

Meeting ADB(M)024

Minutes ADB(M)024- MoM

Date of the Meeting: 19 December 2012
 Time: 10:00-14:00
 Place: SJU, av. de Cortenbergh, 100 - 1040 Brussels

Board members and other participants

SJU Members	Representative	
European Union represented by the European Commission (EC)	Mr Matthias Ruete	Chairman
	Mr Matthew Baldwin	Alternate
	Mr Maurizio Castelletti	Observer
	Mr Marco De Sciscio	Observer
	Mr Paul Verhoef	Observer
EUROCONTROL (ECTL)	Mr Bo Redeborn	Vice-Chairman
AENA	Ms Mariluz de Mateo	Alternate
Airbus	Mr Pierre Bachelier	Alternate
ALENIA Aeronautica (Alenia)	Mr Fabio Ruta	Alternate
DFS	Mr Dieter Kaden	
	Mr Ralf Bertsch	Alternate
	Mr Robert Schickling	Observer
DSNA	Mr Maurice Georges	
	Mr Philippe Merlo	Alternate
ENAV	Mr Iacopo Prissinotti	
Frequentis	Mr Michael Holzbauer	Observer
Honeywell	Mr Jean-Luc Derouineau	
INDRA	Mr Rafael Gallego Carbonell	
	Mr Ramon Tarrech Masdeu	Alternate
NATMIG	Mr Aage Thunem	
NATS	Mr Alastair Muir	Alternate
NORACON	Mr Niclas Gustavsson	Alternate
SEAC	Mr Giovanni Russo	
SELEX S.I. (SELEX)	Mr Stefano Porfiri	Alternate
Thales	Mr Luc Lallouette	Alternate

Stakeholder representatives	Representative	
Military (MIL)	Air Commodore Chris J. Lorraine	
European Defence Agency (EDA)	Mr Giampaolo Lillo	Alternate
Civil users of airspace (CUA)	Mr Vincent de Vroey	
	Mr Pedro Vicente Azua	Alternate
Air Navigation Service Providers (ANSP)	Mr Bernard Martens	Alternate
Equipment manufacturers (EM)	Mr Michael Von Gizycki	Excused
Airports (APT)	Mr Olivier Jankovec	
Staff in the ATM sector (STAFF)	Mr Loïc Michel	
	Mr Joël Cariou	Alternate
Scientific community (SC)	Mr Peter Hecker	
	Mr J.A. Mulder	Alternate

Other participants

SJU Executive Director	Mr Patrick Ky	
SJU Deputy Executive Director of Administration and Finance	Mr Carlo M. Borghini	
SJU Deputy Executive Director Operations and Programme	Mr Florian Guillermet	
SJU Internal audit	Mrs Véronique Haarsma	
Secretary of the Board	Mrs Servane Woff-Lhuissier	

Distributed meeting documents

SJU-AB-024-12-DOC-01	Annual Work Programme 2013	Item 5
SJU-AB-024-12-DOC-02	Revised Budget 2012	Item 5
SJU-AB-024-12-DOC-03	Budget 2013	Item 5
SJU-AB-024-12-DOC-04	Annual Accounts 2011 with the report of the European Court of Auditors	Item 5

Item 1 Introduction

The Chair welcomed the Board members and in particular Professor Mulder, the new alternate representative of the Scientific Community. He noted that there would be new NATS representatives as from 1st January 2013: Mr Rolfe and his alternate, Mr Hocquard. The Secretary General of ASD, Mr Runde, should also become the new representative of the equipment manufacturers.

Verification of the voting quorum

- ▷ The Chair noted that the meeting had the required voting quorum.

Adoption of the agenda

The Chair indicated that he would not be able to stay the whole meeting and therefore proposed starting with the discussion on the extension of the SJU. Board members were requested to present any suggestion for additional changes. No other changes were proposed.

- ▷ The Board adopted the modified agenda.

Disclosure of conflicts of interests

The Chair reminded the participants of their obligation to declare any real or potential conflict of interest on any agenda items. Board members and participants were required to fill in and sign the relevant declaration in accordance with Article 2.4 of the Board decision on conflict of interest ADB(D)-10-2008 as modified by Decision ADB(D)-03-2012. Copies of the complete text of the decision were available in the meeting room in order to allow participants to better understand their obligations in terms of declaration of conflict of interest.

- ▷ The Chair noted that no conflict of interest was declared on any agenda item and that all participants had completed the declarations on conflict of interest.

Item 3 SJU extension

- The Chair provided the Board with an update on the negotiations on the Financial Perspectives 2014-2020. As no compromise was reached on the Multiannual Financial Budget at EU level, negotiations have been put off to the beginning of February 2013.

The Chair informed the Board about the vote of the Transport Committee on both the Trans-European Networks Transport Guidelines and the CEF. The results of the vote were overall positive; nevertheless, a differentiation was made in the report between the ground and the airborne elements for SESAR deployment. The first could be funded up to 50% while the second could only be funded up to 20%. A ceiling of 5% of the budget across all modes of transport would be put on on-board equipment. The Chair formally stated that the EC was really unhappy with the proposed overall limit of 5%. In order to be able to argue against the ceiling, the Chair asked for solid figures and a very good CBA that should also be able to stand the scrutiny of finance ministries.

