



2022 CHARGES UPDATE
Boarding pax as per ART resolution no.
232/2022

December 2022

Foreword

UK's exit from EU triggered the potential application of 'non-EU' differential to traffic having UK destinations.

On a backdrop of ADR's request for abovesaid application under the current freeze of regulated charges (as per ART's Resolution n. 68/2021) and users' positions emerged in consultations in Q1 2022, ART's Resolution n. 232/2022 required ADR to stage a consultation update on 2022 charges determination in consideration of split of costs and passengers' volumes between the two traffic clusters (UE/non-UE) as re-balanced consequent to passengers with UK destinations being re-located within non-EU.

With reference to FCO, in order to provide a comprehensive coverage of the subject, we share calculation of 'non-EU' differential in cases of passengers with UK destinations both within EU traffic and non-EU traffic.

Pillars for determining structure of charges of passenger boarding service are as follows:

- underpinnings of costs analysis from the certified Regulatory Accounts for fiscal year 2019 (last available year before the disruptions to airport operations brought about by the insurgence of COVID-19);
- volumes as extracted from regulatory accounts for same year (fiscal year 2019) for relevance to allowable costs;
- mapping of the Terminal areas for reception and boarding of passenger clusters;
- consideration of different level of use of specific airport infrastructures by passenger clusters

For information on CIA and more detailed analysis on FCO please read document «Assessing cost-correlation within passenger boarding charges for FCO and CIA» available at the following link «<https://www.adr.it/proposta-tariffaria-2023>».



FCO: Passengers with UK destinations considered within the EU traffic cluster

In case of passengers with UK destinations considered within the EU traffic cluster (as per pre-Brexit conditions) cost-correlated 'non-EU' differential is equal to 67%

| UK in EU | | Pax % of total | Tariff | Tariff*pax | Revenue contribution % | Costs split | Differential for non-EU traffic % |
|-------------------------|-----------------------|----------------|--------|--------------|------------------------|--------------|-----------------------------------|
| | | [a] | [b] | [c=a*b] | [d=sub c / tot c] | [e] | [f=e/d-1] |
| Pax/tariffs | Originating EU | 55,7% | 1,00 | 0,56 | 64,3% | | |
| | Originating non-EU | 23,6% | 1,00 | 0,24 | 27,3% | | |
| | Transit EU | 12,4% | 0,35 | 0,04 | 5,0% | | |
| | Transit non-EU | 8,3% | 0,35 | 0,03 | 3,4% | | |
| | Total (*) | 100,0% | | 0,85 | 100,0% | | |
| | Total EU (*) | 68,0% | | | 69,4% | | |
| Total non-EU (*) | 32,0% | | | 30,6% | | 30,6% | |
| Costs | Costs - pax EU | | | | | 48,8% | |
| | Costs - pax non-EU | | | | | 51,2% | 51,2% |
| | Total | | | | | 100% | |
| Differential | non-EU differential % | | | | | | 67,4% |



(*) Includes effect on children passengers

FCO: Passengers with UK destinations considered within the non-EU traffic cluster

In case of passengers with UK destinations considered within the non-EU traffic cluster (post-Brexit), cost-correlated 'non-EU' differential is equal to 50%

| UK in non-EU | | Pax % of total | Tariff | Tariff*pax | Revenue contribution % | Costs split | Differential for non-EU traffic % |
|-------------------------|-----------------------|----------------|--------|--------------|------------------------|--------------|-----------------------------------|
| | | [a] | [b] | [c=a*b] | [d=sub c / tot c] | [e] | [f=e/d-1] |
| Pax/tariffs | Originating UE | 50,7% | 1,00 | 0,51 | 58,5% | | |
| | Originating non-UE | 28,6% | 1,00 | 0,29 | 33,1% | | |
| | Transit UE | 12,0% | 0,35 | 0,04 | 4,9% | | |
| | Transit non-UE | 8,7% | 0,35 | 0,03 | 3,5% | | |
| | Total (*) | 100,0% | | 0,85 | 100,0% | | |
| | Total EU (*) | 62,7% | | | 63,5% | | |
| Total non-EU (*) | 37,3% | | | 36,5% | | 36,5% | |
| Costs | Costs - pax EU | | | | | 45,3% | |
| | Costs - pax non-EU | | | | | 54,7% | 54,7% |
| | Total | | | | | 100% | |
| Differential | non-EU differential % | | | | | | 49,8% |

