used to the benefit of the customer. What has been stated in Performance Plan regarding Charging policy does not accurately reflect the intended actions of the NSA. This reflects the continued selective application of the Regulation when it comes to pension costs to the detriment of staff members as the ANSP chooses not to pass on justifiable costs. It is worth noting that in their draft RP3 submission the CAA acknowledge that NERL will continue to have strong protection regarding the pass through of costs under the regulation and any DB deficit repair payments as a result of financial market conditions are eligible for recovery.</p> <p>How can two NSAs/Regulators have such polarised interpretations of the same regulation? And why does the Irish NSA not allow for follow through costs when actual costs are greater than determined costs in relation to Pension costs under Article 28 of IR 2019/317?</p>	
Ryanair	Irish Charging Policy	Charging policy shall be compliant with IR 2019/317. In this sense, Ryanair supports Irish NSA approach.	Noted
ANSP	Irish Charging Policy	It must be emphasised that the ANSP is voluntarily returning its unspent Capex from RP2 despite no requirement to do so in the RP2 Regulations. It must also	Noted

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		<p>be emphasised that unspent Grant Income is also being returned in addition to a COOPANS payment from a new member. Furthermore, the ANSP requirement for Other Operating and Administrative costs has been reduced by the NSA by more than €13m, which will be a significant constraint in RP3. Separately, the ANSP is concerned that there is no contingency allowance for unknown necessary and efficient costs that will be incurred during RP3 and believe these downside risks have been entirely overlooked.</p>	
Aer Lingus	Irish Charging Policy	<p>The IAA have not provided sufficient evidence of additional capacity that would be delivered for this significant additional cost. When we analyse the available information including the PRB monitoring reports we note that the IAA have achieved zero delay in 2015/16/17.</p> <p>How does +1.9% DUC RP2/3 trend vs -1.9% target tally with strong capacity performance in RP2? Logical conclusion is ANSP is over rather than under-resourced and does not require the levels of investment leading to +3.8% DUC vs Union target. (Justification is over-use of overtime and leave deferrals in RP2).</p> <p>However, we were not presented with enough evidence to support this claim, nor have any legal references been supplied to justify the claim under IR2019/317</p>	Noted
IATA	Cost base and/or Charging Zones	<p>It was reasonable for Airlines to anticipate a reduced outcome on charges in line with EC policy objective, and the impact of proposed increase in costs on 2020 would have a serious impact on Airline users cost base.</p>	Noted

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IATCA	Cost base and/or Charging Zones	<p>In relation to pension costs (Fig 7.9) it is important to identify how increased costs resulting from new pensions legislation and the introduction of the pension Funding Risk Reserve are not being recovered through the Cost risk sharing mechanism but instead being passed onto staff. We have seen increased determined costs from state mandated institutional separation being included in the performance plan but when it comes to applying the same approach to pension costs we are reminded of the continued approach from the ANSP of not funding our pensions properly by applying the regulation to its full extent and recovering eligible costs through user charges. The ANSP has reduced their costs regarding to pensions by at least 5.4million per year but yet continue to apply a funding proposal which results in staff and not airspace users funding the 37 million deficit resulting from the Funding risk reserve.</p> <p>7.31 In relation to costs associated with the DB element of the Hybrid scheme we see a continuation of the contribution rate of 7.2% over the course of RP3. Would it be a fair assumption to make that the ANSP do not envisage a change to the status quo relating to the Hybrid pension schemes? In line with this it is also critical to have the assumptions underlying the determination of pension costs available.</p> <p>Given the last pension funding proposal ended at the end</p>	<p>Noted – The NSA is satisfied that the pension costs included in the RP3 Ireland Pension costs is appropriate and reflective of funding requirements and actuarial information available at the time.</p> <p>The NSA notes that provision is included in the RP3 Determined Costs for future pay deals and pension arrangements currently under negotiation. Considerations of commercial sensitivity preclude the NSA from providing further detail at this time.</p>

