

Appendix H to Provisional Decisions for the NR23 price control review – Proposed licence modifications (including corrigendum)

CAP 2553d

Published by the Civil Aviation Authority, July 2023

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First published 2023

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Corrigendum for CAP2553d: Corrections to Appendix H to Provisional Decisions for the NR23 price control review – Proposed licence modifications

We have identified a drafting error in the proposed modification of NERL’s licence in relation to the Traffic Risk Sharing (TRS) mechanism for the NR23 period necessitating the amendments detailed below:

In proposed modification of Condition 21, paragraph 4:

Replace: $RSF_{2023} - 0.056$ with: $-\left(\frac{ActualTSU_{2023}}{ForecastTSU_{2023}} - 0.90\right)$

Replace: $RSF_{2024} - 0.056$ with: $-\left(\frac{ActualTSU_{2024}}{ForecastTSU_{2024}} - 0.90\right)$

In proposed modification of Condition 21a, paragraph 4:

Replace: $LRSF_{2023} - 0.056$ with: $-\left(\frac{ActualLTSU_{2023}}{ForecastLTSU_{2023}} - 0.90\right)$

Replace: $LRSF_{2024} - 0.056$ with: $-\left(\frac{ActualLTSU_{2024}}{ForecastLTSU_{2024}} - 0.90\right)$

These amendments are required in order to maintain consistency with the other modifications of the formulae and definitions relating to the TRS for NR23 proposed in the above-mentioned paragraphs. They are consistent with the policy relating to the design of the TRS for NR23 which is described in Chapter 7 of the Provisional Decision (CAP2553, especially paragraph 7.7) and do not change the intent or intended manner of implementation of that policy.

The following pages show how the proposed licence modifications for Condition 21 and Condition 21a for consultation would look when including these corrections.

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Condition 21: Control of Eurocontrol service charges

Traffic Risk Sharing

4. Article 13 of Commission Implementing Regulation (EU) No 2010/317 sets out the basis of traffic risk sharing. Traffic Risk Sharing (TRS_t) shall be calculated as follows:

For t = 2020, 2021 and 2022 2023 , 2024, 2025, 2026 and 2027		
$TRS_t = RSF_{t-2} \times DC_{t-2}$		
For t = 2022		
$TRS_{2022} = 0$		
Where		
TRS_{2023} and TRS_{2024} equal zero		
$TRS_{2025} = 0.056 \times DC_{2023}$, where $\frac{ActualTSU_{2023}}{ForecastTSU_{2023}} < 0.90$, or otherwise		
$TRS_{2025} = RSF_{2023} \times DC_{2023}$		
$TRS_{2026} =$		
$0.5 \times [-(\frac{ActualTSU_{2023}}{ForecastTSU_{2023}} - 0.90) \times DC_{2023}]$, where $\frac{ActualTSU_{2023}}{ForecastTSU_{2023}} < 0.90$, otherwise zero		
plus either:		
$0.056 \times DC_{2024}$, where $\frac{ActualTSU_{2024}}{ForecastTSU_{2024}} < 0.90$, or otherwise $RSF_{2024} \times DC_{2024}$		
$TRS_{2027} =$		
$0.5 \times [-(\frac{ActualTSU_{2023}}{ForecastTSU_{2023}} - 0.90) \times DC_{2023}]$, where $\frac{ActualTSU_{2023}}{ForecastTSU_{2023}} < 0.90$, otherwise zero		
plus		
$0.5 \times [-(\frac{ActualTSU_{2024}}{ForecastTSU_{2024}} - 0.90) \times DC_{2024}]$, where $\frac{ActualTSU_{2024}}{ForecastTSU_{2024}} < 0.90$, otherwise		
zero		
plus either:		
$0.056 \times DC_{2025}$, where $\frac{ActualTSU_{2025}}{ForecastTSU_{2025}} < 0.90$, or otherwise $RSF_{2025} \times DC_{2025}$		
Where:		
	DC _{t-2}	has the meaning in Paragraph 1 of this condition.
And	RSF _{t-2}	means the risk sharing factor relating to Eurocontrol Relevant Year t-2 based on the actual number of Total Service Units which shall be calculated as follows:
	Where:	$0.98 \leq \frac{ActualTSU_{t-2}}{ForecastTSU_{t-2}} \leq 1.02$

		$RSF_{t-2} = 0$
	Where:	$1.02 \leq \frac{ActualTSU_{t-2}}{ForecastTSU_{t-2}} \leq 1.10$ $RSF_{t-2} = -0.7 \left[\frac{ActualTSU_{t-2}}{ForecastTSU_{t-2}} - 1.02 \right]$
	Where:	$0.90 \leq \frac{ActualTSU_{t-2}}{ForecastTSU_{t-2}} \leq 0.98$ $RSF_{t-2} = -0.7 \left[\frac{ActualTSU_{t-2}}{ForecastTSU_{t-2}} - 0.98 \right]$
	Where:	$\frac{ActualTSU_{t-2}}{ForecastTSU_{t-2}} < 0.90$ $RSF_{t-2} = - \left[\frac{ActualTSU_{t-2}}{ForecastTSU_{t-2}} - 0.90 \right] + 0.056$
	Where:	$\frac{ActualTSU_{t-2}}{ForecastTSU_{t-2}} > 1.10$ $RSF_{t-2} = - \left[\frac{ActualTSU_{t-2}}{ForecastTSU_{t-2}} - 1.10 \right] - 0.056$
Where:	ActualTSU _{t-2}	means the actual level of Total Service Units for relevant year t-2 published by Eurocontrol.

Condition 21a: Control of London Approach charges

Traffic Risk Sharing

4. The Traffic Risk Sharing ($LTRS_t$) term shall be calculated as follows:

<p>For $t = 2020, 2021$ and 2022</p> $LTRS_t = (LDC_{t-2} \times LRSF_{t-2})$ <p>For $t=2022$</p> $LTRS_{2022}=0$ <p>For $t = 2023, 2024, 2025, 2026$ and 2027</p> <p>$LTRS_{2023}$ and $LTRS_{2024}$ equal zero</p> <p>$LTRS_{2025} = 0.056 \times LDC_{2023}$, where $\frac{ActualLTSU_{2023}}{ForecastLTSU_{2023}} < 0.90$, or otherwise</p> <p>$LTRS_{2025} = LRSF_{2023} \times LDC_{2023}$</p> <p>$LTRS_{2026} =$</p> <p>$0.5 \times [-(\frac{ActualLTSU_{2023}}{ForecastLTSU_{2023}} - 0.90) \times LDC_{2023}]$, where $\frac{ActualLTSU_{2023}}{ForecastLTSU_{2023}} < 0.90$, otherwise</p> <p>zero</p> <p>plus either:</p> <p>$0.056 \times LDC_{2024}$, where $\frac{ActualLTSU_{2024}}{ForecastLTSU_{2024}} < 0.90$, or otherwise $LRSF_{2024} \times LDC_{2024}$</p> <p>$LTRS_{2027} =$</p> <p>$0.5 \times [-(\frac{ActualLTSU_{2023}}{ForecastLTSU_{2023}} - 0.90) \times LDC_{2023}]$, where $\frac{ActualLTSU_{2023}}{ForecastLTSU_{2023}} < 0.90$, otherwise</p> <p>zero</p> <p>plus</p> <p>$0.5 \times [-(\frac{ActualLTSU_{2024}}{ForecastLTSU_{2024}} - 0.90) \times LDC_{2024}]$, where $\frac{ActualLTSU_{2024}}{ForecastLTSU_{2024}} < 0.90$, otherwise</p> <p>zero</p> <p>plus either:</p> <p>$0.056 \times LDC_{2025}$, where $\frac{ActualLTSU_{2025}}{ForecastLTSU_{2025}} < 0.90$, or otherwise $LRSF_{2025} \times LDC_{2025}$</p>		
Where:	LDC_{t-2}	has the meaning in Paragraph 1 of this condition.
And	$LRSF_{t-2}$	means the risk sharing factor relating to Relevant year t-2 based on the actual number of Total London Approach Service Units which shall be calculated as follows:

	Where:	$0.98 \leq \frac{\text{ActualLTSU}_{t-2}}{\text{ForecastLTSU}_{t-2}} \leq 1.02$ $\text{LRSF}_{t-2} = 0$
	Where:	$1.02 \leq \frac{\text{ActualLTSU}_{t-2}}{\text{ForecastLTSU}_{t-2}} \leq 1.10$ $\text{LRSF}_{t-2} = -0.7 \left[\frac{\text{ActualLTSU}_{t-2}}{\text{ForecastLTSU}_{t-2}} - 1.02 \right]$
	Where:	$0.90 \leq \frac{\text{ActualLTSU}_{t-2}}{\text{ForecastLTSU}_{t-2}} \leq 0.98$ $\text{LRSF}_{t-2} = -0.7 \left[\frac{\text{ActualLTSU}_{t-2}}{\text{ForecastLTSU}_{t-2}} - 0.98 \right]$
	Where:	$\frac{\text{ActualLTSU}_{t-2}}{\text{ForecastLTSU}_{t-2}} < 0.90$ $\text{LRSF}_{t-2} = - \left[\frac{\text{ActualLTSU}_{t-2}}{\text{ForecastLTSU}_{t-2}} - 0.90 \right] + 0.056$
	Where	$\frac{\text{ActualLTSU}_{t-2}}{\text{ForecastLTSU}_{t-2}} > 1.10$ $\text{LRSF}_{t-2} = - \left[\frac{\text{ActualLTSU}_{t-2}}{\text{ForecastLTSU}_{t-2}} - 1.10 \right] - 0.056$
Where:	ActualLTSU _{t-2}	means the actual level of Total London Approach Service Units for relevant year t-2 published by Eurocontrol for the aggregate of Heathrow, Gatwick, Stansted, Luton, and London City airports.

APPENDIX H

Proposed licence modifications

Introduction and context

- H1 This appendix explains the process for making the licence modifications that will implement our final decisions in respect of the NR23 price controls.
- H2 NERL's Air Traffic Services Licence was granted by the Secretary of State on 28 March 2001. Before we can issue a notice making any changes to the licence, section 11A(1) of the TA00 requires us to formally consult on proposed modifications, by publishing a notice bringing our proposed modifications to the attention of persons likely to be affected by the making of the modifications. The notice must:
- state that we propose to make the modifications and state their effect and the reasons for proposing them; and
 - specify a reasonable period for making of representations.
- H3 This document constitutes notice under section 11A(1) of the TA00 for the proposed modifications we intend to make to NERL's licence.
- H4 In this notice we specify a period of 28 days for representations.
- H5 The proposed licence modifications on which we are consulting are at the end of this appendix.

Our Initial Proposals

- H6 In our Initial Proposals we said we would seek to modify the following licence conditions:
- Condition 6 – Regulatory accounting guidelines:
 - to introduce a definition of new users; and
 - to require NERL to explain the basis on which incurred costs have been apportioned or allocated to new users.
 - Condition 10 – Business plans, service and investment plans and periodic reports:
 - to reduce the assessment criteria in the capex engagement incentive by combining the timeliness of information NERL provides to users, proportionality and user focus criteria.

- Condition 10a – Airspace modernisation:
 - to require NERL to provide:
 - a high-level report to us and DfT on the delivery of the airspace modernisation strategy initiatives each year on request; and
 - a quarterly (or other period as agreed) report to us on ACOG's costs and a forecast of its costs for the remainder of NR23.
- Condition 18 – Payment of fees:
 - to delete the entire condition requiring NERL to pay us an annual fee to cover the costs of our economic regulation, including the additional costs we incur in carrying out price control reviews.
- Condition 21 – Control of Eurocontrol charges to implement the new price control for NR23:
 - adding Determined Costs for each year of NR23;
 - introducing new terms to the price control for the proportion of NERL's recovery of TRS revenue in respect of 2020, 2021 and 2022 which will be recovered in NR23, and a pricing profile adjustment to smooth revenue over the NR23 period;
 - amending the TRS recovery term for NR23 for under- or over-recoveries from differences in forecast and actual traffic, with recoveries of differences two years later, apart from under-recoveries of differences greater than 10% which will be recovered spread over the third and fourth years later; and
 - amending the targets for the C2, C3 and C4 service quality and 3Di environmental incentives for NR23.
- Condition 21a – Control of London Approach charges to implement the new price control for NR23:
 - adding Determined Costs for each year of NR23;
 - introducing a new term for the proportion of NERL's recovery of TRS revenue in respect of 2020, 2021 and 2022 which will be recovered in NR23; and
 - amending the TRS recovery term for NR23 for under- or over-recoveries from differences in forecast and actual traffic, with recoveries of differences two years later, apart from under-recoveries of differences greater than 10% which will be recovered spread over the third and fourth years later.

