Performance Plan

Latvia

Third Reference Period (2020-2024)

Status: Final adopted performance plan (Art. 16(a and b) of IR 2019/317)

Date of issue: 27th December, 2022

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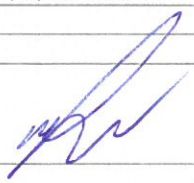
Signatories

Performance plan details	
State name	Latvia
Status of the Performance Plan	Final adopted performance plan (Art. 16(a and b) of IR 2019/317)
Date of issue	27th December, 2022
Date of adoption of Draft Performance Plan	27th December, 2022
Date of adoption of Final Performance Plan	27th December, 2022

We hereby confirm that the present performance plan is consistent with the scope of Regulation (EU) No 2019/317 pursuant to Article 1 of Regulation (EU) No 2019/317 and Article 7 of Regulation (EC) No 549/2004.

Name, title and signature of representative	
Mr. Māris Gorodcovs, Director, State Agency "Civil Aviation Agency" of Latvia	

Additional comments	

Document change record		
Version	Date	Reason for change
1.0	16 th September, 2021	Initial draft revised RP3 plan
2nd draft	30 th September, 2021	Updated draft performance plan for adoption
3th draft	17th November, 2021	Updated draft performance plan for adoption
4th draft	13th July, 2022	Updated draft performance plan for adoption
5th draft	3rd August, 2022	Updated draft performance plan for adoption
6th draft	5th August, 2022	Updated draft performance plan for adoption
Final	27th December, 2022	Final performance plan

SECTION 1: INTRODUCTION

Annexes of relevance to this section

ANNEX1_Responses_EC_verification_17.11.2021.

ANNEX A. REPORTING TABLES & ADDITIONAL INFORMATION (EN-ROUTE)

ANNEX A.x - En route Charging Zone #x

ANNEX B. REPORTING TABLES & ADDITIONAL INFORMATION (TERMINAL)

ANNEX B.x - Terminal Charging Zone #x

ANNEX C. CONSULTATION

ANNEX D. LOCAL TRAFFIC FORECASTS

ANNEX E. INVESTMENTS

1 - INTRODUCTION

1.1 - The situation

NSA(s) responsible for drawing up the Performance Plan	State Agency "Civil Aviation Agency"

1.1.1 - List of ANSPs and geographical coverage and services

Number of ANSPs	2

ANSP name	Services	Geographical scope
LGS	ATS, CNS, MET, AIS	Riga FIR
LVĢMC	MET forecasting	Riga FIR

Cross-border arrangements for the provision of ANS services

Number CB arrangements where ANSPs provide services in an other State	1

ANSPs providing services in the FIR of another State	
ANSP Name	Description and scope of the cross-border arrangement
LGS	ATS

Number CB arrangements where ANSPs from another State provide services in the State	0

ANSPs established in another Member State providing services in one or more of the State's FIRs	
ANSP Name	Description and scope of the cross-border arrangement

1.1.2 - Other entities in the scope of the Performance and Charging Regulation as per Article 1(2) last para.

Number of other entities	0

Entity name	Domain of activity	Rationale for inclusion in the Performance Plan

1.1.3 - Charging zones (see also 1.4-List of Airports)

En-route	Number of en-route charging zones	1
En-route charging zone 1	Latvia	
Terminal	Number of terminal charging zones	1
Terminal charging zone 1	Latvia - TCZ	

1.1.4 - Other general information relevant to the plan

The revised draft RP3 Performance Plan reflects the situation caused by the COVID-19 and the war in Ukraine

Relevant local circumstances with high significance for performance target setting and updated view on the impact of the COVID-19 crisis on the operational and financial situation of ANSPs covered in the performance plan

COVID-19 pandemic had a severe impact on both the operational and financial situation of ANSP. In 2020, Latvia had a year-on-year traffic drop of 56%, getting better in 2021, but mostly due to ban of EU aircraft and operators to overfly Belarus, increasing service units and flights in Riga FIR.
In order to stabilize the financial situation, ANSP in 2020-2021 has introduced siginificant cost cutting measures representing an overall -16% reduction in ENR compared to 2019 actual costs.
Unfortunately, when the situation started to return to normal, the war in Ukraine broke out, sending the traffic levels and hence income downwards. It is now anticipated by STATFOR as well as locally, that the situation may prolong having a negative effect on ANS operations in Latvia.
In 2020 and 2021 the restructuring of company took place, reducing the headcount. Reduction of variable pay and stoppage of the collective agreement was also introduced. Re-evaluation of the investment plan took place and several major investments were delayed. In order to coup with the liquidity issues, state injected extra capital in ANSP in Q2 2020. A credit line agreement was signed in late 2021. The war in Ukraine not only decreased the traffic flows and hence income of the air navigation service providers, but also sparked a spike in the inflation. During the COVID-19 crisis the salary levels were frozen and enormous pressure from trade unions was applied. Since the situation is causing enormous pressure to the cash flow, there is virtually no possibility for the system to cover even existing costs, not to mention any extra costs.
To solve the current liquidity shortage, the ANSP already asked government for extra support, although it currently is withheld.

Additional comments

1.2 - Traffic Forecasts

1.2.1 - En route

En route Charging zone 1	**Latvia**
En route traffic forecast	Local forecast

Local forecast	2017A	2018A	2019A	2020A	2021	2022	2023	2024	CAGR 2019-2024
IFR movements (thousands)	268	290	298	131	161	229	262	282	-1,1%
IFR movements (yearly variation in %)		8,3%	2,7%	-56,2%	23,4%	42,4%	14,4%	7,6%	
En route service units (thousands)	877	938	958	439	517	736	842	906	-1,1%
En route service units (yearly variation in %)		7,0%	2,0%	-54,1%	17,7%	42,4%	14,4%	7,6%	

Local Forecast	2017A	2018A	2019A	2020A	2021	2022	2023	2024	CAGR 2019-2024
IFR movements (thousands)	268	290	298	131	164	177	213	221	-5,8%
IFR movements (yearly variation in %)		8,3%	2,7%	-56,2%	25,6%	7,9%	20,3%	3,8%	
En route service units (thousands)	877	938	958	439	517	466	548	570	-9,9%
En route service units (yearly variation in %)		7,0%	2,0%	-54,1%	17,7%	-9,9%	17,6%	4,0%	

Specific local factors justifying not using the STATFOR base forecasts
Latvia uses Eurocontrol STATFOR June 2022 forecast. Current situation in Latvia is heavily impacted by the Russian aggression in Ukraine and the sanctions imposed. As a result the Traffic forecast since October 2021 is heavily downgraded. STATFOR forecast does not anticipate substantial improvements till the end of RP3. Latvia tends to agree with this outlook, however the magnitude of the drop may still vary in both directions. Furthermore, the outbreak of the war in Ukraine changed the flight patterns, average MTOW and distance flown reduced sharply. As a consequence the total number of the service units in 2022 – 2024 is by 45.5% lower than in October's forecast (although Latvia deemed it to be overstated due to wrong calculation of SU per flight). This crisis comes on top of the COVID-19 pandemic. The number of service units in 2024 is expected to be 40.5% lower than those recorded in 2019 and 25.7% lower than serviced in 2014. The number of flights is also been affected, although not so severely (25% decrease in 2024, compared to 2019).

NOTE: Section 1.3 (Stakeholder Consultation) should include details on the consultation with airspace users' representatives and ANSPs concerned on the

1.2.2 - Terminal

Terminal Charging zone 1	**Latvia - TCZ**
Terminal traffic forecast	Local forecast

Local forecast	2017A	2018A	2019A	2020A	2021	2022	2023	2024	CAGR 2019-2024
IFR movements (thousands)	37,3	41,7	43,7	17,9	20,0	38,2	40,7	43,5	-0,1%
IFR movements (yearly variation in %)		11,8%	4,9%	-59,0%	11,7%	91,0%	6,4%	6,9%	
Terminal service units (thousands)	36,0	41,4	44,7	18,2	21,7	42,6	45,1	48,4	1,6%
Terminal service units (yearly variation in %)		14,8%	8,1%	-59,4%	19,2%	96,7%	5,9%	7,2%	

Local Forecast	2017A	2018A	2019A	2020A	2021	2022	2023	2024	CAGR 2019-2024
IFR movements (thousands)	37,3	41,7	43,7	17,9	20,7	42,0	44,5	47,7	1,7%
IFR movements (yearly variation in %)		11,8%	4,9%	-59,0%	11,7%	91,0%	6,4%	6,9%	
Terminal service units (thousands)	36,0	41,4	44,7	18,2	21,0	37,0	46,0	48,0	1,4%
Terminal service units (yearly variation in %)		14,8%	8,1%	-59,4%	19,2%	96,7%	5,9%	7,2%	

Specific local factors justifying not using the STATFOR base forecasts
The plan for Terminal charging zone was updated using the STATFOR June 2022 forecast.

NOTE: Section 1.3 (Stakeholder Consultation) should include details on the consultation with airspace users' representatives and ANSPs concerned on the

1.3 - Stakeholder consultation

1.3.1 - Overall outcome of the consultation of stakeholders on the performance plan

Description of main points raised by stakeholders and explanation of how they were taken into account in developing the performance plan
The main points discussed in the consultation meeting and in written form were related to the cost-efficiency (expecially staff costs, opex) investments and cost of capital. The issue of solving the liquidity problems regarding Ukraine crisis by acking state support or/and using Eurocontrol solidarity package in 2022 was discussed.

