



ADR' s proposal for 2023-24 regulated charges at Fiumicino Airport

(13 February 2023: EasyJet questions on ADR's proposal)

Dear Francesco and Marco,

Thanks for your contribution(s) on our proposal to review boarding pax charges within this year's consultation process for FCO and CIA avio charges updates. As already widely anticipated, ADR is handling the abovesaid consultation process in compliance with ART's rulings 68/2021, 77/2022 and 232/2022. Within the broad array of topics discussed with users in the January 31st meeting, it is worth noting that your vast production of feedback and queries focuses on one single item, ie. our proposed charges review -- limited to boarding pax service -- consequent to UK no longer being part of the EU, a political decision that – as it is utterly evident – lies well beyond ADR's control.

Allow me to start with our remarks to your letter's incipit and hence let me stress the two following points that are indicative of a general fallacy in your argument, against which we endeavoured to provide you already with comprehensive replies in the meeting of January 31st (as evidenced in the minutes of the meeting, published on our website on 1st February 2023, please see link [78587944-33a1-b934-da7f-b35140e460dd \(adr.it\)](https://www.adr.it/78587944-33a1-b934-da7f-b35140e460dd)):

1. Your claim that “ADR's request to increase passenger charges for just one traffic cluster”, subsequently reiterated as per your point that ADR would have put forward a “decision to selectively modify charges only to non-EU passengers” was already openly and transparently refused in the consultation meeting of January 31st as ADR clearly represented the calculation that led to the discussed “proposal” on revised charges (rather than “decision”): applying discussed methodology, all boarding charges (EU/non-EU; originating/transit; adult/children) were reviewed/re-calculated leading to the represented/shared outcome of non-EU charges declining and EU charges remaining unchanged in the wake of a two-step final calculation, ie. matching boarding charges times *ex-ante* volumes with benchmark revenue AND applying a reviewed cost-correlated (50%) premium to non-EU charges, instead of previously applied 61% (indeed, in ART's ruling 232/2022, application of same methodology save for ADR's latest considerations on cost allocations that led to tables 1-2-3-FCO in document "Assessing cost-correlation within passenger boarding charges for FCO and CIA" provided for non-EU charges declining by less – 24.96/pax instead of ADR's proposed 23.96/pax – with the lower decline being counter-balanced by lower EU charges to achieve same target revenue (hence, given target revenue and other things being equal, a lower proposed premium of 50% instead of 61% requires



equilibrium EU charges to be higher than in ART's 232/2022, incidentally remaining unchanged in y/y comparison).

2. Your claims of "lack of transparency and blatant anomaly of the whole process" also invoke thorough confutation. As for claimed "lack of transparency", ADR has made available all elements of the calculation that led to the boarding charges review (please see document "Assessing cost-correlation within passenger boarding charges for FCO and CIA" and "minutes of the 31st january meeting") and has been available (as still is) to reply to all requests of clarity coming from users. As for claimed "anomaly of the whole process", we insist that ADR is acting in compliance with ART's ruling 232/2022 with which the ISA requested ADR to consult with users on the proposed methodology leading to charges updates.

Further to the above, one general point is also needed as a comment to the specific points you raise in the body of your letter. Your reiteration in various queries of claimed deficit of consultation and discrimination of one customer cluster vis-à-vis others belies either an incomplete reading of the vast amount of material we shared with users, or an instrumental use of consultation that – in this perspective – would be reduced to a mere activity of data gathering for the exclusive purpose of filing a time-consuming complaint with the ISA. Please note the significant portion of your queries to which replies were already provided in the Q&A document published post 31st January meeting (please see link: <https://www.adr.it/documents/17615/0/QA+EasyJet+25.01.2023.pdf/64d2e58d-4d00-28a8-81ee-68bf1d7ab734?t=1675254766754>).

Having made these needed clarifications on how we see your arguments fit in a broader context, in the following pages we endeavour to reply to the specific points you raised with your list of additional queries.

