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BY E-MAIL

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OUR REF: IASE 004/005/0023
YOUR REF:

21 March 2012

Dear Andrew

Contestability of Air Navigation Services at UK Airports: Request for advice under Section 16 (1) (CAA 1982)

1. The Secretary of State requires the CAA in accordance with Section 16(1) to provide advice and assistance in assessing whether Air Navigation Services (ANS) at relevant airports in the UK are contestable in accordance with criteria set down in European Legislation.

Purpose

2. The EC regulations setting up a common charging scheme¹ and a performance scheme² specify that a Member State may opt out of certain requirements for airports where it conducts a detailed assessment of the contestability of terminal ANS at airports and reports to the Commission. This study is designed to provide advice and assistance on whether the relevant services satisfy these requirements and thereby allow the UK to elect to take these options.

Statutory links

3. Any Member State that wants to pursue this option is required to make a detailed assessment and report to the European Commission no later than 12 months before the start of each reference period (i.e. December 2013) under:
 - Charging Regulation: Article 1 (6) and Annex I; and
 - Performance Regime: Article 1 (4).
4. Where there are more than 150,000 commercial movements per year, the assessment shall be carried out at each individual airport.

¹ **COMMISSION REGULATION (EC) No 1794/2006**
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:2006R1794:20101220:EN:PDF>

² **COMMISSION REGULATION (EU) No 691/2010**
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:2010R0691:20111215:EN:PDF>

Scope of study

5. The study should cover ANS at UK airports which have (or expected to have in any year in the next Single European Sky (SES) reference period) 50,000 or more commercial movements per year. The study should also cover airports that are at risk of crossing the threshold during the period SES reference period.
6. Reflecting this, the airports set out below should be included within the study.

Airports > 150k CATM	50K < Airports < 150k CATM	40k < Airports < 50k CATM
Heathrow Gatwick Manchester Stansted	Aberdeen Birmingham Bristol East midlands International Edinburgh Glasgow London City Luton Newcastle	Belfast City (George best) Liverpool (John Lennon) Southampton

Methodology

7. The methodology adopted needs to be consistent with the methodology in the Charging Regulation Annex I.

Timing of work

8. The CAA should complete this work by 30th November 2012.

Budget

9. The costs of the study are estimated at £75k; if an overspend is identified the CAA will need to agree this with the DfT in advance.

Governance

10. The project will be defined and led by the CAA with close liaison with DfT. The work will be undertaken by the Consumers and Markets team within the CAA, and coordinated with the wider development of the next National Performance Plan (RP2) by the CAA SES Performance Group (which includes representation from DfT).

Transparency

11. I appreciate that, in the interests of transparency, you may want to refer to this letter or place it on your website. I can confirm that I have no objection to this.

Yours,



JONATHAN MOOR