- Condition 22 – Control of Oceanic charges to implement the NR23 price control:
 - adding a base charge per flight for each year of NR23;
 - adding an ADS-B charge for each flight in the Atlantic area for each year of NR23;
 - adding an ADS-B charge for each flight in the Tango area for each year of NR23; and
 - amending the arrangements for the independent review of whether the benefits of ADS-B outweigh the costs to allow us to determine the date of the review and its terms of reference.
- Condition 24 – Information to be provided to the CAA in connection with the charge control conditions:
 - requiring NERL to put in place a cost recording mechanism and to report to us annually on:
 - details of the core and specified services requested by and provided to new users;
 - the costs incurred by NERL in providing the core and specified services to new users;
 - any associated activities, costs and deliverables resulting from the provision of core and specified services to new users; and
 - any amendments to the cost reporting system.
 - requiring NERL to produce, after consultation with users including new users, a proposed charging mechanism to calculate charges for new users by 30 June 2025.

H7 We also proposed minor consequential changes to:

- Condition 5 – Availability of resources and financial ring fencing:
 - to change the period over which we require NERL to report on its expected gearing to the five years of the NR23 period; and
- Condition 20 – Price control condition definitions;
 - to include definitions of the NR23 regulatory period and Eurocontrol Principles.

H8 We also said we would consult on amending the guidance on NERL's capital expenditure engagement incentive published in December 2020.

Stakeholder responses to our Initial Proposals

H9 We received responses on the draft licence modifications in our Initial Proposals from NERL and British Airways.

H10 NERL's response on the draft modifications:

- said, in respect of ACOG reporting requirements, that Condition 10a should not be modified. Its views are set out in more detail in chapter 7;
- highlighted some errors in the formulae and suggested some updates to definitions in the draft price control conditions (Conditions 21, 21a and 22);
- recommended that we separate the inflation adjustments of core and ADS-B costs in Condition 22 to improve transparency; and
- considered that our proposed deadline for the submission of a new cost reporting mechanism in Condition 24 should be revised to commit NERL and the CAA to a joint timetable for a new mechanism to come into effect by 2025. Its views on these matters are set out in more detail in chapter 7.

H11 British Airways' response on the draft modifications:

- supported our proposed modifications to Conditions 6, 10, 10a and 20;
- supported deleting Condition 18;
- said it would welcome modifications to Condition 22 to clarify how ADS-B charges are calculated; and
- considered that Condition 24 should be modified to make sure that any charges on new users would include a share of all applicable costs and not just newly incurred incremental costs. This is discussed in chapter 7.

Our views

H12 We welcome the comments from NERL and British Airways, which we have considered carefully.

H13 For the proposed modifications to Conditions 5, 6 and 18, we propose the same modifications as included in our Initial Proposals.

H14 For Condition 10, we have updated the proposed modifications to reflect updates we have made to the capex engagement incentive and draft guidance for consultation. In our view these modifications will encourage NERL to improve the quality of its engagement with airlines on its capex programme and make it clearer what NERL will need to do to avoid a penalty.

H15 For Condition 10a we have not proposed any changes to the modifications set out in our Initial Proposals. In general these proposals formalise existing

arrangements rather than creating a new burden. They also provide for a different reporting frequency, where agreed by the CAA and NERL. Further details are provided in chapter 7.

- H16 For Condition 20 we have proposed minor changes to the definitions of Eurocontrol Principles and Reference Period.
- H17 The proposed modifications to Conditions 21, 21a and 22 take account of:
- the changes to the price controls proposed in this provisional decision to the price controls proposed in our Initial Proposals;
 - corrections to the errors identified by NERL in its response to our Initial Proposals and subsequent correspondence with us, where we considered that corrections were required; and
 - separation of the inflation adjustments of core and ADS-B costs in Condition 22. We recognise that NERL and British Airways in their responses, and airlines in other forums, have requested greater transparency around how Oceanic charges are calculated.
- H18 We have addressed comments on the traffic forecasts, TRS mechanism and service quality in the relevant chapters. A table summarising the proposed modifications to Conditions 21, 21a and 22 is at the end of this appendix.
- H19 For Condition 24, British Airway's comment on charges to new users is addressed in chapter 7. We have proposed some minor changes to the condition, including:
- to paragraph 9 to add that NERL should report to us on the new user cost recording mechanism by no later than 30 June in each year;
 - to paragraph 9 b) to add that NERL should include in the report supporting information on costs as we may reasonably specify; and
 - adding paragraph 10 g) to specify that the new user charging mechanism should also include any other relevant information we may reasonably specify.
- H20 The reasons for, and effects of, the proposed modifications set out in this notice are set out in the relevant chapters of this Provisional Decision. In particular:
- Condition 5 – the reason is to align the period over which NERL measures average gearing to the NR23 regulatory period rather than aligning to financial years. The effect will be that NERL will provide gearing measurements for the period covered by the price control.
 - Condition 6 – the reasons and effects are set out in the new users section of chapter 7.

- Condition 10 – the reasons and effects are set out in the capex engagement incentive section of chapter 7.
- Condition 10a – the reasons and effects are set out in the airspace modernisation section of chapter 7.
- Condition 18 – the reasons and effects are set out in the CAA Determined Costs section of our UK performance plan Decision on DfT, Met Office and CAA en route costs – CAP2553b.
- Condition 20 – the reason is to update the definitions of terms in Conditions 21, 21a and 22 so they are relevant to the NR23 period. The effect is to ensure that terms in these conditions are correctly defined.
- Condition 21 – the reasons are set out in chapters 3-7. The effects are to allow the calculation of the Eurocontrol price control.
- Condition 21a – the reasons are set out in chapter 8. The effects are to allow the calculation of the London Approach price control.
- Condition 22 – the reasons are set out in chapter 9. The effects are to allow the calculation of the Oceanic price control.
- Condition 24 – the reasons and effects are set out in the new users section of chapter 7.

H21 Our proposed licence modifications to implement our NR23 decision are below. The modifications are set out in red and strikethrough.

Next steps and implementation

H22 We invite representations on the proposed modifications to economicregulation@caa.co.uk by 4 August 2023.

H23 We expect to publish the representations on our website for other interested parties to read after the period for written representations expires. Any material that is regarded as confidential should be clearly marked as such and provided in a separate appendix. Please note that we have powers and duties with respect to information under Section 102 of the Act and the Freedom of Information Act 2000.

H24 We will consider representations received before deciding whether to proceed with the proposed modifications to NERL's licence.

Proposed licence modifications

Condition 5: Availability of resources and financial ring-fencing – extract

26. The Licensee shall:

- (a) provide from time to time as reasonably requested by the CAA and in any event within 25 business days of a measurement date:
 - (i) in respect of the measurement date to which it relates, the value of Gearing and its best estimate of Gearing on each of the four subsequent measurement dates;
 - (ii) for the four subsequent measurement dates, confirmation that it is not aware of any circumstances which will result in Gearing being above 65 per cent or prevent it complying (where applicable) with paragraph 25, or if the Licensee is aware of any such circumstances disclosure of those circumstances; and
 - (iii) if so requested by the CAA, the financial model in support of that confirmation.
- (b) provide from time to time as reasonably requested by the CAA and in any event within 25 business days of 31 March every year:
 - (i) its best estimate of expected average Gearing over the period from 4 ~~April 2020~~ **1 January 2023 to 31 December 2027** ~~31 March 2025~~ as a whole (as a simple arithmetic average of the ten measurement dates within that period); and
 - (ii) an explanation of any difference between expected average gearing in paragraph 26(b)(i) and the monitoring threshold level of gearing of 60 per cent.

Condition 6: Regulatory accounting requirements

5. The Regulatory Accounting Guidelines prepared pursuant to paragraph 2 shall, without limitation:

- (a) provide that, except so far as the CAA reasonably considers necessary, the regulatory accounts shall be prepared in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the EU from time to time;
- (b) state the accounting policies to be adopted, including the basis on which any amount has been either:

- (i) charged from or to the UK Air Traffic Services Business and the En route (Oceanic) Business together with a description of the basis of that charge; or
- (ii) determined by apportionment or allocation between the UK Air Traffic Services Business and the En route (Oceanic) Business; and

(c) explain the basis on which incurred costs have been apportioned or allocated to services provided to New Users, specifying in particular which services have been provided and, where possible, to which types of New User.

9. In this Condition:

- “New Users” means a User who:
 - is or is in the process of applying to be an “unmanned aircraft system operator” or “UAS operator” carrying out “UAS operations”, as defined in UK Regulation (EU) 2019/947;
 - is the holder of or is in the process of applying for an “operator licence” or a “spaceport licence” as defined in the Space Industry Act 2018;
 - is the owner of a “spacecraft” or a “carrier aircraft” as defined in the Space Industry Act 2018; or
 - is any other User who owns, operates, or is in the process of applying for the relevant approvals to own or operate, a novel type of aircraft for which the Licensee has not previously provided air traffic services and who wishes to use such services.

Condition 10: Business plans, service and investment plans and periodic reports

8. The Licensee shall be subject to a financial incentive in respect of the quality of its engagement on its capital expenditure programme. The incentive shall be based on the following assessment criteria:

1. the timeliness of information the Licensee provides to Users, including the provision of early warning and explanation of factors that may put planned delivery timelines at risk, **the extent to which the information and mechanism of delivery is focused on the priorities and resource constraints of Users so that it is clear and accessible, the provision of early warning and explanation of factors that may put planned delivery timelines at risk, the extent to which the information enables changes to the capital expenditure programme to be**

traced from one consultation to another and the proportionality of the information to the materiality of change under consideration;

2. ~~the proportionality of the information to the materiality of change under consideration~~; the range of reasonable options that the Licensee engages on with Users that might be adopted where practical, including the need for those options and the outcomes and benefits that the Licensee is seeking to deliver, opportunities provided for engagement and scrutiny of those options and the impact of those options on operational expenditure;
3. the Licensee's responsiveness to User and Independent Reviewer submissions including the clear explanation of how it has considered and taken account of those submissions; and
4. whether, in its engagement with users, the Licensee has taken the appropriate mitigation and corrective actions in the light of User and Independent Reviewer submissions.

14. In this Condition:

“Plan Renewal Date” means 31 December 2020 ~~2027~~, or such other date the CAA shall reasonably specify following consultation with the Licensee, and every fifth anniversary thereof.

Condition 10a: Airspace modernisation

1. The Licensee must maintain an Airspace Change Organising Group (“ACOG”). ACOG shall be a unit within the Licensee, separate and impartial from the Licensee's other functional units set up for the purpose of carrying out the functions set out in paragraphs 2, 3, 5, 8, 9, 10 and 11 below. ~~The Licensee shall ensure that ACOG is~~ ~~will~~ be subject to oversight from a Steering Committee to assist with its impartiality and engagement of relevant stakeholders relevant to the delivery of this function. The Licensee shall appoint the Head of ACOG and the Chair of the Steering Committee following consultation with the CAA and the Department for Transport (“DfT”). ~~The Licensee shall ensure that the Steering Committee~~ ~~will~~ includes at least one representative from the Licensee, airlines, airports, the general aviation community and independent members with appropriate experience. The Licensee remains accountable for the outputs of ACOG.
2. The Licensee must create and maintain a single coordinated implementation plan for airspace changes in the UK for the period to 2040 (“airspace change masterplan” or “the masterplan”).
3. The masterplan must:
 1. be consistent with the delivery of airspace modernisation as described in the Airspace Modernisation Strategy (CAP 1711 or any successor publication) published by the

- CAA in accordance with Direction 3(e) of the Civil Aviation Authority (Air Navigation) Directions 2017 (the “Airspace Modernisation Strategy”);
2. meet the criteria for a Masterplan set out in paragraph 6 of the DfT and CAA’s joint letter to the licensee of 2 November 2018 (see Annex B) or any successor **publication**;
 3. comply with any requirements or guidance associated with the requirements set out in paragraphs 3a to 3b above, as provided by the Secretary of State or CAA as co-sponsors of the Airspace Modernisation Strategy, including on the content or the methods by which the masterplan is to be produced;
 4. take into consideration the information provided by and expertise of the airport operators and other ANSPs in the relevant part of the managed area; and
 5. take into consideration the views of the entities listed as representatives of a stakeholder group, or as a conduit to them, identified in the Airspace Modernisation governance annex to the Airspace Modernisation Strategy **or any successor publication**.
4. The masterplan shall be subject to assessment in accordance with the criteria set out in paragraphs 3 a to e above and any further guidance issued by the CAA and subsequent acceptance by the CAA, who shall consult with the Secretary of State in making such assessment.
 5. The Licensee shall make any changes to the masterplan as are reasonably proposed by the CAA in order to comply with and meet the objectives of the Airspace Modernisation Strategy.
 6. The Licensee shall prepare and submit to the CAA the airspace change proposals related to the airspace in which the Licensee provides UK en route air traffic control services. Such requirement may be identified in the masterplan or other work undertaken by the Licensee pursuant to its activities under this licence.
 7. Subject to coordination with relevant stakeholders and the agreement of the CAA, the Licensee may provide support to airspace change proposals proposed by other bodies where other bodies are designated as responsible for such airspace change proposals in the masterplan
 8. The Licensee shall encourage such sponsors to follow the coordinated programme plan in the masterplan including, where appropriate, providing advice and coordination to sponsors on the **development and** implementation of the airspace changes identified in the masterplan.