1. Please explain how the decision to modify charges to non-EU passengers is consistent with ART's Deliberation 68/2021. ART provided in 2021-22 airports with two choices, either to consult airlines according to the 2017 regulatory Models or to request an "extension of the tariffs in force at the time of the application":

"(...) avviare la relativa procedura ai sensi di quanto previsto dai Modelli di cui alla delibera n. 92/2017, fermo quanto previsto dal punto 2; ii. previa motivata istanza all'Autorità, proporre la proroga delle tariffe in vigore al momento dell'istanza stessa anche a valere sull'annualità successiva, adempiendo agli obblighi informativi e di trasparenza nei confronti degli utenti, di cui all'articolo 80 del d.l. 1/2012, avendo cura di fornire adeguata informazione in previsione della prima consultazione annuale utile, anche con riferimento agli eventuali meccanismi di conguaglio".

ADR – Please see answer 1 of document "ADR's reply to Easyjet". Link to full document to: <https://www.adr.it/documents/17615/0/QA+EasyJet+25.01.2023.pdf/64d2e58d-4d00-28a8-81ee-68bf1d7ab734?t=1675254766754>



2. Please explain how the decision to modify charges to non-EU passengers is consistent with ENAC's note ENAC-PROT-07/12/2021-0141697-A which prohibits ADR to "update charges":

"(...) non risultando ancora conclusa la fase di approfondimento istruttorio sui contenuti dell'Atto aggiuntivo dell'11 agosto u.s., elaborato ai sensi delle pertinenti previsioni della delibera 68/2021 dell'Autorità, non si ritiene procedibile un aggiornamento in via autonoma dei richiamati corrispettivi."

ADR – In Italy, as per law 9 May 2019, n. 37, ART's supervisory (ISA) role has been broadened to encompass ADR/SEA/SAVE, previously subject to supervisory functions of ENAC.

3. Please provide evidence of the claim that the implementation of the change in designation for UK is urgent and necessary.

ADR – Considering the principle that the user charges shall be cost-related and non-discriminatory, with specific consideration for the charges applied to passengers with UK destinations ADR acknowledges that Brexit triggered changes in the relative use of airport system (in terms of aviation security facilities and services) by the two traffic clusters on which cost correlation logics are applicable for FCO and CIA (those traffic clusters being exclusively EU and non-EU).

As a consequence to that, it would be unfair to other users not to re-align the charges for passengers with UK destinations to the new, verified evidence of cost correlation as presented to users in consultation documents.

4. Please provide evidence that there is a law or regulation that imposes AdR to move the UK destination cluster to the non-EU passenger charges in 2023-24.

ADR – Directive 2009/12/EC, article 6, last paragraph, provides that procedures, conditions and criteria applied for the decisions on airport charges "*shall be relevant, objective, non-discriminatory and transparent*". Failure to apply non-EU charges to passengers with UK destinations would resolve in an infringement to objectivity and non-discrimination. To this end, it should be noted that other Italian airports have already applied (effective since 2022) non-UE charges to passengers with UK destinations.

5. Please explain why ADR did not consult the need to modify, for example, also Croatian destination cluster into EU passenger charges following Croatia entrance in Schengen.

ADR – Croatia entered in Schengen area starting from 1st of January 2023, after the opening of the current consultation on avio charges updates: the modification of the cluster into EU passenger charges will be subject to a following consultation. Instead, it has be noted that the United Kingdom ceased to be a member state of the European Union from January 1st, 2021.



In addition, materiality issues also matter. Pre-COVID disruption, passengers with Croatian destinations amounted on a yearly basis to no more 0.2% of FCO traffic, whilst passengers with UK destinations represented a much more significant slice of total FCO traffic (approx. 20x).

6. Please provide evidence that the methodology used to (i) move the UK destination cluster to non-EU passenger charges without a consultation with the users and (ii) calculate the differential between EU and non-EU passenger charges is compliant with the regulatory framework.

ADR – With ART’s ruling n. 232/2022, the ISA indicated as “reasonable”¹ a methodology represented in the ruling that comprises of (a) evidence from 2019 regulatory accounts (last available set pre-pandemic) in consideration of changes intervened post-2015 in infrastructure perimeter (2015 being “base year” of 2017-2021 reg period); (b) revenue target derived from ex-ante calculation of max allowable revenues for 2017-21 (as amended for intervened changes in capex programme deployment) with specific attention to 2021.

