

PRESS RELEASE

ENAV: the European Commission proposes a temporary derogation for 2020 and 2021 to the single European sky performance and charging scheme due to the COVID-19 pandemic

Rome, 13 July 2020 – ENAV informs that the European Commission (EC) has published a proposal to undertake exceptional measures for the years 2020-2021 of the third reference period (RP3) applied to ANSPs, given the consequences of the Covid-19 pandemic outbreak.

ENAV informs that the European Commission has published a proposal to its Member States to allow for special rules for the setting of revised Union-wide performance targets for the first two years of RP3, namely 2020 and 2021. These exceptional rules are intended to mitigate the significant impact on the air transport sector caused by the Covid-19 pandemic, as well as to ensure the long-term viability of the sector.

More in detail, the exceptional measures proposed include the following temporary modifications to the regulatory framework currently in place.

Considering the uncertain Covid-19 development over the coming months, and its consequences on air traffic recovery, the proposal envisages that the final approval of RP3 Performance Plans for individual ANSPs is postponed to 2021. The specific timeline is set as follows: within November 1, 2020 Member States should send to the EC initial cost data and preliminary traffic forecasts for the period 2020-2024, as inputs for the setting of the revised Union-wide performance targets for RP3. Based on such information, the Commission should adopt the revised Union-wide performance targets for RP3 within April 1, 2021. On their side, Member States should then submit a draft Performance Plan, including the new Union-wide targets, no later than July 1, 2021. Finally, those Performance Plans are to be voted and approved within December 2021.

The tariffs applicable in 2020 and 2021 will be the ones submitted for RP3 by Member States in late 2019, before the Covid-19 outbreak. For these two years any traffic balance created will be recorded according to a mechanism based on total determined cost that will be fixed by the EC. After the revised Performance Plans will be approved in 2021, any changes related to the exceptional measures will be applied retroactively to 2020 and 2021 tariffs.

The impact of the proposed measures on 2020 and 2021 will only be measurable once the Union-wide performance targets for RP3 and the applicable criteria will have been adopted by the European Commission.

Under the revised RP3, 2020 and 2021 will be treated as a single period, for which an average Determined Unit Cost (DUC) will be calculated, based on adjusted total determined costs and traffic forecast for the two-year period 2020-2021. Treating the years 2020-2021 as a single period for regulatory purposes (year n) also implies that any traffic balance created over this period can be recovered in tariffs applied starting from 2023 onwards (n+2). The EC proposal also envisages for the recovery of the balance created in 2020-2021 to be spread out over 5 years, extendable up to 7 years if requested by NSA.

As for the remaining three years of RP3, from 2022 to 2024, there will be a return to a full performance scheme and traffic-protection mechanism, given the expectation of a normalized situation and improved air traffic sector's conditions.

Finally, the incentive schemes related to capacity targets shall cover only the years 2022 to 2024 of RP3, in light of the sharp drop in traffic in 2020, and partial recovery in 2021, that makes punctuality targets not applicable. Thus, the bonus/malus mechanism that awards ANSPs an annual gain or loss corresponding to a maximum of 2% of determined costs will be waived in the period 2020-2021 but will be fully in place from 2022 onwards.

ENAV is committed to supporting the long-term sustainability of the air transport sector in light of the exceptional circumstances. The Company is also working with the national regulator ENAC to ensure a reasonable implementation of the special rules to be applied in 2020 and 2021, and the timely return to the full application of the performance scheme regulation.

The EC proposal is expected to be voted on by the Member States in September 2020.