1.3.2 - Specific consultation requirements of ANSPs and airspace users on the performance plan

Topic of consultation	Applicable	Results of consultation
Where applicable, decision to diverge from the STATFOR base forecast	No	Latvia applies Statfor June 2022 base cenario forecast
Charging policy	No	
Maximum financial advantages and disadvantages for the mandatory incentive scheme on capacity	Yes	Discussion on the application of the capacity incentive scheme in FP3. The incentive scheme will be applied in accordance with EU regulations.
Where applicable, decision to modulate performance targets for the purpose of pivot values to be used for the mandatory incentive scheme on capacity	No	
Symmetric range ("dead band") for the purpose of the mandatory incentive scheme on capacity	No	
Establishment or modification of charging zones	No	
Establishment of determined costs included in the cost base for charges	Yes	* Airspace users (IATA) were interested in ANSP's possibilities to cover liquidity gap and the progress of Eurocontrol initiative to support those countries that are affected by the war in Ukraine ("solidarity package"). ANSP informed that credit line facility is at its disposal and the details of the solidarity package must be seen before the decision. * Airspace users were interested if there is a staffing plan that is commensurate with the expected development of the situation, for example, any intensions regarding staff (ATCOs) possible exchange between countries or diversion to reduce cost base or get some additional income in situation ATCOs are not needed in Latvia, as well as called for the development of such a plan. ANSP agrees the traffic is down and it will be down for some time. ANSP reminded its experienced problems with capacity in 2017-2018 what is the one of the main reasons not to rush decisions regarding ATCOs., ANSP emphasized that measures have already been taken – ANSP cut auxiliary staff already to take down the number of staff from 376 to 325 in 2020 and do not expect a significant increase in staff further as it will hinder the future capacity. * Airspace users rised discussion about Staff costs increase in 2023-2024. ANSP stressed out that salaries in Latvia are low compared to other European states even in PPP which puts a high level pressure on them on national level and explained that in 2022 there will be a slight increase in salaries, and there are expectations to increase salaries in 2023 and further in 2024 due to the 16,4% annual inflation level just right now. There is also pressure on other staff costs, because salaries in LGS become uncompetitive within Latvia's labour market. * Airspace users showed a particular interest in Investment plans of ANSP. LGS provided a brief insight in the investment plans, especially rationale behind TNC investments. A more detailed information about changes made in comparison with previous PP was submitted in November 2021 will be prepared by ANSP and will be send to Lufthansa, IATA. * The representative of Lufthansa and IATA expressed the hope that ANSP would receive financial support from the state, which would not be a loan, and indicated that airspace users would really appreciate it.
Where applicable, values of the modulated parameters for the traffic risk sharing mechanism	Select	The traffic risk sharing mechanism in accordance with Regulation No 317/2019.
Where applicable, decision to apply the simplified charging scheme	No	None apllicabble
New and existing investments, and in particular new major investments, including their expected benefits	Yes	LGS provided a brief insight in the investment plans, including the rationale behind the investments, especially behind TNC investments. A more detailed information about changes made in comparison with previous PP was submitted in November 2021 was prepared by ANSP and send to airspace users.

1.3.3 - Consultation of stakeholder groups on the performance plan

#1 - ANSPs

Stakeholder group composition	LGS, LVĢMC
Dates of main meetings / correspondence	6th July, 2022
Main issues discussed	Targets for capacity, environment, and review of safety targets and monitoring results.Measures for achieving the targets.
Actions agreed upon	Agreed on the proposed targets.
Points of disagreement and reasons	See description for airspace user consultation
Final outcome of the consultation	Targets were included in the revised RP3 Performance plan.

Additional comments
See description for airspace users consultation and correspondence (Annex C)

#2 - Airspace Users	
Stakeholder group composition	IATA, Airport Riga, airport Liepāja, PRB, Eurocontrol, Lufthansa Group
Dates of main meetings / correspondence	6th July, 2022/28th June, 2022 (PRB, EC)
Main issues discussed	Traffic flow changes due to the war in Ukraine, liquidity problems in 2022, application for Latvian government assistance to the air navigation industry and Eurocontrol solidarity package, investment plans of ANSP, staff costs (including Pension costs), calculation of Cost of Capital, costs of NINTA – ADAXA (Vilnius FIR).
Actions agreed upon	Pension costs, Cost of Capital were recalculated (reduced), Airspace users requested, ANSP agreed to send detailed information about investmens.
Points of disagreement and reasons	Airspace users were interested if there is a staffing plan that is commensurate with the expected development of the situation, for example, any intensions regarding staff (ATCOs) possible exchange between countries or diversion to reduce cost base or get some additional income in situation ATCOs are not needed in Latvia, as well as called for the development of such a plan. ANSP agrees the traffic is down and it will be down for some time. ANSP reminded its experienced problems with capacity in 2017-2018 what is the one of the main reasons not to rush decisions regarding ATCOs., Traffic may significantly increase overnight if the right conditions present. It is impossible to tell when these conditions will take place. ANSP emphasized that measures have already been taken – ANSP cut auxiliary staff already to take down the number of staff from 376 to 325 in 2020 and do not expect a significant increase in staff further as it will hinder the future capacity. Regarding ATCO leases- there were no such talks with other companies due to the fact Ukraine crises length is 3 months. There are movements of several ATCOs, but by personal motivation, not company's. IATA was worried to see no additional cost reductions in these other cost contributors as MET, NSA. CAA informed that in order to prevent an extreme increase in the unit rate, Latvia's costs, compared to previous submission, were reduced, especially the ANSP costs. Supervision costs do not depend on traffic flow quantitative figures, nevertheless the planned amount of funding from ANS resources is gradually decreasing in absolute numbers. The costs of ANSP MET provider remained at the previous level. Cost eligibility checks and negotiations are ongoing at the moment and the costs of the Met provider will be justified through monitoring process in accordance with Commission Implementing Regulation (EU) 2019/317.
Final outcome of the consultation	Adjusted PP and reporting tables according with issues discussed and actions agreed.

Additional comments
See description for airspace users consultation and correspondence (Annex C)

1.4 - List of airports subject to the performance and charging Regulation

1.4.1 - Airports as per Article 1(3) (IFR movements ≥ 80 000)

ICAO code	Airport name	Charging Zone	IFR air transport movements			
			2016	2017	2018	Average

1.4.2 Other airports added on a voluntary basis as per Article 1(4)

Number of airports	4		
ICAO code	Airport name	Charging Zone	Additional information
EVRA	Riga	Latvia - TCZ	
EVLA	Liepaya	Latvia - TCZ	
EVVA	Ventstpils	Latvia - TCZ	

Additional comments

1.5 - Services under market conditions

Number of services under market conditions	0

1.6 - Process followed to develop and adopt a FAB Performance Plan

Description of the process
Not applicable

1.7 - Establishment and application of a simplified charging scheme

Is the State intending to establish and apply a simplified charging scheme for any charging zone/ANSP?	No

SECTION 2: INVESTMENTS

2.1 - Investments - LGS

- 2.1.1 - Summary of investments
- 2.1.2 - Detail of new major investments
- 2.1.3 - Other new and existing investments

2.2 - Investments - LVGMC

- 2.2.1 - Summary of investments
- 2.2.2 - Detail of new major investments
- 2.2.3 - Other new and existing investments

Annexes of relevance to this section

ANNEX E. INVESTMENTS

NOTE: The requirements as per Annex II, 2.2.(c) are addressed in item 4.1.2

2.1 - Investments - LGS

2.1.1 - Summary of investments

Number of new major investments	4

#	Name of new major investment (i.e. above 5 M€)	Total value of the asset (capex or contractual leasing value)	Value of the assets allocated to ANS in the scope of the PP	Determined costs of investment (i.e. depreciation, cost of capital and cost of leasing) (in national currency)					Lifecycle (Amortisation period in years)	Allocation (%)*		Planned date of entry into operation
				2020	2021	2022	2023	2024		Enroute	Terminal	
1	New technical, ACC and tower building	34 100 000	33 827 200	92 584	126 960	139 600	311 100	659 600	30	40%	60%	2027
2	Integration of new systems in Tech & TWR buildings	8 000 000	7 936 000	0	0	0	0	50 000	10	40%	60%	2027
3	ATC System modernization	9 485 300	9 324 050	20 592	60 578	366 914	705 397	740 242	10	85%	15%	2027
4	Radar modernization and WAM	10 730 900	10 527 013	0	26 061	85 504	259 379	417 212	10	95%	5%	2026-2029
Sub-total of **new major investments** above (1)		62 316 200	61 614 263	113 177	213 599	592 018	1 275 876	1 867 054				
Sub-total **other new investments** (2)		9 508 141	9 365 519	284 156	1 701 144	2 056 653	3 124 842	2 379 206		75%	25%	
Sub-total **existing investments** (3)				4 950 000	4 131 814	3 300 905	2 502 910	1 890 621		69%	31%	
Total new and existing investments (1) + (2) + (3)		71 824 341	70 979 782	5 347 333	6 046 557	5 949 576	6 903 628	6 136 881				

** The total % enroute+terminal should be equal to 100%.*

2.1.2 - Detail of new major investments

NOTE: Section 1.3 (Stakeholder Consultation) should include details on the consultation with airspace users' representatives on new major investments.