The Chair indicated that the ITRE Committee had in a really unexpected manner cut the budget for transport research by 20%, which would have an important impact on aviation research and the funding for the SJU extension. The Chair invited the Board members to mobilise against such a decision. The dialogue will start as from 10 January. At this occasion, the EC will clearly express its opinion against the proposed cuts.

- The Airspace Users' representative, Mr De Vroey, thanked the Chairman for clarifying that the EC was also concerned with the 5% ceiling. From the Civil Airspace Users' point of view, such a ceiling will make it difficult to have a positive business case for SESAR and thus is putting at risk the future deployment of SESAR. Anything that could be done to convince the Council to overrule the Parliament's decision would be very welcomed.
- The ENAV representative commented that it was unfortunate that the rumour about the support of both the EC and SJU Administrative Board to the 5% ceiling was not contradicted in time for the vote of the Committee. As already expressed by the Airspace Users' representative, the ceiling would jeopardise the overall possible balance regarding SESAR deployment. A common effort should thus be made to ensure that the right decision is taken at the plenary session of the European Parliament (EP) next year.
- The Chair formally stated that he had not negotiated any kind of agreement with the EP on their proposal. He reminded the Board participants that the EC had initially proposed an overall co-financing for ground-based equipment of 20%. The proposal of the EP is to co-finance without any ceiling 50% of ground-based equipment. The logic of the EP is to consider that on-board equipment should not be an essential part of the infrastructure fund. Within the ceiling of 5% of the budget, a differentiation in terms of co-funding rates is thus made between rail (40%) and all the other IT equipment, including SESAR (20%). Facts and figures are needed in order for the EC to be able to argue against the 5% ceiling and identify the relevant co-funding rates. This being said, the EP proposal is overall quite positive for SESAR. The main issue is the differentiation made between ground and airborne elements.

Regarding the SJU extension, the Chair informed the Board that, based on the consultations with SJU members and other stakeholders and the analysis done by DG MOVE, it was concluded that the extension of the SJU could be done through a very light amendment of the existing Regulation. Exploratory research, applied research, pre-industrial development and large scale demonstration activities could all be carried out under the present scope of the SJU Regulation. A detailed description of these activities would need to be included in the SESAR 2 Work Programme, which is not a legislative document and is not included in the Regulation or the Statutes.

In order to propose a light amendment of the SJU regulation and justify the continuation of the public-private partnership approach, the EC needs to produce a very convincing ex-ante analysis with a credible budget and a clear identification of the activities that need to be performed. With these elements, the EC should be

able to propose an extension of the SJU on the basis of the existing regulation to the College of Commissioners in March or April 2013, together with the proposal for a regulation on the guidance material on common projects. The EC will then need to examine the consequences of the SJU extension in terms of overlapping work programmes, of management and responsibilities. This approach will allow the discussion on the SJU extension to be decoupled from the horizontal discussions on the JTIs. The Chair announced to the Board that the European Court of Auditors (ECA) had just provided informally a very good feedback on the way the SJU is organised compared to other Joint Undertakings, in particular in terms of ex-ante control system.

- The Eurocontrol representative provided the Board with an initial feedback on the ECTL Provisional Council, where the possible engagement of Eurocontrol in SESAR 2 as founding member was discussed. The Provisional Council agreed that the outline figures proposed for 2017 and beyond would form the basis for the Agency's engagement in research beyond 2016. The Agency was also authorised to discuss with the SJU Board, the EC and the SJU the draft proposal and strategy on SESAR 2, including more concrete financial estimates for the participation of the Agency. In spite of budget problems, the Agency still anticipates to make a substantial contribution to the programme, in the order of 165 full-time equivalents, an operational budget of about EUR 18 million annually and a total budget of around EUR 60 million in annual contribution.
- The Chair thanked the Eurocontrol representative for the very positive information. He stressed that such information should prove to be particularly helpful during the co-decision process that the SJU amended regulation will have to go through.
- The ENAV representative underlined that the overall opinion of the ECA clearly showed that the SJU was an asset for Europe: it is a very well-run organisation producing results. A major task for the Board should be to preserve and reinforce this asset. A simplified approach in the form of a change of date in the SJU regulation is welcomed. However, it should be balanced with the understanding that the natural orientation of the SJU is to be delivery-oriented and very close to deployment. The concept of large scale of demonstrations should thus be reinforced both financially and programmatically.
- The Airbus representative expressed his strong support for SESAR 2 but stressed that the bridge between the SESAR development phase and the SESAR deployment phase would need to be made clearer. A way to obtain strong CBAs and real data while mitigating the risk of the deployment phase for the airborne industry and the airspace users is to have large scale demonstrations. In SESAR 2 budget, large scale demonstrations are really key to secure SESAR deployment. If SESAR were to be weakened by any budget decision, it would be more difficult to promote the SESAR Concept and its benefits compared to NextGen's.
- The AENA representative supported the comments made by previous speakers regarding the importance of preserving in the future all the work on R&D carried out by the SJU and the need to enlarge its scope to large scale demonstrations. She also asked for clarification on what was foreseen in terms of public funding. Would the co-funding rates be the same for SESAR 2 as for SESAR 1? Would Eurocontrol also receive EU public funds in SESAR 2?

