Charging Scheme 2025

Charging Scheme

What it is and how we got to where we are….

Purpose and Current Situation

- The RIPE NCC Charging Scheme is the mechanism by which the RIPE NCC collects funding from its members in order to be able to carry out its work

- Currently, we have a "one LIR account-one fee" model:

  - EUR 1,550 per year per LIR account

  - An extra charge of EUR 50 per independent resource

  - There is a sign-up fee of EUR 1,000 for new LIR accounts

- Outside the charging scheme, the RIPE NCC also collects some funding via sponsorship for things like RIPE Meetings, Regional Meetings and RIPE Atlas

What the Annual Fee Funds

- A trusted, efficient, accurate and resilient registry that guarantees uniqueness of resources hold by members

- Neutral information services uninfluenced by commercial or government interests

- Engagement activities that build an active membership and community and that contribute to the overall good of the Internet

- A voice and influence for the membership in key decision-making fora, including with governments and regulators

- Protection of the Joint Internet Number Registry as developed by the Internet community

- Learning and development activities that help to address skills shortages and contribute to an educated membership

- Much, much more (PDP, RPKI, K-root, DNS services, RIPE Meetings, research, etc.)

- A dedicated staff with considerable expertise contributing to all of the above

The Current Set-up

- In 2012, a Charging Scheme Task Force recommended that a category-based model should be followed. However, the membership voted for the current "one LIR account-one fee" model

- The task force also recommended that the Charging Scheme be decided upon in May rather than October to allow members to budget adequately

  - This is too early for the RIPE NCC to have the activity plan and budget in place, which has caused confusion and difficulties with charging scheme discussion

- https://www.ripe.net/media/documents/Final_Report_of_the_Charging_Scheme_Task_Force_Updated.pdf

Redistribution

- In 2015, members voted to allow a redistribution mechanism

- Members could vote in the second GM of the year to redistribute any surplus or deficit back to the members in the following year

- This meant that despite rapid growth in LIR accounts, we could refund any excess membership fees

Development of the Charging Scheme

- 1995 - A fixed fee depending on self-determined size of the registry

- 1997 - Members allocated to categories depending on resources held

- 2004 - 2009 Administration fee (charged when resources were transferred or a RegID was changed) - originally a "takeover fee"

- 2010 - Started to charge EUR 50 for independent assignments

- 2012 - Charging Scheme Task Force established

- 2013 - Current "one LIR account-one" fee model is applied

- 2015 - Redistribution mechanism established

- 2022 - Sign-up reduced from EUR 2,000 to EUR 1,000

The Annual Fee Since 2013

Year	Fee	Redis.
2013	1.800	0
2014	1.750	0
2015	1.600	0
2016	1.400	400
2017	1.400	279
2018	1.400	359
2019	1.400	568
2020	1.400	354
2021	1.400	461
2022	1.400	614
2023	1.550	8
2024	1.550	54
2025	???	???

The 2023 Consultation

- In 2022, we started a consultation but postponed it due to the war in Ukraine

  - The intent had been to address the upcoming reduction of LIR accounts

- In 2023, we held a consultation with members about changing the charging scheme model for 2024

- After a lot of input, the Board proposed four different models and two resolutions on charging for ASNs and transfers

- Members voted to stay with the current model, with the same annual fee, and rejected proposed charges on ASNs and transfers

2023 - Some Lessons Learned

- The pitch from the RIPE NCC was too complicated and provided too many options - trying to please all members but essentially pleasing very few

- While the focus for the RIPE NCC was on arriving at a new, sustainable model, the focus for members was on the budget
    - Members were more concerned that the RIPE NCC should cut costs rather than increase the budget

2023 - Some Lessons Learned

- Members appreciated the cost-cutting exercises taken by the RIPE NCC in the second half of 2023

- At the November GM, members asked us to:

  - Continue efforts to reduce costs where possible

  - Ensure fair compensation for RIPE NCC staff

  - Continue to work to develop the community

  - Ensure the stability of the RIPE Registry and the registry system more broadly

  - Account for inflation

- It was also noted that cost cutting can not happen indefinitely

# 2023 - Some Lessons Learned

- 3,518 members completed the RIPE NCC Survey 2023 - what did they tell us?