Name of new major investment 1	***New technical, ACC and tower building***		Total value of the asset	***34 100 000 €***
Description of the asset	Current ATC tower and ACC centre was built in 1974. During that time Riga Airport underwent major improvements, such as extension of runway, new terminal building which impair the visibility of the ATCOs and subsequently impair the safety at Riga Airport. In order to mitigate the risks, several new systems have been deployed. In addition, the current configuration of the ATC Tower at Riga airport prevents the introduction of remote TWR technologies. Further expansion of Riga Airport may be affected due to limited ATC Tower capacity in longer term. The construction works will be started at the end of the 2023. The technical and ACC buildings are outdated as they were built according to soviet standarts. The construction of new buildings will allow to receive cost saving in future.			
The investment is mandated by a SES Regulation (i.e. PCP/CP1/Interoperability)?	No			
Level of impact of the investment	Network	Whenever maximum capacity of the current ACC will be reached - the investment will allow to increase it. Although this is not expected to be in the RP3 or RP4.		
	Local	rTWR technologies and digitalisation enablers.		
	Non-performance	New techologies and the construction design will decrease the CO2 overall footprint.		
Quantitative impact per KPA	Safety	Indirect.		
	Environment	Investment must be completed in order to implement rTWR technology.		
	Capacity	Increased capacity of both route and terminal services.		
	Cost Efficiency	Will increase the UR for the life span of the investment.		
Results of the consultation of airspace users' representatives	Airspace users inquired further about the increase in the asset base and ANSP responded that all existing active agreements were honored by ANSP and therefore some of the projects were put into operations and started to depreciate in 2020. The project of the new TWR, ACC and technical buildings were finished in late 2020.			
Joint investment / partnership	No			
Investment in ATM systems	No			
If investment in ATM system, type?	Click to select			
If investment in ATM system, Reference to European ATM Master Plan / PCP	Click to select			

Name of new major investment 2	***Integration of new systems in Tech & TWR buildings***		Total value of the asset	***8 000 000 €***
Description of the asset	The investment assumes deployment of new TWR working positions integrating air traffic data and other advanced tower systems. The new systems will be devolped and implemented in line with new ATC Tower configuration. Tower Integrated Working position consists of the set of different special TWR systems, which are integrated either technically or procedurally. The major aim of those systems is provide the safe and efficient control of take-offs, landings and movements of aircrafts on Riga aerodrome. Systems modernization will introduce the new tecnologies, which will help to improve the capacity and reduce the waiting and taxi time. Those measures will impact on fuel consumption and reduce CO2 emmision. The new technical building will allow to introduce the enlarged data-center that is important in the light of future digitalisation.			
The investment is mandated by a SES Regulation (i.e. PCP/CP1/Interoperability)?	No			
Level of impact of the investment	Network	N/A		
	Local	X		
	Non-performance	N/A		
Quantitative impact per KPA	Safety	Indirect.		
	Environment	Investment must be completed in order to implement rTWR technology.		
	Capacity	Increased efficiency and thus capacity in terminal area.		
	Cost Efficiency	Will decrease the UR later due to increased efficiency.		
Results of the consultation of airspace users' representatives	No questions were received.			
Joint investment / partnership	No			
Investment in ATM systems	Yes			
If investment in ATM system, type?	Overhaul of existing system	This will be the "mix" of the new systems and system's upgrades, which is required to equip the new ATM infrastructure		
If investment in ATM system, Reference to European ATM Master Plan / PCP	Master Plan (non-PCP)	This investment directly relates to the number of ATM MasterPlan Objectives		

Name of new major investment 3	***ATC System modernization***		Total value of the asset	***9 485 300 €***
Description of the asset	Currently LGS operates air traffic control system named "ATRACC". According to ICAO practices ANSP should operate so called "fall-back"system in order to minimize the possible risks of system's outage. Several scenarios have been developed and Cost benefit analysis show that the most preferred option is to buy a new "dual" ATC system. Furthermore systems that are bought from biggest suppliers are easier and cheaper to maintain.			
The investment is mandated by a SES Regulation (i.e. PCP/CP1/Interoperability)?	No			
Level of impact of the investment	Network	N/A		
	Local	LGS considers it as local impact of the investment		
	Non-performance	N/A		
Quantitative impact per KPA	Safety	Indirect		
	Environment	N/A		
	Capacity	Indirect		
	Cost Efficiency	N/A		
Results of the consultation of airspace users' representatives	No questions were received.			
Joint investment / partnership	No			
Investment in ATM systems	Yes			
If investment in ATM system, type?	New system			
If investment in ATM system, Reference to European ATM Master Plan / PCP	Master Plan (non-PCP)	Such investment is partly related to CP-1 too, mostly because of necessity to foreseen the future TBO operations and SWIM		

Name of new major investment 4	***Radar modernization and WAM***	Total value of the asset	***10 730 900 €***

Description of the asset	Routine replacement of the SUR systems with systems capability improvements based on the evolution of surveillance technology	
The investment is mandated by a SES Regulation (i.e. PCP/CP1/Interoperability)?	No	
Level of impact of the investment	Network	N/A
	Local	LGS considers it as local impact of the investment
	Non-performance	N/A
Quantitative impact per KPA	Safety	Indirect
	Environment	N/A
	Capacity	N/A
	Cost Efficiency	N/A
Results of the consultation of airspace users' representatives	No questions were received.	
Joint investment / partnership	No	
Investment in ATM systems	No	
If investment in ATM system, type?	Click to select	
If investment in ATM system, Reference to European	Click to select	

2.1.3 - Other new and existing investments

2.1.3.1 - Overall description and justification of the costs nature and benefits of other new and existing investments in fixed assets planned over the reference period

Most material part of the new investments are those that are associated with the overhaul of buildings that are 50 years old. Current buildings have not been planned to operate at such traffic levels and therefore have limits. The construction of these building will allow ANSp to coup with the future traffic increases.

2.1.3.2 - Details of the main other new investments in fixed assets planned over the reference period

Number of new other investments	0

2.2.1 - Summary of investments

Number of new major investments	0

#	Name of new major investment (i.e. above 5 M€)	Total value of the asset (capex or contractual	Value of the assets allocated	**Determined costs** of investment (i.e. depreciation, cost of capital and cost of leasing) (in					Lifecycle (Amortisation	Allocation (%)*		Planned date of entry into
				2020	2021	2022	2023	2024		Enroute	Terminal	
Sub-total of new major investments		0	0	0	0	0	0	0				
Sub-total other new investments (2)		353 000	311 099	31 000	31 000	31 000	37 000	37 000		75%	25%	
Sub-total existing investments (3)				0	0	0	0	0				
Total new and existing investments		353 000	311 099	31 000	31 000	31 000	37 000	37 000				

** The total % enroute+terminal should be equal to 100%.*

2.2.2 - Detail of new major investments

NOTE: Section 1.3 (Stakeholder Consultation) should include details on the consultation with airspace users' representatives on new major investments.

2.2.3 - Other new and existing investments

2.2.3.1 - Overall description and justification of the costs nature and benefits of other new and existing investments in fixed assets planned over the reference period

During RP3 period LVGMC plans investments in technical infrastructure to adapt to the implementation of EUMETSAT 3. generation (MTG) and increased data flows connected with that, to adapt and renew technical infrastructure to deliver connectivity with SWIM. Another positions are investments in NWP, update of meteorological work station used in preparation of meteorological forecasts and implementation of Swedish Meteorological Institute (SMHI) developed Low Level Forecasting system to replace GAMET forecast and deliver the forecast in graphic user-friendly format.
Latvian MET service provider LVGMC is the participant in Northern Europe Aviation Meteorology Consortium NAMCON (www.namcon.aero), consisting from 8 National Hydrometeorological services from Iceland, Norway, Denmark, Sweden, Finland, Estonia, Latvia and Lithuania, which are MET service providers in their countries.
NAMCON countries has been awarded CEF funds for SDM project 2015_025_AF5 "Sub-regional SWIM MET deployment to support NEFRA" and used the funding for development of Danish Meteorological Institute (DMI) portal northavimet.com and its supporting software serve as sub-regional MET-GATE and as an official SWIM node to access meteorological information originating from NAMCON countries.
Thus LVGMC 2020-2024 plans not to invest in infrastructure to develop its own connection to SWIM, but use infrastructure already established by NAMCON countries and has planned the costs of delivering the information to the portal and managing it from portal owner as the service (Other operating costs) and not the investment. We assess, that it would be more cost-efficient way than to invest and build our own infrastructure.
PCP regulation requires not only to deliver services in initial SWIM format, but also develop and deliver new meteorological services (PCP regulation Annex 5.1.4. Meteorological information exchange) differing form currently mandated ICAO Annex 3 and Regulation 2017/373 products. These products are planned to be developed cooperating partly with other MET providers in the region, partly with Latvian ANSP and airports so they are planned as the service (Other operating costs) and not as investment.

