

6 October 2003

Regulatory Policy Institute
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RE: easyJet Comments On 'Study On The Implementation Rules Of Economic Regulation Within The Framework Of The Implementation Of The Single European Sky'

1 Summary

Air Transport in Europe is in crisis e.g. Eurocontrol Performance Review Commission Review 6; delays continue, costs steadily rising, accidents occurring. The EU, on behalf of its citizens, has a clear and unavoidable role to gather the political will to deliver a 21st century infrastructure by wisely using its considerable legislative power and development funds.

There is no mystery as to how to provide the safest air transport system in the world. Fundamentally, the complexity and variation of regulations that history has given us must be swept away. We need universal aviation laws, regulations and standards and rules enacted when essential, by mandate, for Europe. All people and states will significantly benefit; there are no losers.

It is imperative that regulators and providers be separate. Common regulations will serve to 'normalise' key suppliers i.e. airspace users, airports and ANSP's whose commercial and organisational make are often widely different, from public companies with demanding shareholders to government institutions whose costs are or have been effectively subsidised.

The current cost and inefficiency of ATM in Europe is scandalous when benchmarked against the USA (PRR6). ATM has been researched beyond normality at enormous cost yet no real change has occurred. Action is the only means of change. The Single European Sky is the strategy but the plan is not yet in place.

There is definitely a need for charging and mechanisms that represent the value-add of services provided while being transparent. However, these mechanisms are as the report discusses, secondary to the larger task of restructuring the regulations, rationalising the suppliers and aggressively applying the best available technology.

Finally, we are well behind time. This can be recovered in part by application of concerted will and active collaboration by ALL key actors i.e. airspace users, airports, ANSP and regulators.

2 General

The report is well written with respect to the questions posed. The economic theory and similar background material is useful but in getting to the core of the report it would be helpful if this was in an appendix.

The overall presentation and later ability to extract information for further use would be enhanced if it was more technically formatted e.g. numbering like 1.2.3.4 etc and the items under discussion highlighted with greater use of explanatory subheadings. Also the three part structure as discussed in the Executive Summary could be made more clear in the formatting.

We regret we were not involved at an earlier stage but appreciate the opportunity to comment on the Final Draft Report dated July 2003.

3 Total ATM Subject

Reference Executive summary item 18 'General conclusion on Charging'.

2.1 Reference: *"Pulling the various threads together, our overall conclusion is that, in seeking to promote the efficient development of the European ATM network, greatest reliance should be placed upon the pressures that can be brought to bear on the structure and performance of service providers from a combination of economic regulation and the more active involvement in network governance of users."*

In truth, this is core to the Total ATM Subject. The total assemblage of the ATM system is in reality biased towards the ANSP and is inadequate and unsustainable both organisationally, technically and commercially. It is in fact the result of the history of the development of aviation which, because of its massiveness and pervasiveness, is now masquerading as the basis concept for the future.

This gives us an ANSP-centric system, largely government owned and run (or significantly influenced by government at political level) organisations not faced with the ultimate prospect of failure if they either under-deliver or over-charge.

These organisations 'direct' the operation, often via government mandate e.g. Mode S in and pass on considerable costs to airspace users, who are generally public companies where continued financial health is essential for survival.

Airspace Users/airlines have represented themselves through organisations such as IATA AEA etc but by and large have not been really effective; the current ATM crisis is testimony to that.

For example how many ANSP's have failed over the last 30 years versus airlines? Accordingly, discussions on risk sharing are interesting and are only of value if it means ANSP's or Airports are going to truly share the risks faced by airlines by investing in them (the ultimate statement of belief in your customers?).

What is needed is a view of how reduce the need for ATM services. This is only possible when aircraft are properly equipped. It is now 100 years since powered flight. In that time we have not given pilots 'electronic VFR' (Visual Flight Rules), allowing them to use electronics to see in Instrument Flight Rules (IFR) conditions. Result is that increasing traffic means a direct increase in ATM service demand. The current situation is so dire that major aviation countries such as UK and Germany cannot recruit and train sufficient Controllers to meet current demand.

Aviation has a self-importance that is embarrassing when contrasted to a parallel world such as the maritime industry. They have installed, by UN and governmental mandate, advanced surveillance systems using Automatic

Dependent Surveillance by Broadcast (ADS-B) on thousands of ships in two years (more in process) to give their captains state of the art surveillance tools for increasing both safety and security of operation. The technology employed is taken from that being researched in European aviation for 10 years at a cost estimated at 200mE and to date not one aircraft is operationally equipped!

The ability of ADS-B to see and be seen will reduce the dependency on the imprecise World War 2 technology of radar. Radar is a 60 year old military invention to detect aircraft that did not want to be detected; this paradigm is 180 degrees opposite the needs of commercial aviation in the 21st century.

Finally there needs to be an explicit statement and acceptance of the ATM Value Chain which is:

End Consumer; Airspace User; Airport; ANSP; Regulator

Today, this order is perceived or appears to be accepted as the reverse. Any business that does not focus on it's customers needs has no future. We as an airline are totally focussed, with measurable success, on this. Are all other key actors in the chain also so-focussed?