The Chair clarified that Eurocontrol had not yet discussed with the EC the idea of receiving public funding in SESAR 2. He explained that the co-funding rules and the management of projects would be different under Horizon 2020. Co-funding rates envisaged under the Horizon 2020 Programme are higher than they are currently under the 7th Framework Programme. The coexistence for a certain period of time of the different rules will make it complicated to manage by the Joint Undertaking.

- The DNSA representative welcomed the proposal of the EC to only change the date in the regulation in order to extend the SJU. However, this proposal should not be meant only as a way to give additional time for the completion of SESAR 1. SESAR 2 should be more than just a continuation of the effort and should in fact be securing the start of a larger effort in R&D.

- The Chair reassured the DSNA representative that the legal obligations, the work programme and the time pressure for SESAR 1 would remain. The Chair then invited Mr Ky to present the draft Work Programme for SESAR 2. The document was prepared by the SJU and all planned activities are in line with the current SJU Regulation; as a consequence, a change of date in the Regulation would be sufficient for the SESAR Programme 2.
- Mr Ky observed that figures would be provided by the SJU to allow a more tangible discussion on SESAR 2. For the preparation of the draft Programme 2, the SJU looked at what would remain to be done in terms of Master Plan coverage by the end of 2016. It was assessed that by that time, all Step 1 and between 60 and 80% of Step 2 would have been covered, as planned in the on-going SESAR Programme. The draft Work Programme for SESAR 2 thus mainly focuses on the work that would need to be conducted on Step 2 and Step 3 also learning from the experience of the partnership. In the budget estimation, the costs and the distribution of effort for Step 2 and Step 3 is provided. Some efficiency measures in a range between 20% and 30% were applied to the overall Programme 2. The equivalent of SESAR 1 budget of EUR 2,1 billion would be EUR 1,2 billion for Step 2 and 3 activities in SESAR 2. At the request of industry partners, universities and non-investors in the R&D phase, new activities fully compatible with the SJU Regulation and mandate in ATM research were expanded in the Programme 2, i.e. exploratory research and large scale demonstrations. A question for the EC would be to know if large scale demonstrations would be able to draw on Horizon 2020 and CEF funds as is the case today, considering that these activities are at the junction between R&D and deployment.
- Regarding the financial estimates for SESAR 2, Mr Borghini explained that the current cost structure was used as a reference model and the breakdown between V1, V2 and V3 was also kept. Remaining work to be performed on Step 2 and Step 3, exploratory research, large scale demonstrations and other elements identified in the E&Y study were the basis used to draft the financial estimates. As a result, the amount for exploratory research was estimated to EUR 0.1 billion. For large scale demonstrations the amount of money required could vary significantly depending on the cost and the number of platforms used, the scale dimension or interoperability issues, but at this stage was estimated at EUR 0.3 billion. The core of the programme would amount to EUR 1,2 billion. Aggregating the different figures, the total cost of the programme would be estimated at EUR 1,6 billion.

For the core part of SESAR 2, if the contribution of Eurocontrol amounted to EUR 300 million as presented at the last Provisional Council, the remaining cost for the rest of the members would be around EUR 1 billion. This would include the running costs of the SJU and the structural costs. In the assumptions, it was also considered that Eurocontrol would be partially co-financed.

Mr Borghini stressed that the calculation of the budget was performed on the basis of good assumptions and could already be discussed with a good level of confidence. He finally clarified that the budget amounts do not necessarily correspond to a specific group of stakeholders. For example, in the case of the Research Community, it is expected that their involvement would go beyond the amount currently foreseen for exploratory research and include some aspects of V1 and possibly V2 of the Programme. This will depend on competencies and maturity of the activity and it will be determined in a more mature phase of the discussions on the Programme 2.

- The Chair clarified that the objective was not to have the Board's formal approval on the SESAR Programme 2 and the related budget estimation, but to know if Board members think that the direction taken is right. From the EC point of view, it is clear that the EU contribution to SESAR 2 will depend very much on the overall budget available for Horizon 2020. Regarding the question raised by Mr Ky on the possible use of CEF funds, the Chair observed that SESAR deployment would already be funded out of the CEF. He would need very convincing arguments to fund some SJU R&I activities - such as the large scale demonstrations - with CEF.

- Like previous speakers, the Airspace Users' Representative, Mr De Vroey, underlined the importance of large scale demonstrations, in particular to validate the business case. If priorities had to be set due to budgetary constraints, the EUR 300 million foreseen for large scale demonstrations should be safeguarded. Concerning the SJU extension, Mr De Vroey reminded the Board that the Airspace Users requested the possibility to have an airspace user's involvement at the level of the SJU Programme Committee.
- The Chair clarified that the request of the airspace users to be part of the SJU Programme Committee did not require a change of the SJU regulation and could be dealt with outside the legislative process.
- The Eurocontrol representative fully supported the comment made by DSNA. An extension of the SJU date should not give the impression that SJU Members are giving themselves more time to achieve what they had committed to do. On the contrary, SJU Members need to do more to remain in line with the global context. At ANC12, elements were defined with a horizon up to 2028, a timeline which is not covered by the current SESAR Programme. The Eurocontrol representative also voiced his support to large scale demonstrations.

