

ACI 10th Annual Airport Economics & Finance Conference

Session on Regulation: A European Perspective

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London, 11 April 2018

Role and competences of the regulator

- Set up in 2013
- A multimodal independent economic regulator

Horizontal

Access to infrastructure

Regulation of services

Passengers' rights

Ad hoc competences

Sectoral

Rail

Motorways

Airports

Ports/Maritime

Local and Regional

Taxis

Powers

Recommend

Prescribe

Sanction

Signal

Inspect

Deal with complaints

Independent economic regulation of airports

- ensure non-discriminatory access to infrastructure
- regulate airport charges
 - establish charging criteria: cost-related; consistent with investment incentives; oriented to quality, technological innovation and average charges of «comparable airports» in Europe
 - examine compliance of new charges proposals
- ensure transparency
- oversee the consultation process and settle disputes

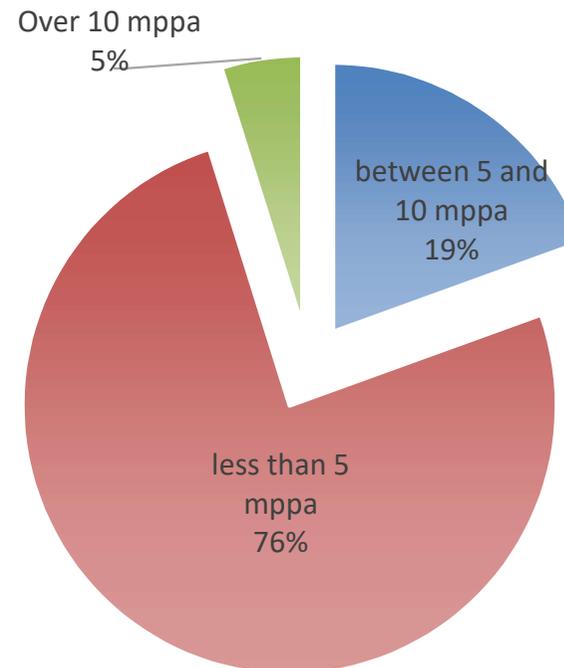
ART participates in the Thessaloniki Forum of Airport charges Regulators

Italian airports – a snapshot

- 42 airports
- over 164 mppa
- 3 largest airports handle 43.7% of all passengers

- A scenario that calls for a balanced regulatory approach

Percentage of Italian airports per mppa



ART's regulation of airport charges

3 thresholds, 3 regulatory models, 1 method

> 5 mppa
Model 1

3 to 5 mppa
Model 2

< 3 mppa
Model 3

Application of incentive regulation & consideration of structural differences

- ACD implementing legislation requires that all airports be subject to regulation → wider scope than in the ACD
- First regulatory period: 5 years (2014-2019)
- Midterm review (envisaged in the models) carried out in 2017 to:
 - Align WACC to macroeconomic conditions (reduction of about 5.8% on average)
 - Streamline the consultation procedure

Outcomes

- **A faster process**
 - reduced time needed from the first proposal of charges revision to the final arrangement & actual entering into force
- **A smoother process**
 - ART's prescriptions smoothed the consultation procedure; out of 15 cases dealt with, only 2 disputes, both settled upon 1 further round of consultation
- **Increase in transparency**
- **Increase in efficiency**
 - Lower charges
 - Introduction of Service Level Agreements (SLA)

Upcoming regulatory issues

Revision of the models

- Efficiency
- Quality of services
- Investment incentives
- Economic and social interests of the catchment area
- Users' rights
- Proportionate and balanced regulation
- Different levels of airports' market power

Incentives and discounts

- Cost-benefit evaluation
- Principle of non-discrimination
- Transparent and proportionate regulation
- Implementation of MEO test
- Compliance check