7. Please explain, why only changing tariffs for one traffic cluster is non-discriminatory and justifiable from a regulatory and legal perspective. Please provide evidence that the re-allocation of the UK cluster is fair and proportional and that UK passengers are not discriminated versus EU Schengen passengers.

ADR – Passengers with UK destinations are not subject to a specific variation in FCO/CIA airport charges. Indeed, AdR is simply reallocating UK passengers in the non-EU traffic cluster as a consequence of a factual element: UK is no longer a member state of the European Union and the new status triggers allocation of UK passenger flows to the non-EU traffic cluster for cost-correlation purposes.

8. Please demonstrate how the proposed charge modification is non-discriminatory for EU passengers, whose charges are not decreased following the increase for UK passengers.

ADR – Please see answer 2 of document “ADR’s reply to Easyjet”. Link to full document to: <https://www.adr.it/documents/17615/0/QA+EasyJet+25.01.2023.pdf/64d2e58d-4d00-28a8-81ee-68bf1d7ab734?t=1675254766754>

¹ see “considerazioni” (“CONSIDERATO - punto 10”)



In addition, please note that proposed declining non-EU charges and proposed unchanged EU charges result from calculations – shared with users in the published doc _____ -- that can be summarised as in table below.

€/000		2021			Delibera ART 232/2022			2023 (proposed)		
FCO-boarding pax										
Max allowed revenue (2021 ex-ante) (*)		334.587			334.587			334.587		
Charges differential (ex-UE vs dom-UE)		61%			61%			50%		
Charges differential (children)		50%			50%			50%		
Charges differential (transit)		35%			35%			35%		

Origin+transit	Origin	Total	2021 charges in application			Output in ART ruling 232/2022			2023 (proposed)		
			UK in DOM UE	UK in DOM UE	UK in DOM UE	UK in EX UE	UK in EX UE	UK in EX UE	UK in EX UE	UK in EX UE	UK in EX UE
			Vol (1)	Equilibrium charge (€) (a) (2)	Allowed rev (1) x (2)	Vol (1)	Equilibrium charge (€) (b) (2)	Allowed rev (1) x (2)	Vol (1)	Equilibrium charge (€) (c) (2)	Allowed rev (1) x (2)
		22.176		334.587	22.176		334.587	22.176		334.587	
	Total	16.580		297.690	16.580		298.546	16.580		298.661	
	dom-UE	12.191	15,99	194.921	11.203	15,55	174.221	11.203	15,99	179.117	
	children	464	7,99	3.706	423	7,78	3.288	423	7,99	3.381	
	adult	3.756	25,79	96.874	4.744	24,96	118.410	4.744	23,96	113.642	
	ex-UE	170	12,89	2.190	210	12,48	2.626	210	11,98	2.521	
	children										
	Total	5.596		36.898	5.596		36.042	5.596		35.927	
	dom-UE	3.587	5,60	20.071	3.518	5,44	19.147	3.518	5,60	19.685	
	children	151	2,80	422	147	2,72	399	147	2,80	410	
	adult	1.776	9,03	16.031	1.845	8,74	16.116	1.845	8,38	15.467	
	ex-UE	83	4,51	374	87	4,37	380	87	4,19	365	
	children										

The logical fallout of the displayed calculation and methodology presented in the 31st January meeting is that both charges (EU and non-EU) are re-calculated to reflect cost-correlation measures with combined outcome – given inputs in ADR’s proposal (revenue constraint and 50% charge differential) – being one declining charge (non-EU) and one unchanged charge (EU). Counterfactual evidence of this is that in table shown in ART’s ruling 232/2022 – given 61% charge differential as input (as opposed to 50% in ADR’s proposal) – both charges were to diminish (non-EU by less than in ADR’s proposal).

9. Please provide evidence that the re-allocation is not against the UK-EU Brexit Agreement, in particular the 'no less favourable' treatment clause enshrined by the last sentence of Article 431(2).