Regarding Eurocontrol's contribution to SESAR 2 and the question raised by AENA, Eurocontrol would be willing to fund research activities if they were directed to its remit or contributed directly to improving the network functions. In the case for instance of large scale demonstrations, Eurocontrol would find it logical to be abiding like the rest of the members.

Finally, concerning SESAR 2 draft budget and programme, Eurocontrol's major concern is that the draft budget is not easily connected with the work programme. Before entering in the decision-making process, further work would be needed to ensure this connection.

Answering to this last comment, Mr Ky explained that the connection did exist and could be provided but the SJU simply did not want to overwhelm Members with too many detailed figures at this stage.

- The ENAV representative commented that large scale demonstrations were a fundamental part of the value chain as well as an enabler. It will ensure the success of the physical deployment.

The INDRA representative added that large scale demonstrations were indeed a very useful and powerful tool to de-risk and save costs in the industrialisation and deployment phases. The current demonstrations in SESAR are limited in scope. The new approach should involve many more sites, many stakeholders and should facilitate the acceptance from the airspace users and the ANSPs.

The Thales representative observed that the benefits expected from large scale demonstrations should advocate for their start as early as possible, ideally as from 1st January 2014. He asked if high level schedule information could be made available to allow members to reallocate appropriately their resources and plan for the SESAR 2 programme.

- The Frequentis representative expressed his support for the extension of the SJU. Regarding the draft Programme for SESAR 2, he asked if the notion of prototype could be better defined, as this notion can very much vary depending on the context.
- The Scientific Community representative indicated that an intense stakeholders' discussion and a very good exchange with the SJU took place over the year to examine what could be the potential funding and the way to involve research organisations in SESAR 2. He stressed that the current proposal was going in the right direction and could be supported. SESAR 2 seems really to be a very good structure to continue the research efforts of the current Framework Programme.



Conclusions on item 3

- The Chair noted that all Members supported the EC approach on a light amendment of the SJU regulation for the extension of the SJU
- The Chair also noted a general support for the SJU Programme 2 outline and the related cost estimation only as a first approach to define the direction of the future SJU activities. By June 2013, a refined and more mature draft should be made available.

The Chair took note of the large interest in large scale demonstrations, which should be defined on the basis of a clearer vision of what is needed in terms of deployment. The support to the deployment phase should be at the heart of an important debate in the next 6 months.

- The Chair indicated that the SJU extension will remain a regular point on the agenda of the Administrative Board meetings.

Item 2 Report on the progress of the Programme and other on-going key activities

The Chair informed the Board that due to other commitments he would have to leave the meeting during this Agenda item and would be replaced by his alternate, Mr Baldwin.

- Mr Guillermet presented the main achievements of the Programme since the last Board. He informed the Board on the progress made with the implementation of the top-down approach. A top down pre- definition of future Releases was established, which gives visibility on the final outcome of the Programme up to 2016. The current analysis shows that 95% to 100% of Step 1 and 60 to 80% of Step 2 should be completed by the end of 2016. Validation activities are also going to be aligned with the scope and content of the future Releases. By the end of the first quarter of 2013, all the Tiger Team recommendations should be implemented.

The results of recent calls were also presented:

- Renewal of the airlines' participation in the Programme: contracts were signed with 14 organisations representing airspace users at the level of associations, network carriers, charter airlines and cargo.
- Renewal of the civil and military authorities' participation in the Programme: 13 States compared to 7 States today will be engaged in SESAR from February 2013 until the end of 2016. Military authorities from France and Romania will be participating.
- Long term and innovative research: the call was structured around 5 different lots, including some new areas. 22 projects were selected out of 70 proposals. With the 18 projects already up and running, a total of 44 organisations will be involved for an overall budget of co-financing of EUR 11,6 million.

Concerning Release 2, 26 exercises out of 33 exercises were completed and 3 exercises were moved to Release 3. Interesting results were achieved with the connection of the ATC detection tool with the airline operation centre data, for instance in terms of reduction of false alerts, reduction of controller workload or avoidance of level-off. If this was implemented at ECAC-wide level, substantial environmental benefits would be expected. Another example of Release 2 results was given with point merge solutions in complex TMA. The final report on Release 2 results should be available in July 2013.

The definition phase of Release 3 was concluded at the SJU PC on 18 December. Release 3 includes 17 exercises. 2 additional exercises should be finally confirmed in the course of January.

- The Airspace Users' Representative, Mr Azua, relayed the airspace users' growing concern regarding the potential constraints on the trajectory in the future with multiple CTOs that seem to continue to flourish. The objective should remain to have the i4D concept as planned in the Master Plan.

Mr Guillermet explained that the Programme was working on the validation of the 4D trajectory, where the notion of times of over-fly was embedded. It would be premature to take a stand on that aspect at this stage and we should wait for the results of the validation. Mr Azua commented that he would expect the mandate on PBN-RNP to solve the congestion problems in en-route and TMA.