  - Cost cutting is something that members wanted to see together with a focus on registry activities

  - Satisfaction with the quality and speed of registration services is very high

  - Security is the top concern for our members followed by IPv4 scarcity and skills shortages

  - A significant number of members support all services and activities, especially information services and defending the RIR system
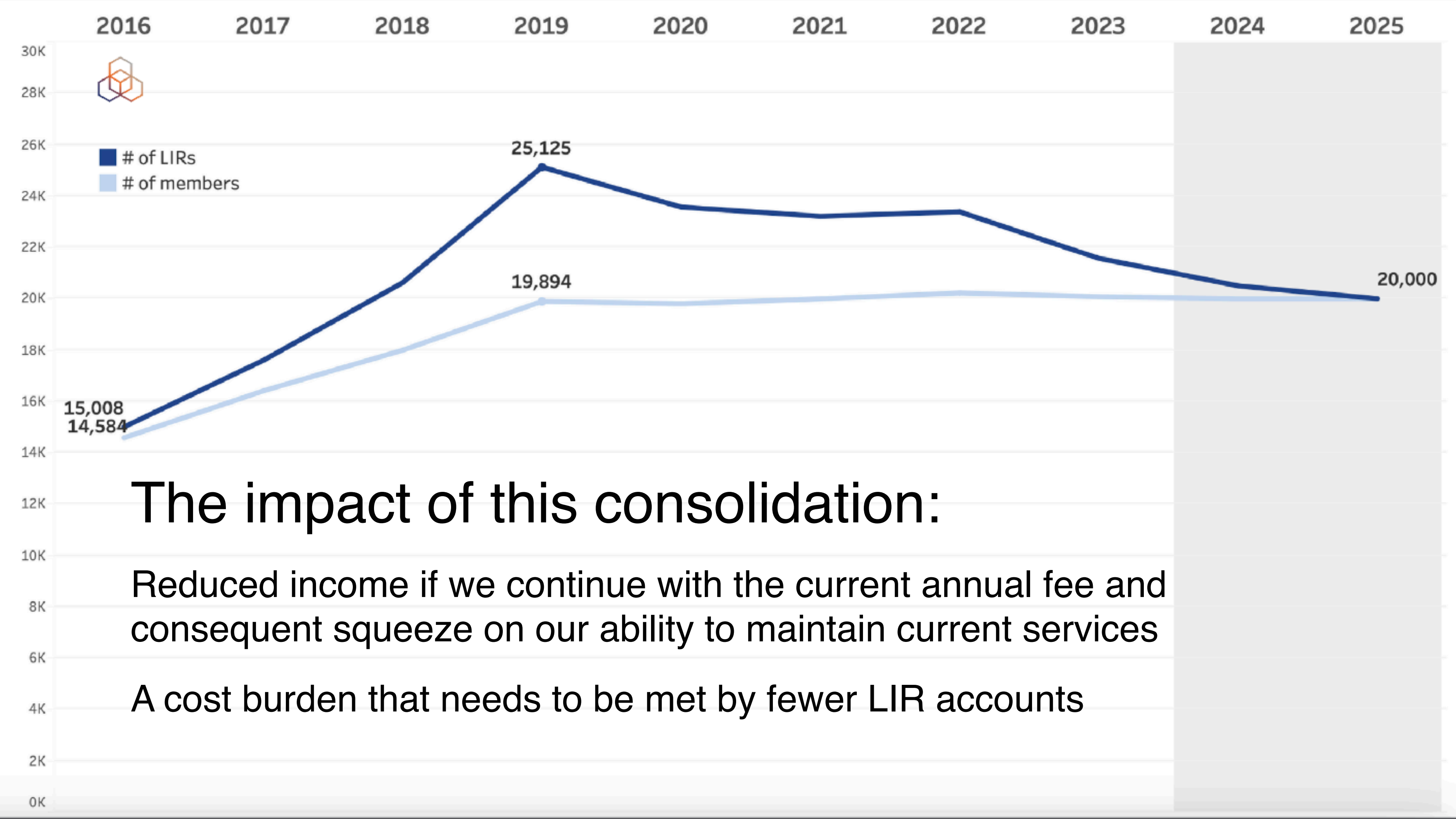
Consolidation of Multiple LIR Accounts
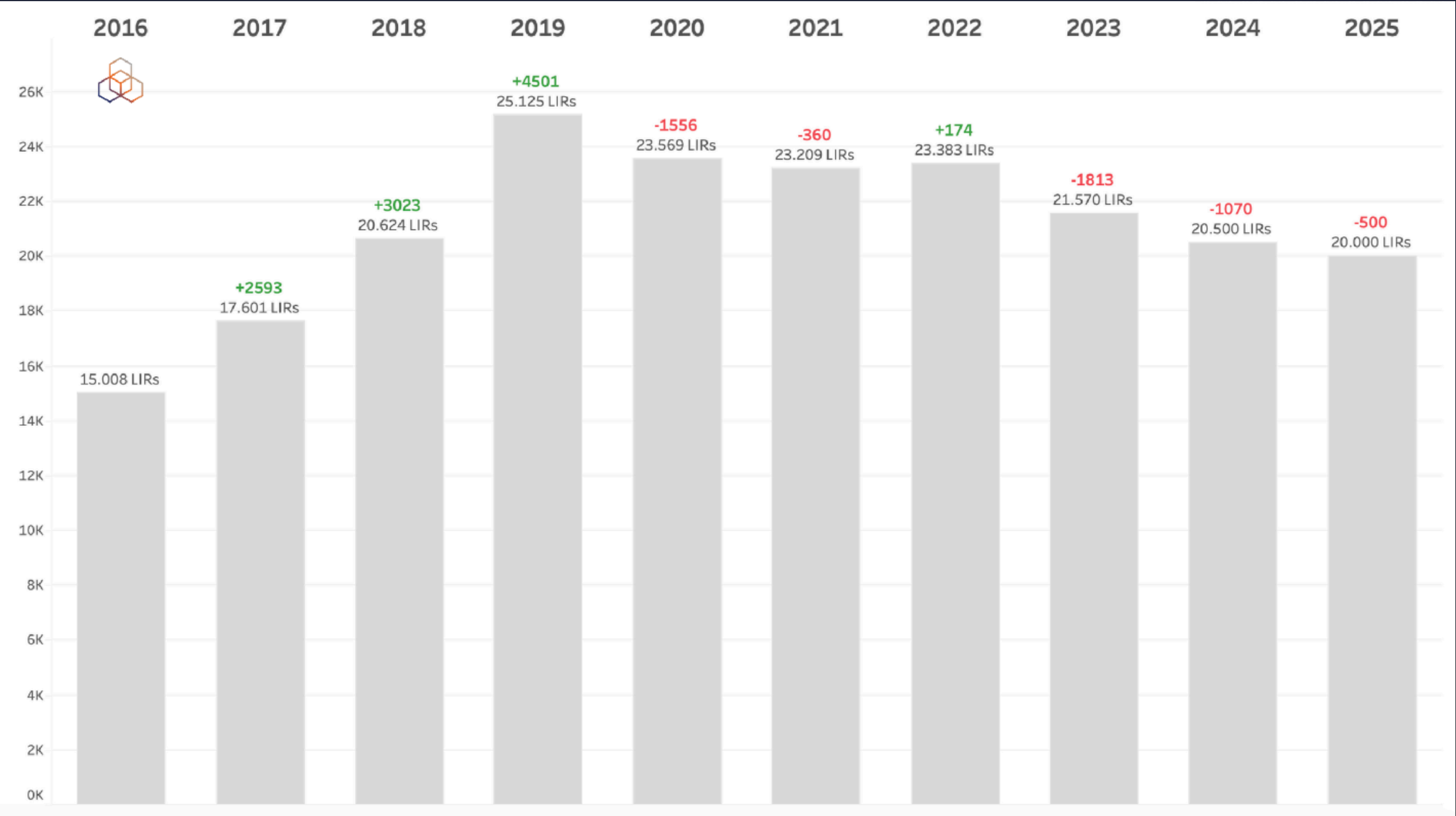
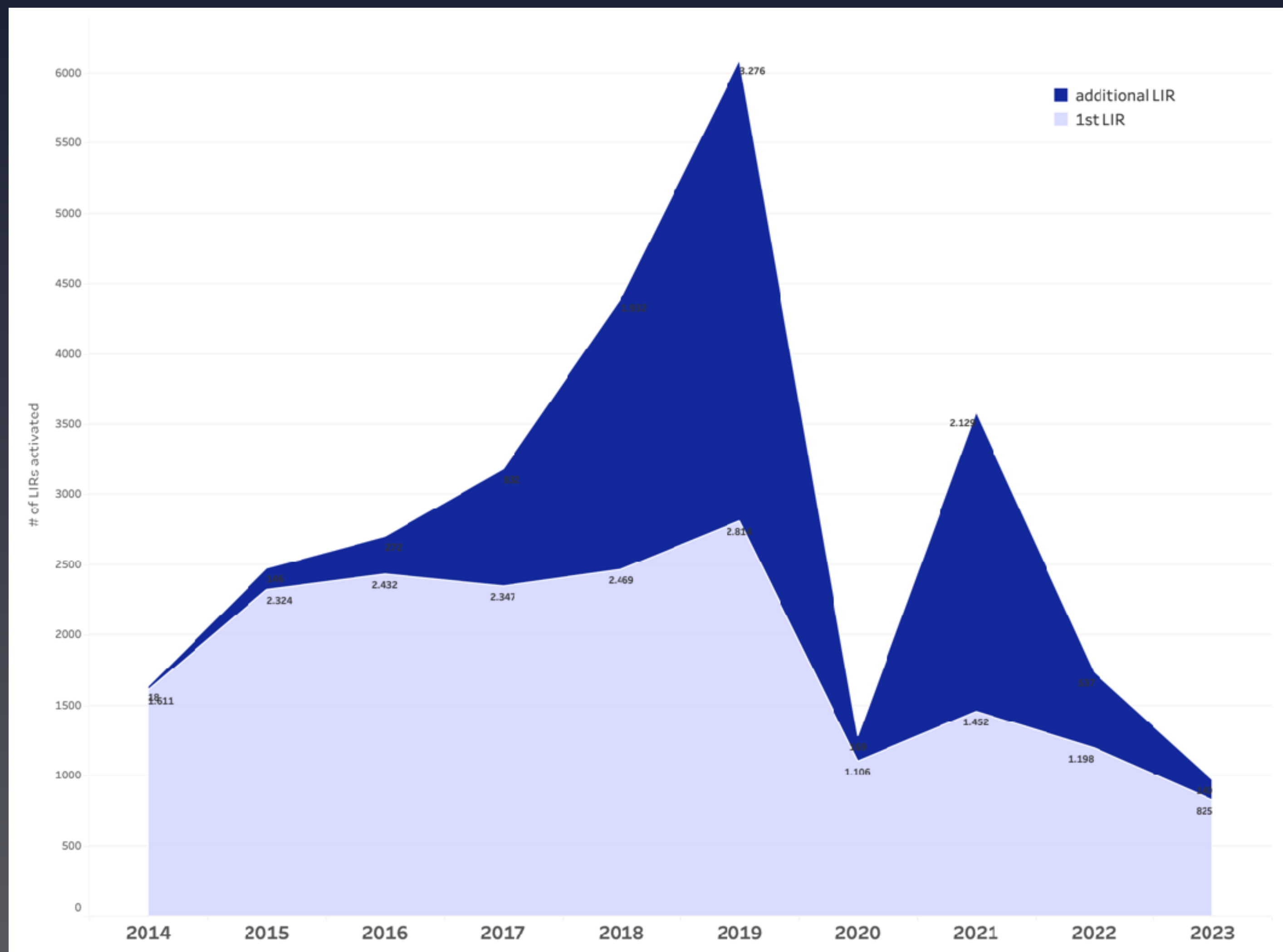# Consolidation of Multiple LIR Accounts