2.2.3.2 - Details of the main other new investments in fixed assets planned over the reference period

Number of new other investments	Click to select number of new other investments

#	Name of investment	Total value of the asset (capex or contractual leasing value)	Value of the assets allocated to ANS in the scope of the PP	**Determined costs** of investment (i.e. depreciation, cost of capital and cost of leasing) (in national currency)					Description
				2020	2021	2022	2023	2024	

3.1 - Safety targets

3.1.1 - Safety KPI #1: Level of Effectiveness of Safety Management achieved by ANSPs

3.2 - Environment targets

3.2.1 - Environment KPI #1: Horizontal en route flight efficiency (KEA)

3.3 - Capacity targets

3.3.1 - Capacity KPI #1: En route ATFM delay per flight

3.3.2 - Capacity KPI #2: Terminal and airport ANS ATFM arrival delay per flight

3.4 - Cost efficiency targets

3.4.1 - Cost efficiency KPI #1: Determined unit cost (DUC) for en route ANS
En Route Charging Zone #x

3.4.2 - Cost efficiency KPI #2: Determined unit cost (DUC) for terminal ANS
Terminal Charging Zone #x

3.4.3 - Pension assumptions

3.4.4 - Interest rate assumptions for loans financing the provision of air navigation services

3.4.5 - Restructuring costs

3.4.6 - Additional determined costs related to measures necessary to achieve the en route capacity targets

3.5 - Additional KPIs / Targets

3.6 - Description of KPAs interdependencies and trade-offs including the assumptions used to assess those trade-offs

3.6.1 - Interdependencies and trade-offs between safety and other KPAs

3.6.2 - Interdependencies and trade-offs between capacity and environment

3.6.3 - Interdependencies and trade-offs between cost-efficiency and capacity

3.6.4 - Other interdependencies and trade-offs

Annexes of relevance to this section

ANNEX A. REPORTING TABLES & ADDITIONAL INFORMATION (EN-ROUTE)

ANNEX B. REPORTING TABLES & ADDITIONAL INFORMATION (TERMINAL)

SECTION 3.1: SAFETY KPA

3.1 - Safety targets

3.1.1 - Safety KPI #1: Level of Effectiveness of Safety Management achieved by ANSPs

a) Safety national performance targets

b) Detailed justifications in case of inconsistency between local and Union-wide safety targets

c) Main measures put in place to achieve the safety performance targets

Annexes of relevance to this section

3 - PERFORMANCE TARGETS AT LOCAL LEVEL

3.1 - Safety targets

3.1.1 - Safety KPI #1: Level of Effectiveness of Safety Management achieved by ANSPs

a) Safety performance targets

	Number of Air Traffic Service Providers	1

		2020A Actual	2020 Target	2021 Target	2022 Target	2023 Target	2024 Target
LGS	Safety policy and objectives	C	C	C	C	D	D
	Safety risk management	C	C	C	C	D	D
	Safety assurance	C	C	C	C	D	D
	Safety promotion	C	C	C	C	D	D
	Safety culture	C	C	C	C	D	D
	Additional comments						

b) Detailed justifications in case of inconsistency between local and Union-wide safety targets

N/A

** Refer to Annex O, if necessary.*

c) Main measures put in place to achieve the safety performance targets

Compliance with new ATM/ANS service provision regulatory requirements (Reg.2017/373).
Regular revision of SMS documents and procedures.
Regular evaluation of safety processes and just culture (questioners, feedback forms, monitoring, efficiency evaluation).
Improve SMS promotion (regular training for management, all employees and Safety management duties; well organised and comprehensive safety data available to all LGS employees and public).
Integrate SMS in business planning by applying SMS principles into decision making and involving Safety manager in LGS board and director meetings.
Annual ERP completeness and correctness revision, live or simulated exercise every 3 years and revision of the results.

** Refer to Annex O, if necessary.*

SECTION 3.2: ENVIRONMENT KPA

3.2 - Environment targets

3.2.1 - Environment KPI #1: Horizontal en route flight efficiency (KEA)

a) Environment national performance targets

b) Detailed justifications in case of inconsistency between national targets and national reference values

c) Main measures put in place to achieve the environment performance targets

Annexes of relevance to this section

3.2 - Environment targets

3.2.1 - Environment KPI #1: Horizontal en route flight efficiency (KEA)

a) National environment performance targets

	2020A	2020	2021	2022	2023	2024
National reference values	*1,24%*	n/a	1,25%	1,25%	1,25%	1,25%

	2020	2021	2022	2023	2024
	Target	Target	Target	Target	Target
National targets	1,30%	1,25%	1,25%	1,25%	1,25%

b) Detailed justifications in case of inconsistency between national targets and national reference values

N/A

** Refer to Annex P, if necessary.*

c) Main measures put in place to achieve the environment performance targets

Although, LGS cannot directly impact environmental pollution, projects carried out by LGS in 2020 - 2021 included mechanisms to reduce noise, CO2 and NOx. For example: implementation of additional effectiveness and safety for aircraft services at the airport and during descent and approach (A-CDM), PBN procedures to increase predictability of flight arrival trajectories from flight planning perspective, as well as implementation of Free Route Airspace (projects FRA 1 and FRA2) to optimize airspace use and to facilitate reduction/straightning of enroute segments. In 2022 and forward other service improvements are planned.

** Refer to Annex P, if necessary.*

SECTION 3.3: CAPACITY KPA

3.3 - Capacity targets

3.3.1 - Capacity KPI #1: En route ATFM delay per flight

a) Capacity national performance targets

b) Detailed justifications in case of inconsistency between national targets and national reference values

c) Main measures put in place to achieve the target for en-route ATFM delay per flight

d) ATCO planning

3.3.2 - Capacity KPI #2: Terminal and airport ANS ATFM arrival delay per flight

a) Capacity national performance targets

b) Contribution to the improvement of the European ATM network performance

c) Main measures put in place to achieve the target for terminal and airport ANS ATFM arrival delay per flight

Annexes of relevance to this section

3.3 - Capacity targets

3.3.1 - Capacity KPI #1: En route ATFM delay per flight

a) National capacity performance targets

	2020A	2020	2021	2022	2023	2024
National reference values	*0,00*	n/a	0,01	0,03	0,03	0,03

	2020	2021	2022	2023	2024
	Target	Target	Target	Target	Target
National targets	0,06	0,01	0,03	0,03	0,03

b) Detailed justifications in case of inconsistency between national targets and national reference values

N/A

** Refer to Annex Q, if necessary.*

c) Main measures put in place to achieve the target for en-route ATFM delay per flight

Ensuring appropriate ATCO staffing and different sectorization scenarious, based on traffic flows. FRA has been implemented in 2015.

** Refer to Annex Q, if necessary.*

d) ATCO planning

	Actual			Planning			
Riga (EVRR ACC)	2018	2019	2020	2021	2022	2023	2024
Number of additional ATCOs in OPS planned to start working in the OPS room (FTEs)	56	1	5	0	7	0	0
Number of ATCOs in OPS planned to stop working in the OPS room (FTEs)	0	1	1	2	2	1	1
Number of ATCOs in OPS planned to be operational **at year-end (FTEs)**	56	56	60	58	63	62	61

Additional comments
New ATCO training programme started before pandemic in 2017 (sheduled to end in 2021), possible changes in airspace structure.

3.3.2 - Capacity KPI #2: Terminal and airport ANS ATFM arrival delay per flight

a) National capacity performance targets

		2020A Actual	2020 Target	2021 Target	2022 Target	2023 Target	2024 Target
National targets		*0,00*	0,02	0,02	0,02	0,02	0,02
Additional comments							
Airport level	***EVRA-Riga***	*0,00*	0,02	0,02	0,02	0,02	0,02
	Airport contribution to national targets						
	EVLA-Liepaya	*0,00*	0,00	0,00	0,00	0,00	0,00
	Airport contribution to national targets						
	EVVA-Ventstpils	*0,00*	0,00	N/A	N/A	N/A	N/A
	Airport contribution to national targets						

b) Contribution to the improvement of the European ATM network performance

EVVA airport is certified for VFR day/night operations and has no ATS.
EVLA is certified for IFR/VFR operations and has AFIS with limited working hours.
A-CDM implementation at RIga airport and implementation of PBN procedures at EVLA and EVRA.

** Refer to Annex Q, if necessary.*

c) Main measures put in place to achieve the target for terminal and airport ANS ATFM arrival delay per flight

Implementation of A-CDM and PBN procedures.