The Airbus representative indicated that the airborne industry shared the concern of the airspace users on the implementation of multiple CTOs. This concept could significantly increase the complexity of the airborne system. On another subject, the Airbus representative informed the Board about the first full automatic flight of spacing and merging (ASPA functionality), which was a world premiere performed jointly with Air France and DSNA end of November.

- Mr Guillermet then presented the status of the other SJU activities, starting with the mandate received on the Pilot Common Project (PCP). A three-phase approach was agreed with the EC. The first phase dedicated to the identification of the initial scope of the PCP was completed. The second phase started beginning of November and is dedicated to the in-depth analysis and the CBA definition. In accordance with the EC mandate, the final phase will take place in April.

In the first phase, a set of criteria defined in the mandate was used to select the candidates for the PCP among those that were proposed by stakeholders to the Steering Group. Candidates were disregarded when they did not make a significant contribution to performance or did not require synchronisation at European level. A strong link was established between the selected candidates and the Step 1 Essentials described as part of the Master Plan. The 6 Key Features of the Master Plan were used to organise the work and group the candidates. To conclude the first phase, a slice of the selected candidates was defined taking into consideration their maturity, concrete and tangible results and credibility for deployment. Out of this list of key topics, only one is not part of the Master Plan Step 1 Essentials: PBN in high density TMAs. It was selected nonetheless because of its potential significant contribution to performance. For each Key Feature, the key enablers supporting the deployment of those operations were also identified.

As part of the second phase and before Christmas, the scope of the PCP will be frozen. Work has already started to perform CBA. This task will continue in the next period, with a focus on costs and benefits but also including scenarios and sensitivity analysis. Risks associated to the assumptions used for the definition of the PCP will also be identified.

- The Eurocontrol representative observed that the enablers identified for the Key Feature “Network Collaborative Management & Dynamic Capacity Balancing” were not appropriately addressing the Step 1 Candidates that were selected in that area, in particular the enhanced ATFM processes.
- The Airspace Users’ representative, Mr Azua, reminded the Board that in the EC proposal on SESAR deployment airspace users as a community would be responsible for endorsing Common Projects. He called therefore for an involvement and consultation of the airspace users’ community during the development of the PCP.

Mr Ky clarified that the airspace users were duly represented in all the groups that were set up for the PCP.

- Mr Guillermet concluded his presentation with a short update on the international validation team (IVT). The IVT was set up a bit more than 1 year ago and since then, 28 experts have been participating in 16 validation activities. The IVT is composed of highly motivated controllers and pilots. The reports they provide to the SJU allow for a better steering of the projects in which they are involved. Projects themselves appreciate the IVT work. They see the benefits of getting feedback from professionals with an engagement different from the operational resources directly involved in the validation exercises. The IVT recommended that exercises be conducted in unusual situation or degraded modes. In a number of cases, new exercises were conducted to take on board this recommendation.

Answering to a question of the Airbus representative, Mr Guillermet indicated that the IVT reports were shared with the project manager before being submitted to the SJU.

- The Alternate Staff representative, who is also coordinator for the IVT, confirmed that the IVT was a very positive experience. After some misunderstandings at the beginning, amendments to the procedures were made and Project Managers themselves are giving now very positive feedback and recognise the very high value of such operational expertise. The IVT should be able to participate in all the validation exercises of Release 3. On behalf of the professional staff associations, he thanked Mr Ky for setting up this initiative.
- On the basis of an extensive presentation made available afterwards to all Board participants, Mr Borghini gave a brief update on the Business View Review. He first reminded the Board of what were the objectives of the review.
 - At the request of the Board, review the costs for Step 1 and the Deployment Baseline (reducing uncertainty and clarifying assumptions and include annualisation);
 - Verify the coherence of the Business View with the Master Plan assumptions;
 - Increase the overall readability, while minimizing changes;
 - At the request of the EU, provide military costs;
 - Provide broad figures for Step 2 and 3;
 - Confirm benefits;
 - Take on board ICAO results;
 - Make a SESAR Risk Management Update.

Mr Borghini then presented for each stakeholder group the main differences in terms of costs between what was indicated in the Master Plan (MP) and the results of the Sherpa Group's work:

- Scheduled airlines: the overall costs of the MP are confirmed, but the need to include possible costs related to airlines' ground operations was highlighted;
- Regional Airlines: no major change compared to the MP, but an important question is the limited representativeness of the fleet used as a reference;
- Business Aviation: enormous progress was made leading to a reduction of the cost estimates of 40% for the Basic package and 24% for the Target package;
- ANSPs: a significant convergence work took place between the ANSPs and the project that was working on that part of the MP to reach an agreement on one single cost per scenario. Several assumptions were clarified but some aspects related to the annualization still need to be verified.
- Airports: costs will be changed and the figures of the initial MP will be brought back. Work still need to be done on assumptions.

The overall total amount is now EUR 23,6 billion compared to EUR 30 billion indicated in the MP 2012. The revised figure includes the costs of the Network Manager but excludes military costs still, as work on their side is progressing slowly. The next step will be to formalise these results during the first quarter 2013 with a first draft of the revised Business View (Chapter 5 of the MP). A key element will be to ensure an absolute consistency with the work done in the PCP. To conclude, Mr Borghini stressed that working on costs allowed for associated risks and opportunities to be highlighted.