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		<p>of 2018 was it the case that costs associated with the 6% element of the staff contribution for 2019 were included in the costs for RP2 with the ANSPs intention of retrospectively applying a new pension funding proposal for 2019?</p> <p>What proportion of staff costs relate to future pay deals?</p>	
Ryanair	Cost base and/or Charging Zones	<p>Ireland’s cost-efficiency target should exceed the European-wide cost-efficiency target defined by the European Commission which already lack ambition in the cost-efficiency area. According to PRB proposal and the Academics Group Benchmarking Study on Efficiency published as support of PRB target proposal, ANSPs have room for an average reduction of 27% in costs in en-route provision.</p> <p>In this sense, we consider that the proposed targets representing an increase of +2.9% per year (+1.9% without restructuring costs) are unacceptable and should be reviewed. We appreciate the details provided by IAA regarding the costs, however we would like to receive more information regarding the next items:</p> <ul style="list-style-type: none"> - Justification and benefits (quantitative and qualitative) of the costs increases by nature showing costs vs capacity and efficiency increases - Short term measures included in the cost base for RP2 and RP3 and their impact 	Noted

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		<p>- Contingency measures in a scenario with lower traffic increase than expected.</p> <p>Please align Ireland’s cost efficiency target at least with the proposed by the EC PRB EU-wide target of -1.9%.</p>	
ANSP	Cost base and/or Charging Zones	<p>There were references at the consultation meeting by airspace users to the cost efficiency of the Irish Performance Plan and the fact that it doesn’t fully achieve the RP3 Union Wide Target of -1.9%. This overlooks the fact that Ireland has started at an incredibly low base having been one of the cheapest ANSPs in Europe for many years and also overlooks the fact that Ireland is not directly comparable to the remainder of Europe due to the Government mandated structural reform. There is a structural reform of the airspace planned in the ANS of Czech Republic which is markedly different to the situation in Ireland. Finally, the PRB showed early in 2019 that the average ENR charge across Europe is approximately €37 whereas Ireland has been consistently below €30 and will remain one of the cheapest ANSPs in Europe during RP3 despite the required marginal increase in the annual average growth rate.</p>	Noted
Aer Lingus	Cost base and/or Charging Zones	<p>Aer Lingus is concerned that the 2020 en route and terminal navigation charges proposed within the consultation document are significantly higher than 2019. Initial 5.5% increase (en route) and 26% increase (terminal) are contrary to the EU policy level objective of achieving 1.9% cost reductions. It was reasonable for</p>	Noted

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		Airlines to anticipate an outcome on charges that was consistent with the policy objective, and the impact of proposed increase in costs on 2020 would have a serious impact on Airline users cost base.	
IATA	Terminal ANS KPIs	IATA understands that in the terminal area, arrival delay is consistently below the EU Average. Within the terminal area the historical delay performance is such that it represents close to zero. To that end, we see the possibility for a higher level of ambition, especially considering the indicated requirement for 18 new ATCOs in scope. The cost assumptions require confirmation as current overtime payments to existing ATCOs are presumably a higher rate than the future cost. As with enroute we support the development of a penalty only scheme as proposed	Noted
Ryanair	Terminal ANS KPIs	<p>' - Environment - Despite they are not KPIs, Ryanair considers that IAA should also improve environmental indicators (Taxi, ASMA and CDOs) affecting Terminal operations. In this sense, please explain the measures that will be deployed to improve Taxi times, ASMA and CDOs.</p> <p>- Capacity: target proposal (0.25 min/flight) is not challenging enough compared to past performance (0.19 min/flight on average in RP2) and taking into account the RP3 investment plan. The proposed target lacks ambition, is not realistic and could lead to bonus underperformance. New targets should challenge IAA to improve past performance.</p>	Noted

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		<p>- Cost-Efficiency: we are aware of the importance of modernising Dublin airport infrastructure. However, we see unacceptable the current proposal. Please review the costs figures (+9.2%) in order to provide a cost-efficient service in RP3.</p>	
ANSP	Terminal ANS KPIs	<p>The new runway will directly lead to increased arrival and departure capacity (from the current normal capacity of 48 movements per hour to more than 60). The current “capacity deficits” during peak hours manifest themselves in Additional Arrival Sequencing and Metering (ASMA) time (see below), increased taxi-out and taxi-in times, and delays on stand. Significant improvements in the latter three performance indicators do require the delivery of new airport stand and taxiway infrastructure. Significant improvements in ASMA, and in CDO (continuous descent operations) will directly result from the availability of a dedicated arrival runway. ATFM arrival delays that currently occur due adverse weather will significantly reduce.</p> <p>There are expected to be significant environmental benefits.</p> <p>a) The necessary airspace restructuring is not expected to lead to any significant increase in track miles (i.e. will not adversely affect the current excellent horizontal flight efficiency).</p>	Noted

