



EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR ENERGY AND TRANSPORT
DIRECTORATE F - Air Transport
Air Traffic Management and Airports

SSC/17

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Item 07

SINGLE SKY COMMITTEE

22 June 2006

**DRAFT COMMISSION REGULATION LAYING DOWN A COMMON CHARGING
SCHEME FOR AIR NAVIGATION SERVICES**

- Submitted by the European Commission -

Following the discussion during the session of the Single Sky Committee on 24 March, the Commission has amended the draft regulation through bilateral contacts with the delegations concerned.

The text is submitted to the SSC for information.

The Commission will request the opinion of the Committee after the summer break in accordance with the regulatory procedure after having completed the impact analysis.



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, XX.XX.2006
C(2006) XXXX

Draft

COMMISSION REGULATION

laying down a common charging scheme for air navigation services

DRAFT

COMMISSION REGULATION (EC) N° .../...

of [...]

laying down a common charging scheme for air navigation services

(Text with EEA relevance)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Regulation (EC) No 550/2004 of the European Parliament and of the Council on the provision of air navigation services in the single European sky (the service provision Regulation)¹, and in particular Article 15(4) thereof;

Having regard to Regulation (EC) No 549/2004 of the European Parliament and of the Council of 10 March 2004 laying down the framework for the creation of the single European sky (the framework Regulation)², and in particular Article 8(2) thereof;

Whereas:

- (1) The Commission is required to establish a common charging scheme for air navigation services throughout the European Union. A Regulation providing direct application is the most suitable instrument for this purpose in order to guarantee uniform application of the common charging scheme in the single European Sky.
- (2) Eurocontrol has been mandated in accordance with article 8(1) of the framework Regulation to assist the European Commission in the development of implementing rules on a common charging scheme for air navigation services. This regulation has been based on the resulting mandate report of 29 October 2004.
- (3) The development of a common charging scheme for air navigation services provided during all phases of flight is of the utmost importance for the implementation of the single European sky. The system should contribute to the achievement of greater transparency with respect to the determination, imposition and enforcement of charges to airspace users, that encourage the safe, efficient and effective provision of air navigation services to the users of air navigation services that finance the system with a view to a high level of safety and to cost efficiency and that stimulate integrated service provision.

¹ OJ L 96, 31.3.2004, p. 10.

² OJ L 96, 31.3.2004, p.1.

- (4) In order to provide access of the travelling public to the air transport network and in particular to medium and smaller traffic airports as well as to larger airports at an acceptable cost for the users, Member States may need to apply the same unit rate for terminal services charges at all airports served by the same air traffic service provider, or in several groups of such airports, in order to cover the costs of terminal services globally.
- (5) The common charging scheme should be consistent with article 15 of the 1944 ICAO Chicago Convention on International Civil Aviation.
- (6) Since the majority of Member States are parties of the Eurocontrol Multilateral Agreement for route charges of 12 February 1981 and the Community has signed the protocol of accession to the Eurocontrol revised Convention, the rules developed in this regulation should be consistent with the Eurocontrol Route Charges System.
- (7) The charging scheme should allow the optimum use of airspace, taking into account air traffic flows, in particular within functional airspace blocks as established in accordance with Article 5 of Regulation (EC) No 551/2004 of the European Parliament and of the Council on the organisation and use of the airspace in the single European sky (the airspace Regulation)³.
- (8) According to Statement attached to the airspace regulation⁴, the Commission will make a report by 2008 on experience in the creation of functional airspace blocks. At this occasion, the Commission will assess the difficulties that may arise from maintaining separate unit rates within a functional airspace block.
- (9) It is necessary to establish requirements for complete and transparent information to be made available in due time to airspace users' representatives and the competent authorities.
- (10) The level of charges imposed in particular on light aircraft should not discourage the use of facilities and services necessary for safety or the introduction of new techniques and procedures.
- (11) The charging formula for terminal air navigation services should reflect the different nature of services as compared to en-route air navigation services.
- (12) Member States should be able to set their unit rates collectively, in particular when charging zones extend across the airspace of more than one Member State or when they are parties to a joint route charges system.
- (13) In order to improve the efficiency of the charging scheme and to reduce the administrative and accounting workload, Member States should be able to collect en-route charges collectively within a joint route charges system through a single charge per flight.
- (14) It is important to reinforce the legal means necessary to ensure the prompt and full payment of air navigation charges by users of air navigation services.