ADR – There is no “less favourable treatment”. By proposing charges’ review, AdR is simply aiming to offer the same cost per service to all non-UE passengers. Please, consider that Article 431(2) does not introduce “a more favourable treatment” for UK.

10. Please explain how costs and assets of EU passengers using the non-Schengen facilities are allocated to the EU charge



ADR – Please see answer 6 of document “ADR’s reply to Easyjet”. Link to full document to: <https://www.adr.it/documents/17615/0/QA+EasyJet+25.01.2023.pdf/64d2e58d-4d00-28a8-81ee-68bf1d7ab734?t=1675254766754>.

For more please read below. Please note to start the relative immateriality of the matter as per 2019 volumes passengers with Bulgarian, Irish and Romanian destinations represented 0,3%, 0,5% and 0,6% of FCO traffic, respectively.

More specifically to the point, please be aware that key “objects” in regulatory accounts on which the most significant portion of cost allocation is dependent are FCO infrastructures that are “tagged” as EU and non-EU (not SCH, ex-SCH). This is by far the most relevant input for our cost allocation exercise and it historically represents ADR’s best endeavour (openly shared with users) to apply a general principle, given sunk costs implicit in more convoluted practices of cost allocations and derived consequences on yearly charges updates.

With regard to the above, it should be noted that:

- infrastructures represented by passengers’ boarding areas and baggage reclaiming areas are for exclusive use of the relevant traffic clusters (EU / non-EU) with obvious consequences on cost allocation (entirely allocated to the relative customer cluster);
- costs of areas termed "Terminal" – broadly speaking represented by passenger acceptance and surrounding areas – are divided on the basis of relative use by traffic cluster (whereby split is performed with calculations underpinned by specific assignment of boarding areas to each flight destinations);
- costs related to centralised infrastructures such as passenger acceptance system, BHS systems, public information and announcements are divided between traffic clusters on volume of passengers passing through the corresponding dedicated areas of Terminal.

In table [c.1] of document “Assessing cost correlation within pax boarding charges for FCO and CIA” (link: https://www.adr.it/documents/17615/0/1_Assessing+cost-correlation+within+passenger+boarding+charges+for+FCO+and+CIA_EXT.pdf/827dc507-5441-9bc3-4bf6-b66cb0255265?t=1671710303673) we shared with users that on infrastructures of common use the proposed % variation in cost from one to other traffic cluster is proportional to % variation in traffic upon UK modified traffic designation.

11. Please provide an overview of the cost allocation methodologies and drivers used at ADR in 2019-23.

ADR – Annually, ADR drafts its own Regulatory Accounting document to serve as a reference for the calculation of tariff evolution for start of/maintenance within a five-year period. ADR’s Regulatory Accounting document is annually certified with specific consideration for allocations to services (reg/non reg/not relevant) of:



- net residual value of the assets pursuant to Article 33(1)(a) of ADR-ENAC Economic Regulation Agreement – ie. concession assets, state-financed assets and self-financed assets as provided for in Annex 27 to the Economic Regulation Agreement
- operating costs as fully reconciled with ADR's annual report.

For the reporting of the separate accounting of airport services, the costs of regulated services are broken down according to the provisions of CIPE Resolution n. 38/2007 and following more detailed instructions in ENAC Implementation Guidelines (10 December 2008).

The framework of the regulatory accounting model ensures continuity with previous years in terms of the criteria for allocating assets to single services, both regulated and unregulated.

The analytical accounting system of ADR has been developed taking into account the provisions of Law 248/2005, the CIPE Resolution and ENAC Implementation Guidelines (10 December 2008) with particular reference to the following general requirements:

- accounting separation - determination of the costs of the individual services provided by the operator (accounting separation requires that costs and revenues are allocated to the final services according to their resource/cost absorption);
- reconciliation with statutory financial statements - the results produced by the analytical accounting system can be reconciled with the values reported by the Company at the cost/revenue level in accordance with the Italian accounting standards issued by OIC, in continuity of methodological framework.