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		<p>b) Arrival Sequencing and Metering (ASMA) additional time is expected to be very significantly reduced. The additional ASMA time has increased from 246000 minutes in 2015 to 351000 additional minutes in 2018 (source EUROCONTROL PRU). A return at least to the level of performance of 2015 is expected to be achieved and maintained during RP3 once the parallel runway and associated ATM procedures are fully in place.</p> <p>c) Significant improvements are expected in taxi and waiting on stand times.</p>	
Aer Lingus	Terminal ANS KPIs	<p>Aer Lingus notes that arrival delays are consistently below EUR average. This performance give rise to challenging the requirement for 18 new ATCOs in scope. Further detail is requested as current overtime payments to existing ATCOs are presumably a higher rate than the future cost.</p> <p>Aer Lingus request greater transparency of the assumptions supporting the view that the new runway will result in increased capacity as the growth arising from new runway is also dependent on delivery of new airport stand and taxiway infrastructure.</p>	Noted
Ryanair	KPA Interdependencies	<p>Ryanair welcomes the safety approach followed by IAA NSA to analysed interdependencies. Regarding Capacity and Cost-Efficiency interdependencies, we do not support that IAA delayed RP2 investments to put in place overtime and other short-term measures instead. This approach has led to an unacceptable cost increase for the next period</p>	Noted

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		<p>that could be easily avoided implementing the RP2 investment plan as agreed. Please ensure that this situation does not repeat in the future.</p>	
ANSP	KPA Interdependencies	<p>The ANSP believes that its Business Plan has sufficiently informed the NSA of the relevant interdependencies to make an informed decision on the Plan for RP3. It is important that all stakeholders are aware of the significant burden of proof that lies with the regulated entity in demonstrating the magnitude of importance surrounding interdependencies. There have been calls for Cost Benefit Analyses on a range of items which is not set out as a requirement for good reason within the RP3 Regulations. Furthermore, the EC ex-post evaluation of the SES Performance Schemes in RP1 and first year of RP2 has been published during this consultation and it acknowledges that there are interdependencies between the four KPAs and that whilst ANSPs should never compromise on safety matters they have to contend with a tension between cost efficiency and quality of service. It also notes that NSA have confirmed it is difficult to address interdependencies in the performance plans and the EC's document concludes that NSAs should be supported with methodologies for addressing interdependencies for RP3. It follows that if NSAs are struggling to adequately evaluate interdependencies that do exist within performance plans, then how can regulated entities provide the correct guidance to ensure it meets a certain criteria that is not clearly defined. General calls from airspace users for cost</p>	<p>Noted- The NSA has opted to publish the ANSP Business Plan to augment the information available to stakeholders.</p>

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		<p>benefit analyses compound matters and are entirely disproportionate. Therefore, the ANSP has set out its requirements for RP3 to ensure full compliance with the Regulations and avoid capacity issues, and the ANSP is satisfied that the NSA has validated the Plan on that basis.</p>	
Aer Lingus	KPA Interdependencies	<p>Aer Lingus is concerned that the KPA interdependencies lack sufficiently detailed supporting material</p> <p>Safety and other KPI's: a) 9.6 on changes to ATM functionality fails to adequately explain the relationship between cost efficiency issues associated with ATM functionality changes and potential safety impact. b) 9.11 references staffing factors including a contingency provision yet this is not quantified in consultation document c) NSA assessment of ANSP resources are qualitatively addressed but not quantitatively addressed in line with expectations of Airline users, therefore further information is requested to support the IAA position.</p> <p>Capacity and Cost efficiency: a) En route ATM delays in Irish en -route airspace and impact of same are described but not quantified b) Capital investment typically drives operational efficiencies - the issues outlined in section 9.19 indicate (but again without quantification) that resources were diverted from capital projects to core operations. This redirection of resources from planned capital projects indicate suboptimal operating efficiencies. c) The decisions to divert resources are described as being key to achieving</p>	<p>Noted- The NSA has opted to publish the ANSP Business Plan to augment the information available to stakeholders.</p>