³ OJ L 96, 31.3.2004, p. 20.

⁴ OJ L 96, 31.3.2004, p. 25

- (15) The establishment and imposition of charges on airspace users, following consultation with them, should be fair and transparent and be reviewed on a regular basis.
- (16) The national supervisory authorities nominated or established in accordance with Article 4 of the framework Regulation should assume the tasks assigned to them under this regulation.
- (17) The measures provided for in this Regulation are in accordance with the opinion of the Single Sky Committee,

HAS ADOPTED THIS REGULATION:

Chapter I

GENERAL PROVISIONS

Article 1

Objective and scope

1. This Regulation lays down the necessary measures for the development of a charging scheme for air navigation services which is consistent with the Eurocontrol Route Charges System.
2. This Regulation shall apply to air navigation services provided by air traffic service providers designated in accordance with Article 8 of Regulation (EC) No 550/2004 and by providers of meteorological services, if designated in accordance with Article 9(1) of that Regulation, for general air traffic within the ICAO EUR and AFI regions where Member States are responsible for the provision of air navigation services.
3. Member States may apply this Regulation to air navigation services provided in airspace under their responsibility within other ICAO regions, on condition that they inform the Commission and the other Member States thereof.
4. Member States may apply this Regulation to providers of air navigation services which have received the permission to provide air navigation services without certificate, in accordance with Article 7(5) of the service provision Regulation.
5. Member States may decide not to apply this Regulation to air navigation services provided at aerodromes with less than 50.000 commercial air transport movements per year (counted as the sum of take-offs and landings), regardless of the maximum take off mass and the number of aircraft seats used, the number of movements being calculated as the average over the previous three years.

Member States shall inform the Commission thereof.

6. Member States may decide not to apply Articles 11 and 13, and replace Annex I and Annex II by Annex VI of this Regulation in respect of air navigation services provided at aerodromes with less than 150.000 commercial air transport movements per year (counted as the sum of take-offs and landings), regardless of the maximum take off mass and the number of aircraft seats used, the number of movements being calculated as the average over the previous three years, where such provision takes place under the conditions referred to in Annex V.

Member States shall carry out an assessment process using these conditions which shall include consultation with airspace users' representatives.

The final assessment and the decision of Member States shall be published and communicated to the Commission, giving full reasoning for its conclusions, including the outcome of its user consultation.

Article 2

Definitions

For the purpose of this Regulation, the definitions of Article 2 of Regulation (EC) No 549/2004 shall apply.

In addition the following definitions shall apply:

1. “User of air navigation services” shall mean the operator of the aircraft at the time when the flight was performed. If the identity of the operator is not known, the owner of the aircraft shall be regarded as the operator unless he/she proves which other person was the operator.
2. “Airspace users’ representative” means any legal person or entity representing the interests of one or several categories of users of air navigation services.
3. “IFR” means Instrument Flight Rules, as defined in Annex 2 of the 1944 Chicago Convention on International Civil Aviation (Tenth Edition – July 2005).
4. “VFR” means Visual Flight Rules, as defined in Annex 2 of the 1944 Chicago Convention on International Civil Aviation (Tenth Edition – July 2005).
5. “En-route charging zone” means a volume of airspace for which a single cost base and a single unit rate are established.
6. “Terminal charging zone” means an aerodrome or a group of aerodromes for which a single cost base and a single unit rate are established.
7. “Commercial air transport” means any aircraft operation involving the transport of passengers, cargo or mail for remuneration or hire.

Article 3

Principles of the charging scheme

1. The charging scheme shall reflect the costs incurred either directly or indirectly to provide air navigation services.
2. The costs of en-route services shall be financed by means of en-route charges imposed on the users of air navigation services.
3. The costs of terminal services shall be financed by means of terminal charges imposed on the users of air navigation services and/or other revenues, including cross- subsidies in accordance with Community law.