The impact of this consolidation:

Reduced income if we continue with the current annual fee and consequent squeeze on our ability to maintain current services

A cost burden that needs to be met by fewer LIR accounts

Consolidation of Multiple LIR Accounts

Additional LIR accounts peaked in 2019 and added considerable income

Additional accounts usually close as soon as the two-year transfer restriction is lifted
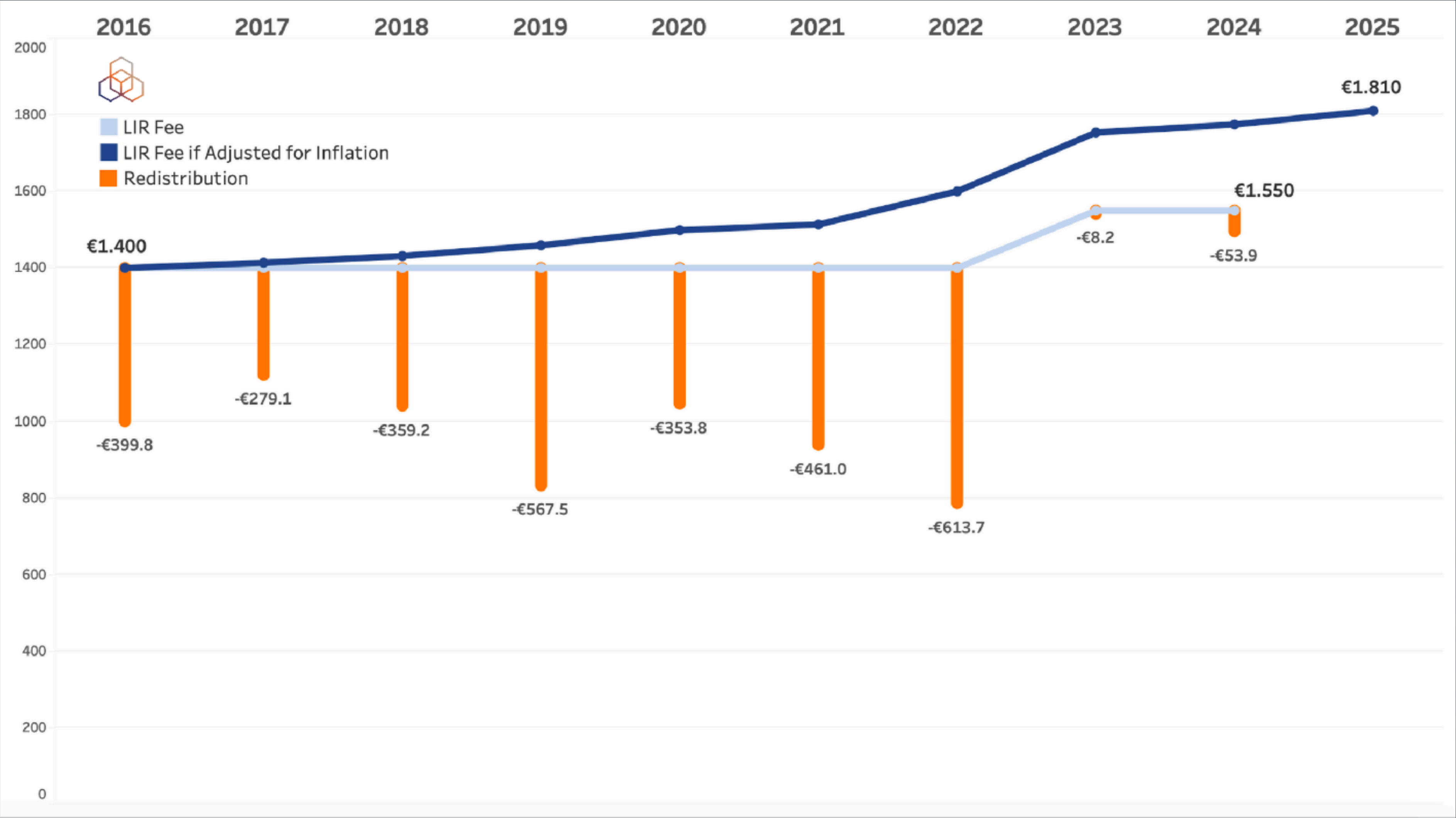
Inflation

