

Virgin Atlantic Airways response to NERL Oceanic Charges – Proposal for a Charge Cap 2015-2019

Virgin Atlantic Airways (VAA) welcomes this opportunity to respond to the CAA's consultation on the NERL Oceanic Charges proposals for 2015-2019.

VAA notes the proposed changes that have been put forward by the CAA and we support the submissions made by both IATA and BATA to the CAA on this consultation.

In particular we would like to highlight the following:

- We support the conclusions reached by the CAA that NERL currently has and will continue to have significant market power (SMP) during this period, and that it is imperative a price cap is in place to prevent this potential abuse.
- It is also noted that where possible the cost of regulation should be kept as low as possible via a simple price cap that has a low administrative burden.
- VAA notes the CAA's approach not to adopt a full SES style structure to the charges cap, however, at the same time aligning some of the features with SES to avoid complications of process. This includes the alignment of oceanic charges with the timeframe for RP2 controls for en-route and terminal services which will aid greater transparency.
- On dealing with a potential technology shift during the control period, a clear cost-benefit analysis must take place on any potential improvements to be implemented.
- VAA notes the merit in smoothing the evolution of charges in the 2015-2019 period, however, we wish to request further data in relation to paragraph 4.31 (page 22).

If you require any further information please do get in contact.