The allocation criteria provided for by the CIPE Resolution have been applied to ADR's situation by means of an analytical accounting system with the following scope of application:

Airport: expansion at both airports

- Fiumicino (FCO)
- Ciampino (CIA)

Services: expansion of all airport services:

- regulated
- not regulated
- not relevant

Corporate structures: expansion of all corporate organisational structures

- cost centres / profit centres

Base costs / revenues: extension to areas of the income statement:

- production value
- production costs
- cost of invested capital

With regard to the criteria for allocation and eligibility of operating costs for regulated services, the Economic Regulation Agreement (ERA) between ADR and ENAC is based on

the general principles of the CIPE Resolution and ENAC Guidelines described above. Article 27, paragraph 4, of the ERA states: "The provisions of Title II shall apply to the allocation and eligibility of capital costs for regulatory purposes. Net invested capital always includes any residual value of fixed assets at the end of the concession".

Glossary

In order to provide a better understanding, a brief description of other frequently used terms is provided below.

Sender object: represents the object that contains the cost/revenue value reported in the reference period. The sender object is generally represented by a type of cost recorded on a cost centre or an internal order (or profit centre).

Destination object: represents the object to which costs/revenues will be moved as part of the allocation process. The destination object is represented by a service to which the costs/revenues of the sender object are to be attributed.

Allocation process: a value flow that moves costs/revenues from a sender object to a destination object. The allocation process can take place via a single driver or according to a sequence of drivers.

Driver: criterion, on the basis of which the operation defined by the allocation process takes place. A driver represents the extent to which the sender allocates its costs/revenues to the destination. The driver is considered "final" when it allocates costs/revenues to the final destinations (the services), or "intermediate" when the allocation takes place in several steps (intermediate destinations are Buildings, Structures, and Macro-Areas of services).

GC key (GENERAL COSTS key): this is the criterion for allocating costs according to their impact on total airport activities (sum of direct internal and external costs). According to the CIPE Resolution, it is used when no other objective and analytical cost allocation criteria can be determined.

Type of allocation:

- Direct: allocation to services without the use of drivers
- Direct Pro rata: allocation to services through the use of one or more drivers (intermediate and final)
- Indirect GC: allocation automatically generated by the model according to internal and external costs (excluding depreciation) previously allocated directly.
- Indirect: to achieve greater accuracy for allocation criteria, some costs are allocated after the allocation sequences described above. In some cases, the partial general costs key is used, at the airport, or in the context of certain types of services (GC key of regulated

or non-regulated services only, of regulated or unregulated airport services only, etc.)
Before the company HR function allocates its own costs, the sequence of all direct and indirect allocation cycles related to labour costs are completed, after which the costs for HR personnel are allocated.

Scope of application

For the reporting of the separate accounting of airport services, the costs of regulated services are broken down according to the provisions of CIPE Resolution par. 3.14² and ENAC Guidelines in the four following macro-categories:

- a. directly attributable costs (e.g. personnel directly employed in activities and services, materials directly employed, routine BHS maintenance);
- b. share of overheads and concession fees allocated to the different areas of activity on the basis of criteria consistent with the directives set out in the Guidelines;
- c. fair remuneration on allocated net invested capital based on criteria consistent with the directives set out in the Guidelines;
- d. depreciation charges relating to the capital referred to in the preceding line determined using relevant rates, even independently of tax rates.

Costs belonging to above category b. are allocated to the different areas of activity according to the following criteria:

- b.1. overheads are allocated as objectively and analytically as possible to the services to which they relate, excluding costs relating to other areas of activity;
- b.2. general management and administration costs of staff directly employed in the different areas are broken down on the basis of the number of staff (no. of units) directly employed in them, compared to the total;
- b.3. overheads not directly and objectively relevant to specific areas of activity are allocated on the basis of the incidence of the sum of the direct external and internal operating costs of a service on the total of the airport's activities (so-called "GENERAL COSTS key" hereinafter "GC key", formerly "CIPE key").

It should be noted that the concessionary fee is allocated according to the same criteria established for the general expenses referred to in point b.3. above, with the exception of the two services relating to security checks on hold baggage and passengers, for which a specific fee has been established by decree of the Minister of Infrastructure and Transport.