4 Charging

Reference: In relation to charging, the key to progress most likely lies in the application of regulatory approaches such as that embodied in the benefit sharing proposals set out in this Report, which are targeted at influencing the average level of en-route charges, the incentives faced by service providers, and the distribution of risk between service providers and users. Relative to these matters, the determination of the precise charging structure to be implemented is of secondary importance."

We agree with this summary with respect to regulatory approaches. Changes will not be made voluntarily. The Single European Sky is the only vehicle we have to move to a level playing field in all respects. The challenge is to ensure that the member states are not allowed to insert numerous national variations that make the delivery of ATM at a cost approaching the USA, impossible. The cost and inefficiency of European ATM is a notable factor in European competitiveness.

As discussed before, risk sharing has no place in the discussion unless it is in the transparent commercial form of public shareholding.

We also agree that the precise charging structure is of secondary importance. This is especially so because of the significant structural issues that will need addressing to allow efficient delivery from which cost effective charges can flow.

Whatever charging mechanism is proposed it should be able to uplift the ultimate vision of 'free flight' in which the need for ANSP & Controller involvement in a flight is minimal. In this future state discussions on the cost of Terminal Charges due to the number of flight level changes becomes insignificant.

5 Other Reports and Initiatives

The wider difficulty faced in the EU ATM arena is that there are many Reports and Initiatives completed or in process to consider. There are specific actions

'now' that could be taken or changes initiated that would have a marked effect on costs, particularly those borne directly by airlines. Some areas are:

- **Precision Area Navigation (PRNAV)**; modern aircraft are approved for this but ANSP's and rest of operational environment is not ready. A prime opportunity for ANSP's is reduction in Controller workload (significant given high labour component in ATM); for airspace users, reduction in flight time (giving higher capital resource utilisation, lower fuel costs); for the community, reduced environmental impact (emissions, noise).

PRNAV will serve to significantly reduce the number of flight level changes that require Controller time and so reduce workload of both them and pilots.

The EU is not aggressively promoting this, Eurocontrol has a committee and States are slowly issuing notices of intent; result: due to be operational 'whenever'.

- **Airspace Rationalisation**; in process generally and Functional Airspace Blocks are latest form. This is largely procedural and should be accelerated. Flexible Use of Airspace (FUA) is in the category.

Airborne Separation Assistance System (ASAS); significant increases in capacity, especially enroute, are obtainable if pilots have in-cockpit surveillance tools to allow them to make manoeuvres that enhance flow and reduce Controller load. The 6th Framework Programme item of Collaborative ATM (C-ATM) will develop this to implementation.

The current inadequate capacity is so critical that a 1% increase in traffic typically results in a 7% increase in enroute delays; see '[Eurocontrol Performance Review Report PRR6 2002](#)' section 4.2 and section 8 for the tradeoffs.

- **Unused AFTM slots**; as discussed in the report and elsewhere.
- Change to the USA practice of efficiently using airports as against restricting enroute capacity should be investigated.

If two or more of these actions could be initiated 'near term' and in parallel e.g. PRNAV plus FAB's the synergy effect would benefit all; i.e. all are winners.

How? If say 80% of traffic is by 20% of European airlines, then ensure these airlines (who invariably have the most modern equipment) to use their PRNAV capability as soon as possible. This significantly reduces the need for and demand on the ATM system. From this cost reductions could flow.

6 ATM Performance

The whole view on ATM performance is flawed. The current practice to work from a position of acceptable delays and targets assumes that delay is an immutable fact or normal.

We should be demanding a level of overcapacity at all times to give 'headroom' for events that challenge this.

Through to 2010 supply of capacity is likely to continue to be inadequate even if traffic growth is below average i.e. initiatives like 'ASAS Package 1', which is largely focussed on ANSP's, will only maintain the status quo in regard to delays. The real gains in performance and the resulting benefits only occur

when pilots have ADS-B plus a Cockpit Display of Traffic Information (CDTI) to reduce the now-total dependency on Controllers (see [EU DG-TREN Datalink Roadmap – Application Assessment](#) - section 5.4.9 for enroute capacity demand and supply relationship)

Accordingly we will have a delay-centric view of performance for some time to come. Until there is capacity, excellence will be absent.

Safety is the paramount performance measure yet in a system that is both under daily strain while concurrently growing at 4-5%pa then a safety target of 80% improvement is unlikely. In the last two years we have had two serious loss of life accidents due to major failings of the ATM system. Are more inevitable and acceptable? Safety and capacity are inextricably linked.

7 Closure

ATM Europe is in a crisis that can only be removed if concerted political will is exercised by the EU. The transport spend on roads and rail is so massive in relation to aviation that unless this will is strong, aviation will be the poor relation and performer.

There are no real technical limitations to progress but the absolute best technical and operational solutions are not being uplifted because of vested commercial interests. What is being proposed will be a sub-optimal improvement necessitating another round of structural change soon after the 'now' is complete. Again political will is the only hope here.

Accordingly charges will remain high. However we must develop sustainable transparent charging mechanisms that will allow technical and operational change benefits to be self-evident.

All this will take courage; the core proposal of the Single European Sky to remove national 'air boundaries' is the major territorial challenge the States have faced since World War 2 and is core to the concept of the EU; An organisation to serve all member states and remove physical conflict.