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		<p>no/low delay profile, however they are not supported by a cost benefit analysis to understand the true effectiveness of such decisions. d) Resourcing tools of Overt time and Annual leave deferral is cited as key to managing resourcing issues over RP2. The utilisation of these tools throughout RP2 may suggest an inefficiency that has an adverse impact on costs and an opportunity in RP3. Greater insight on the deployment of resourcing tools should be provided to allow more comprehensive assessment</p>	
Ryanair	Traffic Risk Sharing Mechanism	We support the decision of using the Traffic Risk Sharing Mechanism as defined in the regulation	Noted
ANSP	Traffic Risk Sharing Mechanism	<p>The ANSP supports the standard traffic risk sharing mechanism but believes that it should be applies to a Hard Brexit Scenario, as per the February 2019 Low STATFOR scenario set out above. When the ANSP Business Plan was being finalised the probability of a Hard Brexit was relatively low at 20% but this has increased significantly since.</p>	Noted
Aer Lingus	Traffic Risk Sharing Mechanism	Aer Lingus notes and acknowledges the intention to apply the standard methodology for traffic risk sharing during RP3.	Noted
IATA	Capacity Incentives Scheme	<p>IATA supports the intention to develop and implement an asymmetrical incentive scheme for enroute capacity, however as we do not currently support the enroute Capacity target aspects of the plan. We note the intention to meet the National targets as developed by the Network</p>	Noted

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		<p>manager, however we would expect to see a higher level of ambition considering the evidence that the IAA have successfully managed the additional traffic with zero delay and bonuses paid for the past reference period performance. We understand that several states have chosen to deviate from the National reference values to create a higher level of ambition for their service providers. During the consultation we noted that the IAA already had a zero-delay performance and internal ambition, while we also understand that no additional enroute capacity was evidenced for RP3 during the consultation. For these reasons we expect the IAA NSA to develop a plan that reflects the reality of the situation and one that continues to drive performance through the development of ambitious targets.</p>	
Ryanair	Capacity Incentives Scheme	<p>We urge Ireland to avoid placing more risk on airline operations. The combination of modest targets and weak penalties has led to poor levels of performance across Europe with no compensation for airlines in RP2. This situation cannot be repeated.</p> <p>Considering that Ireland has set non-challenging targets according to past performance, we propose to set a penalty-only scheme with maximum penalties of 2% to compensate for the high cost of delays borne by airlines generated by service provider failures.</p> <p>Additionally, we strongly ask Irish NSA to set ambitious</p>	Noted

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		targets that avoid this situation and bonus underperformance.	
ANSP	Capacity Incentives Scheme	<p>The ANSP supports the capacity incentive scheme despite the scope for penalties being twice that of incentives.</p> <ul style="list-style-type: none"> •IAA achieved an exceptional en-route delay performance in RP2 which was achieved by prioritising service delivery which resulted in significant delays to the CAPEX programme, overtime increases and annual leave accumulation. •The proposed target of 0.07 represents a reduction of 50% on the RP2 target and falls to 0.03 by 2024. •The IAA is expected to deliver an increase in capacity of 12% & 6% respectively (in hourly capacities) for Shannon & Dublin ACCs as per the NOP 2019-2024 (almost 10% increase in en-route traffic forecast by STATFOR for en-route during RP3). •European En-Route ATFM delays Jan – July 2019 1.63 mins per flight (-0.27 on 2018) 	Noted
Aer Lingus	Capacity Incentives Scheme	<p>Aer Lingus supports the intention to develop incentive schemes in both enroute and terminal which contain bonus and penalties for provider performance. However, based on the evidence of zero delay performance in enroute, Aer Lingus would expect a higher level of ambition given that the application of the NM levels in enroute have the potential to reward a deterioration in actual performance. Aer Lingus believe that opportunity exists to set more</p>	Noted

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		meaningful targets to ensure performance is maintained and Ireland continues to positively contribute to the European wide targets.	