9. The Licensee shall periodically update the masterplan as reasonably requested by the CAA. ~~and the Licensee shall provide a report to the CAA and the DfT on progress against the masterplan and related activities on 1 November each year and at any time it is requested to do so by the CAA.~~
10. ~~The Licensee shall provide a high-level report to the CAA and the Secretary of State on progress against the delivery of the AMS initiatives or equivalent provisions (in the Airspace Modernisation Strategy CAP 1711 or any successor publication) it is responsible for reporting under the Airspace Modernisation Strategy on 1 November each year and at any other time it is required to do so by the CAA. The CAA may from time to time specify the format of such reports which shall include, as a minimum, the following information for each of the initiatives of the Airspace Modernisation Strategy:~~
- ~~a. progress made during the preceding reporting period, including any key issues that may have arisen and the actions taken to address such issues;~~
 - ~~b. stakeholder engagement activities undertaken during the preceding reporting period;~~
 - ~~c. current schedule of anticipated events and milestones;~~
 - ~~d. key risks and dependencies for the subsequent reporting period;~~
 - ~~e. opportunities identified to optimise programme delivery; and~~
 - ~~f. progress towards achieving the benefits of airspace modernisation as set out in the Airspace Modernisation Strategy.~~
11. ~~The Licensee shall report quarterly, or at an alternative period to be agreed with the CAA, on the costs incurred on the deliverables and associated activities of the ACOG. The CAA may from time to time specify the format of such reports which shall include, as a minimum, the following information:~~
- ~~1. level and nature of costs incurred to date in the reporting period, including staff costs, and updated forecasts for the remainder of the reporting period; and~~
 - ~~2. the information in paragraphs 10 a to f, subject to the modification that any references to “reporting period” are to be read as references to the “quarter”.~~
12. The Licensee shall be responsible for other activities identified in the Airspace Modernisation Strategy which the Licensee is required to undertake pursuant to legislation.

Condition 18: ~~Payment of fees [not used intentionally blank]~~

The entire text of the Condition to be deleted.

Condition 20: Price control decisions: definitions

- “Determined Costs”** means the costs calculated in accordance with the determined cost method in the Eurocontrol Principles (paragraph 1.3.2).
- “Eurocontrol Principles”** means “Principles for Establishing the Cost-Base for En-Route Charges and the Calculation of the Unit Rates” (as in force at the relevant time), published by Eurocontrol’s Central Route Charges Office. English language version published in January 2020.
- “NR23 Regulatory Period”** means the period from 1 January 2023 to 31 December 2027 (inclusive).
- “Reference Period”** means, as appropriate, the first reference period established under Commission Regulation (EU) No 691/2010, namely 1 January 2012 to 31 December 2014, or the second reference period established under Commission Regulation (EU) No 390/2013, namely 1 January 2015 to 31 December 2019, or the third reference period established under Commission Regulation (EU) No 2019/317, namely 1 January 2020 to 31 December 2024 2022, or the reference period from 1 January 2023 to 31 December 2027 (defined as “NR23 Regulatory Period” above).

Condition 21: Control of Eurocontrol service charges

1. Without prejudice to Condition 25 (Suspension and Modification of Charge Control Conditions), for each Eurocontrol Relevant Year beginning on 1 January 2020, 2021 and ~~2022~~ 2023, 2024, 2025, 2026 and 2027, the maximum Permitted Average Charge Per Service Unit shall be calculated as follows:

$$\frac{DC_t + INF_t + ReS_t + TRS_t + CSM_t + FI_t + MOD_t + TVar_t + TUR_t - VFR_t - INEA_t - FAS_t + TRSRecovery_t + PP_t + TRSRecoveryINF_t}{ForecastTSU_t} \times Discount_t$$

Where:

Maximum Charge _t	means the Maximum Permitted Average Charge Per Service Unit in Eurocontrol Relevant Year t (for 2023, 2024, 2025, 2026 or 2027).	
DC _t	means the determined costs, expressed in nominal terms for relevant year t.	
	Year t	(£)
	2021	674,270,832
	2022	688,739,423
	2023	759,729,007
	2024	771,489,548
	2025	696,874,611
	2026	718,672,356
2027	725,921,903	
INF _t	means the adjustment in relevant year t of the difference between forecasted and actual inflation in relevant year t-2 in respect of Determined Costs (DC), calculated in accordance with Paragraph 3 of this condition.	
INEA _t	means any assistance provided by the Innovation and Networks Executive Agency (INEA) or other similar public funding in relevant year t, where funding is to be returned to users via a specific unit rate reduction as calculated and agreed with the CAA.	
ReS _t	means the authorised restructuring costs in relevant year t authorised in accordance with Article 2(18) of Commission Implementing Regulation (EU) No 2019/317. For all years t = 2023, 2024, 2025, 2026 and 2027, ReS _t = 0	
TRS _t	means the Traffic Risk Sharing element from previous years calculated in accordance with Paragraph 4 of this condition.	

CSM _t	means the carry-overs from the previous reference period, <u>expressed in nominal terms for relevant year t</u> , resulting from the implementation of the cost sharing mechanism referred to in Article 14 of Commission Implementing Regulation (EU) No 391/2013 <u>paragraphs 3.3.4.1 – 3.3.4.4 of Eurocontrol Principles</u> ;	
	Year t	CSM _t (£)
	2023	9,151,506
	2024	7,789,839
	2025	4,736,374
	2026	4,687,164
2027	4,683,464	
Fl _t	means the Financial Incentives relating to performance as calculated in accordance with Paragraphs 7-18 of this condition.	
MOD _t	means the over-or under-recoveries that may result from the modulation of air navigation charges in application of Article 16 of Commission Implementing Regulation (EU) No 2019/317 <u>the modulation mechanism under paragraph 3.4.2 of the Eurocontrol Principles</u> .	
TVar _t	means the over-or under-recoveries resulting from traffic variations as defined in Paragraph 5 of this condition.	
TUR _t	means the over-or under-recoveries resulting from the application of a temporary unit rate in accordance with Paragraph 19 of this condition.	
VFR _t	means the expected cost of services to traffic operating under Visual Flight Rules in relevant year t. For all years t = 2023, 2024, 2025, 2026 and 2027, VFR _t = 0	
<u>TRSR_{recovery,t}</u>	means the TRS recovery adjustment in respect of 2020, 2021 and 2022, expressed in nominal terms for relevant year t, established at the beginning of the NR23 Regulatory Period as follows:	
	Year t	TRS recovery (£)
	2023	92,918,835
	2024	93,971,026
	2025	94,949,065
	2026	97,255,781
2027	100,145,578	
TRSR _{recovery,INF,t}	means the adjustment in relevant year t of the difference between forecasted and actual inflation in relevant year t-2 in respect of the TRS Recovery adjustment for 2020-2022, calculated in accordance with Paragraph 3A of this condition.	

PP _t	means the pricing profile adjustment, expressed in nominal terms for relevant year t, established at the beginning of the NR23 Regulatory Period as follows:	
	Year t	PP (£)
	2023	0
	2024	-147,136,038
	2025	55,793,148
	2026	44,432,537
	2027	61,579,376
DISCOUNT _t	means an adjustment to the maximum charge per Total Service Unit in relevant year t where the Licensee at its own discretion decides to recover less than it would otherwise be allowed to recover and has declared to the CAA that it will not pursue this as under-recovery in subsequent years.	
ForecastTSU _t	means the forecast of Total Service Units for relevant year t established at the beginning of the reference period as follows:	
	Year t	TSU
	2021	12,891,000
	2022	13,183,000
	2023	11,956,000
	2024	12,930,000
	2025	13,247,000
	2026	13,490,000
	2027	13,700,000
Total Service Units (TSUs)	means the route service units calculated in accordance with Annex IV of Commission Implementing Regulation (EC) No 2019/317 Eurocontrol's Central Route Charges Office's Conditions of Application of the Route Charges System and Conditions of Payment as amended from time to time <i>including</i> the service units relating to military exempt flights.	

Inflation Assumptions

2. The forecast values of the inflation index referenced in paragraph 3 shall be as follows:

FHICP _t	means the reference values of the HICP (all items) index forecast values of the index of consumer prices in respect of the UK for Eurocontrol Relevant Year t established prior to the control period, consistent with the projections in nominal prices (the index base used is 2012 2017 =100 up to 2019 2022 and 2017 2020 =100 thereafter), which shall be:		
	Year t	Index (base 2017 = 100)	Index (base 2020 = 100)
	2020	106.44	100.00
	2021	108.57	102.58
	2022	110.74	111.87
	2023		118.73
	2024		119.75
	2025		119.89
	2026		120.49
	2027		122.38

Inflation Adjustment

3. The adjustment of the difference between forecasted and actual inflation **in respect of Determined Costs** shall be calculated as follows:

For t = 2023, 2024, 2025, 2026 and 2027 ,	
$INF_t = DC_{t-2} \left(\frac{HICP_{t-2}}{FHICP_{t-2}} - 1 \right)$	
Where HICP _{t-2} is calculated as follows:	
Year t-2	Calculation
2021	107.9
2022	117.7
2023	$HICP_{2023} = 111.9 \times (1 + Inflation_{2023})$
2024	$HICP_{2024} = HICP_{2023} \times (1 + Inflation_{2024})$
2025	$HICP_{2025} = HICP_{2024} \times (1 + Inflation_{2025})$
2026	$HICP_{2026} = HICP_{2025} \times (1 + Inflation_{2026})$
2027	$HICP_{2027} = HICP_{2026} \times (1 + Inflation_{2027})$
Where:	

Inflation _t	means the annual average inflation rate (to one decimal place) in respect of calendar year t published by the UK Office for National Statistics (ONS) calculated from its Consumer Price Index (CPI) which is based on the harmonised consumer price inflation methodology developed by Eurostat. produced by Eurostat in the Harmonised Index of Consumer Prices in respect of calendar year t as published by Eurostat in April of year t+1 (the published rate of inflation is rounded to one significant place of decimals).
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Inflation Adjustment for TRS Recovery_t

- 3A. The adjustment of the difference between forecasted and actual inflation in respect of the TRS Recovery adjustment for 2020-2022 shall be calculated as follows:

For t = 2025, 2026 and 2027,	
$TRSRecoveryINF_t = TRSRecovery_{t-2} \times \left(\frac{HICP_{t-2}}{FHICP_{t-2}} - 1 \right)$	
Where:	
FHICP _{t-2}	has the meaning defined in paragraph 2
HICP _{t-2}	has the meaning defined in paragraph 3

Traffic Risk Sharing

4. ~~Article 13 of Commission Implementing Regulation (EU) No 2010/317 sets out the basis of traffic risk sharing.~~ Traffic Risk Sharing (TRS_t) shall be calculated as follows:

For t = 2020, 2021 and 2022 2023 , 2024, 2025, 2026 and 2027
$TRS_t = RSF_{t-2} \times DC_{t-2}$
For t = 2022
TRS₂₀₂₂ = 0
Where
TRS₂₀₂₃ and TRS₂₀₂₄ equal zero
$TRS_{2025} = 0.056 \times DC_{2023}$, where $\frac{ActualTSU_{2023}}{ForecastTSU_{2023}} < 0.90$, or otherwise
$TRS_{2025} = RSF_{2023} \times DC_{2023}$
$TRS_{2026} =$
$0.5 \times [(RSF_{2023} - 0.056) \times DC_{2023}]$, where $\frac{ActualTSU_{2023}}{ForecastTSU_{2023}} < 0.90$, otherwise zero

plus either:
 $0.056 \times DC_{2024}$, where $\frac{ActualTSU_{2024}}{ForecastTSU_{2024}} < 0.90$, or otherwise $RSF_{2024} \times DC_{2024}$