- The Chair commented that the MP was the main reference for setting up common projects and the deployment programme. In this context, the MP is more a planning view for the R&D phase, which will have to be translated in a detailed business view in common projects and in a project view in the Deployment Programme. At each stage, we have to be credible and for that, we need to have a complete view on the overall costs and benefits. The Chair thus urged all the different categories of stakeholders to provide all the necessary detailed information to the Sherpa Group. The Chair also asked the Military representative to provide an update on the progress made with the estimates of the military costs.
- The EDA representative explained that progress had been made: a project had been launched. In the context of this study, the EDA is working with the rest of the Military community to try to identify better the military costs. Results will be made available in a 6 month timeframe.

The Chair thanked the EDA representative for the helpful and positive information.

- The Airspace Users' representative, Mr De Vroey, stressed that the airlines would not invest without public funding in the case of a Business Case with a 7-8 years' timeframe. He added that having a Business case was not sufficient if there was no guarantee that the expected benefits would really be there. The example of the Datalink mandate shows that while aircraft operators made the effort to invest and equip, a number of ANSPs postponed their plans. Even if there was a positive Business Case for Datalink, with the current situation airlines do not get more service and have invested for nothing. A system of penalty should be put in place in case a legal mandate is not respected. Otherwise, SESAR deployment will be put at risk as airlines will have no confidence that their investments will really have a payback.

The Chair took careful note of the comments made by the Airspace Users' representative. The EC intends to remind in a formal manner the Member States of their legal responsibilities and the consequences they will face with if the appropriate actions with regard to the Datalink mandate are not taken.

The ENAV representative stated that the example of Datalink showed that it was time to define how to create coordinated deployment conditions at the network level.

With regard to the Datalink mandate, the DSNA representative underlined that for more than 5 years Member States had been under a lot of pressure regarding investments. He reassured the Airspace Users' Representative that the intention of the ANSPs was not to disregard their obligations but to secure their investments taking into account all the budgetary constraints and not increasing the unit rate.

- In relation to the regional and business aviation data listed in the Business View, the Airbus representative explained that his organisation would agree to discuss with Embraer and Bombardier to have them involved in SESAR. They should ideally become associate partners to SJU Members as is the case for Boeing and the reallocation exercise in 2013 could be an opportunity to prepare for this involvement.
- The Airspace Users' representative, Mr Azua, reported that at the last SPP meeting strong concern on the new costs of the ANSPs had been expressed by the Airspace Users. They are indeed extremely worried about the proposed increase of the ANSPs' cost figures. This puts at serious risk the entire SESAR Cost Benefit Analysis.
- The Eurocontrol representative informed briefly the Board about the results of the 12th Air Navigation Conference. He underlined that the Master Plan is fully consistent with the ICAO Air Navigation System Block Upgrades (ASBUs). The Master Plan reflecting the global commitment, it is now the right time to cooperate with all the ICAO Member States across the globe. There was an agreement in ICAO for ICAO to take some actions on the data communication issue. Regarding the operational assurance system, there was a divergence between the EU and the US in terms of dates. A lot of States subscribed to Best Equipped Best Served but a number of uncertainties remain on how the principle could be applied. The topic will be examined again at the Transport Conference in March and the Assembly in September. To conclude, the Eurocontrol representative underlined that the Master Plan was now very stable and fitted perfectly in the global context.



Conclusions on item 2

- The Board thanked Mr Guillermet and Mr Borghini for their valuable reports and took note of the discussion.

Item 4 SESAR deployment

- The Chair reminded the Board that the draft Commission implementing Regulation on guidance material for common projects had been released by the EC in November. The Single Sky Committee (SSC) had an initial brief discussion on the

document in December and the first reaction was quite positive. The proposal will be discussed in more details at an ad-hoc meeting of the SSC in February. The objective is to have the positive opinion of the SSC in March in order to have the regulation adopted by the College of Commissioners in April. To highlight the link between both subjects, the proposal for the extension of the SJU extension should be presented in parallel.

- Mr Castelletti clarified that the ad-hoc SSC should be held on 5th February and that the ICB's opinion is also expected in February.
- By end of April the results of the PCP will be submitted by the SJU and will then be translated by the EC in an implementing regulation. The intention of the EC is to adopt the regulation on the first common project in December. The call for the selection of the Deployment Manager is tentatively scheduled early 2014.

Mr Castelletti also informed the Board about several activities taking place in parallel:

- In the Interim Deployment Steering Group (IDSG), early deployment activities consistent with the MP are monitored. With that activity, the future governance of SESAR deployment that will be in place as from 2014 can be tested. Thanks to the work of the plenary and expert groups of the IDSG, a number of deployment activities were given priority and a project-oriented view was defined. Activity areas were also identified together with their associated work packages, tasks, applicability areas, scope and timing. These early deployment activities are now eligible for TEN-T funds under the last call open for the multiannual planning. EUR 50 million are available and proposals regarding projects implemented from 1st January 2012 to end 2015 should be submitted to the TEN-T Executive Agency by February 2013.
- The EC is discussing with the EIB on the possibility to use innovative funding for SESAR deployment. The EC has also started to study the way in which the Deployment Manager will be selected and appointed.
- The revised charging and performance scheme regulations are also being reviewed and discussed by the SSC.
- Regarding the standardisation and regulatory roadmaps, the intention of the EC is to take early 2013 the work done by the SJU and to adapt this research view to integrate concrete elements coming from Eurocae and EASA.

