



RIPE NCC
RIPE NETWORK COORDINATION CENTRE

RIPE NCC Charging Scheme 2024

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What is the Purpose of the Charging Scheme?



- The Charging Scheme is the means by which the RIPE NCC ensures it collects sufficient and sustainable funds to execute its promise to its members
- As a safeguard, any excess (or shortage) of funds will be subject to a redistribution vote by the General Meeting
- This to ensure the RIPE NCC operates on a cost-recovery basis
 - Or, in other words, operates as a not-for-profit

What is the Purpose of the Charging Scheme?



- The Charging Scheme does not define the cost budget of the RIPE NCC
- But of course there is a relation between the two
- The Activity Plan and Budget defines the planned activities and associated costs for the financial year
- For the longer term, we have developed a five-year strategy
 - (2022 - 2026)
- These documents are published, communicated, presented and input is requested from members and community

How do Members Influence the Activity Plan and Budget?



- The RIPE NCC publishes a draft Activity Plan and Budget each autumn
 - Additionally, this year the RIPE NCC Survey 2023 provides an extra opportunity to provide input on RIPE NCC and its activities
- This document is the clearest way that RIPE NCC members can learn about our plans for next year, how much they cost, and contribute to the direction we take as an association
- The RIPE NCC Executive Board holds the right to approve the Activity Plan and Budget

How do Members Influence the Activity Plan and Budget?



- The 2023 Activity Plan and Budget forms the basis for projections of the required income for the following financial year
 - This is the best and most recent indication of what members can expect from the RIPE NCC
 - This does not rule out any changes in the following Activity Plan and Budget
- Efficient and effective use of membership funds will at all times remain a priority for the RIPE NCC and its Executive Board

Charging Scheme Models



- In 2023, we re-initiated consultation with the members based on two models:
 - Option A, a category-based model
 - Option B, a continuation of the “one-LIR, one-fee” model, with a 10% LIR fee increase
- Additional options added to ensure the General Meeting has a “no change” vote:
 - Option C, a continuation of the “one-LIR, one-fee” model, with a 5% LIR fee increase
 - Option D, a continuation of the “one-LIR, one-fee” model, with a 0% LIR fee increase

Projected Income Models vs 2023



		Income		Difference	5% Inflation Correction
Budget 2023		40 Million			42 Million
Model A	Category Model	-	42 Million	+ 2 Million	Equal
Model B	10% LIR fee Increase	-	42 Million	+ 2 Million	Equal
Model C	5% LIR Increase	-	40 Million	Equal	- 2 Million
Model D	No Change	-	38 Million	- 2 Million	- 4 Million

Projected Income Models vs 2023



		Income	5% Inflation Correction	ASN Vote	
Budget 2023		40 Million	42 Million		
Model A	Category Model	-	Equal	+1.8 Million	43.8 Million
Model B	10% LIR fee Increase	-	Equal	+1.8 Million	43.8 Million
Model C	5% LIR fee Increase	-	- 2 Million	+1.8 Million	41.8 Million
Model D	No Change	-	- 4 Million	+1.8 Million	39.8 Million

Projected Income Models vs 2023



		Income	5% Inflation Correction	Transfer Vote	
Budget 2023		40 Million	42 Million		
Model A	Category Model	-	Equal	+1.2 Million	43.2 Million
Model B	10% LIR fee Increase	-	Equal	+1.2 Million	43.2 Million
Model C	5% LIR fee Increase	-	- 2 Million	+1.2 Million	41.2 Million
Model D	No Change	-	- 4 Million	+1.2 Million	39.2 Million

Projected Income Models vs 2023



		Income	5% Inflation Correction	ASN & Transfer	
Budget 2023		40 Million	42 Million		
Model A	Category Model	-	Equal	+ 3 Million	45 Million
Model B	10% LIR fee Increase	-	Equal	+ 3 Million	45 Million
Model C	5% LIR fee Increase	-	- 2 Million	+ 3 Million	43 Million
Model D	No Change	-	- 4 Million	+ 3 Million	41 Million

Why Are We Proposing Change?