$TRS_{2027} =$
 $0.5 \times [(RSF_{2023} - 0.056) \times DC_{2023}]$, where $\frac{ActualTSU_{2023}}{ForecastTSU_{2023}} < 0.90$, otherwise zero

plus
 $0.5 \times [(RSF_{2024} - 0.056) \times DC_{2024}]$, where $\frac{ActualTSU_{2024}}{ForecastTSU_{2024}} < 0.90$, otherwise zero

plus either:
 $0.056 \times DC_{2025}$, where $\frac{ActualTSU_{2025}}{ForecastTSU_{2025}} < 0.90$, or otherwise $RSF_{2025} \times DC_{2025}$

Where:

	DC _{t-2}	has the meaning in Paragraph 1 of this condition.
And	RSF _{t-2}	means the risk sharing factor relating to Eurocontrol Relevant Year t-2 based on the actual number of Total Service Units which shall be calculated as follows:
	Where:	$0.98 \leq \frac{ActualTSU_{t-2}}{ForecastTSU_{t-2}} \leq 1.02$ $RSF_{t-2} = 0$
	Where:	$1.02 \leq \frac{ActualTSU_{t-2}}{ForecastTSU_{t-2}} \leq 1.10$ $RSF_{t-2} = -0.7 \left[\frac{ActualTSU_{t-2}}{ForecastTSU_{t-2}} - 1.02 \right]$
	Where:	$0.90 \leq \frac{ActualTSU_{t-2}}{ForecastTSU_{t-2}} \leq 0.98$ $RSF_{t-2} = -0.7 \left[\frac{ActualTSU_{t-2}}{ForecastTSU_{t-2}} - 0.98 \right]$
	Where:	$\frac{ActualTSU_{t-2}}{ForecastTSU_{t-2}} < 0.90$ $RSF_{t-2} = - \left[\frac{ActualTSU_{t-2}}{ForecastTSU_{t-2}} - 0.90 \right] + 0.056$
	Where:	$\frac{ActualTSU_{t-2}}{ForecastTSU_{t-2}} > 1.10$ $RSF_{t-2} = - \left[\frac{ActualTSU_{t-2}}{ForecastTSU_{t-2}} - 1.10 \right] - 0.056$
Where:	ActualTSU _{t-2}	means the actual level of Total Service Units for relevant year t-2 published by Eurocontrol.

Correction of INF and TRS Adjustments for Subsequent Traffic Variations (TVar)

5. The TVar component shall be calculated as follows:

TVar _t	<p>is an adjustment to allow for variations between actual and forecast TSUs in the year that a correction originally takes place.</p> <p>For t = 2020, 2021 and 2022 2023, 2024, 2025, 2026 and 2027</p> $TVar_t = (INF_{t-2} + TRS_{t-2} + CSM_{t-2} + TUR_{t-2} + INEA_{t-2} + FAS_{t-2} + FI_{t-2} + TVar_{t-2} + TRSRecovery_{t-2} + PP_{t-2} + TRSRecoveryINF_{t-2}) \times \left(1 - \frac{ActualTSU_{t-2}}{ForecastTSU_{t-2}}\right)$
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Calculation of Capacity Target (C1)

6. The C1 (capacity target) shall be calculated as follows:

C1 _t	<p>means the average minutes of en route air traffic flow management (ATFM) delay in relevant year t.</p> <p>Where:</p> $C1_t = \frac{EnRouteDelay_t}{Flights_t}$	
EnRouteDelay _t	<p>means the en route ATFM flight delay from all causes which has been attributed by Eurocontrol to the UK in relevant year t, in seconds.</p>	
Flights _t	<p>means the STATFOR determined count of all IFR flights for the UK for year t.</p> <p>For the avoidance of doubt these include flights which depart or arrive at airports in the UK or which overfly the UK FIR</p>	
C1 Target _t	<p>means the target set in the performance plan which have the following values:</p>	
	Year t	C1 Target _t
	2023	12.29
	2024	12.79
	2025	12.79
	2026	12.79
	2027	12.79

Calculation of financial incentives (FI)

7. Financial incentives for capacity and environment performance shall be calculated as follows:

For FI_{t=2020} and FI_{t=2024} FI₂₀₂₃ and FI₂₀₂₄		FI_{t=2020} and FI_{t=2024} FI₂₀₂₃ and FI₂₀₂₄ shall have meanings set out in Paragraph 18 of this condition with reference to Condition 21 of the Air Traffic Services Licence for NATS En Route plc which was in effect on 1 January 2019 2022 .		
For FI_{t=2022}, FI_{t=2023}, and FI_{t=2024} FI₂₀₂₅, FI₂₀₂₆, FI₂₀₂₇, FI₂₀₂₈, and FI₂₀₂₉		$FI_t = FC2_{t-2} + FC3_{t-2} + FC4_{t-2} + F3DI_{t-2}$		
		<p>For the year t=2022, FI₂₀₂₂ = 0</p> <p>For the year t=2023, FI₂₀₂₃=0</p> <p>For the year t=2024, FI₂₀₂₄=0</p>		
Where:	FC _{2,t-2}	means the financial incentive for the C2 measure of NERL's contribution to FAB performance for relevant year t-2 as defined at Paragraph 8 of this condition.		
	FC _{3,t-2}	means the financial incentive from the C3 Impact Score for relevant year t-2 as defined at Paragraph 9 of this condition.		
	FC _{4,t-2}	means the financial incentive from the C4 Daily Excess Delay Score for relevant year t-2 as defined at Paragraph 12 of this condition.		
	F3DI _{t-2}	means the element of financial incentives relating to measure 3Di for relevant year t-2 as calculated in Paragraph 16 of this condition.		
In respect of all the elements of the Financial Incentives:				
Licensee Attributable En Route ATFM Delay		means En Route ATFM Delay attributed by Eurocontrol which meet the regulation cause and regulation location in the following tables:		
		Regulation Cause	NM Code	Regulation Location
		ATC Capacity	C	En route
		ATC Routings	R	En route
		ATC Staffing	S	En route
		ATC Equipment	T	En route
		Military	M	En route
		Special Event	P	En route

En Route ATFM Delay	means en route air traffic flow management (ATFM) delay calculated by Eurocontrol the Network Manager of ATFM as defined in Commission Regulation (EC) No 255/2010 on ATFM and expressed as the difference between the take-off time requested by the aircraft operator in the last submitted flight plan and the calculated take-off time allocated by Eurocontrol . the Network Manager.
FLT _{t-2}	means the Network Manager (STATFOR) determined count of all IFR flights for the UK for year t-2.

Calculation of FC2

8. For the purpose of Paragraph 7, the term FC2_{t-2} shall be calculated in accordance with the following formulae where Eurocontrol relevant years t-2 are ~~2020, 2021 and 2022~~**2023, 2024, 2025, 2026 and 2027** (relating to penalties or bonuses in ~~2022, 2023 and 2024~~**2025, 2026, 2027, 2028 and 2029** respectively).

FC2 _{t-2}	<p>If $C2_{t-2} > 1.15 \times C2\text{TargetParValue}_{t-2}$ (where $1.15 \times C2\text{TargetParValue}_{t-2}$ is rounded to 2 decimal places significant figures.)</p> $FC2_{t-2} = - \text{MIN} \left[\left(\frac{C2_{t-2} / C2\text{Target}_{t-2} - 1.15}{0.4} \right) \times (0.0025 \times \text{REVDC}_{t-2}), (0.0025 \times \text{REVDC}_{t-2}) \right]$ <p>If $C2_{t-2} < 0.85 \times C2\text{TargetParValue}_{t-2}$ (where $0.85 \times C2\text{TargetParValue}_{t-2}$ is rounded to 2 decimal places significant figures.)</p> $FC2_{t-2} = + \text{MIN} \left[\left(\frac{0.85 - C2_{t-2} / C2\text{Target}_{t-2}}{0.4} \right) \times (0.0005 \times \text{REVDC}_{t-2}), (0.0005 \times \text{REVDC}_{t-2}) \right]$ <p>Otherwise FC2_{t-2} = 0</p>
C2 _{t-2}	<p>means the average minutes of en route ATFM delay in relevant year t, in seconds.</p> $C2_{t-2} = \frac{\text{Licensee Attributable En Route ATFM Delay}_{t-2}}{FLT_{t-2}}$ <p>Where: Licensee Attributable En Route ATFM Delay_{t-2} has the meaning in Paragraph 7 of this condition; and FLT_{t-2} has the meaning in Paragraph 7 of this Condition.</p>
C2ParValue _{t-2}	<p>means the par values for C2 which have the following values in the relevant years:</p> <p>t-2 = 2020</p>

	$C2ParValue_{t-2} = 0.2$ $t-2 = 2021 \text{ and } 2022$ $C2ParValue_{t-2} = 0.25$
C2Target_{t-2}	means the traffic-adjusted target for the C2 measure as defined at Paragraph 8A of this condition
REV_{t-2}	<p>means the revenues from that part of the charges paid to Eurocontrol by users which is reimbursed to the United Kingdom and relates to services provided by the Licensee in year t-2.</p> <p>Where:</p> $REV_{t-2} = \text{Maximum Charge}_{t-2} \times \text{ActualTSU}_{t-2}$ —Where $\text{Maximum Charge}_{t-2}$ and ActualTSU_{t-2} have the meanings in Paragraphs 1 and 4 respectively of this condition.

8A. Calculation of C2 measure

Where	$LFT_{t-2} \leq FLT_{t-2} \leq UFT_{t-2}$
	$C2Target_{t-2} = C2ParValue_{t-2}$
where	$LFT_{t-2} > FLT_{t-2}$
	$C2Target_{t-2} = C2ParValue_{t-2} \times \left(1 + \frac{(5 \times (FLT_{t-2} - LFT_{t-2}))}{LFT_{t-2}}\right)$
where	$FLT_{t-2} > UFT_{t-2}$
	$C2Target_{t-2} = C2ParValue_{t-2} \times \left(1 + \frac{(5 \times (FLT_{t-2} - UFT_{t-2}))}{UFT_{t-2}}\right)$
Where:	
FLT_{t-2}	has the meaning in Paragraph 7.
LFT_{t-2}	$LFT_{t-2} = 0.96 \times FFlight_{t-2}$
UFT_{t-2}	$UFT_{t-2} = 1.04 \times FFlight_{t-2}$
C2ParValue_{t-2}	<p>means the par values for C2 which have the following values in the relevant years:</p> <p>where $t-2 = 2023$, $C2ParValue_{t-2} = 8.45$ where $t-2 = 2024, 2025, 2026 \text{ and } 2027$, $C2ParValue_{t-2} = 8.95$</p>
FFlight_{t-2}	means the forecast of flights for relevant year t established at the beginning of the NR23 Regulatory Period as set out as

	follows:												
	<table border="1"> <thead> <tr> <th>t-2</th> <th>FFlight_{t-2}</th> </tr> </thead> <tbody> <tr> <td>2023</td> <td>2,422,000</td> </tr> <tr> <td>2024</td> <td>2,561,000</td> </tr> <tr> <td>2025</td> <td>2,608,000</td> </tr> <tr> <td>2026</td> <td>2,644,000</td> </tr> <tr> <td>2027</td> <td>2,673,000</td> </tr> </tbody> </table>	t-2	FFlight _{t-2}	2023	2,422,000	2024	2,561,000	2025	2,608,000	2026	2,644,000	2027	2,673,000
t-2	FFlight _{t-2}												
2023	2,422,000												
2024	2,561,000												
2025	2,608,000												
2026	2,644,000												
2027	2,673,000												

Calculation of FC3

9. FC3 is the financial incentive relating to C3 (an Impact Score placing greater weight on long delays and departures in the morning and the evening peaks).

For the purpose of Paragraph 7, the term FC3_{t-2} shall be calculated in accordance with the following formulae where Eurocontrol relevant years t-2 are ~~2020, 2021 and 2022~~ **2023, 2024, 2025, 2026 and 2027** (relating to penalties or bonuses in ~~2022, 2023 and 2024~~ **2025, 2026, 2027, 2028 and 2029** respectively).