Services

The following table shows the "regulated" airport services provided by ADR S.p.A. at Fiumicino and Ciampino airports. Annex 7 of the Economic Regulation Agreement (Structure

² 4 Among the costs that can be allocated to the regulated services, the Directive includes "[...] every current charge pertaining to the works financed by public subjects, sustained by the operators for the maintenance in full efficiency of the works and for their redelivery to the licensor or to the sub-entrant, in a condition of normal use and regular operation, at the expiry of the concession" (CIPE Resolution 38/2007, par. 3.1 page 4)

of regulated services) provides evidence of the regulated services resulting from the bundling analysis carried out in accordance with Article 25 of the Economic Regulation Agreement.

REGULATED SERVICES Post ERA	REGULATED SERVICES post ERA	Grouping Of Cipe	Nature
Fiumicino Airport			
Landing and Take-off Charges Use of common assets Sub-concession Supply Jet Fuel Fee for Use of Common Assets CATERER Safety 400 Hz power supply system	Landing and Take-off charges	a	Airport Fees
Parking and Hangar charges	Parking and Hangar charges		
Passenger boarding charges BHS Baggage reclaim system Passenger Check-in IT Systems Public information Audio Announcements NET 6000	Passenger boarding charges	b	
Goods loading and unloading taxes	Goods loading and unloading taxes	i	
Passenger and carry-on baggage screening Hold baggage screening	Passenger and carry-on baggage screening Hold baggage screening	d	Security
Passenger boarding/disembarking bridges Centralised goods storage facilities (ETV)	Passenger boarding/disembarking bridges Centralised goods storage facilities (ETV)	and	Centralised Infrastructure
De-icing	De-icing		
Simulation room	Simulation room		
Check-in Desks	Check-in Desks		
Offices and Other operations rooms	Offices and Other operations rooms		
Lost & Found	Lost & Found		Assets for Exclusive Use
PRM	PRM		Other Income Aviation

REGULATED SERVICES Post ERA	REGULATED SERVICES post ERA	Grouping Of Cipe	Nature
Ciampino Airport			
Landing and Take-off Charges Use of common assets Sub-concession Supply Jet Fuel Fee for use of common assets CATERER	Landing and Take-off charges	a	Airport Fees
Parking and Hangar charges	Parking and Hangar charges		
Passenger boarding charges Baggage handling system Baggage reclaim system Passenger Check-in IT Systems Public Information Audio Announcement system	Passenger boarding charges	b	
Goods loading and unloading taxes	Goods loading and unloading taxes	i	
Passenger and carry-on baggage screening Hold baggage screening	Passenger and carry-on baggage screening Hold baggage screening	d	Security
De-icing	De-icing	and	Centralised Infrastructure
Check-in Desks	Check-in Desks		
Offices and Other operations rooms	Offices and Other operations rooms		
Lost & Found	Lost & Found		
PRM	PRM		
			Assets for Exclusive Use
			Other Income Aviation

Ciampino airport provides direct evidence of the costs attributed to the General Aviation flight category, as it uses a dedicated terminal:

- Passenger boarding charges for General Aviation
- Passenger and carry-on baggage screening for General Aviation



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- Hold baggage screening for General Aviation

IT Support System

The Company's accounting IT system is based on the use of SAP R/3: general accounting (Co.Ge.) and analytical accounting (Co.An.), specifically modules CO, FI, FI-AA, SD, MM, PM and RE.

The data used for the preparation of the accounting unbundling schedules are extracted from the analytical accounting provided by Module CO-Controlling (cross-sectional analysis accounting) of SAP R/3 system.

The model used up to the regulatory accounts of 2019, which was required to perform at an increasingly demanding level, has shown that it has reached its technical limits with respect to the amount of data to be managed and the functionality required.

As a consequence, in 2020 the Regulatory Affairs department responded by migrating to a new regulatory accounting system capable of ensuring (i.) compliance with the rules of attribution to services present in the model implemented in 2006, with rules certified by the auditing company; (ii.) implementation of any provisions emerging from new regulations.