- A Charging Scheme model that is sustainable for many years to come:
 - Ensure sufficient and sustainable income
 - Clearer separation between the Charging Scheme and RIPE Policies
 - Address expressed unfairness with the current model
 - Be ready for the future by providing increased flexibility in the Charging Scheme

What Are the Issues We Are Facing?



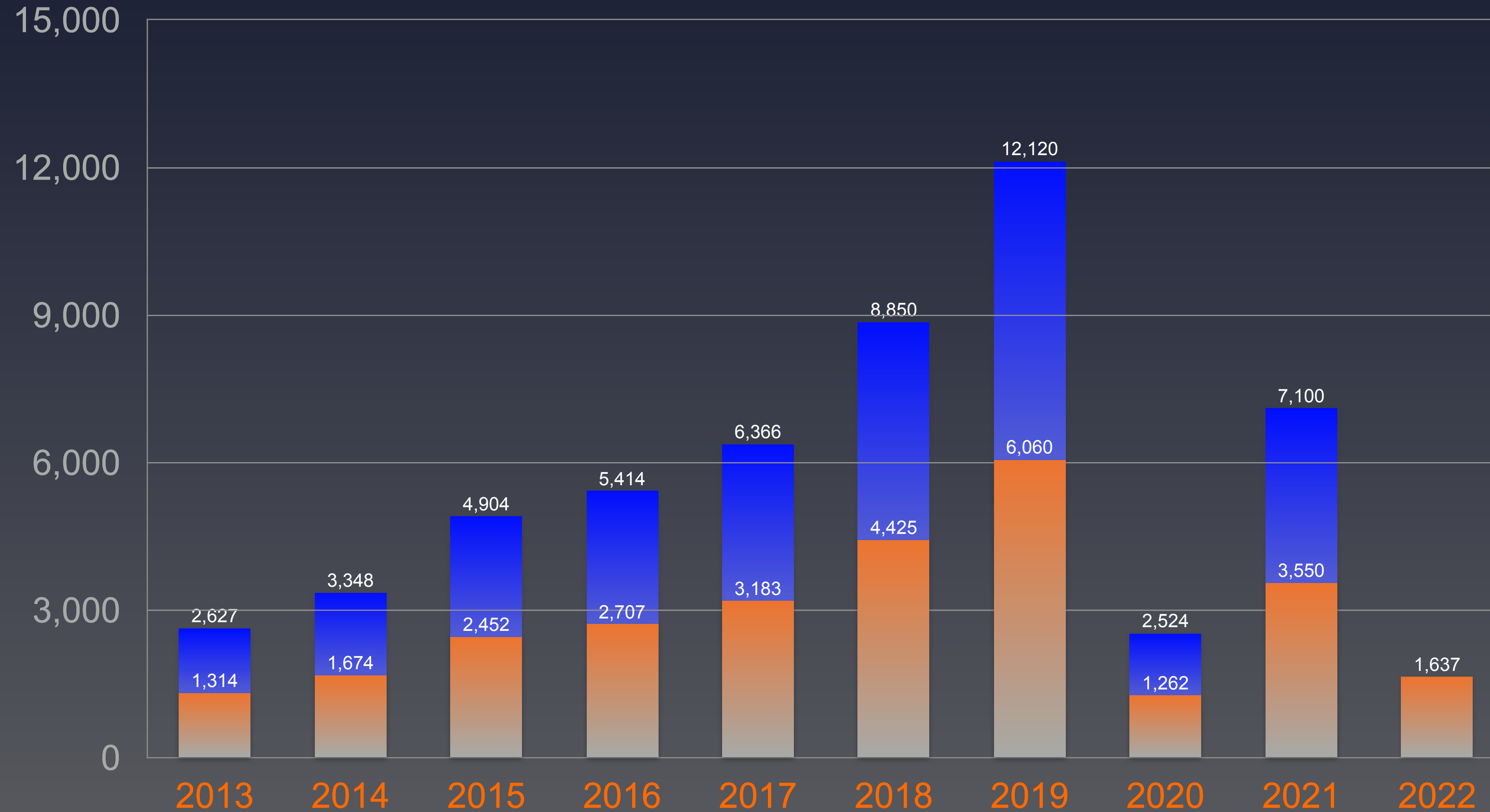
- Multiple LIRs setup has created significant uncertainty with current charging model
 - Consolidation risk (expected from 1,500 to 2,500 LIR accounts in 2023)
 - Associated loss of income (2.3 to 3.8 million EUR)
- **Sufficient & Sustainable Income**

What Are the Issues We Are Facing?