FC3 _{t-2}	<p>If $C3_{t-2} > 1.2 \times C3_{UpperTarget_{t-2}}$ (where $1.2 \times C3_{Target_{t-2}}$ is rounded to 2 decimal places)</p> $FC3_{t-2} = -MIN [(C3_{PenRate_{t-2}} ((C3_{t-2} - (1.2 \times C3_{UpperTarget_{t-2}})) FLT_{t-2}), 0.0075 \times REVDC_{t-2}]$ <p>If $C3_{t-2} < C3_{LowerTarget_{t-2}}$ (where $0.8 \times C3_{Target_{t-2}}$ is rounded to 2 decimal places)</p> $FC3_{t-2} = +MIN [(C3_{BonusRate_{t-2}} ((0.8 \times C3_{LowerTarget_{t-2}}) - C3_{t-2})) FLT_{t-2}), 0.0025 \times REVDC_{t-2}]$ <p>Otherwise, FC3_{t-2} = 0</p>
Where:	
C3 _{t-2}	is defined in Paragraph 10.
C3PenRate _{t-2}	means the penalty rate for the reduction of revenues relating to the C3 score in Eurocontrol relevant year t-2 (to take effect in relevant year t) calculated as follows:
	$C3PenRate_{t-2} = \text{€}0.117 \times \frac{HICP_{t-2}}{100}$
C3BonusRate _{t-2}	means the bonus rate for the reduction of revenues relating to the C3 score in Eurocontrol relevant year t-2 (to take effect in relevant year t)

	$C3BonusRate_{t-2} = \text{£}0.059 \times \frac{HICP_{t-2}}{100}$
C3Upper _{t-2} C3Target _{t-2}	is the value of the C3 score in Eurocontrol relevant year t-2 above which a penalty becomes payable and below which a bonus becomes payable calculated in Paragraph 11.
C3Lower _{t-2}	is the value of the C3 score in Eurocontrol relevant year t-2 below which a bonus becomes payable calculated in Paragraph 11.

The Calculation of C3_{t-2}

10. C3_{t-2} shall be calculated as follows:

C3 _{t-2}	$C3_{t-2} = \frac{\sum w_{p,b} d_{p,b}}{FLT_{t-2}}$ For all flights in year t-2	
Where:	Where p denotes that each flight in relevant year t-2 shall be considered as falling into one of three periods:	
	Morning Peak (p=1)	means flights in relevant year t-2 with an off-block estimated time ≥ 0400 and < 0800 UTC in Summer (April –October inclusive) and between ≥ 0500 and < 0900 UTC in Winter (January -March inclusive and November-December inclusive).
	Evening Peak (p=2)	means flights in relevant year t-2 with an off-block estimated time ≥ 1500 and < 1900 UTC in Summer (April –October inclusive) and ≥ 1600 and < 2000 UTC in Winter (January-March inclusive and November-December inclusive).
	Other (p=3)	means flights in relevant year t-2 with an off-block estimated block time not in the morning peak and not in the evening peak.
And	b denotes bands of delay for each flight where:	
	$b = d_{p,1}$	means the Licensee Attributable En Route ATFM Delay for each flight in seconds up to and including 15 minutes per flight in relevant year t-2 of flights which fall into relevant period p as defined above.
	$b = d_{p,2}$	means the Licensee Attributable En Route ATFM Delay in seconds over 15 minutes but less than or equal to 30 minutes per flight in relevant year t-2 of flights which fall into relevant period p as defined above.

	$b = d_{p,3}$	means the Licensee Attributable En Route ATFM Delay in seconds over 30 minutes but less than or equal to 60 minutes per flight in relevant year t-2 of flights which fall into relevant period p as defined above.		
	$b = d_{p,4}$	means the Licensee Attributable En Route ATFM Delay in seconds over 60 minutes per flight in relevant year t-2 of flights which fall into relevant period p as defined above.		
	$W_{p,b}$	means the weighting to be applied to bands of delay b for each flight subject to the period of the flight p where the weightings applied shall be:		
		p=1 Morning Peak Period	p=2 Evening Peak Period	p=3 Other Times
	b=1 (Delay > 0 and <=15 minutes)	3	2	1
	b =2 (Delay >15 and <= 30 minutes)	6	3	2
	b =3 (Delay >30 and <= 60 minutes)	9	6	3
	b =4 (Delay >60 minutes)	18	9	6

Definition of Thresholds at which Bonuses or Penalties for C3_{t-2} become payable

11. The thresholds for bonuses or penalties shall be calculated as follows:

Where	$LFT_{t-2} \leq FLT_{t-2} \leq UFT_{t-2}$	
		$C3Inner_{t-2} = jt$ $C3Lower_{t-2} = kt$ $C3Target_{t-2} = C3ParValue_{t-2}$
where	$LFT_{t-2} > FLT_{t-2}$	
		$C3Upper_{t-2} = jt \left(1 + \frac{5(FLT_{t-2} - LFT_{t-2})}{LFT_{t-2}} \right)$
		$C3Lower_{t-2} = kt \left(1 + \frac{5(FLT_{t-2} - LFT_{t-2})}{LFT_{t-2}} \right)$ $C3Target_{t-2} = C3ParValue_{t-2} \times \left(1 + \frac{5 \times (FLT_{t-2} - LFT_{t-2})}{LFT_{t-2}} \right)$
Where	<p>j_t and k_t are m_t is a factor for each year based on C2 values (as defined in Paragraph 8). $x60x2$ for Upper Threshold (j_t) and $j_t x2/3$ for Lower Threshold.</p> <p>If $t = 2020$2023, $j_t=24$ and $k_t=16$$C3ParValue_t = 14.08$</p> <p>If $t = 2021$ or 20222024, 2025, 2026, or 2027, $j_t=30$ and $k_t=20$$C3ParValue_t = 14.92$</p>	
where	$FLT_{t-2} > UFT_{t-2}$	
		$C3Upper_{t-2} = jt \left(1 + \frac{5(FLT_{t-2} - UFT_{t-2})}{UFT_{t-2}} \right)$
		$C3Lower_{t-2} = kt \left(1 + \frac{5(FLT_{t-2} - UFT_{t-2})}{UFT_{t-2}} \right)$ $C3Target_{t-2} = C3ParValue_{t-2} \times \left(1 + \frac{5 \times (FLT_{t-2} - UFT_{t-2})}{UFT_{t-2}} \right)$
Where:		
FLT_{t-2}	has the meaning in Paragraph 7.	
LFT_{t-2}	$LFT_{t-2} = 0.96 \times FFlight_{t-2}$	
UFT_{t-2}	$UFT_{t-2} = 1.04 \times FFlight_{t-2}$	
$FFlight_{t-2}$	means the forecast of flights for relevant year t established at the beginning of the reference period as set out as follows:	

	t-2	FFlight_{t-2}
	2020	2,649,000
	2021	2,686,000
	2022	2,737,000

Calculation of FC4

12. FC4 is the financial incentive relating to C4 (a daily excess delay score based on weighted delays exceeding pre-determined thresholds on a daily basis).

For the purpose of Paragraph 7, FC4_{t-2} shall be calculated in accordance with the following formulae, where Eurocontrol relevant years t-2 are 2023, 2024, 2025, 2026 and 2027 (relating to penalties or bonuses in 2025, 2026, 2027, 2028 and 2029 respectively):

Where:	$C4_{t-2} \geq 1800$	
	$FC4_{t-2} = -MIN[C4PenRate_{t-2} \times (C4_{t-2} - 1800) \times FLT_{t-2}, 0.0025 \times REVDC_{t-2}]$	
Where:	$C4_{t-2} < 1800$	
	$FC4_{t-2} = 0$	
Where:	C4 _{t-2}	means the annual sum of the weighted daily excess delay score calculated as set out in Paragraph 13.
	C4PenRate _{t-2}	means the penalty rate for the reduction of revenues relating to the C4 score in Eurocontrol relevant year t-2 (to take effect in relevant year t) calculated as follows:
		$C4PenRate_{t-2} = 0.00183462 \times \frac{HICP_{t-2}}{100}$

Calculation of C4

13. C4_{t-2} shall be calculated as follows subject to the exemption in Paragraph 15:

C4 _{t-2}	= C4DailyScore _d for all days in year t-2 except where an exemption applies as defined in Paragraph 15.
Where:	d is a day in the months January to March inclusive or November to December inclusive:

	Where:	$\frac{DT1_d}{\text{DailyFlights}_d} \leq 40$
	then	$C4\text{DailyScore}_d = 0$
	Where:	$40 < \frac{DT1_d}{\text{DailyFlights}_d} \leq 80$
	then	$C4\text{DailyScore}_d = \frac{DT1_d}{\text{DailyFlights}_d} - 40$
	Where:	$\frac{DT1_d}{\text{DailyFlights}_d} > 80$
		$C4\text{DailyScore}_d = 40 + 2 \left(\frac{DT1_d}{\text{DailyFlights}_d} - 80 \right)$
Where:	d is a day in the months April to October inclusive.	
	Where	$\frac{DT1_d}{\text{DailyFlights}_d} \leq 60$
	then	$C4\text{DailyScore}_d = 0$
	Where	$60 < \frac{DT1_d}{\text{DailyFlights}_d} \leq 110$
	then	$C4\text{DailyScore}_d = \frac{DT1_d}{\text{DailyFlights}_d} - 60$
	Where	$110 < \frac{DT1_d}{\text{DailyFlights}_d}$
	then	$C4\text{DailyScore}_d = 50 + 2 \left(\frac{DT1_d}{\text{DailyFlights}_d} - 110 \right)$
Where:	$DT1_d$	means total Licensee Attributable En Route ATFM Delay in seconds on day d.
	DailyFlights_d	means the actual aggregate number of flights on day d to be calculated by reliance on figures of chargeable flights reported to the CAA by the Network Manager (STATFOR).

Mitigation of C3_{t-2} or C4_{t-2} scores for equipment failure

14. On days where both the following two conditions apply:
- the scores relate to a day for which the relevant $C4\text{DailyScore}_d$ as calculated in Paragraph 13 is greater than zero; and

- there is a C3 score relating to Licensee Attributable to En Route ATFM recorded as equipment failure greater than zero.

The following mitigation should apply:

If:	$ C3PenRate_{t-2} (C3_d)DailyFlights_d > C4PenRate_{t-2} (C4DailyScore_d)FLT_{t-2}$	
then:	for day d, the C3 numerator for all NERL attributable cause codes shall be included in the annual FC3 penalty or bonus term, the C4 score shall be excluded from the calculation of the annual FC4 _t penalty or bonus.	
If:	$ C3PenRate_{t-2} (C3_d)DailyFlights_d \leq C4PenRate_{t-2} (C4DailyScore_d)FLT_{t-2}$	
then:	for day d the C3 numerator for all the Licensee attributable technical cause codes shall be excluded from the annual FC3 penalty or bonus term; the C4 score shall be included in the annual FC4 _t penalty or bonus term.	
Where:	C3PenRate _{t-2}	has the meaning in Paragraph 9.
	DailyFights _d	has the meaning in Paragraph 13.
	C4PenRate _{t-2}	has the meaning in Paragraph 12.
	C4DailyScore _d	has the meaning in Paragraph 13.
	FLT _{t-2}	has the meaning in Paragraph 7.
	C3 _d	has the following meaning: $C3_d = \frac{\sum w_{p,b} d_{p,b}}{DailyFlights_d}$ for all flights in day d Where: $\sum w_{p,b} d_{p,b}$ has the meaning in Paragraph 10.

For the avoidance of doubt the C3 and C4 measures are based on different units and the estimation of the penalty for each in the tests above requires the different parameters as specified.

Exemptions for C3_{t-2} and C4_{t-2} in respect of Major Changes in Operations

- C3 weighted delays and C4 Daily scores for the relevant day shall not be counted for the purposes of calculating C3_{t-2} or C4_{t-2} where all the following conditions apply:
 - The day falls into a period designated by the Licensee in advance as a period when major new systems or airspace changes are being implemented and transitioned into the operation;

- Users have been notified and consulted in advance over the timing of such exemptions under currently existing consultation mechanisms (e.g. the Service and Investment Plan (SIP)) or targeted consultation;
- The total number of days falling into such periods designated by the Licensee shall not exceed ~~60~~**100** in aggregate for the period of the ~~five~~**three**-Eurocontrol relevant years ~~2020 to 2022~~**2023 to 2027** inclusive, considered as a whole;
- The length of any given transition period should be limited to three weeks (unless otherwise agreed with users) and will be agreed in advance as well as the amount of days from the overall cap that the Licensee wishes to use towards this transition;
- The number of days agreed during the consultation will be fixed (unless subsequently revised with the agreement of users) but the particular exempt days within the agreed transition period would not need to be specified as part of the consultation;
- The Licensee will carry out the transition by means of the detailed steps and timing that are most operationally practical. The Licensee will nominate the exempt days ex-post (up to the pre-agreed maximum) for the transitional period;
- If at the end of the transition period the Licensee does not use the pre-agreed amount of exempt days, these will still count against the overall ~~60~~**100** day cap (i.e. the Licensee cannot roll over unused exclusions).

