PRB | Performance review body of the single european sky

Performance Review Body Monitoring Report

Latvia - 2020

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1 OVERVIEW

1.1 Contextual information

National performance plan adopted following Commission Decision (EU) 2022/2426 of 5 December 2022

List of ACCs 1
Riga ACC

No of airports in the scope of the performance plan:
- **≥80'K** 0
- **<80'K** 3

Exchange rate (1 EUR=)
2017: 1 EUR
2020: 1 EUR

Share of Union-wide:
- **traffic (TSUs) 2020** 0.8%
- **en route costs 2020** 0.3%

Share en route / terminal costs 2020 77% / 23%

En route charging zone(s)
Latvia

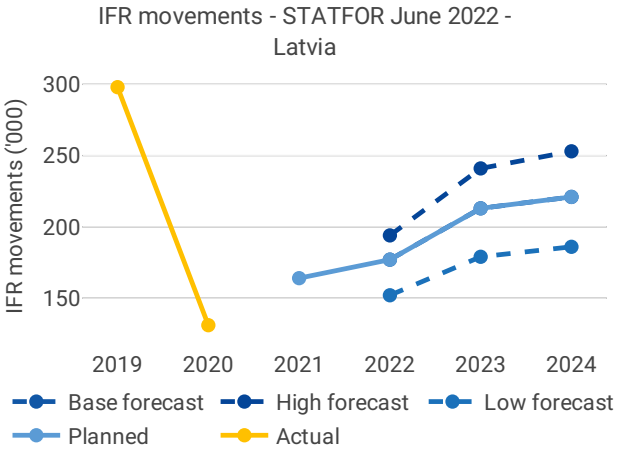
Terminal charging zone(s)
Latvia

Main ANSP
- LGS

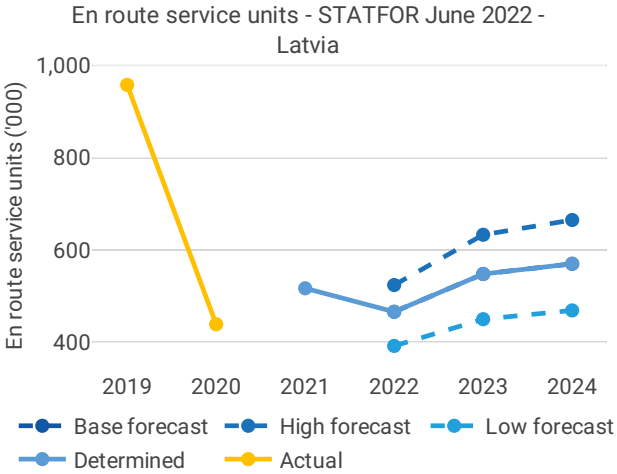
Other ANSPs
–

MET Providers
- LVĢMC

1.2 Traffic (En route traffic zone)

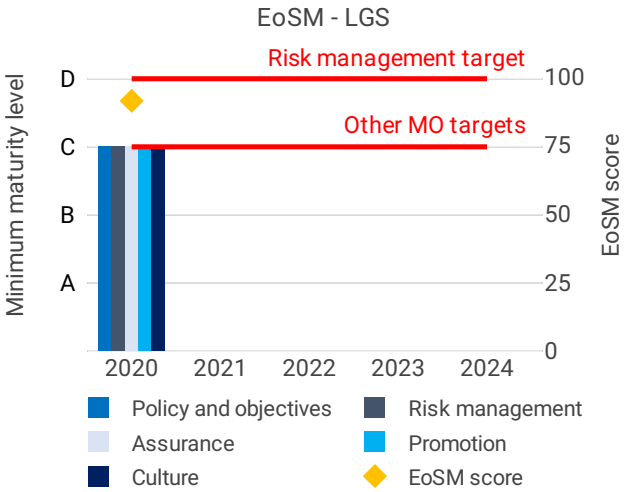


- Latvia recorded 131K actual IFR movements in 2020, -56% compared to 2019 (298K).
- Latvia IFR movements reduced less than the average reduction at Union-wide level (-57%).



- Latvia recorded 439K actual en route service units in 2020, -54% compared to 2019 (958K).
- Latvia service units reduced less than the average reduction at Union-wide level (-57%).

1.3 Safety (Main ANSP)



• LGS achieved its RP3 EoSM targets in four out of five management objectives. Improvements are still needed in the safety risk management objective, but the achieved levels are consistent with what was planned in the draft 2019 performance plan.

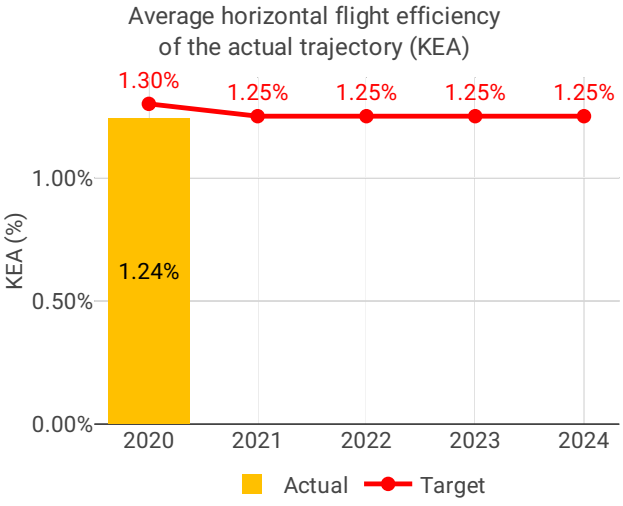
• The main measures the NSA plan to improve performance rely on further implementation of the Commission Implementing Regulation (EU) 2017/373.

