

Dnro
TRAFICOM/292256/06.00.02.05/2020

1 November 2021

Ref.
Finland revised draft RP3 performance
plan

Consultation on updated revised draft performance plan

Dear Recipient,

Finland is updating the revised draft performance plan for Reference Period 3 (RP3) after the STATFOR new traffic forecast, which was published in October 15 2021. The revised draft performance plan was adopted by the Ministry of Transport and Communications on 28 September 2021. The changes required by the updated traffic forecast are reflected in the following sections of the plan;

- 1.2 Traffic forecasts
- 3.4.1 Cost-efficiency KPI #1; Determined unit cost for en-route ANS
- 3.4.2 Cost-efficiency KPI #2; Determined unit cost for terminal ANS

Please find the changes in traffic forecasts and cost bases presented as an excel table as well as justifications as an Annex to this letter.

Should You have any comments on the revised traffic figures and cost bases, and considering the short timeframe for the completion of draft performance plan updates, please provide the comments/feedback by email by 5th November 2021 (close of business).

Best Regards,

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Appendices Annex 1 - Presentation of changes and justification

Distribution Participants of the performance plan consultation meeting in August

Updated traffic forecasts and total costs highlighted in red.

En route charging zone Finland (EFIN)	Baseline 2019	RP3 revised cost-efficiency targets (determined 2020-2024)			
	2019 B	2020/2021 D	2022 D	2023 D	2024 D
Total en route Service Units (TSU) 'May'	1 010 679	910 058	766 000	904 000	1 029 000
Total en route Service Units (TSU) 'Oct'	1 010 679	943 058	894 000	1 087 000	1 167 000
Change	-	3,6 %	16,7 %	20,2 %	13,4 %
Total en route costs in real terms (in EUR2017) 'Sep21'	41 132 463 €	76 779 172 €	43 091 619 €	44 650 151 €	46 548 763 €
Total en route costs in real terms (in EUR2017) 'Nov21' *	41 132 463 €	76 779 172 €	43 474 245 €	45 038 050 €	46 941 389 €
Change	0,0 %	0,0 %	0,9 %	0,9 %	0,8 %
Real en route unit costs (in EUR2017) 'Sep21'	40,70 €	84,37 €	56,26 €	49,39 €	45,24 €
Real en route unit costs (in EUR2017) 'Nov21'	40,70 €	81,42 €	48,63 €	41,43 €	40,22 €
Change	- €	-3,5 %	-13,6 %	-16,1 %	-11,1 %
EU-wide cost-efficiency targets	50,23 €	120,1 %	-38,5 %	-13,2 %	-11,5 %
Finland's national en route cost-efficiency targets 'Sep21'	40,70 €	107,3 %	-33,3 %	-12,2 %	-8,4 %
Finland's national en route cost-efficiency targets 'Nov21'	40,70 €	100,0 %	-40,3 %	-14,8 %	-2,9 %

Terminal charging zone Helsinki airport (EFHK)	Baseline 2019	RP3 revised cost-efficiency targets (determined 2020-2024)			
	2019 B	2020/2021 D	2022 D	2023 D	2024 D
Total terminal Service Units (TNSU) 'May'	124 927	88 088	84 000	96 000	113 000
Total terminal Service Units (TNSU) 'Oct'	124 927	81 088	108 000	121 000	129 000
Change	-	-7,9 %	28,6 %	26,0 %	14,2 %
Total terminal costs in real terms (in EUR2017) 'Sep21'	16 941 915 €	29 766 514 €	16 733 586 €	17 426 428 €	18 218 567 €
Total terminal costs in real terms (in EUR2017) 'Nov21' *	16 941 915 €	29 766 514 €	16 960 141 €	17 656 105 €	18 451 042 €
Change	0,0 %	0,0 %	1,4 %	1,3 %	1,3 %
Real terminal unit costs (in EUR2017) 'Sep21'	135,61 €	337,92 €	199,21 €	181,53 €	161,23 €
Real terminal unit costs (in EUR2017) 'Nov21'	135,61 €	367,09 €	157,04 €	145,92 €	143,03 €
Change	- €	8,6 %	-21,2 %	-19,6 %	-11,3 %
Finland's national terminal cost-efficiency targets 'Sep21'	135,61 €	149,2 %	-41,0 %	-8,9 %	-11,2 %
Finland's national terminal cost-efficiency targets 'Nov21'	135,61 €	170,7 %	-57,2 %	-7,1 %	-2,0 %

* Increases in the total cost base are additions to ANSP's technical personnel staff costs to ensure the implementation of the investments, taking into account the required capacity with updated traffic volumes.



05/11/2021

Jani Luiro
Special Adviser ATM/ANS
Finnish Transport and Communications Agency (Traficom)

By e-mail to: Jani Luiro jani.luiro@traficom.fi

Ref: Finland Revised Draft Performance Plan for RP3 2020-2024 November 2021

Dear Mr. Luiro,

We would like to thank you for the opportunity to provide feedback on the ad-hoc consultation for the revised October STATFOR Forecast.