4. Paragraphs 2 and 3 shall be without prejudice to the financing of exemptions of certain users of air navigation services through other sources of funding in accordance with article 9 of this regulation.
5. The charging scheme shall provide transparency and consultation on the cost-bases and on the allocation of the costs among different services.

Article 4

Establishment of Charging Zones

1. Member States shall establish charging zones in the airspace falling under their responsibility where air navigation services are provided to airspace users.
2. The charging zones of airspace shall be defined in consistency with air traffic control operations and services after consultation of airspace users' representatives.
3. An en-route charging zone shall extend from the ground to, and including, upper airspace without prejudice to the possibility for a Member State to establish a specific zone for complex terminal area after consultation with airspace users' representatives.
4. If charging zones extend across the airspace of more than one Member States, the Member States concerned shall make the appropriate arrangements to ensure compliance with this Regulation with a view to ensuring consistency and uniformity in the application of this regulation to the airspace concerned. They shall notify the Commission and Eurocontrol thereof.

Chapter II

THE COSTS OF AIR NAVIGATION SERVICE PROVISION

Article 5

Eligible services, facilities and activities

1. Air navigation service providers within the scope of Article 1(2) shall establish the costs incurred to provide air navigation services in relation to the facilities and services provided for and implemented under the ICAO Regional Air Navigation Plan, European Region, in the charging zones under their responsibility.

Those costs shall include administrative overheads, training, studies, tests and trials as well as research and development allocated to these services.

2. Member States may establish the following costs when they are incurred in relation with the provision of air navigation services:
 - (a) the costs incurred by the relevant national authorities,
 - (b) the costs incurred by the recognised organisations, as referred to in Article 3 of Regulation (EC) No 550/2004,
 - (c) the costs stemming from international agreements.
3. Without prejudice to other sources of funding the costs of projects designed to assist specific categories of airspace users and/or air navigation service providers in order to improve collective air navigation infrastructures, the provision of air navigation services and the use of airspace shall be eligible in accordance with the modalities set out under separate instruments to be adopted by the Community legislator on a proposal from the Commission.

Article 6

Calculation of costs

1. The costs of eligible services, facilities and activities under Article 5 shall be established in consistency with the accounts referred to in article 12 of the Regulation (EC) No 550/2004 for the period from 1 January to 31 December. However, the non-recurring effects resulting from the introduction of International Accounting Standards may be spread over a period not exceeding 15 years.
2. The costs referred to in paragraph 1 shall be broken down in staff costs, other operating costs, depreciation costs, cost of capital and exceptional items including non recoverable taxes and custom duties paid, and all other related costs:

- (a) Staff costs shall include gross remuneration, payments for overtime, employers' contributions to social security schemes as well as pension costs and other benefit.
- (b) Other operating costs shall include costs incurred through the purchase of goods and services used to provide air navigation services. They include in particular outsourced services such as communication, external staff such as consultants, material, energy, utilities, rental of buildings, equipment and facilities, maintenance, insurance costs, travel expenses. Where an air traffic service provider purchases other air navigation services, the service provider shall include the actual expenditure for those services in its other operating costs.
- (c) Depreciation costs shall relate to the total fixed assets in operation for air navigation services purposes. Fixed assets shall be depreciated, in accordance with their expected operating life, using the straight-line method applied to the historic costs of the assets being depreciated. When the assets belong to an air navigation service provider which is subject to an incentive mechanism as referred to in Article 12(2), current cost accounting may be applied instead of historic cost accounting for the calculation of depreciation. The method shall remain constant during the duration of the depreciation.
- (d) Cost of capital shall be equal to the product of:
- the sum of the average net book value of fixed assets used by the Air Navigation Service Provider in operation or under construction and of the average value of the net current assets that are required for the provision of air navigation services; and
 - the weighted average of the interest rate on debts and of the return on equity.

The weight factors shall be based on the proportion of the financing through either debt or equity. The interest rate of debts shall be equal to the average interest rate of debts of the air navigation service provider. The return on equity shall take into account the financial risk of the air navigation service provider taking the national bond rate as a guide. When the air navigation service provider is subject to an incentive mechanism as referred to in Article 12(2), an additional premium may be added to ensure adequate consideration of the specific financial risk assumed by this provider.