** Refer to Annex Q, if necessary.*

SECTION 3.4: COST-EFFICIENCY KPA

3.4 - Cost efficiency targets

3.4.1 - Cost efficiency KPI #1: Determined unit cost (DUC) for en route ANS

En Route Charging Zone #x

a) RP3 revised cost-efficiency performance targets (IR 2020/1627)

b) Information on the baseline values for the determined costs and the determined unit costs

c) Detailed justifications for the adjustments to the baseline values

d) Where a deviation from the Union-wide performance targets is observed, please indicate if the NSA considers those deviations to be necessary and proportionate

e) Main measures put in place to achieve the targets for determined unit cost (DUC) for en route ANS

f) Findings of the verification by the NSA (under Art. 22(7) of IR 2019/317) of the compliance of the cost base for charges with the requirements of Article 15(2) of Reg. 550/2004 and Article 22 of IR 2019/317, and where applicable identification of

3.4.2 - Cost efficiency KPI #2: Determined unit cost (DUC) for terminal ANS

Terminal Charging Zone #x

a) RP3 revised cost-efficiency performance targets (IR 2020/1627)

b) Information on the baseline values for the determined costs and the determined unit costs

c) Detailed justifications for the adjustments to the baseline values

d) Main measures put in place to achieve the targets for determined unit cost (DUC) for terminal ANS

e) Findings of the verification by the NSA (under Art. 22(7) of IR 2019/317) of the compliance of the cost base for charges with the requirements of Article 15(2) of Reg. 550/2004 and Article 22 of IR 2019/317, and where applicable identification of

3.4.3 - Pension assumptions

3.4.3.1 Total pension costs

3.4.3.2 Assumptions for the "State" pension scheme

3.4.3.3 Assumptions for the occupational "Defined contributions" pension scheme

3.4.3.4 Assumptions for the occupational "Defined benefits" pension scheme

3.4.4 - Interest rate assumptions for loans financing the provision of air navigation services

3.4.5 - Restructuring costs

3.4.5.1 Restructuring costs from previous reference periods to be recovered in RP3

3.4.5.2 Restructuring costs planned for RP3

3.4.6 - Additional determined costs related to measures necessary to achieve the en route capacity targets

a) Overall description of the measures necessary to achieve the en-route capacity targets for RP3, which induce additional costs

b) Detailed information on the additional costs of measures necessary to achieve the capacity targets for RP3

c) Detailed information on the additional costs of measures necessary to achieve the capacity targets for RP3 by nature by ANSP

d) Demonstration that the deviation from the Union-wide targets is exclusively due to the additional determined costs related to measures necessary to achieve the performance targets in capacity

Annexes of relevance to this section

ANNEX A. REPORTING TABLES & ADDITIONAL INFORMATION (EN-ROUTE)

ANNEX B. REPORTING TABLES & ADDITIONAL INFORMATION (TERMINAL)

NOTE: The following requirements as per Annex II, 3.3 are addressed in the Annexes A and B:

Point 3.3 (d) on cost-allocation;

Point 3.3 (e) on the return on equity and cost of capital;

Point 3.3 (f) on assumptions for pension costs and interest on debt for other entities, inflation forecast and adjustments beyong IFRS;

Point 3.3 (g) on adjustments to the unit rates carried over from previous reference periods;

Point 3.3 (h) on costs exempt from cost-sharing;

Point 3.3 (k) reporting tables and additional informations.

3.4 - Cost efficiency targets

3.4.1 - Cost efficiency KPI #1: Determined unit cost (DUC) for en route ANS

En Route Charging Zone #1 - Latvia

a) RP3 revised cost-efficiency performance targets (IR 2020/1627)

En route charging zone Name of the CZ	Baseline 2014 2014 B	Baseline 2019 2019 B	RP3 revised cost-efficiency targets (determined 2020-2024) 2020/2021 D	 2022 D	 2023 D	 2024 D	2024 D vs. 2014 B	2024 D vs. 2019 B
Total en route costs in nominal terms (in national currency)	20 956 756	23 496 457	40 085 288	20 051 203	22 707 660	22 828 981	8,9%	-2,8%
Total en route costs in real terms (in national currency at 2017 prices)	**21 392 101**	**22 604 058**	**38 319 930**	**17 724 537**	**19 519 091**	**19 144 924**	**-10,5%**	**-15,3%**
Total en route costs in real terms (in EUR2017) [1]	21 392 101	22 604 058	38 319 930	17 724 537	19 519 091	19 144 924	-10,5%	-15,3%
YoY variation			69,5%	-53,7%	10,1%	-1,9%		
Total en route Service Units (TSU)	766 861	957 532	956 248	466 000	548 000	570 000	-25,7%	-40,5%
YoY variation			-0,1%	-51,3%	17,6%	4,0%		
Real en route unit costs (in national currency at 2017 prices)	**27,90**	**23,61**	**40,07**	**38,04**	**35,62**	**33,59**	**20,4%**	**42,3%**
Real en route unit costs (in EUR2017) [1]	**27,90**	**23,61**	**40,07**	**38,04**	**35,62**	**33,59**	**20,4%**	**42,3%**
YoY variation			69,8%	-5,1%	-6,4%	-5,7%		

National currency	**EUR**
[1] Average exchange rate 2017 (1 EUR=)	**1,00**

b) Information on the baseline values for the determined costs and the determined unit costs

En route charging zone Name of the CZ	Baseline 2014 2014 B	Baseline 2019 2019 B	Actuals 2014 2014 A	Actuals 2019 2019 A	2014 Baseline adjustments	2019 Baseline adjustments
Total en route costs in nominal terms (in national currency)	20 956 756	23 496 457	20 956 756	23 496 457	0	0
Total en route costs in real terms (in national currency at 2017 prices)	**21 392 101**	**22 604 058**	21 392 101	22 604 058	0	0
Total en route costs in real terms (in EUR2017) [1]	21 392 101	22 604 058	21 392 101	22 604 058	0	0
Total en route Service Units (TSU)	766 861	957 532	766 861	957 532	-4 908	-6 128

c) Detailed justifications for the adjustments to the baseline values

c.1) Adjustments to the 2014 baseline value for the determined costs

Number of adjustments	0

c.2) Adjustments to the 2014 service units

Impact of transition to actual route flown	Coefficient M2/M3	Source	Service units
	-0,64%	Other	-4 908
<Justification>			

Other adjustment to the 2014 service units	No
Total adjustments to the 2014 service units	-4 908

c.3) Adjustments to the 2019 baseline value for the determined costs

Number of adjustments	0

c.4) Adjustments to the 2019 service units

Impact of transition to actual route flown	Coefficient M2/M3	Source	Service units
	-0,64%	Other	-6 128

Other adjustment to the 2019 service units	No
Total adjustments to the 2019 service units	-6 128

d) Description and justification of the consistency between local and Union-wide cost-efficiency targets

The current traffic levels are significantly lower than previously forecasted due to war in Ukraine. Latvia demonstrates the effort towards the cost efficiency in accordance with the newest assumptions. Whether the traffic levels would be at STATFOR Oct levels, Latvia would meet the targets.

** Refer to Annex R, if necessary.*

e) Where a deviation from the Union-wide performance targets is observed, please indicate if the NSA considers those deviations to be necessary and proportionate under:

Additional costs of measures necessary to achieve the capacity targets for RP3	No	
Restructuring costs planned for RP3	No	

f) Main measures put in place to achieve the targets for determined unit cost (DUC) for en route ANS

Due to the cost savings made during the COVID pandemic, in 2020, 2021 and 2022 significant decrease of costs can be observed compared to the initial draft performance plan. These cost saving initiatives include reduction of salaries, stoppage of the collective agreement, reduction of the number of employees in the managerial positions, reevaluation of the investment plan and delay of investments that do not impede the safety directly. Many of these cost savings can not be considered as permanet, therefore there will be an increase in costs in the following years. Management of ANSP showed scalability of the costs during the height of pandemic. In order to coupe with the increased traffic new hirings of previously laid-off personnel will be needed. Therefore, the actual costs will be higher due to increased traffic and workload in the light of Belorussian airspace re-routings. All investment projects that have been planned for will resume either in RP3 or RP4 depending on the financial situation of ANSP which is closely linked to actual traffic. All major investment projects that will resume will have a material impact on the asset base as they will be recorded as work-in-progress in the balance of the Company as required by IFRS.

** Refer to Annex R, if necessary.*

g) Findings of the verification by the NSA (under Art. 22(7) of IR 2019/317) of the compliance of the cost base for charges with the requirements of Article 15(2) of Reg. 550/2004 and Article 22 of IR 2019/317, and where applicable identification of corrections applied to the cost base as a result of this verification

The cost bases presented in Annexes to this Performance Plan are in line with the particular requirements of the EU 209/317 and EU 550/2004.

** Refer to Annex U, if necessary.*

3.4.2 - Cost efficiency KPI #2: Determined unit cost (DUC) for terminal ANS

Terminal Charging Zone #1 - Latvia - TCZ

a) RP3 revised cost-efficiency performance targets (IR 2020/1627)

Terminal charging zone Name of the CZ	Baseline 2019 2019 B	RP3 revised cost-efficiency targets (determined 2020-2024) 2020/2021 D	 2022 D	 2023 D	 2024 D	2024 D vs. 2019 B
Total terminal costs in nominal terms (in national currency)	**6 574 232**	12 241 000	5 976 000	6 863 000	7 219 000	**9,8%**
Total terminal costs in real terms (in national currency at 2017 prices)	**6 340 200**	**11 790 162**	**5 398 697**	**6 068 548**	**6 244 635**	**-1,5%**
Total terminal costs in real terms (in EUR2017) [1]	**6 340 200**	**11 790 162**	**5 398 697**	**6 068 548**	**6 244 635**	**-1,5%**
YoY variation		86,0%	-54,2%	12,4%	2,9%	
Total terminal Service Units (TNSU)	44 200	39 142	37 000	46 000	48 000	8,6%
YoY variation		-11,4%	-5,5%	24,3%	4,3%	
Real terminal unit costs (in national currency at 2017 prices)	**143,44**	**301,22**	**145,91**	**131,92**	**130,10**	**-9,3%**
Real terminal unit costs (in EUR2017) [1]	**143,44**	**301,22**	**145,91**	**131,92**	**130,10**	**-9,3%**
YoY variation		110,0%	-51,6%	-9,6%	-1,4%	