IATA welcomes Finland's willingness to adapt its performance plan to include the updated STATFOR Base forecast from October 1st. While we note and support this inclusion, and the positive affects it has on the unit rates for both ENROUTE and TNC, for 2022-2024. However, we are concerned that the increases in traffic merely mask the increase in cost and that in fact the volume alone is influencing the reduction in planned Unit cost.

In our response to Finland consultation on its draft Performance plan in August IATA stressed that operational expenses in general and staffing levels in particular are planned to increase at a significantly faster rate than traffic had been expected to return. IATA also stressed during the consultation: the current plan for operational cost development needs to be reviewed and needs to be lowered. IATA was of the opinion that there was more than adequate cost already contained in the performance plan to manage the any additional traffic that might be expected from the updated forecast.

The additional cost increases of proposed in the revision of €1.16m in Enroute and €688k in TNC again are not well justified. We have not received any insight into what this cost would be used for save for a short note " *Increases in the total cost base are additions to ANSP's technical personnel staff costs to ensure the implementation of the investments, taking into account the required capacity with updated traffic volumes.*

We have not been presented with any information as to how this will affect the manpower plan or the impact this could have on the timelines for delivery of these investments?

We also observe that Finland is only partially achieving the EU cost efficiency targets, despite the increase in volume and in fact is still planning to be significantly below the targets in 2024. We note that traffic forecast, while more positive and presents a gradual increase which is not aligned with the cost development for the coming years, which is significantly above the 2019 base line.



Once again, we need to stress the fact that every possible endeavor needs to be undertaken to limit the cost increase in order not to further damage the recovery in the sensitive period of traffic return. We suggest that Finland should follow the EC/PRB recent direction at the joint NSA/SSC Platform meeting to accept the latest forecast without adjusting costs. This would assist Finland to achieve the cost efficiency targets while ensuring competitive unit rates are available to assist with the national economic recovery of the aviation market.

We remain available for further discussion,

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'R. Sergison', is positioned above the typed name.

Rory Sergison,
Head ATM Infrastructure, Europe
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IATA

C.C.

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Palokangas Päivi

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Kopio: Tyynelä Markku; Siekkinen Kari
Aihe: VS: Request for comments on update of Finnish RP3 performance plan - deadline 5 November 2021

Dear Rory, Dear all,

Thank you for IATA's response on Finland Revised Draft Performance Plan.

As a response to IATA's comments I'd like to point out the updated total costs for the RP3 comparing to the total costs consulted in August. After the August consultation the main reason for reduced total costs were updated WACC (reduced to 4,3 % for entire RP3).

En route charging zone Finland (EFIN)	RP3 revised cost-efficiency targets (determined 2020-2024)				Total
	2020/2021 D	2022 D	2023 D	2024 D	
Total en route costs in real terms (in EUR2017) 'Aug21'	76 947 332 €	43 562 406 €	45 191 631 €	47 134 649 €	212 836 017 €
Total en route costs in real terms (in EUR2017) 'Nov21'	76 779 172 €	43 474 245 €	45 038 050 €	46 941 389 €	212 232 856 €
Change	- 168 159 €	- 88 161 €	- 153 581 €	- 193 260 €	- 603 161 €
Terminal charging zone Helsinki airport (EFHK)					
Total terminal costs in real terms (in EUR2017) 'Aug21'	29 900 398 €	16 832 266 €	17 525 417 €	18 318 227 €	82 576 309 €
Total terminal costs in real terms (in EUR2017) 'Nov21'	29 766 514 €	16 960 141 €	17 656 105 €	18 451 042 €	82 833 802 €
Change	- 133 885 €	127 875 €	130 688 €	132 815 €	257 493 €

The updated total costs for both en-route and terminal changing zones are 346 t€ less than the total costs consulted in August (En-route -603 t€, terminal +257 t€). The 'Nov21' figures include cost reductions after the August consultation as well as the staff cost increases due to the STATFOR October traffic forecast.

After receiving quite optimistic traffic forecast from STATFOR in October, Our ANSP proposed an increase in technical personnel staff costs. This increase in nominal terms is total of 645 t€ for year 2022 (En-route 405 t€ and terminal 240 t€) which then accumulates to years 2023 and 2024. The ANSP had informed us about their scarce resources in technical personnel before. With these OCT2021 updated traffic figures the NSA didn't want to take any risks of undersized staff resources that could have impact on investments that are aiming for capacity improvements and saw ANSP's cost increase proposal justified.

Kind regards,

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Special Adviser

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Aihe: RE: Request for comments on update of Finnish RP3 performance plan - deadline 5 November 2021

Dear Jani & Päivi

Please find attached the IATA position on the proposed revision.

Best Regards,

Rory Sergison
Head ATM Infrastructure Europe
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Subject: Request for comments on update of Finnish RP3 performance plan - deadline 5 November 2021

Importance: High

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Dear all,

As discussed in the RP3 performance plan consultation meeting on 24 August, Finland is updating the RP3 draft performance plan due to update in the STATFOR traffic forecasts that was published on 15th October 2021. Please find enclosed the request for comments and the updates on the traffic figures and cost bases.

We are looking forward for your feedback by 5th November 2021 due to extremely short timeframe for the completion of revised draft performance plan.

Best Regards,

Jani & Päivi

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