When the assets do not belong to the air navigation service provider, but are included in the calculation of the cost of capital, Member States shall ensure that the cost of these assets are not recovered twice.

- (e) Exceptional items are non-recurring costs in relation to the provision of air navigation services that have occurred in the year.

Article 7

Allocation of costs

1. The costs of eligible services and activities under Article 5 shall be allocated in a transparent way to the charging zones in respect of which they are actually incurred.

Where costs are incurred across different charging zones, they shall be allocated in a proportional way on the basis of a transparent methodology as required in Article 8.
2. The cost for terminal services shall relate to the following services:
 - (a) Aerodrome control services, aerodrome flight information services including air traffic advisory services, and alerting services;
 - (b) Air Traffic Services related to the approach and departure of aircraft within a certain distance of an airport on the basis of operational requirements.
 - (c) An appropriate allocation of all air navigation services components.
3. The cost for en-route services shall relate to the costs referred to in paragraph 1 to the exclusion of the costs referred to in paragraph 2.
4. In case exemptions to VFR flights are granted in accordance with Article 9, the air navigation service provider shall identify separately the costs of air navigation services provided to VFR flights from the costs provided to IFR flights. These costs may be established through a marginal-cost methodology taking into account the benefits to IFR flights stemming from the services granted to VFR flights.

Article 8

Transparency of the cost base

1. Without prejudice to Article 18 of the service provision Regulation, Member States and/or air navigation service providers shall organise an exchange of information on cost bases, planned investments and expected traffic with airspace users' representatives if these so request. Subsequently, they shall make transparent their respective costs established in accordance with Article 5, to airspace users' representatives, the Commission and, where applicable Eurocontrol, at least on an annual basis.
2. This information shall be based on the reporting tables and modalities set out in Annex I or Annex VI part 1, for air navigation service providers which fall under the conditions provided for in Article 1(6).

Chapter III

THE FINANCING OF AIR NAVIGATION SERVICE PROVISION THROUGH AIR NAVIGATION CHARGES

Article 9

Exemptions from air navigation charges

1. Member States shall exempt from en-route charges:
 - (a) Flights performed by aircraft of which the maximum take-off weight authorised is less than two metric tons;
 - (b) Mixed VFR/IFR flights in the charging zones where they are performed exclusively under VFR and where a charge is not levied for VFR flights;
 - (c) Flights performed exclusively for the transport, on official mission, of the reigning Monarch and his/her immediate family, Heads of State, Heads of Government, and Government Ministers; in all cases, this must be substantiated by the appropriate status indicator on the flight plan;
 - (d) Search and rescue flights authorised by the appropriate competent body.
2. Member States may exempt from en-route charges:
 - (a) Military flights performed by military aircraft of any country;
 - (b) Training flights performed exclusively for the purpose of obtaining a licence, or a rating in the case of cockpit flight crew, and where this is substantiated by an appropriate remark on the flight plan; flights must be performed solely within the airspace of the State concerned; flights must not serve for the transport of passengers and/or cargo, nor for positioning or ferrying of the aircraft;
 - (c) Flights performed exclusively for the purpose of checking or testing equipment used or intended to be used as ground aids to air navigation, excluding positioning flights by the aircraft concerned;
 - (d) Flights terminating at the aerodrome from which the aircraft has taken off and during which no intermediate landing has been made;
 - (e) VFR flights;
 - (f) Humanitarian flights authorised by the appropriate competent body;
 - (g) Custom and Police flights.

3. Member States may exempt from terminal charges the flights referred to in paragraph 1 and 2 of this article.
4. The costs incurred for exempted flights shall not be taken into account for the calculation of the unit rates.

These costs shall be composed of:

- (a) The cost of exempted VFR flights as identified in Article 7(4) and;
- (b) The costs of exempted IFR flights which shall be calculated as the product of the costs incurred for IFR flights and the proportion of the number of exempted service units and the total number of service units; the cost incurred for IFR flights shall be equal to the total costs less the cost of VFR flights.

Member States shall ensure that Air Navigation Service Providers are reimbursed for the services they have provided to exempted flights.