• The PRB notes that compared with the maturity level reach during RP2, LGS continued to improve the maturity of its safety management during the first year of RP3. For the safety risk management objective, LGS needs to improve in two EoSM questions to achieve the target, which should be feasible through an increased compliance with the regulation.

• Latvia recorded stable performance with respect to safety occurrences with marginally higher rates of SMIs in 2020 with respect to 2019 and no occurrences of RIs in 2020.

• LGS should improve its SMS by implementing automated safety data recording systems.

1.4 Environment (Member State)



• Latvia achieved a KEA performance of 1.24% compared to its reference value of 1.30% and therefore contributed positively towards achieving the Union-wide target.

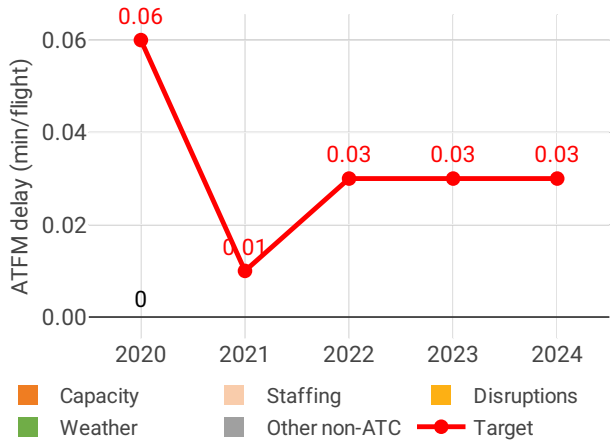
• As well as benefitting from lower traffic levels, Latvia will implement A-CDM in 2021, which is expected to deliver almost 1,000 tons of CO2 savings per year. However, the KEA performance in 2020 was worse than in 2016 and since the shortest constrained routes in Latvia in 2020 were 1.14%, the PRB believes further improvements (in addition to the already good performance) are possible.

• Only one out of four Latvian airports that are regulated reported terminal data.

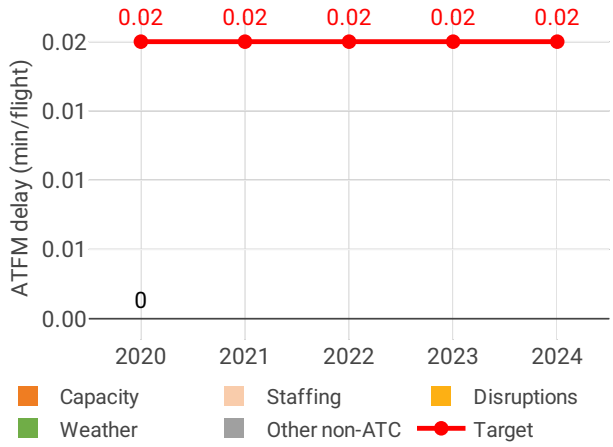
• The share of flights operating CCO/CDO at Latvian airports worsened in 2020 compared to 2019. Latvia's commitment to implementing PBN should improve this performance in the future. The additional time airspace users spent taxiing or holding in terminal airspace reduced by 20% compared to 2019.

1.5 Capacity (Member State)

Average en route ATFM delay per flight by delay groups



Average arrival ATFM delay per flight by delay groups



• LGS registered zero minutes of average en route ATFM delay per flight during 2020, thus meeting the local breakdown value of 0.06.

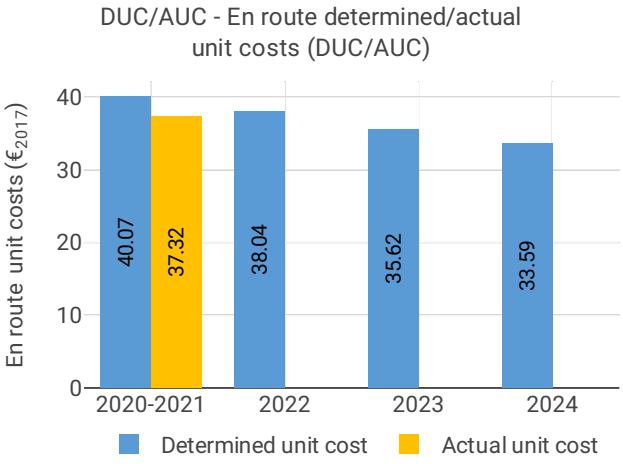
• Delays must be considered in the context of the traffic evolution: IFR movements in 2020 were 56% below the 2019 levels in Latvia.