National currency	EUR
[1] Average exchange rate 2017 (1 EUR=)	1,00

b) Information on the baseline values for the determined costs and the determined unit costs

Terminal charging zone Name of the CZ	Baseline 2019 2019 B	Actuals 2019 2019 A	2019 Baseline adjustments
Total terminal costs in nominal terms (in national currency)	6 574 232	6 574 232	0
Total terminal costs in real terms (in national currency at 2017 prices)	**6 340 200**	6 340 200	0
Total terminal costs in real terms (in EUR2017) [1]	6 340 200	6 340 200	0
Total terminal Service Units (TNSU)	44 200	44 200	0

3.4.3 - Pension assumptions

Latvia

3.4.3.1 Total pension costs (in nominal terms in '000 national currency)

Pension costs	2020D	2021D	2020/2021D	2022D	2023D	2024D
Total pension costs	2 441	2 485	4 926	2 422	2 741	2 892
En-route activity	1 944	1 974	3 917	1 923	2 178	2 278
Terminal activity	498	511	1 009	498	563	615
Other activities	-	-	-	-	-	-

3.4.3.2 Assumptions for the "State" pension scheme (in nominal terms in '000 national currency)

Are there different contribution rates for different staff categories? If yes, how many?	No

<Staff category name>	2020D	2021D	2020/2021D	2022D	2023D	2024D
Total pensionable payroll to which this scheme applies	15 087	15 356	30 443	14 964	16 937	17 874
Employer % contribution rate to this scheme	20,00%	20,00%		20,00%	20,00%	20,00%
Total pension costs in respect of this scheme	**2 441**	**2 485**	**4 926**	**2 422**	**2 741**	**2 892**
Number of employees the employer contributes for in this scheme	All	All		All	All	All

Description on the relevant national pension regulations and pension accounting regulations on which the assumptions are based, as well as information whether changes of those regulations are to be expected during RP3

Currently state pension scheme applies to all employees, irrespective of their salary. 20% of gross salary is paid towards the pension scheme

Description of the assumptions underlying the calculations of pension costs comprised in the determined costs

Please see above

Describe the actions taken ex-ante to manage the cost-risk (cost increase) associated with this item, as well as the actions taken to limit the impact of the unforeseen change on the costs to be passed on to airspace users

Political decision, can not be controlled.

3.4.3.3 Assumptions for the occupational "Defined contributions" pension scheme (in nominal terms in '000 national currency)

Are there different contribution rates for different staff categories? If yes, how many?	No

<Staff category name>	2020D	2021D	2020/2021D	2022D	2023D	2024D
Total pensionable payroll to which this scheme applies			-			
Employer % contribution rate to this scheme						
Total pension costs in respect of this scheme			-			
Number of employees the employer contributes for in this scheme						

Description on the relevant national pension regulations and pension accounting regulations on which the assumptions are based, as well as information whether changes of those regulations are to be expected during RP3

Description of the assumptions underlying the calculations of pension costs comprised in the determined costs

Describe the actions taken ex-ante to manage the cost-risk (cost increase) associated with this item, as well as the actions taken to limit the impact of the unforeseen change on the costs to be passed on to airspace users

3.4.3.4 Assumptions for the occupational "Defined benefits" pension scheme (in nominal terms in '000 national currency)

Does the ANSP assume liability for meeting future obligations for the occupational "Defined benefits" scheme?	Select
Is the occupational "Defined benefits" pension scheme funded?	Select

	2020D	2021D	2020/2021D	2022D	2023D	2024D
Total pensionable payroll to which this scheme applies			-			
Total pension costs in respect of this scheme			-			
- in respect of regular pension costs			-			
- in respect of non-recurring deficit repair			-			
- reported as staff costs (in reporting tables)			-			
- not reported as staff costs (in reporting tables): please use comment box			-			

Actuarial assumptions

% discount rate						
% projected increase in benefits						
% annual increase in salaries						
% expected return on plan assets						
Net funding surplus / deficit			-			
Number of employees the employer contributes for in this scheme						

Description on the relevant national pension regulations and pension accounting regulations on which the assumptions are based, as well as information whether changes of those regulations are to be expected during RP3

Description of the assumptions underlying the calculations of pension costs comprised in the determined costs

Where, in the Reporting Tables, some occupational "defined benefits" costs (e.g. interest expense related to pensions) are reported in other cost item(s) than staff costs, the cost item(s) should be indicated here below along with corresponding explanations.

Describe the actions taken ex-ante to manage the cost-risk (cost increase) associated with this item, as well as the actions taken to limit the impact of the unforeseen change on the costs to be passed on to airspace users

3.4.4 - Interest rate assumptions for loans financing the provision of air navigation services

LGS

Select number of loans	1

Interest rate assumptions for loans financing the provision of air navigation services
(Amounts in nominal terms in '000 national currency)

Loan #1	2020D	2021D	2020/2021D	2022D	2023D	2024D
Description	Loan for the construcition of New ACC, Tech and TWR building					
Remaining balance	0			-	-	-
Interest rate %	0,00%	0,00%				
Interest amount	0		-			

Other loans	2020D	2021D	2020/2021D	2022D	2023D	2024D
Description	Overdraft (7.5M) to counter liquidity risks					
Remaining balance	0	-		-	-	-
Average weighted interest rate %	-	0,00%		1,10%	1,10%	1,10%
Interest amount	0	-	-	-	-	-

Total loans	2020D	2021D	2020/2021D	2022D	2023D	2024D
Total remaining balance	-	-		-	-	-
Average weighted interest rate %	-	-		-	-	-
Interest amount	-	-	-	-	-	-

3.4.5 - Restructuring costs

3.4.5.1 Restructuring costs from previous reference periods to be recovered in RP3

Restructuring costs from previous reference periods approved by the European Commission?	No

3.4.5.2 Restructuring costs planned for RP3

Restructuring costs foreseen for RP3?	No

Additional comments

3.4.6 - Additional determined costs related to measures necessary to achieve the en route capacity targets

Additional costs of measures necessary to achieve the capacity targets for RP3?	Select
If yes, number of **en route** charging zones concerned	1

LGS

a) Overall description of the measures necessary to achieve the en-route capacity targets for RP3, which induce additional costs

Due to decrease of traffic, no major capacity problems are anticipated at least while the sanctions are in place. If the number of headcounts will be decreased too quickly, Latvia may run into capacity problems when the sanctions are lifted.

b) Detailed information on the additional costs of measures necessary to achieve the capacity targets for RP3

Number of capacity measures, which induce additional costs	Select

	2020D	2021D	2020/2021D	2022D	2023D	2024D
Total additional costs of measures ('000 national currency)	-	-	-	-	-	-

c) Detailed information on the additional costs of measures necessary to achieve the capacity targets for RP3 by nature by ANSP

Additional costs of measures necessary to achieve the capacity targets for RP3 (nominal terms in '000 national currency)

Click to select	2020D	2021D	2020/2021D	2022D	2023D	2024D
Staff			-			
of which, pension costs			-			
Other operating costs			-			
Depreciation			-			
Cost of capital			-			
Exceptional items			-			
Total additional costs of measures	-	-	-	-	-	-

	2020D	2021D	2020/2021D	2022D	2023D	2024D
Total additional costs of measures ('000 national currency)	-	-	-	-	-	-

Additional comments

d) Demonstration that the deviation from the Union-wide targets is exclusively due to the additional determined costs related to measures necessary to achieve the performance targets in capacity

SECTION 3.5: ADDITIONAL KPIS / TARGETS

3.5 Additional KPIs / Targets

Annexes of relevance to this section

3.5 - Additional KPIs / Targets

Number of additional KPIs	0

SECTION 3.6: DESCRIPTION OF KPAS INTERDEPENDENCIES AND TRADE-OFFS INCLUDING THE ASSUMPTIONS USED TO ASSESS THOSE TRADE-OFFS

3.6 - Description of KPAs interdependencies and trade-offs including the assumptions used to assess those trade-offs

3.6 - Description of KPAs interdependencies and trade-offs including the assumptions used to assess those trade-offs

3.6.1 - Interdependencies and trade-offs between safety and other KPAs

a) Do the measures to reach the targets in the different KPAs require changes in the ANSP functional system that have safety implications? If yes, which mitigation measures are put in place?

No such changes have been identified at this time.
Management of ANSP showed scalability of the costs during the height of pandemic and is keen to show it further due to war in Ukraine.

b) What are the main assumptions used to assess the interdependencies between safety and other KPAs?

All functional systems must remain at least as safe as before.

c) What metrics, other than those indicators described in the Regulation, are you monitoring during RP3 to ensure targets in the KPAs of capacity , environment, and cost-efficiency are not degrading safety?

No other metrics are used.

d) Do targets allow trade-offs in operational decision making to managing resource shortfalls in order to preserve safety performance? Do targets restrict the release of staff for safety activities, such as training?

Not at this time, no limitations on staff training are planned.

e) Has the State reviewed the ANSP financial and personnel resources that are needed to support safe ATC service provision through safety promotion, safety improvement, safety assurance and safety risk management after changes introduced to achieve targets in other KPAs? Please, explain.