Mr Castelletti presented the approach that will structure the governance of SESAR deployment. The Master Plan will remain the reference document for deployment and the Guidance Material will establish the governance mechanisms. In total, 3 levels constitute the governance of deployment: the policy level, the management level and the implementation level. Based on the Master Plan, the SJU will propose elements of content for the PCP. In parallel, on the basis of the PCP the EC will launch the call for the selection of the Deployment Manager. At the end of the process, the Deployment Manager will act at the management level and the implementation projects will form the implementation level of the governance.

- The Airbus representative observed that the role of EASA and the industrialisation process were not sufficiently addressed in the proposed approach. He also asked the EC what kind of commitment would be linked to the different common projects and what kind of guarantee could be given to investors to encourage them to invest.

Mr Castelletti clarified that the EC was in contact with EASA for the definition of the SES regulatory roadmap. The EC is aware of the need to approach the subject from a total system view as changes to the ATM system can imply changes to the EASA rules. Any regulatory actions should thus be carefully assessed and where appropriate, should be included in the Work Programme of EASA.

Regarding the question of commitment to common projects, Mr Castelletti stressed that common projects would be legal acts giving a clear vision on what has to be deployed, by when and where. However, he recognised that a legal commitment was not enough as showed by the Datalink example. It should thus be coupled with a set of incentives that will rely on the CEF, the charging scheme, penalties and sanctions. Deployment should start with this new approach and will require

everybody to get to a common understanding on what needs to be deployed, when and where.

- The ENAV representative indicated that a centralised function, an industrial partnership would be needed to coordinate such a complex process, complex from both the technical and investment point of view. The way the guidance material defines the responsibilities and accountabilities of the Deployment Manager should be robust enough to allow for the Deployment Manager to achieve very quickly important results. The ENAV representative argued that the PCP should be a framework to support the work of the Deployment Manager and thus should not be too detailed. In such a complex programme, the financial engineering should be strongly linked to the deployment programme. This task should thus be part of the Deployment Manager's responsibilities.

Regarding the schedule for the appointment of the Deployment Manager, the Chair confirmed that the EC was going as fast as it could, but to progress it would first need the PCP.



Conclusions on item 4

- The Board took note of the information provided by the EC on SESAR deployment and in particular on the draft implementing regulation on guidance material for common projects.

Item 5 General Administrative and budget issues

Item 5a Annual Work Programme 2013

- Mr Borghini made a short presentation on the Annual Work Programme (AWP) and the budget 2013 starting with a reminder of the SESAR vision for 2012 and for 2014. By the end of 2012, almost all the objectives for 2012 should be achieved at different levels. The SJU already foresees that it will have to face a number of challenges for the achievement of the vision 2014.

The key part of the AWP is Release 3, which will include 17 exercises plus 2 additional exercises to be endorsed by the end of January. As the final scope of Release 3 was decided at the PC of 18 December, the AWP was updated accordingly. The updated document will be submitted to the Board by written procedure in order to have the AWP approved by mid-January. As part of the other key activities planned in 2013, a BAFO 3 exercise will be organised in the second half of the year to define the final commitments of the Members up to 2016. A second call for demonstration activities should take place towards year end with a budget of EUR 10 million. Support will continue to be provided to the EC in particular on the PCP and on the Business View Review. Work will be performed on RPAS and on cyber security and the activities related to the long term research call should be initiated in 2013. Stakeholders will continue to be involved at different levels in the Programme. The very good coordination with other Agencies and in particular with Clean Sky will also be pursued, taking into account the very positive experience gained with the joint technological audit performed on common developments.

Mr Borghini explained that the Budget 2013 was shrinking because all the EUR 700 million of the EC would be committed by mid-2013. At the request of AENA, a table was included in the Budget to show that by the end of 2013 almost 80% of the Members' commitment would be done. With the approach of the end of the Programme, commitments in the next years should become smaller and smaller and the last commitment of the EC should be done by the end of 2013. The slight increase in the running costs of the SJU is mostly due to staff costs. From 7 vacant positions at the beginning of 2012, there is now only one position which is still vacant. The selection procedure already took place and the person will arrive on 16 March. There is also a position for a seconded national expert in the field of long term research, for which the deadline for applicants was extended to 18 January 2013.

A revised budget 2012 was already adopted at the last Board. This second revision of the Budget was necessary to make some transfer of costs between lines and reduce commitments that were not needed. All the differences have been added to the operating expenditure, i.e. the Members' operational activities.