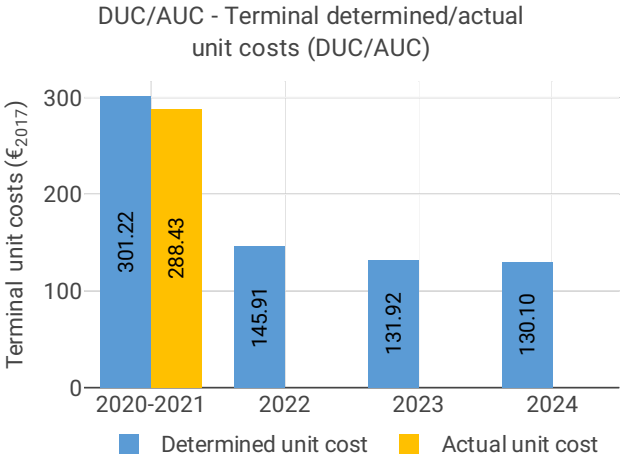
• Latvia reported no capacity issues and an increase of 5% in ATCO FTE numbers in 2020 compared to 2019 values.

• The yearly total of sector opening hours in Riga ACC was 20,959, showing a 27.3% decrease compared to 2019.

• Riga ACC registered 6.16 IFR movements per one sector opening hour in 2020, being 40.0% below 2019 levels.

1.6 Cost-efficiency (En route/Terminal charging zone(s))





• The 2020 actual service units (439K) were 54% lower than the actual service units in 2019 (951K).

• In 2020, Latvia reduced total costs by 3.5 M€2017 (-16%) compared to 2019 actual costs. The reduction was mainly driven by 2.4 M€2017 lower staff costs (-17%) resulting from the termination of collective agreements and reduction of full time equivalents and working hours.

• LGS spent 3.6 M€2017 in 2020 related to costs of investments, 62% less than planned in the 2019 draft performance plan (9.5 M€2017).

• The underspending in costs of investments is attributable to the postponement of new investment projects.

2 SAFETY - LATVIA

2.1 PRB monitoring

• LGS achieved its RP3 EoSM targets in four out of five management objectives. Improvements are still needed in the safety risk management objective, but the achieved levels are consistent with what was planned in the draft 2019 performance plan.

• The main measures the NSA plan to improve performance rely on further implementation of the Commission Implementing Regulation (EU) 2017/373.

• The PRB notes that compared with the maturity level reach during RP2, LGS continued to improve the maturity of its safety management during the first year of RP3. For the safety risk management objective, LGS needs to improve in two EoSM questions to achieve the target, which should be feasible through an increased compliance with the regulation.

• Latvia recorded stable performance with respect to safety occurrences with marginally higher rates of SMIs in 2020 with respect to 2019 and no occurrences of RIs in 2020.

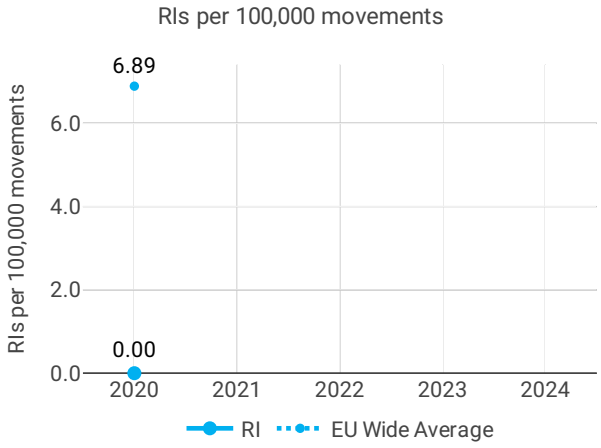
• LGS should improve its SMS by implementing automated safety data recording systems.

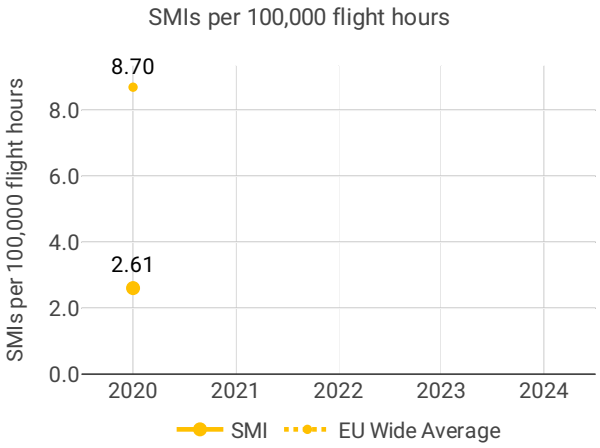
2.2 Effectiveness of Safety Management (EoSM) (KPI#1)

Focus on EoSM

Four out of five EoSM components of the ANSP meet already the 2024 target level. Only the component "Safety Risk Management" is below 2024 target level. Improvements in safety risk management are still expected during RP3 to achieve 2024 targets.

2.3 Occurrences - Rate of runway incursions (RIs) (PI#1) & Rate of separation minima infringements (SMIs) (PI#2)





3 ENVIRONMENT - LATVIA

3.1 PRB monitoring

• Latvia achieved a KEA performance of 1.24% compared to its reference value of 1.30% and therefore contributed positively towards achieving the Union-wide target.