Article 10

Calculation of En-Route Charges

1. The en-route charge for a specific flight in a specific en-route charging zone shall be equal to the product of the unit rate established for this en-route charging zone and the en-route service units for this flight.
2. Without prejudice to the implementation by a Member State of an incentive scheme on air navigation service provider in accordance with article 12(2), the unit rate in the en-route charging zone shall be calculated by dividing the forecast number of chargeable en-route service units for the relevant year into the forecast costs for air navigation services. The forecast costs shall include the balance resulting from over or under recovery of previous years.
3. The en-route service units shall be calculated in accordance with Annex III.

Article 11

Calculation of Terminal Charges

1. Without prejudice to the possibility under Article 3(1) to finance terminal air navigation services through other sources of funding, the terminal charge for a specific flight in a specific terminal charging zone shall be equal to the product of the unit rate established for this terminal charging zone and the terminal service units for this flight.
2. Without prejudice to the implementation by a Member State of an incentive scheme on air navigation service provider in accordance with article 12(2), the unit rate in the terminal charging zone shall be calculated by dividing the forecast number of chargeable terminal service units for the relevant year into the forecast costs for air navigation services. The forecast costs shall include the balance resulting from over or under recovery of previous years.

3. The terminal service units shall be calculated in accordance with Annex IV to this Regulation.

Article 12

Incentives

1. Member States may establish or approve incentive schemes consisting of financial advantages or disadvantages on a non-discriminatory and transparent basis to support improvements in the provision of air navigation services resulting in a different calculation of charges according to paragraphs 2 and 3. These incentives may apply to either air navigation service providers and/or airspace users.
2. When a Member State decides to apply an incentive scheme on air navigation service providers, it shall, following the consultation referred to in Article 15, set in advance, conditions from which the maximum level of the unit rate or of the revenue shall be determined for each year over a period not exceeding five years. These conditions shall be set with reference to the projected level of costs (including the cost of capital) over the period and may also stipulate financial modulations (either above or below the expected costs) based on particular aspects of the Air Navigation Service Providers' performance which may include: efficiency, quality of service, the performance of particular projects, milestones or competencies or a level of cooperation with other air navigation service providers in view of taking into account network effects.
3. When a Member State decides to apply an incentive scheme on users of air navigation services, it shall, following consultation referred to in Article 15, modulate charges incurred by them in order to reflect efforts made by these users to optimizing the use of air navigation services, to reducing the overall costs of these services and to increasing their efficiency, in particular by decreasing charges according to airborne equipment that increases capacity or to offsetting the inconvenience of choosing less congested routings.

These incentive schemes shall be limited in time, scope and amount. The estimated savings generated by the operational efficiency improvements shall at least offset the cost of incentives within a reasonable timeframe. The scheme shall be subject to regular review involving airspace users' representatives.

4. Member States which have established or approved incentive schemes shall monitor the proper implementation by air navigation service providers of these incentive schemes.

Article 13

Setting of Unit Rates for Charging Zones

1. Member States shall ensure that unit rates are set for each charging zone on an annual basis. They may also ensure that unit rates are set in advance for each year of a period not exceeding five years.

2. In case of unexpected major changes of traffic or costs, unit rates may be amended in the course of the year.
3. Member States shall inform the Commission and Eurocontrol, where appropriate, on these unit rates.

Article 14

Collection of Charges

1. Member States may collect route charges through a single charge per flight.
2. Users of air navigation services shall promptly and fully pay all air navigation charges.
3. Member States shall ensure that, in the event of failure to pay, they will apply effective enforcement measures. These measures may include the denial of services, detention of aircraft or other enforcement measures in accordance with applicable law.

Article 15

Transparency of the charging mechanism

1. Member States shall ensure that airspace users' representatives are consulted on the charging policy on a regular basis. To this end, they shall provide them with the necessary information on their charging mechanism as set out in Annex II or Annex VI, part 2 for air navigation service providers which fall under the conditions provided for in Article 1(6), and organise an effective and transparent consultation hearing to present this information as well as the information referred to in article 8, in presence of the air navigation service providers involved.
2. Without prejudice to Article 18 of Regulation (EC) 550/2004, the relevant documentation shall be put at the disposal of airspace users' representatives, the Commission, Eurocontrol and national supervisory authorities three weeks before the consultation hearing.