- The Chair on behalf of the EC observed that some adjustments to the AWP would be needed to address the overall context. The EC welcomed the mapping of the Releases with the Operational Improvements (OIs) of the MP in Chapter 3. The table is a good idea as it shows that the SJU is managing the Releases from a top-down perspective. Regarding the activities on the PCP in 2013, the EC would prefer them to be mentioned in the section where the SJU assistance to the EC in preparing SESAR deployment. There is also a minor change to be made to the first mitigation action listed in annex 3. With those changes, the EC can approve the AWP 2013.
- The AENA representative thanked the SJU for taking on board the comments AENA had sent on both the AWP and the Budget 2013. She noted however that there were some typing errors in the revised version of the AWP that would still need to be corrected.
- Answering to a question of the DFS representative, Mr Borghini confirmed that the study on Datalink VDL mode 2 was mentioned in the AWP in a small paragraph in section 3.1 on programme management. In the budget, there is a title called "Other studies" in which there is sufficient budget to include that type of study.

▷ **Conclusions on item 5a** Decision ADB(D)-13-2012

- The Board took note of the information provided by Mr Borghini and adopted Decision ADB(D)-13-2012 on the Annual Work Programme 2013.

Item 5b Revised Budget 2012 including the budget transfers under the authority of the Executive Director

- As indicated in the previous presentation, Mr Borghini explained that the changes made were necessary to transfer some costs between lines and reduce commitments that were not needed. The total amount in terms of payment appropriations was updated to take into account the payment received from the EC in December.

▷ **Conclusions on item 5b** Decision ADB(D)-14-2012

- The Board took note of the information provided by Mr Borghini and adopted Decision ADB(D)-14-2012 on the Revised Budget 2012.

Item 5c Budget 2013

- Mr Borghini noted that there was a typo in the slide presented on the Budget and revenues and expenditure should of course be expressed in million and not in billions of EUR. The draft Budget 2013 had been distributed in September and was updated with all the comments received. A clean version of the document will be provided before its publication.

▷ **Conclusions on item 5c** Decision ADB(D)-15-2012

- The Board took note of the information provided by Mr Borghini and adopted Decision ADB(D)-15-2012 on Budget 2013.

Item 5d Annual accounts 2011 together with the Report of the European Court of Auditors

- The Chair informed the Board that the assurance processes put in place by the SJU were informally commended by the ECA. The report from the ECA on the Annual Accounts 2011 shows that the SJU is managing the funds both in a correct and transparent way. This result certainly supports the continuation of the SJU to manage the future Horizon 2020 funds. There is only one issue raised by the Court on late cash contributions.
- As indicated by the Chair, Mr Borghini observed that the report from the ECA provided a clean audit opinion on the legality and regularity of the underlined transactions and confirmed that the Annual Accounts were presented in a true and fair way.

Mr Borghini informed the Board of the new approach the ECA introduced. Normally, the ECA is basing its opinion on the audits it performs on the beneficiaries, i.e. directly on the SJU members. They have now decided to rely firstly on the work done by the SJU project audit team, which puts a lot of burden on the assurance processes of both the SJU and the SJU Members. The ECA will go through a strong scrutiny of the audit reports. The audit process will thus have to be accelerated and should be finalised by April in order to be able to provide the Annual accounts to the ECA in July. Mr Borghini underlined that the Members should be careful with the error rate. In fact, an error rate above 2% may entail a qualified opinion on the legality and regularity of the underlying transactions. The ex-post audit strategy should be reinforced and SJU Members should collaborate as far as possible for the audits that will start as from January. A particular attention should be given to issues such as VAT and non-eligible costs. To reinforce the process, the SJU will need to start performance audits. Today, there is only a view at Members' level. Now the SJU will need to provide assurance at project level. All Members have been notified in writing of the audits planned in 2013. It will be the last set of audits done in the first cycle, meaning that all Members by the end of 2013 will have been audited. For the next cycle, a new audit strategy will be put in place in order to reinforce the assurance process.



Conclusions on item 5d

Decision ADB(D)-16-2012

- The Board took note of the information provided by Mr Borghini and adopted Decision ADB(D)-16-2012 on the Annual Accounts 2011.

Item 6 Any Other Business

- The dates for the ADB meetings in 2013 were adopted as follows:
 - Thursday 14 March
 - Thursday 27 June
 - Thursday 24 October
 - Thursday 12 December.
- The Eurocontrol representative observed that the October meeting was very close to the December meeting, which would lead to a very thin Agenda in October. He enquired whether 4 meetings a year were really needed.
- Mr Borghini indicated that in the revised SJU regulation for the SJU extension, it would be proposed to have only 3 mandatory meetings per year.

Closing of the meeting

The Chair thanked the Board members and the other participants for their active participation and their contribution to the meeting. As this was the last participation of Mr Kaden at the SJU Board, the Chair and Mr Ky thanked him for his valuable contribution to the SESAR Programme and wished him good luck for his future.

Annexes

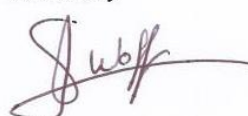
Annex 1 Board members attendance list
Annex 2 Declarations on conflicts of interest

Done in Brussels, 19/12/2012

Chairman



Secretary



Annex 1
Attendance list

Annex 2
Declarations on conflicts of interest