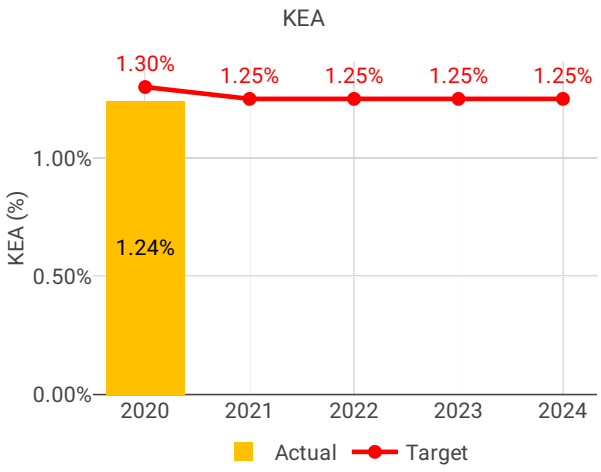
• As well as benefitting from lower traffic levels, Latvia will implement A-CDM in 2021, which is expected to deliver almost 1,000 tons of CO2 savings per year. However, the KEA performance in 2020 was worse than in 2016 and since the shortest constrained routes in Latvia in 2020 were 1.14%, the PRB believes further improvements (in addition to the already good performance) are possible.

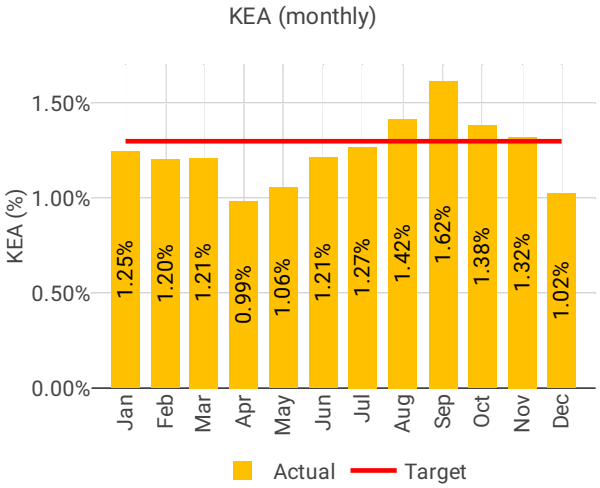
• Only one out of four Latvian airports that are regulated reported terminal data.

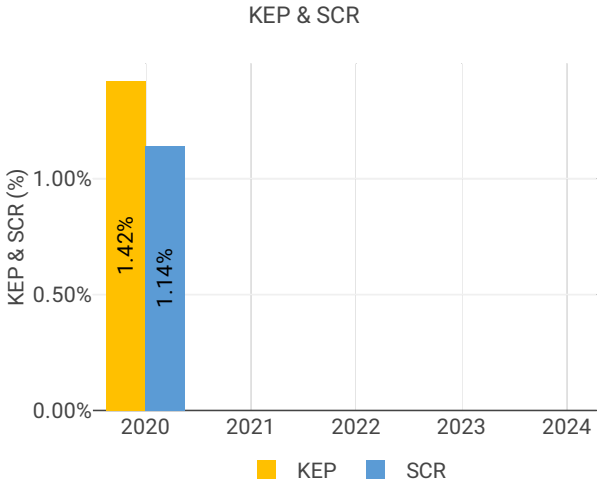
• The share of flights operating CCO/CDO at Latvian airports worsened in 2020 compared to 2019. Latvia's commitment to implementing PBN should improve this performance in the future. The additional time airspace users spent taxiing or holding in terminal airspace reduced by 20% compared to 2019.

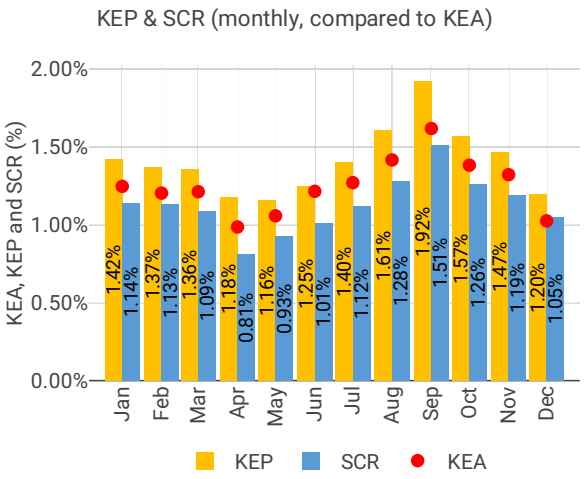
3.2 En route performance

3.2.1 Horizontal flight efficiency of the actual trajectory (KEA) (KPI#1), of the last filed flight plan (KEP) (PI#1) & shortest constrained route (SCR) (PI#2)