- Income from Charging Scheme is based on LIR accounts
 - LIR accounts do not reflect our membership
 - High market value of and demand for IPv4 strongly drives the setup of multiple LIR accounts
 - Multiple LIR accounts have a limited lifecycle
 - No clear difference between income from membership and income derived from high demand of IPv4
- Sufficient & **Sustainable** Income
- Clearer separation between Charging Scheme and RIPE Policies

Sign-up Fee Development in kEUR



What Are the Issues We Are Facing?



- High inflation required a LIR service increase in 2023
 - Applicable to all LIR accounts equally
 - Members expressed unfairness in current model as it only allows limited differentiation among members
 - Existing differentiation is based on multiple LIR accounts
- Address expressed unfairness with current model

What Are the Issues We Are Facing?



Indicative Resources / Size of Member	LIR Accounts	Fee Payable
/23 or less No affect on charges	1	EUR 1,550
/15 or more No affect on charges	1	EUR 1,550
> /19 < /18 No affect on charges	7 (Multiple LIR)	EUR 10,850

What Are the Issues We Are Facing?



- The current Charging Scheme does not provide many options for change
 - Increase or decrease the LIR account fee
 - Add or remove separate charging options
 - Limited options to adapt for changing circumstance in the future
- Be ready for the future by providing increased flexibility in the Charging Scheme

Model A: Category Model



- Characteristics:
 - A base fee applicable to all members - EUR 250
 - 10 Categories based on IPv4 and IPv6 resources held by member (not LIR)
 - Prices ranging from EUR 400 to EUR 10,000
 - Category fee is applicable to all members that hold IPv4 or IPv6 resources
 - Resources exclude Provider Independent & Legacy resources
 - Distribute the contribution burden more evenly than the current model
- Separate vote on the ASN Fee and Transfer Request Fee

Benefits of Category Model



- Member-based invoicing
 - Sufficient and sustainable income
 - Decrease uncertainty by removing consolidation risk
 - Increased transparency in reported income
 - Derived from membership
 - Derived from the IPv4 Waiting List
 - Policy defined by the community and membership fees based on membership
- **Sufficient & Sustainable Income**
- Clearer separation between Charging Scheme and RIPE Policies

Benefits of Category Model



- Differentiation between members
 - Based on objective definition: resources held by member
 - If future price increases are required, we can spread the burden more evenly
 - Provides the possibility to further differentiate in the future
- Differentiation must remain within reason
 - We cannot become too dependent for contributions on a subset of members
 - To ensure the independence of the RIPE NCC
 - We need to ensure we stay and continue to act as a membership association
 - We must remain true to the “one-member, one vote” principle
- Address expressed unfairness with current model

Benefits of Category Model



- Category-based Charging Scheme

Indicative Resources / Size of Member	LIR Accounts	Fee Payable
/23 or less	1 No affect on charges	EUR 650
/15 or more	1 No affect on charges	EUR 10,250
> /19 < /18	7 No affect on charges (Multiple LIR)	EUR 2,750

Benefits of Category Model



- Can better facilitate future need for change
 - Possibility to adapt:
 - Category prices, limits and resources included in category calculations
 - Opportunity to further refine model over time
- Base membership fee
 - Opportunity to attract new members, with lower entrance fee
- Be ready for the future by providing increased flexibility in the Charging Scheme

Options B, C & D:



- Characteristics:
 - Based on current “one LIR-one fee” model
 - Option B - 10% increase in LIR account fee
 - 9.7% to be exact, from EUR 1,550 to EUR 1,700 per LIR account
 - Option C - 5% increase in LIR account fee
 - 4.8% to be exact, from EUR 1,550 to EUR 1,625 per LIR account
 - Option D - 0% increase in LIR account fee
 - LIR account service fee remains at EUR 1,550 per LIR account
- Separate vote on the ASN Fee and Transfer Request Fee

ASN Fee EUR 50 per Assignment



- EUR 50 charge per ASN allocation
 - Proposal is to charge a yearly fee for all ASN assignments
- Reasoning:
 - Strong preference from the Registry to charge for ASNs due to significant workload and the incentive it creates to update unused or unneeded resources
 - Proposal also received pushback from members, as the resource is not scarce
 - Income is sustainable as assignments are relatively stable

Transfer Fee EUR 500 per Request



- EUR 500 Charge per Transfer Request
 - The proposal is to charge a one-off fee for all individual transfer requests
 - The fee will be based on a request, not on the number of resources transferred
 - The fee is payable by the receiving party and applicable to all transfer requests
- Reasoning
 - Significant workload on the Registry due to compliance requirements for each request
 - Income is very dependent on number of requests, and therefore considered less sustainable or predictable

Transfer Fee EUR 500 per Request



- Resolution 5
 - “In addition to the RIPE NCC Charging Scheme adopted in Resolution 3, the General Meeting adopts an extra charge of EUR 500 per **accepted** transfer request as an integral part of the Charging Scheme 2024.”
- Mismatch with published supporting document
 - The resolution text prevails
 - The fee will apply to all transfers that are accepted

IPv4 Waiting List - Current Situation



- Unpredictable costs for members
 - Due to unknown time on waiting list and associated LIR service fees
 - And RIPE Policy obligation to hold resources in LIR account for two years
- Non-transparent income for RIPE NCC
 - As income is part of LIR service fees

IPv4 Waiting List - Current Situation



Current Situation	Duration	Associated Costs	Duration	Associated Costs
	Optimistic Scenario	Based on LIR fees	Pessimistic Scenario	Based on LIR fees
Average waiting time	2 Years	4,100 EUR	3 Years	5,650 EUR
Non-transfer period based on RIPE policy	2 Years	3,100 EUR	3 Years	4,650 EUR
Total	4 Years	7,200 EUR	6 Years	10,300 EUR

- These costs are purely indicative, as average waiting times are estimates

IPv4 Waiting List - Desired Situation



- Predictable Costs for Members
 - Initial 1k EUR join the waiting list fee
 - Additional fee when resources are allocated to member
- Clear Distinction between income from Membership & IPv4 Waiting list
 - Transparency in income from membership versus income derived from IPv4 waiting list

IPv4 Waiting List - Desired Situation



- IPv4 Allocation fee still to be defined, reasoning:
 - This fee will have an affect on who applies for the waiting list
 - What should we do with fees already paid by multiple LIR accounts already on the waiting list
 - Fee will have an impact the income for the RIPE NCC
 - Income is not considered sustainable or predictable
 - Our safeguard, the redistribution vote will remain in place
- Therefore we need time to consult with our membership

IPv4 Waiting List - Desired Situation



Desired Situation	Duration		Only an indication	Only an indication
		New Fees	Low Allocation fee	High Allocation fee
Average waiting time	2 Years	Join Waiting list fee	1.000 EUR	1.000 EUR
Non-transfer period based on RIPE Policy	2 Years	/24 Allocation fee	2.000 EUR	7.500 EUR
Total	4 Years	Total estimated costs	3.000 EUR	8.500 EUR

- These costs would not be additional to, but replace the current costs associated with the IPv4 waiting list

Advice from the Executive Board



- Charging Scheme Model

- Vote preferentially for:

- 1. Option A

- 2. Option B

- 3. Option C

- 4. Option D

- Additional votes

- Vote 2: Yes (ASNs)

- Vote 3: Yes (Transfer Requests)

Voting



- Charging Schemes
 - Rank your preferred model at number 1
 - If you oppose to any specific model
 - Rank this model at the very bottom
 - Or leave it off the ballot completely
- Additional votes
 - yes or no vote

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Questions