Chapter IV

FINAL PROVISIONS

Article 16

Appeal

Member States shall ensure that decisions taken pursuant to this Regulation are properly reasoned and are subject to an effective review and/or appeal procedure.

Article 17

Facilitation of compliance monitoring

Air navigation service providers shall facilitate inspections and surveys by the national supervisory authority or by a recognised organisation acting on the latter's behalf, including site visits. The authorised persons shall be empowered:

- (a) to examine the relevant accounting documents, asset books, inventories and any other material relevant to the establishment of air navigation charges;
- (b) to take copies of or extracts from such documents;
- (c) to ask for an oral explanation on site;
- (d) to enter relevant premises, lands or means of transport.

Such inspections and surveys shall be carried out in compliance with the procedures in force in the Member State in which they are to be undertaken.

Article 18

Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall apply as from 1st January 2007.

Member States may elect to postpone entry into force of Article 13 for en route charges until 1st January 2008 and for terminal charges until 1st January 2010. When Member States do so they shall notify the Commission thereof.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, [...]

For the Commission

[...]

Member of the Commission

ANNEX I

TRANSPARENCY OF THE COST BASE

1. REPORTING TABLE

Member States and air navigation service providers shall fill the following reporting table for each charging zone under their responsibility.

The figures shall be actual figures for year (n-3) until year (n-1) and planned figures for year (n) onwards. Actual costs shall be established on the basis of the certified accounts. Planned costs shall be established in accordance with the business plan required by the certificate.

Costs shall be established in National currency.

Table 1: TOTAL COSTS

Organisation:

Charging Zone:

Year n:

	(n-3) A	(n-2) A	(n-1) A	(n) F	(n+1) F	(n+2) P	(n+3) P	(n+4) P	(n+5) P
Detail by nature									
Staff									
Other Operating Costs									
Depreciation									
Cost of Capital									
Exceptional items									
Total costs									
Detail by services									
Air Traffic Management									
Communication									
Navigation									
Surveillance									
Search and Rescue									
Aeronautical Information									
Meteorological services									
Supervision costs									
Other State costs									
Total costs									

(n-3) A	(n-2) A	(n-1) A	(n) F	(n+1) F	(n+2) P	(n+3) P	(n+4) P	(n+5) P
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Complementary information on the exchange rate of the national currency with the Euro.

Exchange rate (1 EUR =)								
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(n-3) A	(n-2) A	(n-1) A	(n) F	(n+1) F	(n+2) P	(n+3) P	(n+4) P	(n+5) P
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Complementary information on the cost of capital

Average operating capital								
Of which, average long term assets								
Cost of capital before tax (%)								
Return on equity (%)								
Average interest of debts (%)								

2. ADDITIONAL INFORMATION

In addition, Member States and air navigation service providers shall provide at least the following information:

- Description of the methodology used for allocating costs of facilities or services between different air navigation services based on the list of facilities and services listed in ICAO Regional Air Navigation Plan, European Region (Doc 7754) and description of the methodology used for allocating those costs between different charging zones;
- Description and explanation of differences between planned and actual figures for year (n-1);
- Description and explanation of the five-year planned costs based on the business plan;
- Description of the costs incurred by Member States (“Other State costs”);
- Description and explanation of the method adopted for the calculation of depreciation costs: historic costs or current costs. When current cost accounting is adopted, provision of comparable historic cost data.
- Justification for the cost of capital, including the components of the asset base;
- Description of the cost for each aerodrome for each terminal charging zone; for aerodromes with less than 20,000 commercial air transport movements per year being calculated as the average over the previous three years, costs may be presented in an aggregated way per aerodrome.
- Breakdown of the meteorological costs between direct costs and “MET core costs” defined as the costs of supporting meteorological facilities and services that also serve meteorological requirements in general. These include general analysis and forecasting, weather radar and satellite observations, surface and upper-air observation networks, meteorological communication systems, data-processing centres and supporting core research, training and administration. Description of the methodology used for allocating total MET costs and MET core costs to civil aviation and between charging zones.