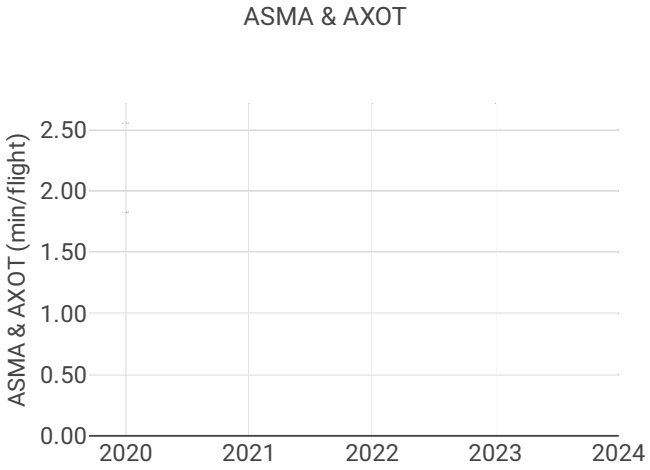


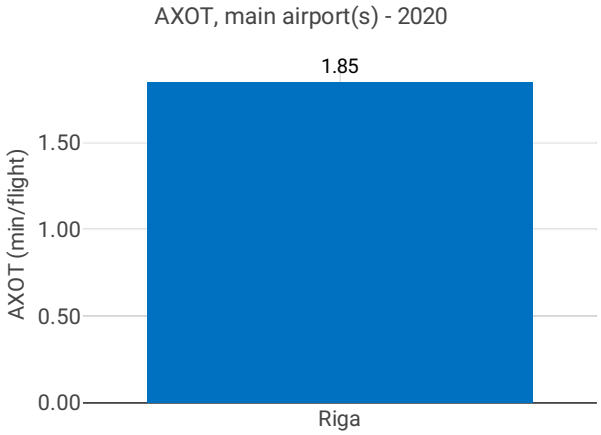


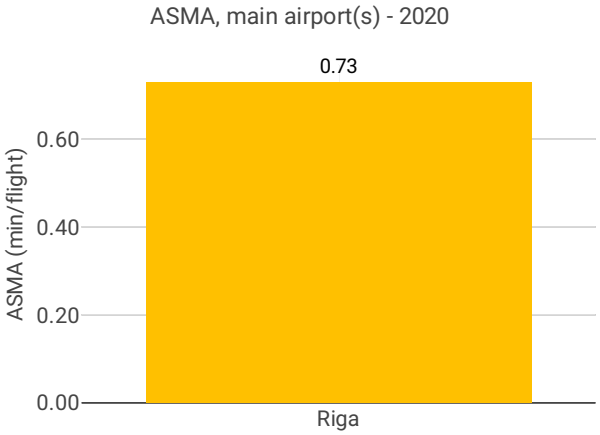


3.3 Terminal performance

3.3.1 Additional taxi-out time (AXOT) (PI#3) & Arrival Sequencing and Metering Area (ASMA) time (PI#4)







Focus on ASMA & AXOT

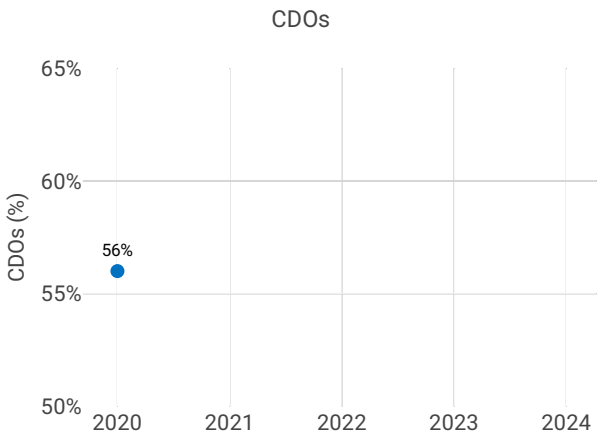
AXOT

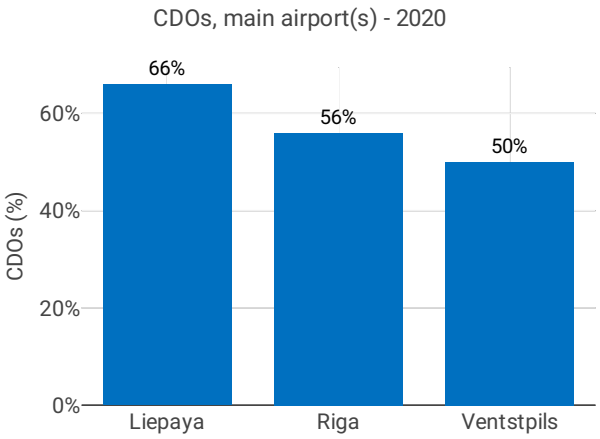
This indicator is not monitored for airports below 80,000 IFR movements annual average during the 2016-2018 period, so it is not monitored for any airport in Latvia.

ASMA

This indicator is not monitored for airports below 80,000 IFR movements annual average during the 2016-2018 period, so it is not monitored for any airport in Latvia.