(*) Includes effect on children passengers



FCO: cost sensitivity to change in pattern of traffic (UK to non-UE)

In case of passengers with UK destinations considered within the non-EU traffic cluster (post-Brexit), cost allocation reflects cost sensitivities to the change in traffic pattern

| Infrastructures/Terminal | | Tot. allocated costs | Costs with UK in EU | | Costs with UK in non-EU | | % shift in costs (**) | % shift in traffic (*) |
|--------------------------|--------------|----------------------|---------------------|---------------|-------------------------|---------------|-----------------------|------------------------|
| | | | EU | non-EU | EU | non-EU | | |
| Terminal | Terminal 1 | 41.860 | 34.449 | 7.411 | 33.387 | 8.473 | 2,5% | 2,6% |
| | Terminal 3 | 70.885 | 31.597 | 39.288 | 25.423 | 45.462 | 8,7% | 9,3% |
| | Total | 112.745 | 66.046 | 46.699 | 58.810 | 53.935 | 6,4% | 6,3% |
| BHS | Terminal 1 | 23.482 | 19.616 | 3.866 | 19.010 | 4.473 | 2,6% | 2,6% |
| | Terminal 3 | 43.761 | 19.141 | 24.621 | 15.161 | 28.601 | 9,1% | 9,3% |
| | Total | 67.244 | 38.757 | 28.487 | 34.170 | 33.073 | 6,8% | 6,3% |
| Others | Terminal 1 | 1.157 | 952 | 205 | 923 | 234 | 2,5% | 2,6% |
| | Terminal 3 | 1.687 | 752 | 935 | 605 | 1.082 | 8,7% | 9,3% |
| | Total | 2.843 | 1.704 | 1.140 | 1.528 | 1.316 | 6,2% | 6,3% |

(*) shows only shift in originating traffic (most relevant on cost allocations)

(**) impacted also by shift in transit traffic

FCO: Impact on applicable charges

From the analysis showed in previous pages, we derive that equilibrium charges for originating traffic (adult) for fiscal year 2022 are (i.) equal to 15.99 €/pax (EU) and 23.96 €/pax (non-EU) or (ii.) when compared to those applied by ADR in 2022 are lower by -0.00 €/pax for EU originating (adult) cluster and by -1.83 €/pax for non-EU originating (adult) cluster.

| Charges (€) | | Charges in application | Charges in application | Charges as per cost correlation update | Δ |
|------------------------------|---------------------------|------------------------|------------------------|--|--------|
| | | 2021 | 2022 | 2022 | |
| Adult | Originating within EU | 15,99 | 15,99 | 15,99 | (0,00) |
| | Originating within non-EU | 25,79 | 25,79 | 23,96 | (1,83) |
| | Transfer within EU | 5,60 | 5,60 | 5,60 | (0,00) |
| | Transfer within non-EU | 9,03 | 9,03 | 8,38 | (0,64) |
| Children | Originating within EU | 7,99 | 7,99 | 7,99 | (0,00) |
| | Originating within non-EU | 12,89 | 12,89 | 11,98 | (0,92) |
| | Transfer within EU | 2,80 | 2,80 | 2,80 | (0,00) |
| | Transfer within non-EU | 4,51 | 4,51 | 4,19 | (0,32) |
| non-EU differential % | | 61% | 61% | 50% | |

For information on CIA and more detailed analysis on FCO please read document «Assessing cost-correlation within passenger boarding charges for FCO and CIA» available at the following link «<https://www.adr.it/proposta-tariffaria-2023>»