The new system (Filler®) also meets the following requirements:

- improved performance in the processing of regulatory accounting periods
- improved usability on the part of the entire regulatory team
- compliance with corporate security policies concerning managed data
- direct integration with the Planning system, more specifically with the tariff module used to determine pricing
- allowed costs from invested capital attributes (economic life, cost centre, incremental WACC, associated costs)

The data extracted from the Gruppo ADR analytical accounts are allocated to airport services, after eliminating intercompany items and converting the values to ITA GAAP accounting principles, through a subdivision by association rules (allocation to services logics).

The allocation to services logic is the modelling of a criterion or algorithm for allocating an accounting item to regulated and unregulated services. These logics are organised in a library of available logics and can be dynamically associated with all accounting elements, according to the wishes of the user. The functionality which allows the calculation logics to



be associated with the accounting elements is available in a dedicated area of the system that can be accessed by system users.

The associations between accounting elements and the most appropriate algorithms to represent the allocation to services are modelled in the "Association Rules" area. The association rules are organised into two categories according to the accounting elements that can be associated to create the rules:

- Economic Statement (code from LE001 to LExxx);
- Assets (code from LA001 to LAXxx).

As there are only few relevant items for the third flow management of NIC, Receivables and Payables, the control logic is associated directly in the input.

Output (summary)

In two tables below we provide a synthetic representation of the key outputs of ADR's unbundling accounts. Please note that for fiscal year 2020 opex decreased both as a result of the reduced passengers/movements due to Covid-19 and for negotiations conducted by ADR with its main suppliers for the review of fees/fixed costs.

Historical Opex 2015-2020 (excluding PRM)

		2015	2016	2017	2018	2019	2020	Cagr 2015-2019
FCO	Regulated	236.872	250.417	256.211	254.543	246.895	169.245	1,0%
	Unregulated	71.953	82.601	84.584	84.076	94.275	51.084	
	Out of scope	46.587	3.991	(2.843)	3.244	182	(1.182)	
		355.412	337.010	337.952	341.863	341.352	219.148	
CIA	Regulated	24.392	25.050	26.920	25.783	25.119	20.986	0,7%
	Unregulated	4.705	5.333	5.136	5.765	7.549	5.342	
	Out of scope	0	0	0	92	103	104	
		29.097	30.383	32.056	31.640	32.770	26.432	
SYS	Regulated	261.263	275.467	283.132	280.326	272.014	190.232	1,0%
	Unregulated	76.658	87.934	89.720	89.841	101.824	56.427	
	Out of scope	46.587	3.991	(2.843)	3.336	284	(1.078)	
		384.508	367.393	370.009	373.502	374.122	245.580	

Historical Capex 2015-2020 (excluding PRM)

	2015	2016	2017	2018	2019	2020
SYS Capex	191.104	429.220	193.862	171.673	241.296	141.534
Fiumicino	149.415	285.561	152.805	124.585	163.668	102.882
Ciampino	5.153	24.946	12.498	13.286	6.981	6.566
SYS Regulated	154.568	310.507	165.303	137.871	170.649	109.448
Regulated as %	81%	72%	85%	80%	71%	77%
SYS Unregulated	36.536	118.713	28.559	33.802	70.647	32.086
Unregulated as %	19%	28%	15%	20%	29%	23%

12. Please provide evidence that the allocation keys used in 2019 are still fair, relevant and proportional in 2023-24.

ADR – With ART’s ruling n. 232/2022, the ISA:

- (i) prescribed to ADR so that *“provvedere ad un supplemento di consultazione con gli utenti degli aeroporti dallo stesso gestiti al fine di rideterminare la misura dei diritti di imbarco per i voli con destinazione Regno Unito [...]”*,
- (ii) indicated as “reasonable”³ a methodology represented in the ruling that comprises of (a) evidence from 2019 regulatory accounts (last available set pre-pandemic) in consideration of changes intervened post-2015 in infrastructure perimeter (2015 being “base year” of 2017-2021 reg period)

It is worth noting how 2023-24 costs/allowances are not relevant areas of analysis at this point in time due to (i) lack of evidence and (ii) this review exercise being an update to one single avio charge.