3.3.2 Share of arrivals applying continuous descent operations (CDOs) (PI#5)





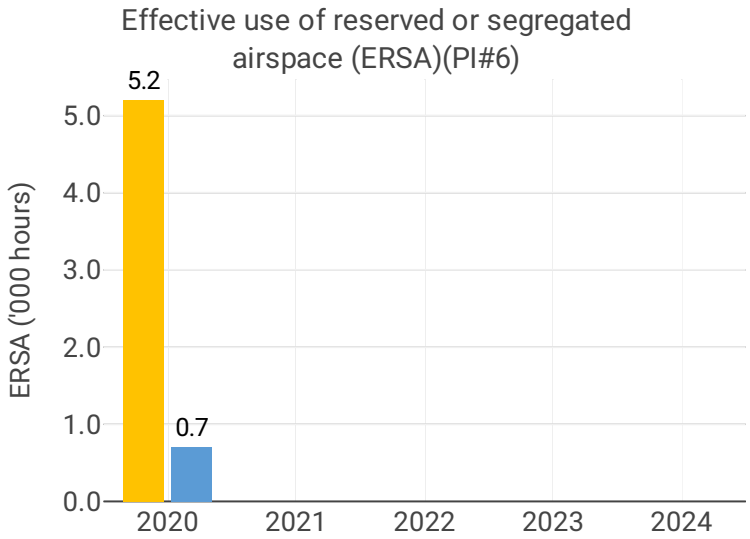
Focus CDOs

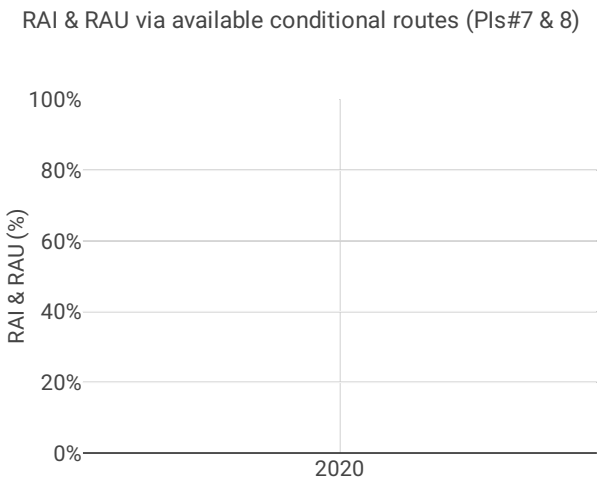
According to the Latvian monitoring report: *More regular and increased use of CDO could take place after implementation of PBN procedures at EVRA and EVLA.*
Although PBN procedures still have to be implemented, the shares of CDO flights are already quite high and well above the overall RP3 value (32.5%). All values are at or above 50%.

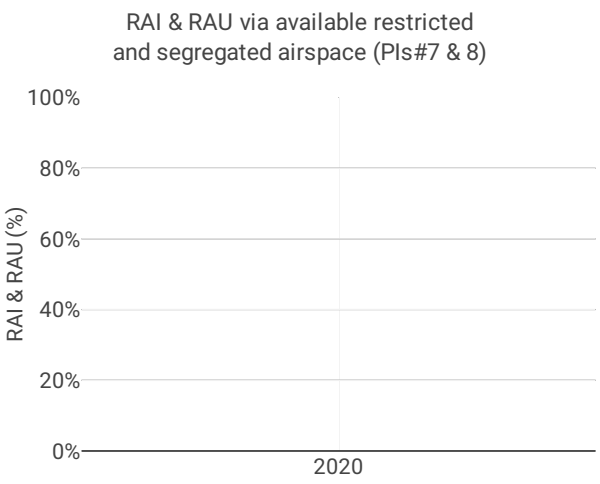
Airport level

	Additional taxi-out time (PI#3)					Additional ASMA time (PI#4)					Share of arrivals applying CDO (PI#5)				
Airport Name	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024
Riga	1.85	NA	NA	NA	NA	0.73	NA	NA	NA	NA	56%	NA	NA	NA	NA
Liepaya	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	66%	NA	NA	NA	NA
Ventstpils	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	50%	NA	NA	NA	NA

3.4 Civil-Military dimension







Focus on Civil-Military dimension

Update on Military dimension of the plan

Due to COV19 impact on air traffic in 2020, there was no noticeable impact of military dimension on capacity, or environment.

Military - related measures implemented or planned to improve environment and capacity

It is planned to follow ERNIP guidance and reg 2150/2005 requirements.

Initiatives implemented or planned to improve PI#6

It is planned that certain areas for mil RPAS, which technically have been integrated as GAT, would not be used. As a result, less airspace reservation would be necessary.
Permanently restricted military areas were not included in the calculations

Initiatives implemented or planned to improve PI#7

FRA has been implemented since 2015.

Initiatives implemented or planned to improve PI#8

FRA has been implemented since 2015.

4 CAPACITY - LATVIA

4.1 PRB monitoring

• LGS registered zero minutes of average en route ATFM delay per flight during 2020, thus meeting the local breakdown value of 0.06.

• Delays must be considered in the context of the traffic evolution: IFR movements in 2020 were 56% below the 2019 levels in Latvia.

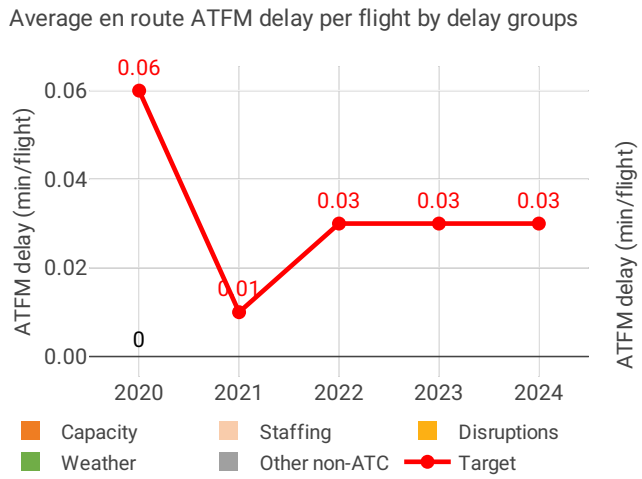
• Latvia reported no capacity issues and an increase of 5% in ATCO FTE numbers in 2020 compared to 2019 values.