Calculation of the Flight Efficiency Incentive (F3Di)

16. For the purpose of Paragraph 7, the term $F3DI_{t-2}$ shall be calculated in accordance with the following formulae where relevant years t-2 are ~~2020, 2021 and 2022~~**2023, 2024, 2025, 2026 and 2027** (relating to penalties or bonuses in ~~2022 and 2023 and 2024~~**2025, 2026, 2027, 2028 and 2029** respectively):

$3DI_{t-2}$	means the average 3Di score for all flights for year t-2 as calculated by NERL in accordance with the 3Di score method FEM calculation protocol .	
Where:	$3DI_{t-2} > 3DIUpper_{t-2}$	
	Then	$F3DI_{t-2} = -MIN [3DIPenRate_{t-2} (3DI_{t-2} - 3DIUpper_{t-2}), REVDC_{t-2} \times 0.005]$
Where:	$3DI_{t-2} < 3DILower_{t-2}$	
	Then	$F3DI_{t-2} = MIN [3DIBonusRate_{t-2} (3DILower_{t-2} - 3DI_{t-2}), REVDC_{t-2} \times 0.005]$
Where:	$3DIUpper_{t-2}$	is the upper deadband limit on the flight efficiency metric in year t-2; and
	$3DILower_{t-2}$	is the lower deadband limit on the flight efficiency metric in year t-2:

		which shall be calculated in accordance with:		
		t-2	3DILower_{t-2}	3DIUpper_{t-2}
		2023	26.21	28.97
		2024	25.64	28.34
		2025	25.13	27.77
		2026	24.61	27.21
		2027	24.06	26.60
	3DIPenRate_{t-2}	Is the penalty rate in year t-2 = 3DI Bonus Rate _{t-2}		
	3DIBonusRate_{t-2}	Is the bonus rate in year t-2 which is calculated as follows:		
		t-2	3DIBonusRate_{t-2}	
		2023	$(0.005 \times DC_{2023}) / 5.52$	
		2024	$(0.005 \times DC_{2024}) / 5.40$	
		2025	$(0.005 \times DC_{2025}) / 5.29$	
		2026	$(0.005 \times DC_{2026}) / 5.18$	
		2027	$(0.005 \times DC_{2027}) / 5.07$	

17. **[Intentionally left blank]** For the avoidance of doubt, the treatment of C2, C3, C4 and 3DI occurring in 2018 and 2019 will be subject to review before the end of Relevant Year 2019 under the provisions of Commission Implementing Regulation (EU) No 390/2013 and the provisions of sections 11 to 19 of the Transport Act 2000. (Subject to these provisions, the CAA would expect to take the performance in 2018 and 2019 into account in the charges for subsequent years as if this condition applied to charges in 2020 and 2021

18. Financial Incentives Carried Forward From ~~RP1~~ **RP3**

In respect of charges in year 2020 2023		
$FI_{2023} = 0$		
In respect of charges in year 2021 2024		
$FI_{2024} = 0$		
Where:		
FC2₂₀₁₈	FC2₂₀₁₉	have the meanings defined in Condition 21 of the Air Traffic Services Licence for NATS En-Route plc which was in effect on 1 January 2019.
FC3₂₀₁₈	FC3₂₀₁₉	
FC4₂₀₁₈	FC4₂₀₁₉	
F3DI₂₀₁₈	F3DI₂₀₁₉	

Temporary unit rate adjustment

19. This is an adjustment for differences in revenue resulting from the temporary application of the initial ~~2020~~2023 unit rate, **given that the modifications of this condition have taken place after the start of 2023.** ~~that will be applied to the year 2022, due to the difference between CAA's RP3 determination and the CMA's final decision on price controls for 2020 to 2022~~ Initial unit rate means the unit rate initially **charged in 2023 based on the CAA NR23 Initial Proposals (CAP2394).** ~~charged based on CAA's RP3 determination.~~ The revised unit rate means the unit rate charged based **on the CAA NR23 final decision.** ~~the CMA's final decision on price controls for 2020 to 2022.~~

$$TUR_{2022} = (RUR_{2020} - IUR_{2020}) \times Actual\ TSUs_{2020}$$

20. The adjustment is applied on a t+1 and t+2 basis, consistent with paragraph 3.3.1.4 of the Eurocontrol Principles that requires the adjustment to be made in the year following the adoption of the performance plan and a final adjustment of the unit rate two years after that year.

$$TUR_{2024} = (RUR_{2023} \times TSU\ forecast\ in\ FDecision\ 2023) - (IUR_{2023} \times TSU\ forecast\ in\ FDecision\ 2023)$$

$$TUR_{2025} = ((RUR_{2023} - IUR_{2023}) \times Actual\ TSU_{2023}) - TUR_{2024}$$

Where:

TUR_{2022} 2024 and TUR_{2025}	means the adjustments in 2024 and 2025, respectively, for the revenue difference between an the initial unit rate for 2023 and the revised unit rate for 2023.
RUR_{2020} 2023	means the revised unit rate applied retrospectively to 2020 2023
IUR_{2020} 2023	means the initial unit rate applied in 2020 2023
TSU forecast in FDecision 2023	Means the TSU forecast for 2023 in the CAA NR23 final decision.
ActualTSU 2020 2023	means the actual level of total service units for year 2020 2023 published by Eurocontrol.

Condition 21a: Control of London Approach charges

1. Without prejudice to Condition 25 (Suspension and Modification of Charge Control Conditions), for each London Approach Relevant Year beginning on 1 January 2020, 2021 and 2022 **2023, 2024, 2025, 2026 and 2027**, the maximum Permitted Average Charge Per London Approach Service Unit shall be calculated as follows:

$$\text{MaximumCharge}_t = \frac{\text{LDC}_t + \text{LINF}_t + \text{LReS}_t + \text{LTRS}_t + \text{LOR}_t + \text{LCSM}_t + \text{LFI}_t + \text{LMD}_t + \text{LTVAR}_t + \text{LTUR}_t - \text{LVFR}_t + \text{LTRSRecovery}_t + \text{LTRSRecoveryINF}_t}{\text{ForecastLTSU}_t} \times \text{LDISCOUNT}_t$$

Where:

MaximumCharge _t	means the Maximum Permitted Average Charge Per London Approach Service Unit in Relevant Year t.	
LDC _t	Means the London Approach determined costs, expressed in nominal terms for relevant year t.	
	Year t	(£)
	2021	13,505,263
	2022	14,448,079
	2023	15,484,785
	2024	15,303,614
	2025	16,079,200
	2026	16,608,293
	2027	16,982,120
LINF _t	means the adjustment in relevant year t of the difference between forecasted and actual inflation in relevant year t-2 in respect of London Approach Determined Costs (LDC) calculated in accordance with Paragraph 3 of this condition.	
LReS _t	means the authorised restructuring costs in relevant year t authorised in accordance with Article 7(4) of Commission Implementing Regulation (EU) No391/2013. For all years t = 2023, 2024, 2025, 2026 and 2027 LReS _t = 0	
LTRS _t	means the Traffic Risk Sharing element from previous years calculated in accordance with Paragraph 4 of this condition.	
LOR _t	Means Other revenues, including revenues collected from Biggin Hill, as agreed with the CAA, to be returned to airspace users and reflected within the Central Route Charges Table 2. Note – LOR is a negative number as the revenues are returned to airspace users.	
LCSM _t	means the carry-overs from the previous reference period resulting	

	<p>from the implementation of the cost sharing mechanism referred to in paragraphs 3.3.4.1 – 3.3.4.4 of Eurocontrol Principles in Article 14 of Commission Implementing Regulation (EU) No391/2013;</p> <p>For all years t = 2020, 2021, 2022, 2023, 2024, 2025, 2026 and 2027</p> <p>$LCSM_t = 0$</p>														
LFI_t	<p>means the Financial Incentives relating to performance.</p> <p>For all years t = 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027</p> <p>$LFI_t = 0$</p>														
$LMOD_t$	<p>means the over-or under-recoveries that may result from the modulation of air navigation charges in application of the modulation mechanism under paragraph 3.4.2 of the Eurocontrol Principles Article 16 of Commission Implementing Regulation (EU) No391/2013.</p> <p>For all years t = 2020, 2021, 2022, 2023, 2024, 2025, 2026 and 2027</p> <p>$LMOD_t = 0$</p>														
$LTVar_t$	<p>means the over-or under-recoveries resulting from traffic variations as defined in Paragraph 5.</p>														
$LTUR_t$	<p>means the over-or under-recoveries resulting from the application of a temporary unit rate in accordance with Paragraph 6 of this condition.</p>														
$LVFR_t$	<p>means the expected cost of services to traffic operating under Visual Flight Rules.</p> <p>For all years t = 2020, 2021, 2022, 2023, 2024, 2025, 2026 and 2027.</p> <p>$LVFR_t = 0$</p>														
$LDISCOUNT_t$	<p>means an adjustment to the maximum charge per LTSU in year t where the Licensee at its own discretion decides to recover less than it would otherwise be allowed to recover and has declared to the CAA that it will not pursue this as under-recovery in subsequent years.</p>														
$ForecastLTSU_t$	<p>means the forecast of Total London Approach Service Units for relevant year t established at the beginning of the reference period as set out as follows:</p>														
	<table border="1"> <thead> <tr> <th>Year t</th> <th>LTSU</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>1,015,600</td> </tr> <tr> <td>2022</td> <td>1,041,800</td> </tr> <tr> <td>2023</td> <td>954,874</td> </tr> <tr> <td>2024</td> <td>1,003,136</td> </tr> <tr> <td>2025</td> <td>1,022,309</td> </tr> <tr> <td>2026</td> <td>1,038,856</td> </tr> </tbody> </table>	Year t	LTSU	2021	1,015,600	2022	1,041,800	2023	954,874	2024	1,003,136	2025	1,022,309	2026	1,038,856
Year t	LTSU														
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2024	1,003,136														
2025	1,022,309														
2026	1,038,856														

	2027	1,053,934												
LTRSRecovery _t	<p>means the TRS recovery adjustment in respect of 2020, 2021 and 2022, expressed in nominal terms for relevant year t, established at the beginning of the NR23 Regulatory Period NERL regulatory period as follows:</p> <table border="1"> <thead> <tr> <th>Year_t</th> <th>LTRS recovery (£)</th> </tr> </thead> <tbody> <tr> <td>2023</td> <td>1,981,501</td> </tr> <tr> <td>2024</td> <td>2,003,939</td> </tr> <tr> <td>2025</td> <td>2,024,796</td> </tr> <tr> <td>2026</td> <td>2,073,987</td> </tr> <tr> <td>2027</td> <td>2,135,612</td> </tr> </tbody> </table>		Year _t	LTRS recovery (£)	2023	1,981,501	2024	2,003,939	2025	2,024,796	2026	2,073,987	2027	2,135,612
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2026	2,073,987													
2027	2,135,612													
LTRSRecoveryINF _t	<p>means the adjustment in relevant year t of the difference between forecasted and actual inflation in relevant year t-2 in respect of London Approach TRS Recovery adjustment for 2020-2022, calculated in accordance with Paragraph 3A of this condition.</p>													
Total London Approach Service Units	<p>means the terminal service units calculated as follows:</p> <ul style="list-style-type: none"> the terminal service unit shall be equal to the weight factor for the aircraft concerned; 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” (see below for definition), to the power of 0.7; and; including any service units relating to military exempt flights for the aggregate of Heathrow, Gatwick, Stansted, Luton, and London City airports. <p>The “highest maximum certified take-off weight of the aircraft” means the maximum certified take-off weight of the aircraft as shown in the Aircraft Flight Manual. Where an aircraft has multiple certified maximum take-off weights, the highest one shall be used.</p> <p>in accordance with Annex V of Commission Implementing Regulation (EC) No 391/2013 as amended from time to time</p>													

Inflation Assumptions

2. The forecast values of the inflation index referenced in paragraph 3 shall be as follows:

FHICP _t	<p>means the forecast values of the index of consumer prices reference values of the HICP (all items) index in respect of the UK for Eurocontrol Relevant Year t established prior to the control period, consistent with</p>
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the projections in nominal prices (the index base used is 2012 used is 2017=100 up to 2019 2022 and 2017=100 thereafter), which shall be:		
Year t	Index (base 2017 = 100)	Index (base 2020 = 100)
2020	106.44	100.00
2021	108.57	102.58
2022	110.74	111.87
2023		118.73
2024		119.75
2025		119.89
2026		120.49
2027		122.38

Inflation Adjustment

3. The adjustment of the difference between forecasted and actual inflation **in respect of London Approach Determined Costs** shall be calculated as follows:

For t = 2020, 2021 and 2022 2023, 2024, 2025, 2026 and 2027	
$LINF_t = LDC_{t-2} \left(\frac{HICP_{t-2}}{FHICP_{t-2}} - 1 \right)$	
Where $HICP_{t-2}$ is calculated as follows:	
Year t-2	Calculation
2021	107.9
2022	117.7
2023	$HICP_{2023} = 111.9 \times (1 + Inflation_{2023})$
2024	$HICP_{2024} = HICP_{2023} \times (1 + Inflation_{2024})$
2025	$HICP_{2025} = HICP_{2024} \times (1 + Inflation_{2025})$
2026	$HICP_{2026} = HICP_{2025} \times (1 + Inflation_{2026})$
2027	$HICP_{2027} = HICP_{2026} \times (1 + Inflation_{2027})$
Where:	
Inflation _t	means the annual average Inflation rate (to one decimal place) in respect of calendar year t published by the UK Office for National Statistics (ONS) calculated from its Consumer Price Index (CPI) which is based on the harmonised consumer price inflation methodology developed by Eurostat produced by Eurostat in the Harmonised Index of Consumer Prices in respect of calendar year t as published by Eurostat in April of year t+1 (the

published rate of inflation is rounded to one significant place of decimals).