13. Please explain why EU passengers’ costs in Terminals 1 and 3 are resp. 82% and 45%, while BHS1 are 84% and BHS3 44%.

ADR – Please see answer 11 of document “ADR’s reply to Easyjet”. Link to full document to: <https://www.adr.it/documents/17615/0/QA+EasyJet+25.01.2023.pdf/64d2e58d-4d00-28a8-81ee-68bf1d7ab734?t=1675254766754>

14. Please explain why EU passengers (non-Schengen) do not use Boarding areas E and pier and T3 bag drop, while 45% of EU pax use T3.

³ see “considerazioni” (“CONSIDERATO - punto 10”)



ADR – Please see answer 6 of document “ADR’s reply to Easyjet”. Link to full document to: <https://www.adr.it/documents/17615/0/QA+EasyJet+25.01.2023.pdf/64d2e58d-4d00-28a8-81ee-68bf1d7ab734?t=1675254766754>

15. Please provide evidence that UK passengers, as a result of Brexit, have incurred an increased cost of operation from Pier E?

ADR – UK passengers, as a result of Brexit, have not incurred an increased cost of operation from Pier E. However, this is not a relevant item of analysis for our approach to cost correlation review as our cost bundling is tied to EU / non EU categories of traffic.

16. Please explain why 100% of Pier E is allocated to non-EU passengers when there are EU countries that are not in the Schengen area and use Pier E?

ADR – Please see answer 6 of document “ADR’s reply to Easyjet”. Link to full document to: <https://www.adr.it/documents/17615/0/QA+EasyJet+25.01.2023.pdf/64d2e58d-4d00-28a8-81ee-68bf1d7ab734?t=1675254766754>

17. Please provide a table for the gates used for (i) EU Schengen, (ii) EU extra-Schengen, (iii) extraEU and the relative walking times from T1 and T3?

ADR – Please see answer 9 of document “ADR’s reply to Easyjet”. Link to full document to: <https://www.adr.it/documents/17615/0/QA+EasyJet+25.01.2023.pdf/64d2e58d-4d00-28a8-81ee-68bf1d7ab734?t=1675254766754>

18. ADR provided 2019 data on the average number of bags per passenger for Schengen, Non Schengen EU, and UK. Can you provide evidence that 2022 service level has changed after Brexit and can you include data for non-EU passengers as well?

ADR – Please see answers 12 and 13 of document “ADR’s reply to Easyjet”. Link to full document to:

<https://www.adr.it/documents/17615/0/QA+EasyJet+25.01.2023.pdf/64d2e58d-4d00-28a8-81ee-68bf1d7ab734?t=1675254766754>

19. The differential EU vs non-EU for the charges applied in 2022 is 61%, while it decreases to the proposed 41% as per cost correlation update. Does it mean that non-EU passengers have been “overcharged” in the past?

ADR – EU vs non-EU differential – exclusively applied on boarding pax charges – stood at 61% through the 5-year regulatory period that lasted until 2021. The same was also made applicable through 2022 in the wake of ART’s ruling 5689/2022.

ADR applied a boarding pax charges differential between EU and non EU passengers and in 2018 consultation provided for a small adjustment to reflect Norwegian passengers being allowed EU status (in consultation material of that year: “the proposal reflects an adjustment



to exEU premium (from 60% to 61%) in application of art. 25 of ERA. The abovesaid adjustment is linked to ADR's update of the underlying traffic mix").

ADR's proposed 50% charges differential – as opposed to 41% in your letter – results from the analysis shared with you and predicated on 2019 regulatory accounts, which carry obvious differences relative to former years' unbundled outputs.

Please note that ADR has always been available to share with users cost-correlation outputs for charges articulation, as it was evidenced during the 2019 consultation when, on request of users, ADR produced a thorough analysis of the discount of transit passengers (please see link: [9db5eadf-71d0-49d5-8433-0d5ec1c0a2c3 \(adr.it\)](https://9db5eadf-71d0-49d5-8433-0d5ec1c0a2c3.adr.it)).