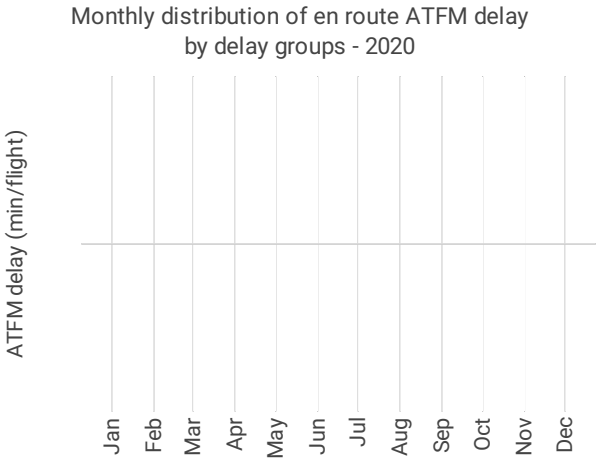
• The yearly total of sector opening hours in Riga ACC was 20,959, showing a 27.3% decrease compared to 2019.

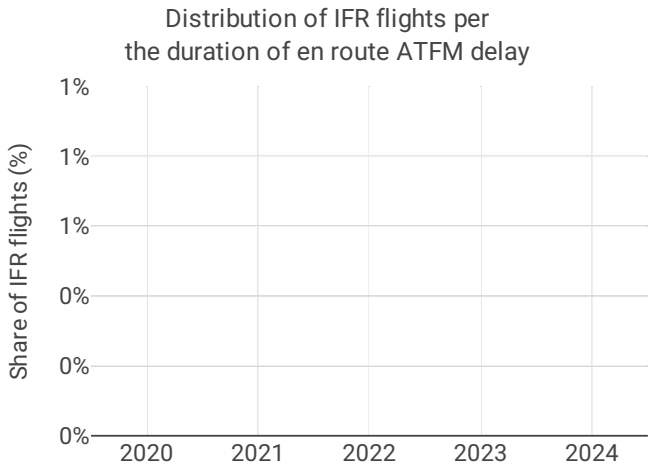
• Riga ACC registered 6.16 IFR movements per one sector opening hour in 2020, being 40.0% below 2019 levels.

4.2 En route performance

4.2.1 En route ATFM delay (KPI#1)







Focus on en route ATFM delay

Summary of capacity performance

Latvia experienced a traffic reduction of 56% from 2019 levels, to 129k flights. The traffic level was accommodated with zero en route ATFM delays to airspace users.

NSA's assessment of capacity performance

No capacity issues were present in 2020 due to COV19.

Monitoring process for capacity performance

Oversight and monitoring performed in accordance with EU reg 255/2010.

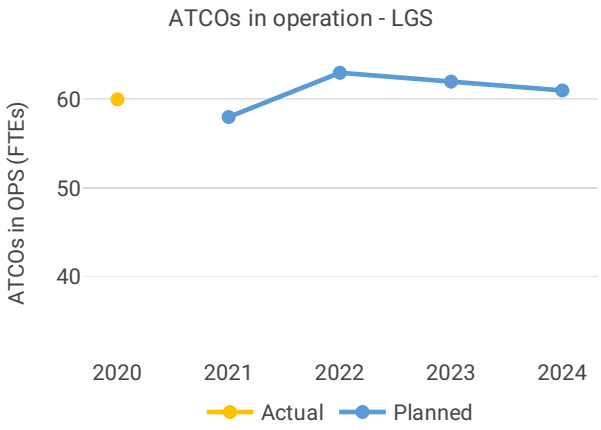
Capacity planning

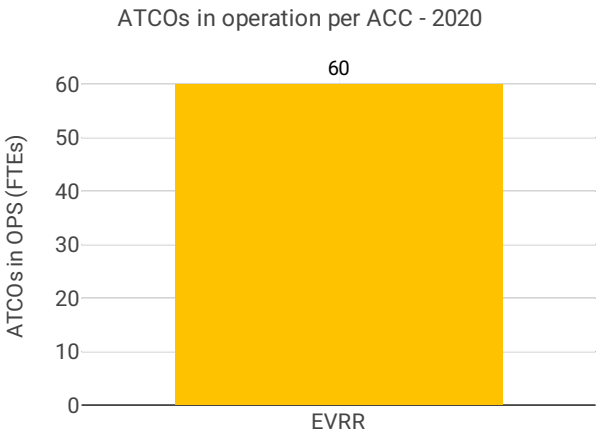
So far the capacity planning has been consistent and appropriate, considering unplanned Cov19 pandemic impact.