Inflation Adjustment for LTRSRecovery_t

- 3A. The adjustment of the difference between forecasted and actual inflation in respect of the LTRS Recovery adjustment for 2020-2022 shall be calculated as follows:

For t = 2025, 2026 and 2027,	
$LTRSRecoveryINF_t = LTRSRecovery_{t-2} \times \left(\frac{HICP_{t-2}}{FHICP_{t-2}} - 1 \right)$	
Where:	
FHICP _{t-2}	has the meaning defined in paragraph 2
HICP _{t-2}	has the meaning defined in paragraph 3

Traffic Risk Sharing

4. The Traffic Risk Sharing (LTRS_t) term shall be calculated as follows:

For t = 2020, 2021 and 2022
$LTRS_t = (LDC_{t-2} \times LRSF_{t-2})$
For t=2022
$LTRS_{2022} = 0$
For t = 2023, 2024, 2025, 2026 and 2027
LTRS ₂₀₂₃ and LTRS ₂₀₂₄ equal zero
$LTRS_{2025} = 0.056 \times LDC_{2023}, \text{ where } \frac{ActualLTSU_{2023}}{ForecastLTSU_{2023}} < 0.90, \text{ or otherwise}$
$LTRS_{2025} = LRSF_{2023} \times LDC_{2023}$
$LTRS_{2026} =$
$0.5 \times [(LRSF_{2023} - 0.056) \times LDC_{2023}], \text{ where } \frac{ActualLTSU_{2023}}{ForecastLTSU_{2023}} < 0.90, \text{ otherwise zero}$
plus either:
$0.056 \times LDC_{2024}, \text{ where } \frac{ActualLTSU_{2024}}{ForecastLTSU_{2024}} < 0.90, \text{ or otherwise } LRSF_{2024} \times LDC_{2024}$
$LTRS_{2027} =$
$0.5 \times [(LRSF_{2023} - 0.056) \times LDC_{2023}], \text{ where } \frac{ActualLTSU_{2023}}{ForecastLTSU_{2023}} < 0.90, \text{ otherwise zero}$

<p>plus</p> <p>$0.5 \times [(LRSF_{2024} - 0.056) \times LDC_{2024}]$, where $\frac{ActualLTSU_{2024}}{ForecastLTSU_{2024}} < 0.90$, otherwise zero</p> <p>plus either:</p> <p>$0.056 \times LDC_{2025}$, where $\frac{ActualLTSU_{2025}}{ForecastLTSU_{2025}} < 0.90$, or otherwise $LRSF_{2025} \times LDC_{2025}$</p>		
Where:	LDC_{t-2}	has the meaning in Paragraph 1 of this condition.
And	$LRSF_{t-2}$	means the risk sharing factor relating to Relevant year t-2 based on the actual number of Total London Approach Service Units which shall be calculated as follows:
	Where:	$0.98 \leq \frac{ActualLTSU_{t-2}}{ForecastLTSU_{t-2}} \leq 1.02$ $LRSF_{t-2} = 0$
	Where:	$1.02 \leq \frac{ActualLTSU_{t-2}}{ForecastLTSU_{t-2}} \leq 1.10$ $LRSF_{t-2} = -0.7 \left[\frac{ActualLTSU_{t-2}}{ForecastLTSU_{t-2}} - 1.02 \right]$
	Where:	$0.90 \leq \frac{ActualLTSU_{t-2}}{ForecastLTSU_{t-2}} \leq 0.98$ $LRSF_{t-2} = -0.7 \left[\frac{ActualLTSU_{t-2}}{ForecastLTSU_{t-2}} - 0.98 \right]$
	Where:	$\frac{ActualLTSU_{t-2}}{ForecastLTSU_{t-2}} < 0.90$ $LRSF_{t-2} = - \left[\frac{ActualLTSU_{t-2}}{ForecastLTSU_{t-2}} - 0.90 \right] + 0.056$
	Where	$\frac{ActualLTSU_{t-2}}{ForecastLTSU_{t-2}} > 1.10$ $LRSF_{t-2} = - \left[\frac{ActualLTSU_{t-2}}{ForecastLTSU_{t-2}} - 1.10 \right] - 0.056$
Where:	$ActualLTSU_{t-2}$	means the actual level of Total London Approach Service Units for relevant year t-2 published by Eurocontrol for the aggregate of Heathrow, Gatwick, Stansted, Luton, and London City airports.

Correction of LINF and LTRS Adjustments for Subsequent Traffic Variations (LTVar)

5. The LTVar component shall be calculated as follows:

LTVar _t	<p>is an adjustment to allow for variations between actual and forecast LTSUs in the year that a correction originally takes place.</p> $LTVar^t = (LINF_{t-2} + LTRS_{t-2} + L_{Pre2014,t-2} + LTUR_{t-2} + LTVar_{t-2} + LTRSRecovery_{t-2} + LTRSRecoveryINF_{t-2}) \times \left(1 - \frac{ActualLTSU_{t-2}}{ForecastLTSU_{t-2}}\right)$
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Temporary unit rate adjustment

6. This is an adjustment for differences in revenue resulting from the temporary application of the initial ~~2020~~2023 unit rate **given that the modifications of this condition have taken place after the start of 2023** that will be applied to the year 2022, due to the difference between CAA's RP3 determination and the CMA's final decision on price controls for 2020 to 2022. Initial unit rate means the unit rate initially charged **in 2023** based on **the CAA NR23 Initial Proposals (CAP2394)** ~~CAA's RP3 determination~~. The revised unit rate means the unit rate charged **in 2023** based on the **CAA NR23 final decision** ~~CMA's final decision on price controls for 2020 to 2022~~.
7. The adjustment is applied on a t+1 and t+2 basis, consistent with paragraph 3.3.1.4 of the Eurocontrol Principles that requires the adjustment to be made in the year following the adoption of the performance plan and a final adjustment of the unit rate two years after that year.

$$LTUR_{2022} = (LRUR_{2020} - LIUR_{2020}) \times ActualLTSU_{2020}$$

$$LTUR_{2024} = (LRUR_{2023} \times LTSU \text{ forecast in } F\text{Decision } 2023) - (LIUR_{2023} \times LTSU \text{ forecast in } F\text{Decision } 2023)$$

$$LTUR_{2025} = ((LRUR_{2023} - LIUR_{2023}) \times ActualLTSUs_{2023}) - LTUR_{2024}$$

Where:

LTUR 2022 2024 and LTUR 2025	means the adjustments in 2024 and 2025, respectively , for the revenue difference between an the initial unit rate for 2023 and a the revised unit rate for 2023 .
LRUR 2020 2023	means the revised unit rate applied retrospectively to 2020 2023.
LIUR 2020 2023	means the initial unit rate applied in 2020 2023.
LTSU forecast in FDecision 2023	means the LTSU forecast for 2023 in the CAA NR23 final decision.
ActualLTSU 2020 2023	means the actual level of Total London Approach Service Units for year 2020 2023 published by Eurocontrol for the aggregate of Heathrow, Gatwick, Stansted, Luton, and London City airports.

Condition 22: Oceanic charges

1. The Oceanic charging zone comprises two areas, 'Atlantic' and 'Tango'. Flights will either incur an Atlantic or Tango area charge. If a flight is solely in the Tango area it will only incur a Tango charge, otherwise it will incur an Atlantic charge.
2. Without prejudice to Condition 25 (Suspension and Modification of Charge Control Conditions) the Licensee shall use its best endeavours to ensure that in each Oceanic Relevant Year beginning on 1 January 2020, 2021 and, 2022 **2023, 2024, 2025, 2026 and 2027**:

The Average Charge Per Atlantic Flight shall not exceed the Maximum Permitted Average Charge Per Atlantic Flight calculated in accordance with the following formula:

$$A_t = U_t + ADA_t + AINF_t + ATVAR_t + ATCA_t$$

The Average Charge Per Tango Flight shall not exceed the Maximum Permitted Average Charge Per Tango Flight calculated in accordance with the following formula

$$T_t = U_t + ADT_t + TINF_t + TDTRS_t + TTVAR_t + TTCA_t$$

where:

A_t	means the Maximum Permitted Average Charge Per Atlantic Flight in Oceanic Relevant Year t.	
T_t	means the Maximum Permitted Average Charge Per Tango Flight in Oceanic Relevant Year t.	
U_t	is a base charge per Oceanic Flight in Oceanic Relevant Year t, expressed in nominal terms:	
	Relevant Year t	U_t
	2023	78.24
	2024	71.51
	2025	53.63
	2026	55.17
ADA_t	means the price charged per Atlantic Flight for the use of the ADS-B service, expressed in nominal prices. When the ADS-B service is not fully available for Atlantic flights, $ADA_t=0$ When the ADS-B service is fully available:	
	Relevant Year t	ADA_t
	2023	36.68
	2024	36.48
	2025	38.31
	2026	38.48
2027	40.23	

AINF _t	means the adjustment in relevant year t to the ADS-B North Atlantic charges to account for the difference between forecast and actual inflation in relevant year t-2 calculated in accordance with Paragraph 4 of this condition.												
ATVAR _t	means the adjustment in relevant year t to account for the difference between forecast and actual number of North Atlantic flights in the relevant year t-2 calculated in accordance with Paragraph 5 of this condition. For 2020 and 2021 ATVAR _t = 0												
ADT _t	means the price charged per Tango Flight for the use of the ADS-B service, expressed in nominal prices. When the ADS-B service is not fully available for Tango flights, ADT _t =0 When the ADS-B service is fully available:												
	<table border="1"> <thead> <tr> <th>Year t</th> <th>ADT_t</th> </tr> </thead> <tbody> <tr> <td>2023</td> <td>1.74</td> </tr> <tr> <td>2024</td> <td>6.27</td> </tr> <tr> <td>2025</td> <td>6.50</td> </tr> <tr> <td>2026</td> <td>6.37</td> </tr> <tr> <td>2027</td> <td>6.69</td> </tr> </tbody> </table>	Year t	ADT _t	2023	1.74	2024	6.27	2025	6.50	2026	6.37	2027	6.69
Year t	ADT _t												
2023	1.74												
2024	6.27												
2025	6.50												
2026	6.37												
2027	6.69												
ATCA _t	means the over-or under-recoveries resulting from the application of a temporary base charge charges and calculated in accordance with Paragraph 5A of this condition.												
TINF _t	means the adjustment in relevant year t to the ADS-B Tango charges to account for the difference between forecast and actual inflation in relevant year t-2 calculated in accordance with Paragraph 4 of this condition.												
TDTRS _t	Means the adjustment to the average charge per Tango flight in relevant year t to account for the impact of the difference between forecast and actual Tango flights in relevant year t-2 on the Tango data charge. For 2020 and 2021 TDTRS _t = 0 For 2022 2023, 2024, 2025, 2026 and 2027 $TDTRS_t = ADT_{t-2} \times \left(1 - \frac{\text{Actual Tango Flights}_{t-2}}{\text{Forecast Tango Flights}_{t-2}} \right)$												
TTVAR _t	means the adjustment to account for the difference between forecast and actual number of Tango flights in the relevant year t-2 calculated in accordance with Paragraph 5 of this condition. For 2020 and 2021 TTVAR _t = 0												
TTCA _t	means the over-or under-recoveries resulting from the application of a temporary base charge charges and calculated in accordance with Paragraph 5A of this condition.												

Forecast Tango Flights _t	means the forecast of Tango Flights for relevant year t established at the beginning of the referenceNR23 Regulatory Period as follows:	
	2023	24,000
	2024	26,000
	2025	27,000
	2026	27,000
2027	27,000	
Forecast Atlantic Flights _t	means the forecast of Atlantic Flights for relevant year t established at the beginning of the NR23 Regulatory Period as follows:	
	2023	483,000
	2024	519,000
	2025	528,000
	2026	535,000
2027	542,000	

Inflation assumptions

3. The Oceanic base charge (U_t) and ADS-B North Atlantic (ADA_t) and Tango (ADT_t) charges are set above in *nominal* prices, and therefore include the CAA's assumed forecast of CPI inflation.