ANNEX II

CHARGING MECHANISM

1. REPORTING TABLE

Member States shall fill the following reporting table for each charging zone under their responsibility. Member States shall also provide a consolidated Table 1 for each charging zone under their responsibility. When a charging zone extends across the airspace of more than one Member State, they shall fill the table jointly in accordance with the arrangements referred to in Article 4(3).

The figures shall be actual figures for year (n-3) until year (n-1) and planned figures for year (n) onwards. The “Total costs” shall be established as the sum of all total costs presented in Table 1 which are allocated to this charging zone.

Table 2: UNIT RATE CALCULATION

Organisation(s):

Charging Zone:

Year n:

(n-3)	(n-2)	(n-1)	(n)	(n+1)	(n+2)	(n+3)	(n+4)	(n+5)
A	A	A	F	F	P	P	P	P

Unit Rate (in Euros)

	(n-3)	(n-2)	(n-1)	(n)	(n+1)	(n+2)	(n+3)	(n+4)	(n+5)
Total costs (1)									
Costs of exempted flights									
Amounts carried over to year (n)									
Income from other sources									
Chargeable costs									
Total service units									
Chargeable service units									
Unit rate (2)									

(1) As the sum of all total costs presented in Table 1 which are allocated to this charging zone. (when certain air navigation services are outsourced, the cost to be taken into account shall be the cost of the annual expenditure).

(2) Unit Rate = Chargeable cost / Chargeable service units.

(n-3)	(n-2)	(n-1)	(n)	(n+1)	(n+2)	(n+3)	(n+4)	(n+5)
A	A	A	F	F	P	P	P	P

Unit Rate (in national currency)

	(n-3)	(n-2)	(n-1)	(n)	(n+1)	(n+2)	(n+3)	(n+4)	(n+5)
Exchange rate (1 EUR =)									
Unit Rate									

(n-3)	(n-2)	(n-1)	(n)	(n+1)	(n+2)	(n+3)	(n+4)	(n+5)
A	A	A	F	F	P	P	P	P

Balance to be carried over (in national currency)

	(n-3)	(n-2)	(n-1)	(n)	(n+1)	(n+2)	(n+3)	(n+4)	(n+5)
Charges billed to users									

Actual total costs									
Income from other sources									
Actual costs of exempted flights									
Amounts carried over to year (n)									
Balance of year (n)									

2. ADDITIONAL INFORMATION

In addition, the Member States concerned shall collect and provide at least the following information:

- Description and rationale for the establishment of the different charging zones, in particular with regard to terminal charging zones and potential cross-subsidies between aerodromes;
- Description and explanation on the calculation of the forecast chargeable service units;
- Description and explanation of the methodology used to with respect to the recovery of the balance resulting from over or under recovery of previous years;
- Description of the policy on exemptions and description of the financing means to cover the related costs;
- Description of the income from other sources when they exist.
- Description and explanation of incentives applied on air navigation service providers and, in particular, the modalities to be applied in setting regulatory conditions on the level of unit rates. Description and explanation of the objectives in term of performance and on the modalities to take them into account in the setting of maximum unit rates;
- Description of the plans of air navigation service providers in order to meet projected demand and performance objectives.
- Description and explanation of incentives applied on users of air navigation services;

ANNEX III

CALCULATION OF THE EN ROUTE SERVICE UNITS

1. The en-route service unit shall be calculated as the multiplication of the distance factor and the weight factor for the aircraft concerned.
2. The distance factor shall be obtained by dividing by one hundred the number of kilometres flown in the great circle distance between the entry and the exit point of the charging volume, according to the latest known flight plan filed by the aircraft concerned for air traffic flow purposes.
3. If the exit and entry point of one flight are identical in a charging volume, the distance factor shall be equal to the distance in the great circle distance between these points and the most distant point of the flight plan.
4. The distance to be taken into account shall be reduced by 20 kilometres for each take-off from and for each landing on the territory of a Member State.
5. The weight factor, expressed as a figure taken to two decimal places, shall be the square root of the quotient obtained by dividing by fifty the number of metric tons in the maximum certificated take-off weight of the aircraft as shown in the certificate of airworthiness or any equivalent official document provided by the aircraft operator. Where this weight is unknown, the weight of the heaviest aircraft of the same type known to exist shall be used. Where an aircraft has multiple certificated maximum take-off weights, the maximum one shall be used. Where an aircraft operator operates two or more aircraft which are different versions of the same type, the average of the maximum take-off weights of all his aircraft of that type shall be used for each aircraft of that type. The calculation of the weight factor per aircraft type and per operator shall be effected at least once a year.