This task is performed as a part of on going ANSP oversight.

3.6.2 - Interdependencies and trade-offs between capacity and environment

No issues are foreseen for RP3 at this time.

3.6.3 - Interdependencies and trade-offs between cost-efficiency and capacity

Up to the year 2019 the traffic levels were constantly increasing; capacity issues were identified. This is proven by ansperformance.eu monitoring reports where in years 2018 and 2019 ATM-C (Capacity) and ATM-S (Staffing) code delays were generated. The delays, especially compared to the core Europe, were immaterial. The risk of experiencing them increased.
The ultimate solution of the possible capacity delays problem was sought by a combination of two factors: intake of new ATCOs and construction of new main building. Current building built in 1974 was not up to date with the Riga a/p needs as well as the introduction of new working positions was impossible due to physical lack of space. The new building project design phase was started in 2017 and finished in 2021, late of the initial schedule.
During the COVID-19 pandemic a decision to prolong the new ATCO training program was taken. All forecasts assumed that pre-COVID levels of traffic will be reached at some point in time, therefore the generic problem of Capacity will again come in the spotlight.
In late 2021 and early 2022 the traffic levels almost reached the pre-pandemic levels, but the increase was stopped by the aggression of the Russian Federation towards Ukraine. The beforementioned aggression act changed the traffic flows dramatically as EU and Russian Federation both banned the entrance of the other side's aircrafts in their airspace. As of today, the Eurocontrol STATFOR does not foresee the return to normal up to the end of RP3. It is worth mentioning that the High scenario of June '22 is lower than the Low scenario of October '21. If the current traffic forecast will fulfil, no capacity problems are expected for the reminder of RP3 as there is an overcapacity.
During the COVID-19 crisis where the supply exceeded the demand, the scalability of operations was demonstrated by Latvian ANSP. In context of the abovementioned capacity issues, most of the cost-cutting measures were directed towards the investment plan prolongations, OPEX cuts and staffing cuts both: scalable and generic. Since the RU-UA war decreased the traffic levels close to that of pandemic, several further cost-cutting measures are undertaken. That includes diverting of ATCOs to some support positions.
It is not known when the situation could normalize, and the traffic flows will get back to normal. This is outside the control of local authorities. Nevertheless, the situation may change to the better quickly and the current number of ATCOs must be preserved for Latvia to cope with the traffic when the situation will get better. The continuation of the investment projects are essential to continue to provide safe ANS in Riga FIR. Since the drop of traffic is material, the linear cut of costs can not be supported while maintain the possible increase of future ATM/ANS operations.

3.6.4 - Other interdependencies and trade-offs

N/A

Should additional space be needed for any of the items, please use Annex S.

SECTION 4: CROSS-BORDER INITIATIVES AND SESAR IMPLEMENTATION

Annexes of relevance to this section

4.1 - Cross-border initiatives and synergies

4.1.1 - Planned or implemented cross-border initiatives at the level of ANSPs

Number of cross-border initiatives	1

Additional comments
Part of Latvia costs are allocated to Vilnius FIR and thus being a part of Lithuanian CZ. Those costs are costs of services provided in NINTA-ADAXA route, including ATM, SUR, NAV, COM, but excluding AIS and MET.

4.1.2 - Investment synergies achieved at FAB level or through other cross-border initiatives

Details of synergies in terms of common infrastructure and common procurement
LGS is a member of Borealis Alliance (nine North European ANSPs allicance). In Covid-19 Pandemic situation Borealis Alliance members have worked closer together than ever before, sharing information and developments as they arise and working together to counter a number of challenges the industry is facing at this uncertain time. The last board meeting in March 2021 dedicated to finalisation of the implementation of cross-border Free Route Airspace. The Board furthermore discussed the European Union's Single European Sky II+ (SESII+) initiative, environment and SESAR 3.

4.2 - Deployment of SESAR Common Projects

4.2.1 - Common Project One (CP1)

CP1 ATM Functionality (CP1-AF) / Sub functionality (CP1-s-AF)	Recent and expected progress
CP1-AF1 - Extended AMAN and Integrated AMAN/DMAN in High-Density TMAs	
CP1-s-AF1.1 AMAN extended to en-route airspace	Not applicable to Latvia as this is not mandatory for Riga A/P
CP1-s-AF1.2 AMAN/DMAN Integration	Not applicable to Latvia as this is not mandatory for Riga A/P
CP1-AF2 - Airport Integration and Throughput	
CP1-s-AF2.1 DMAN synchronised with predeparture sequencing	Not applicable to Latvia as this is not mandatory for Riga A/P
CP1-s-AF2.2.1 Initial airport operations plan (iAOP)	Not applicable to Latvia as this is not mandatory for Riga A/P
CP1-s-AF2.2.2 Airport operations plan (AOP)	Not applicable to Latvia as this is not mandatory for Riga A/P
CP1-s-AF2.3 Airport safety nets	Not applicable to Latvia as this is not mandatory for Riga A/P
CP1-AF3 - Flexible Airspace Management and Free Route Airspace	
CP1-s-AF3.1 Airspace management and advanced flexible use of airspace	Implementaion and integration with ATC system is planned to be complete by the the end of 2022 as it is a part of current ATC modernization project. ASM tool is technically available.
CP1-s-AF3.2 Free route airspace	Fully Implemented in Borealis (NEFAB, DK/SE FAB + Ireland, UK and Iceland) airspace.
CP1-AF4 - Network Collaborative Management	
CP1-s-AF4.1 Enhanced short-term ATFCM measures	Network Manager portal is used
CP1-s-AF4.2 Collaborative NOP	Not applicable to Latvia
CP1-s-AF4.3 Automated support for traffic complexity assessment	Network Manager portal is used
CP1-s-AF4.4 AOP/NOP integration	Not applicable to Latvia
CP1-AF5 - SWIM	
CP1-s-AF5.1 Common infrastructure components	Implementation is planned to take place by the end of 2024.
CP1-s-AF5.2 SWIM yellow profile technical infrastructure and specifications	Implementation is planned to take place by the end of 2025.
CP1-s-AF5.3 Aeronautical information exchange	Implementation is planned to take place by the end of 2025.
CP1-s-AF5.4 Meteorological information exchange	Implementation is planned to take place by the end of 2025.
CP1-s-AF5.5 Cooperative network information exchange	Implementation is planned to take place by the end of 2025.
CP1-s-AF5.6 Flight information exchange (yellow profile)	Implementation is planned to take place by the end of 2025.
CP1-AF6 - Initial Trajectory Information Sharing	
CP1-s-AF6.1 Initial air-ground trajectory information sharing	Implementation is planned to take place by the end of 2027.
CP1-s-AF6.2 Network Manager trajectory information enhancement	Not applicable to Latvia
CP1-s-AF6.3 Initial trajectory information sharing ground distribution	Implementation is planned to take place by the end of 2027.

4.3 - Change management

Change management practices and transition plans for the entry into service of major airspace changes or for ATM system improvements, aimed at minimising any negative impact on the network performance
Change management process is regulated by internal procedure on change management and SMS procedures. The change management procedure defines main steps in initiation of change, notification of NSA and other issues (multi-actor changes, types of changes, etc.). The safety assessment procedure defines main steps in risk assessment - e.g. assessment of impact of the change on functional system of ATM/ANS. There is no specific provision of requirements concerning transitional plans and it depends on the type of change. If there is a need for transition plan/activities during implementation of change, this plan is reflected in the safety case. Staff is trained in the application of both change management and safety assessment procedures and processes. The last review for change management process was on March 25, 2022, procedure version 09.

SECTION 5: TRAFFIC RISK SHARING ARRANGEMENTS AND INCENTIVE SCHEMES

Annexes of relevance to this section

5.1 - Traffic risk sharing

5.1.1 Traffic risk sharing - En route charging zones

Latvia			Traffic risk-sharing parameters adapted?			yes
			Service units lower than plan		Service units higher than plan	
	Dead band	Risk sharing band	% loss to be recovered	Max. charged if SUs 10% < plan	% additional revenue returned	Min. returned if SUs 10% > plan
Standard parameters	±2,00%	±10,0%	70,0%	5,6%	70,0%	5,6%
Adapted parameters	±2,00%	±10,0%	70,0%	5,6%	70,0%	5,6%

Justification of the defined values of the adapted parameters in accordance with Art. 27(5)	

5.1.2 Traffic risk sharing - Terminal charging zones

Latvia - TCZ			Traffic risk-sharing parameters adapted?			yes
			Service units lower than plan		Service units higher than plan	
	Dead band	Risk sharing band	% loss to be recovered	Max. charged if SUs 10% < plan	% additional revenue returned	Min. returned if SUs 10% > plan
Adapted parameters	±2,00%	±10,0%	70,0%	5,6%	70,0%	5,6%

Justification of the defined values of the adapted parameters in accordance with Art. 27(5)	