Year	LIRs	Fee	Inflati	Adjust	Redis.
2016	15,008	1.400	0.98%	1.400	400
2017	17,601	1.400	1.25%	1.414	279
2018	20,624	1.400	1.96%	1.431	359
2019	25,125	1.400	2.72%	1.459	568
2020	23,569	1.400	0.98%	1.499	354
2021	23,209	1.400	5.71%	1.514	461
2022	23,383	1.400	9.59%	1.600	614
2023	21,570	1.550	1.21%	1.754	8
2024	20,500	1.550	2%*	1.775	54
2025	20,000	???	2%*	1.810	???

Increased costs due to inflation in Netherlands were catered for by large number of LIR accounts

The era of large surpluses and redistributions is over

* https://www.inflation.eu/nl/inflatiecijfers/nederland/historische-inflatie/cpi-inflatie-nederland.aspx

Inflation / Annual Fee / Redistribution

The Work We Need to Fund
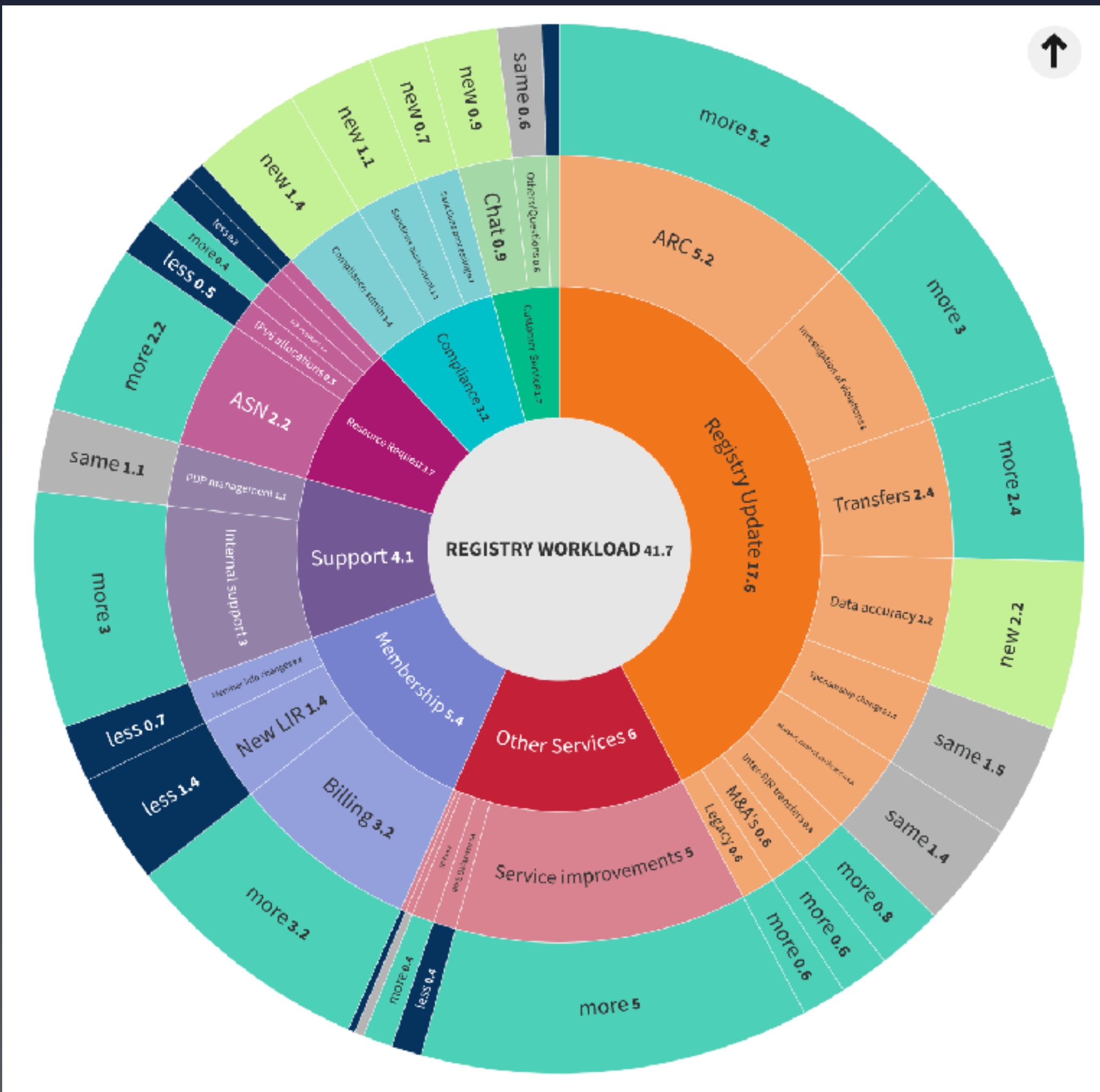
Funding Registry Complexity