FHICP _t	means the forecast values of the index of consumer prices reference values of the HICP (all items) index in respect of the UK for Eurocontrol Oceanic Relevant Year t established prior to the control period, consistent with the projections in nominal prices (the index base used is 2017=100 up to 2022 and 2020=100 thereafter), which shall be:		
	Year t	Index (base 2017 = 100)	Index (base 2020 = 100)
	2020	106.4	100.00
	2021	108.6	102.58
	2022	110.7	111.87
	2023		118.73
	2024		119.75
	2025		119.89
	2026		120.49
	2027		122.38

Inflation Adjustment

4. The adjustment for the difference between forecast and actual inflation shall be calculated as follows:

For t = ~~2020, 2021 and 2022~~ **2023, 2024, 2025, 2026 and 2027**:

$$\cancel{AINF_t = (U_{t-2} + ADA_{t-2}) \times \left(\frac{HICP_{t-2}}{FHICP_{t-2}} - 1 \right)}$$

$$AINF_t = (U_{t-2}) \times \left(\frac{HICP_{t-2}}{FHICP_{t-2}} - 1 \right) + (ADA_{t-2}) \times \left(\frac{HICP_{t-2}}{FHICP_{t-2}} - 1 \right)$$

and

$$\cancel{TINF_t = (U_{t-2} + ADT_{t-2}) \times \left(\frac{HICP_{t-2}}{FHICP_{t-2}} - 1 \right)}$$

$$TINF_t = (U_{t-2}) \times \left(\frac{HICP_{t-2}}{FHICP_{t-2}} - 1 \right) + (ADT_{t-2}) \times \left(\frac{HICP_{t-2}}{FHICP_{t-2}} - 1 \right)$$

Where $HICP_{t-2}$ is calculated as follows:

Year t-2	Calculation
2021	107.9
2022	117.7
2023	$HICP_{2023} = 111.9 \times (1 + Inflation_{2023})$
2024	$HICP_{2024} = HICP_{2023} \times (1 + Inflation_{2024})$
2025	$HICP_{2025} = HICP_{2024} \times (1 + Inflation_{2025})$
2026	$HICP_{2026} = HICP_{2025} \times (1 + Inflation_{2026})$
2027	$HICP_{2027} = HICP_{2026} \times (1 + Inflation_{2027})$

Where:

Inflation _t	means the annual average inflation rate (to one decimal place) in respect of calendar year t published by the UK Office for National Statistics (ONS) calculated from its Consumer Price Index (CPI) which is based on the harmonised consumer price inflation methodology developed by Eurostat, produced by Eurostat in the Harmonised Index of Consumer Prices in respect of calendar year t as published by Eurostat in April of year t+1 (the published rate of inflation is rounded to one significant place of decimals).
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5. Traffic adjustments TVar Adjustments

These are adjustments to allow for variations between actual and forecast number of flights in the year that a correction originally takes place. ~~" For 2020 and 2021 both terms as defined below will equal 0.~~

For ~~2022~~2023, 2024, 2025, 2026 and 2027:

$$ATVAR_t = (((AINF_{t-2} + ATVar_{t-2}) \times \text{Forecast Atlantic Flights}_{t-2}) \\ \times (1 - \frac{\text{Actual Atlantic Flights}_{t-2}}{\text{Forecast Atlantic Flights}_{t-2}})) \\ / \text{Forecast Atlantic Flights}_t$$

and

$$TTVAR_t = (((TINF_{t-2} + TTVar_{t-2}) \times \text{Forecast Tango Flights}_{t-2}) \\ \times (1 - \frac{\text{Actual Tango Flights}_{t-2}}{\text{Forecast Tango Flights}_{t-2}})) \\ / \text{Forecast Tango Flights}_t$$

Temporary base charges adjustment

5A. This is an adjustment for differences in revenue resulting from the temporary application of initial 2023 charges (U, ADA, ADT) ~~the 2020 base charge (Ut), given that the modifications of this condition have taken place after the start of 2023. that will be applied to the year 2022, due to the difference between CAA's RP3 determination and following CMA's final decision on price conditions for 2020 to 2022.~~ Initial base charge charges means the base charge charges initially charged in 2023 based on the CAA NR23 Initial Proposals (CAP2394). accordance with the CAA's RP3 determination. The revised base charge charges means the base charge charges based on the CAA NR23 final decision. ~~CMA's final decision on price controls for 2020 to 2022.~~

$$\del{ATCA_{2022} = (RC_{2020} - IC_{2020})}$$

and

$$\del{TTCA_{2022} = (RC_{2020} - IC_{2020})}$$

For years t = 2024, 2025, 2026 and 2027:

$$ATCA_t = 0.25 \times (ARC_{2023} - AIC_{2023})$$

and

$$TTCA_t = 0.25 \times (TRC_{2023} - TIC_{2023})$$

Where:

ATCA 2022 _t	means the adjustment in year t to the average charge per Atlantic flight for revenue difference between initial and revised base -charges in 2023 .
ARC 2020 ₂₀₂₃ and TRC 2023	means the revised base charge charges for Atlantic and Tango respectively applied retrospectively to 2020 2023 .
AIC 2020 ₂₀₂₃ and TIC 2023	means the initial base charge charges for Atlantic and Tango respectively applied in 2020 2023 .
TTCA 2020 _t	means the adjustment in year t to the average charge per Tango flight for revenue difference between an initially charged and revised unit rate initial and revised charges in 2023 .

Other licence conditions

6. Tango flight means a flight only operating along the length of ATS routes T9 and T290, as defined and promulgated within the UK AIP, within a defined volume of airspace bounded by coordinates 4500N01000W - 4500N00845W - 4834N00845W - 4841N01000W – 4500N01000W and not elsewhere in the En route (Oceanic) Area.
7. Atlantic flight means any flight in the En route (Oceanic) Area that is not a Tango flight.
8. The ADS-B service is fully available when the Licensee's Board has certified that it is operating a fully ADS-B based service in the En route (Oceanic) Area and 99% of flights, that have the correct and functioning equipment, regulatory approval and plan to use it, crossing the En route (Oceanic) Area are being provided with an ADS-B enabled service for the whole time the flights are within the En route (Oceanic) Area. At all other times the ADS-B service is unavailable. The certificate may say that the ADS-B service is fully available for both Atlantic flights and Tango flights; or is fully available for Atlantic flights but not for Tango flights; or the ADS-B service is fully available for Tango flights but not for Atlantic flights.
9. **By a date determined by the CAA after reasonable consultation with the Licensee and other interested parties** ~~By no later than two years and six months after the licensee has certified it is operating a fully ADS-B based service in the En route (Oceanic) Area, or at a later date agreed with the CAA,~~ the Licensee shall commission an independent review, **the terms of reference for which shall have been agreed by the CAA,** of whether the benefits of providing a fully ADS-B based service outweigh the costs of providing the service.

Condition 24: Information to be provided to the CAA in connection with the Charge Control Conditions

7. This part of the Condition applies for the purpose of making available, in a form and to a standard reasonably satisfactory to the CAA, such information on the provision of air traffic services to New Users (as defined in Condition 6.9) as will:
 - a) enable the CAA to assess the type(s) of air traffic services provided by the Licensee to New Users as part of the Core Services and Specified Services in accordance with the requirements of the Licence and the costs reasonably incurred by the Licensee in doing so; and
 - b) enable a new charge control to be put in place and inform future price control reviews in respect of New Users.
8. From 1 January 2023, the Licensee shall put in place a cost recording mechanism for New Users (“New User Cost Recording Mechanism”) which will record, as a minimum, the following information:
 - a) types of New User;
 - b) Core Services and Specified Services requested and provided; and
 - c) the costs incurred by the Licensee in providing the Core Services and Specified Services to New Users.
9. On an annual basis, not later than 30 June in each year, the Licensee shall report to the CAA on the New User Cost Recording Mechanism. The CAA may from time to time specify the format and content of such reports, but the reports shall include, as a minimum the following information:
 - a) details on the Core Services and Specified Services requested by and provided to New Users;
 - b) the costs incurred by the Licensee in providing the Core Services and Specified Services to New Users, with supporting information as reasonably specified by the CAA;
 - c) any associated activities, costs and deliverables resulting from the provision of Core Services and Specified Services to New Users; and
 - d) any amendment made to the New User Cost Recording Mechanism and the reasons for any such amendments.
10. The Licensee shall produce, following consultation with Users, including New Users, and their representatives, a proposed charging mechanism to calculate charges for New Users, the “New User Charging Mechanism”. The Licensee shall submit the proposed New User Charging Mechanism to the CAA by no later than 30 June 2025. The proposed New User Charging Mechanism shall include:
 - a) the basis on which the charges shall be levied;
 - b) the costs to be recovered through the charge, both direct and allocated costs;

- c) the information that the Licensee shall provide to New Users when consulting them on the charge;
- d) any mechanism to recover from, or pass back to, New Users and under- or over-recovery of costs;
- e) any mechanism to recover relevant costs incurred by NERL in relation to New Users during the NR23 Regulatory Period; and
- f) how the charge shall be collected; and
- g) any other relevant information as may be reasonably specified by the CAA.

Annex: Summary of Main Proposed Changes to Price Control Conditions of NERL's Licence

Condition 21 (UK En-route)

Paragraph	Proposed Change
1	UK En-route Determined Costs (DC), Forecast TSU and Cost Sharing Mechanism amounts for NR23
1	Introduction of new TRSRecovery, PP and TRSRecoveryINF terms
2	Inflation forecasts for NR23
3	Inflation out-turn for 2020 and 2021 (2017=100) and for 2022 (2020 = 100)
3	Re-definition of inflation to refer to ONS CPI data rather than Eurostat data
3	Definition of formula for TRSRecoveryINF
4	Re-definition of Traffic Risk Sharing formulae for years where (Actual TSU / Forecasts TSU) < 0.9
5	Expansion of TVar formula to include new TRSRecovery, PP and TRSRecoveryINF terms
7	Setting FI to zero for 2023 and 2024 (for performance in 2021 and 2022)
8	Bonuses and penalties for C2 referenced to DC rather than REV
8A (new)	Introduction of traffic modulation mechanism for C2
8A (new)	C2 targets for NR23
8A (new)	Flight forecasts for NR23
9	Maximum bonuses and penalties for C3 referenced to DC rather than REV
9	C3 target for NR23 re-defined as mid-point target subject to deadband
9	C3 penalty and bonus rates for NR23
11	C3 target for NR23 re-defined as mid-point target subject to deadband
12	Maximum penalties for C4 referenced to DC rather than REV
12	C4 penalty rate for NR23
15	Updating definition of exemption period to reflect 5-year control period
16	Maximum bonuses and penalties for 3Di referenced to DC rather than REV
16	Deadband upper and lower limits for 3Di for NR23
16	3DI bonus rates for NR23 defined with respect to DC rather than REV
17	No longer applicable
18	Setting FI to zero for 2023 and 2024 (for performance in 2021 and 2022)
19/20	Adjustments for 2023 Temporary Unit Rate, to be applied in 2024 and 2025

Condition 21a (London Approach)

Paragraph	Proposed Change
1	London Approach Determined Costs (LDC) and Forecast LTSU for NR23
1	Introduction of new LTRSRecovery and LTRSRecoveryINF terms
1	Updated definition of Total London Approach Service Units
2	Inflation forecasts for NR23
3	Inflation out-turn for 2020 and 2021 (2017=100) and for 2022 (2020 = 100)
3	Re-definition of Inflation to refer to ONS CPI data rather than Eurostat data
3	Definition of formula for LTRSRecoveryINF
4	Re-definition of Traffic Risk Sharing formulae for years where (Actual LTSU / Forecasts LTSU) < 0.9
5	Expansion of LTVar formula to include new LTRSRecovery and LTRSRecoveryINF terms, and LTUR term (consistent with inclusion of TUR in TVar in Condition 21)
6, 7 (new)	Adjustments for 2023 Temporary Unit Rate, to be applied in 2024 and 2025

Condition 22 (Oceanic)

Paragraph	Proposed Change
2	U, ADA, ADT, Forecast Tango flights and Forecasts Atlantic flights for NR23
3	Inflation forecasts for NR23
4	Inflation out-turn for 2020 and 2021 (2017=100) and for 2022 (2020 = 100)
4	Re-definition of Inflation to refer to ONS CPI data rather than Eurostat data
4	Expansion of inflation adjustment formulae to show base charge and Tango and Atlantic components separately
5A	Adjustments for 2023 Temporary Unit Rates, to be applied in 2024, 2025, 2026 and 2027
9	Clarification of conditions for independent review of costs and benefits of a fully ADS-B based service