5.2 - Capacity incentive schemes

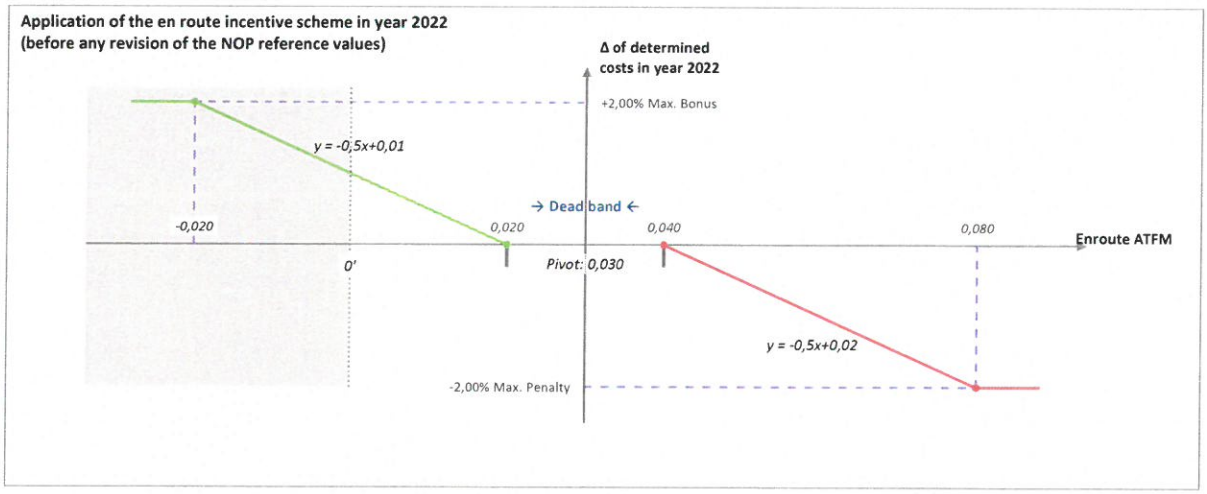
5.2.1 - Capacity incentive scheme - Enroute

5.2.1.1 Parameters for the calculation of financial advantages or disadvantages - Enroute

Enroute	Expressed in	Value
Dead band Δ	fraction of min	±0,010 min
Max bonus (≤2%)	*% of DC*	2,00%
Max penalty (≥ Max bonus)	*% of DC*	2,00%
The pivot values for RP3 are	fixed	

LGS

		2020	2021	2022	2023	2024
NOP reference values (mins of ATFM delay per flight)				0,03	0,03	0,03
Alert threshold (Δ Ref. value in fraction of min)				±0,050	±0,050	±0,050
Performance Plan targets (mins of ATFM delay per flight)				0,03	0,03	0,03
Pivot values for RP3 (mins of ATFM delay per flight)				0,03	0,03	0,03
Financial advantages / disadvantages	Dead band range			[0.02-0.04]	[0.02-0.04]	[0.02-0.04]
	Bonus sliding range			[0-0,02]	[0-0,02]	[0-0,02]
	Penalty sliding range			[0,04-0,08]	[0,04-0,08]	[0,04-0,08]



5.2.1.2 Rationale and justification - Enroute

If the pivot values are different that the values in the NOP, explain rationale for the difference and method of calculation**

*** Refer to Annex I, if necessary.*

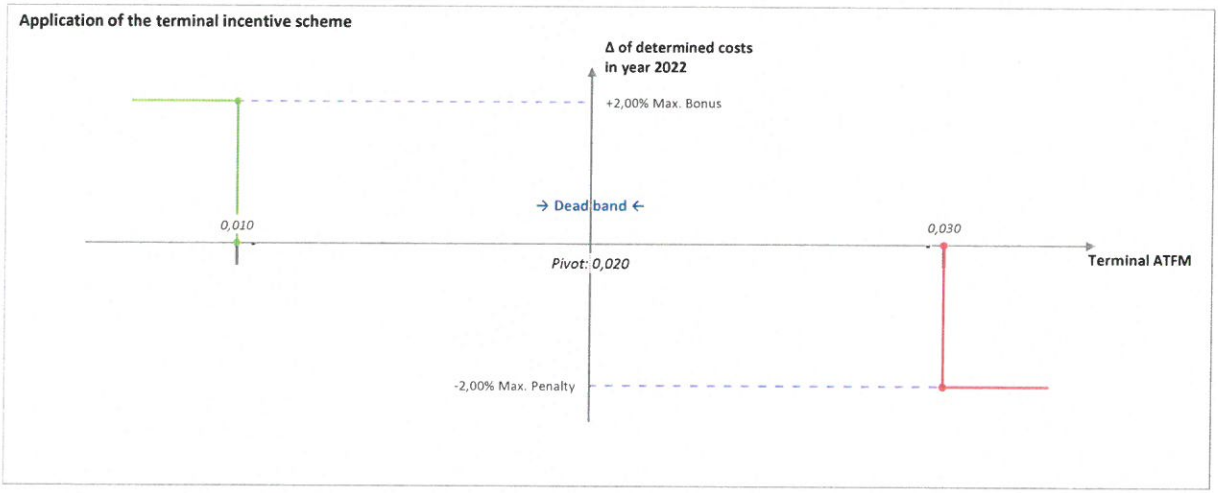
5.2.2 - Capacity incentive scheme - Terminal

5.2.2.1 Parameters for the calculation of financial advantages or disadvantages - Terminal

Terminal	Expressed in	Value
Dead band Δ	fraction of min	±0,010 min
Bonus/penalty range (% of pivot value)	%	±50%
Max bonus	% of DC	2,00%
Max penalty	% of DC	2,00%
The pivot values for RP3 are	fixed	

		2020	2021	2022	2023	2024
Performance Plan targets (mins of ATFM delay per flight)				0,02	0,02	0,02
Bonus/penalty range Δ (in fraction of min)				±0,010	±0,010	±0,010
Pivot values for RP3 (mins of ATFM delay per flight)				0,02	0,02	0,02
Financial advantages / disadvantages	Dead band range			[0.01-0.03]	[0.01-0.03]	[0.01-0.03]
	Bonus sliding range			[0.01-0.01]	[0.01-0.01]	[0.01-0.01]
	Penalty sliding range			[0.03-0.03]	[0.03-0.03]	[0.03-0.03]

Application of the terminal incentive scheme



5.2.2.2 Rationale and justification - Terminal

Explain how the bonus and penalties are going to be apportioned between the different terminal charging zones and ANSPs providing services in each of them**

*** Refer to Annex I, if necessary.*

5.3 - Optional incentives

Total maximum bonus for all optional incentives (≤2%):	0,0%	Total maximum penalty for optional incentives (≤4%):	0,0%

Number of optional incentives	0

SECTION 6: IMPLEMENTATION OF THE PERFORMANCE PLAN

6 - IMPLEMENTATION OF THE PERFORMANCE PLAN

6.1 Monitoring of the implementation plan

Description of the processes put in place by the NSA to monitor the implementation of the Performance Plan including the yearly monitoring of all KPIs and PIs defined in Annex I of the Regulation and a description of the data sources
The NSA (State Agency "Civil Aviation Agency") is monitoring all KPIs on a regular basis through various data sources (e.g. PRB Dashboard and PRU portal as well as information collected in audits). Monitoring process will be performed in accordance with the 2019/317 requirements and CAA Management Manual processes by using templates provided by the PRU Support as far as practical. NSA is allowed to obtain information from ANSP and other entitities. This will as necessary, to monitor the performance and conduct oversight (e.g. cost eligibility). NSA provide monitoring of the implementation plan by reviewing, analysing and verifying ANSP financial accounts, financial data on actual costs, other financial information (annual and quarter Financial Reports), making audits and inspections, if it is necessary for in-depth analysis and evaluation of the identified problem, by requesting additional information to explain the incompatibility of targets and clarify further actions in order to prevent inconsistencies. Safety targets are monitored through ongoing safety oversight - audits and inspections. Regular review of safety occurences is performed in coordination with the involved CAA counterparts, as appropriate (Aircaft Ops and Aerodrome oversight divisions). Reg 2017/373 oversight audits and inspections about general requirements are performed together with the Finance and Economic oversight Division of the CAA in order to ensure transparent and comprehensive analysis and appropriate risk based safety oversight of the ANSP.

6.2 Non-compliance with targets during the reference period

Description of the processes put in place and measures to be applied by the NSA to address the situation where targets are not reached during the reference period
In case certain targets are not reached, full analysis of the reasons for not reaching the target shall be requested from the ANSP along with the proposal for improvements. Penalties will be applied were applicable. The maximum penalty is 0.02% -capacity incentive scheme. Risk based oversight scheme would indicate tendencies in problems achieving the safety targets. More frequent and focused safety oversight would be initiated at certain risk based oversight values. ANSP risk factors, and their performance is assessed annually and the amendments to the oversight activities are made as necessary. Not reaching one or more of the RP3 would negatively impact this risk assessment, triggering focused safety oversight actions. Currently, both ANSPs are subject to 2 year oversight cycle based on their risk assessment (on site or remote audits and inspections, currently in the 2021-2022 oversight activities).

7 - ANNEXES

ANNEX1_Responses_EC_verification_17.11.2021.
ANNEX A. REPORTING TABLES & ADDITIONAL INFORMATION (EN-ROUTE)
    ANNEX A.x - En route Charging Zone #x
ANNEX B. REPORTING TABLES & ADDITIONAL INFORMATION (TERMINAL)
    ANNEX B.x - Terminal Charging Zone #x
ANNEX C. CONSULTATION
ANNEX D. LOCAL TRAFFIC FORECASTS
ANNEX T. OTHER MATERIAL