Funding the work of the Registry is essential

Work in the Registry has grown very complex, driven by IPv4 scarcity, war in our service region and consequent compliance needs

Registry FTE count has been stable:

- 2019 - 39.6
- 2023 - 41.7

Registry complexity affects all parts of the RIPE NCC

The Registry - Increased Complexity

- IPv4 scarcity

- War

- Sanctions

- Fraud

- Hijack attempts

- Due diligence improvements

- Transfers

- Disputed transfers

- M&As

- Investigations

- Compliance

- Risk assessments

- Focus on registry accuracy

- Membership growth and reduction

- Increase in ASN assignments

- Multiple LIR complexities

- Proactive auditing

- Account closures

- Run-out of available /22s then /24s

- Waiting list implementation

The Registry

- There is a symbiotic relationship between the Registry and the rest of the organisation

- The work of other parts of the organisation supports the Registry

  - Legal, Finance, IT, InfoSec, Information Services, Learning and Development, Community and Engagement, Public Policy and Internet Governance, HR and Facilities all contribute to the work of the Registry

- The Registry also contributes to other parts of the organisation

  - Policy Development Process (PDP), training, engagement, Public Policy and Internet Governance, Research and data provision

Security Requirements

- Funding the security of the Registry is essential

  - We need to protect the increasingly valuable resources of our members

- We're seeing increasingly sophisticated attempts by malicious actors to gain control over IPv4 address space

- We are adding mandatory 2FA to all RIPE NCC Access accounts, and members want us to add several other features

- We are also working towards ISO certification for information security

- This work to ensure the resilience of the Registry comes at a cost and requires us to allocate resources accordingly

Summary and Key Questions

The Funding Issue We Face

- If we carry on with the current charging, we face an effective 5 million euro reduction in our budget for 2025 which would have to be covered from our reserves

- Longer term, such a reduction in budget would mean ALL of the following:

  - Discontinuing services and/or activities

  - Reducing the staff count

  - Increasing pressure on the Registry and other essential operations such as work to enhance our security

  - Compromising our ability to maintain overall service quality

Summary

- We have been engaged in serious cost-cutting efforts across the organisation - this work continues!

- The consolidation of multiple LIR accounts means we need to increase the annual fee to ensure we can adequately fund the RIPE NCC's services and maintain high-quality service delivery

- Inflation and increasing costs can no longer be catered for by growth in LIR accounts

Questions To Be Answered...

- How should the RIPE NCC accommodate the drop in multiple LIR accounts and increasing costs due to inflation?

- Should all services continue be equally funded by all members?

- Should we introduce administrative fees for transfers, ASNs, independent resources, etc.?

- Should we re-open discussion on a category-based model, or should we stick to a simpler model?

Questions ?