ANNEX IV

CALCULATION OF THE TERMINAL SERVICE UNITS

1. The terminal service unit shall be equal to the weight factor for the aircraft concerned.
2. The weight factor, expressed as a figure taken to two decimal places, shall be the quotient, obtained by dividing by fifty the number of metric tons in the highest maximum certified take-off weight of the aircraft, referred to in Annex III paragraph 5, to the power of 0.7. However, in a transitional period of five years following the calculation of the first terminal unit rate under this regulation, this exponent shall be comprised between 0.5 and 0.9.

ANNEX V

SPECIFIC CONDITIONS AT AERODROMES

The conditions against which the assessment has to be carried out are the followings:

1. The extent to which ANSPs can freely offer to provide or withdraw from the provision of air navigation services at aerodromes:
 - The existence or otherwise of any significant economic barriers that would prevent an ANSP from offering to provide or withdrawing from the provision of air navigation services;
 - The existence or otherwise of any significant legal barriers that would prevent an ANSP from offering to provide or withdrawing from the provision of air navigation services;
 - The length of contract duration;
 - The existence of a procedure allowing assets and staff to be transferred from one air navigation service provider to another.
2. The extent to which aerodromes can freely determine who will provide their air navigation services, including the option to self-supply:
 - The ability or otherwise of aerodromes to move towards self-supply of air navigation services;
 - The existence or otherwise of legal, contractual or practical barriers to an aerodrome's ability to change air navigation service provider;
 - The role of airspace users in the selection process of the air navigation service provider.
3. The extent to which there is a range of ANSPs from which airports can choose:
 - The existence or otherwise of structural rigidity which restricts the effective choice of the air navigation services for aerodromes;
 - Evidence of alternative air navigation service providers, including the option of self-supply that provides choice in the selection of air navigation services by aerodromes.
4. The extent to which aerodromes are subject to commercial cost pressures or incentive-based regulation:
 - Whether aerodromes actively compete for airline business;
 - The extent to which aerodromes bear the air navigation service charge;

Whether aerodromes operate in a competitive environment or under economic incentives designed to cap prices or otherwise incentivise cost reductions.

1.2. Additional information

In addition, air navigation service providers shall provide at least the following information:

- Description of the methodology used for allocating costs of facilities or services between different air navigation services based on the list of facilities and services listed in ICAO Regional Air Navigation Plan, European Region (Doc 7754);
- Description and explanation of differences between planned and actual non-confidential figures for year (n-1);
- Description and explanation of non-confidential five-year planned costs and investments in relation to expected traffic;
- Description and explanation of the method adopted for the calculation of depreciation costs: historic costs or current costs.
- Explanation for the cost of capital;

[2. THE FINANCING OF AIR NAVIGATION SERVICES

Air navigation service providers shall provide the following information for each terminal charging zone:

- Description of the way(s) by which the costs of air navigation services are financed.
- When the costs are recovered directly from users of air navigation services, description of the conditions offered to those users (tariffs, formula, exemptions...);
- Description of the forecast for the financing of air navigation services over the next five years.
- Description and explanation of the traffic forecast over the next five years.
- Description of the plans of air navigation service providers in order to meet projected demand and performance objectives.
- Description and explanation of incentives applied on air navigation service providers and, in particular, the modalities to be applied in setting regulatory conditions on the level of unit rates. Description and explanation of the objectives in term of performance and on the modalities to take them into account in the setting of maximum unit rates;
- Description and explanation of incentives applied on users of air navigation services;]

(ANNEX VI, SECTION 2 SHALL BE SUBJECT TO THE CONCLUSIONS OF THE IMPACT ANALYSIS REPORT).