Application of Corrective Measures for Capacity (if applicable)

No data available

4.2.2 Other indicators

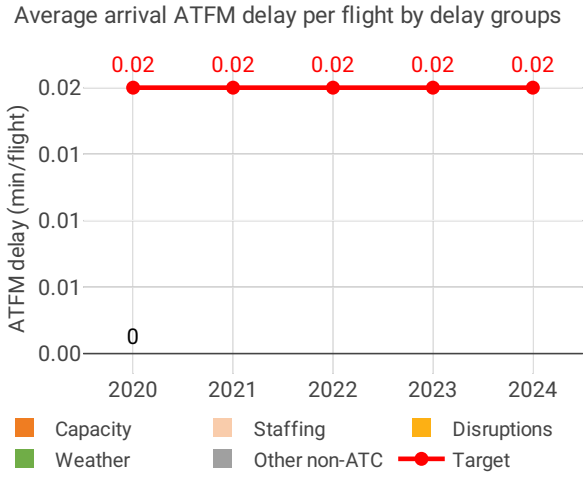


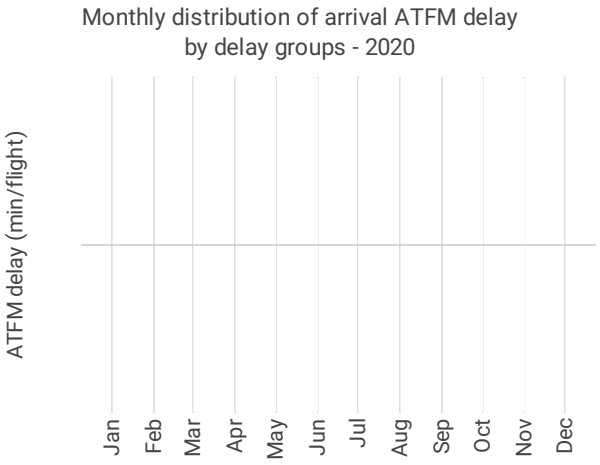


Focus on ATCOs in operations

4.3 Terminal performance

4.3.1 Arrival ATFM delay (KPI#2)





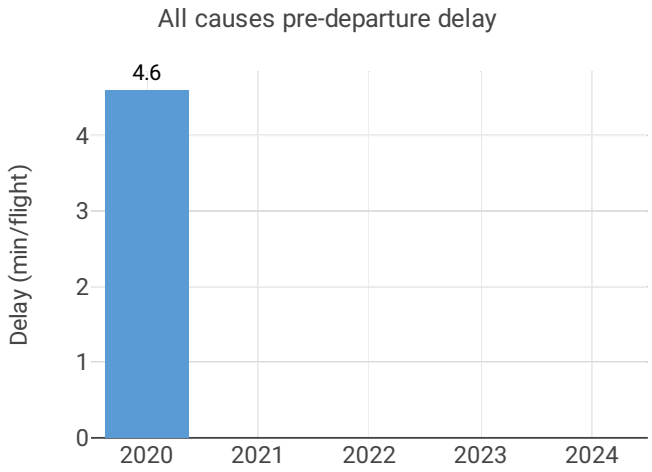
Focus on arrival ATFM delay

Latvia identified 4 airports as subject to RP3 monitoring. In accordance with IR (EU) 2019/317 and the traffic figures at these 4 airports, pre-departure delays are not monitored and the capacity performance monitoring focuses on arrival ATFM delay and slot adherence.
After a traffic increase of 28% along RP2 (2019 vs 2015), traffic at these Latvian airports decreased by 59% in 2020 compared to 2019. Only Riga airport has ATC services. EVVA, EVJA are general aviation aerodromes, while EVLA has only AFIS with limited ops hours.
Zero arrival ATFM delays were registered in 2020 and slot adherence was 98.4%.

No arrival ATFM delay was observed at the Latvian airports in 2020, in line with the performance during RP2.

The provisional national target on arrival ATFM delay in 2020 was met.
In accordance with Article 3 (3) (a) of Implementing Regulation (EU) 2020/1627: The incentive scheme shall cover only the calendar years 2022 to 2024.

4.3.2 Other terminal performance indicators (PI#1-3)



Airport level

	Avg arrival ATFM delay (KPI#2)				Slot adherence (PI#1)			
Airport name	2021	2022	2023	2020	2021	2022	2023	2020
Liepaya	NA	NA	NA	NA	NA%	NA%	NA%	NA
Riga	NA	NA	NA	NA	NA%	NA%	NA%	98.4%

	ATC pre departure delay (PI#2)				All causes pre departure delay (PI#3)			
Airport name	2021	2022	2023	2020	2021	2022	2023	2020
Liepaya	NA	NA	NA	NA	NA	NA	NA	NA
Riga	NA	NA	NA	NA	NA	NA	NA	4.6

Focus on performance indicators at airport level

ATFM slot adherence

Only Riga had regulated departures in 2020. With the drastic drop in traffic, these regulated departures from Riga also virtually disappeared as of April. The annual figure is therefore driven by the performance in the first trimester.
Riga's ATFM slot compliance was 98.4%. With regard to the 1.6% of flights that did not adhere, 1.4% was early and 0.2% was late.

ATC pre-departure delay

This indicator is not monitored for airports below 80,000 IFR movements annual average during the 2016-2018 period, so it is not monitored for any airport in Latvia.

All causes pre-departure delay

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5 COST-EFFIENCY - LATVIA

5.1 PRB monitoring

• The 2020 actual service units (439K) were 54% lower than the actual service units in 2019 (951K).

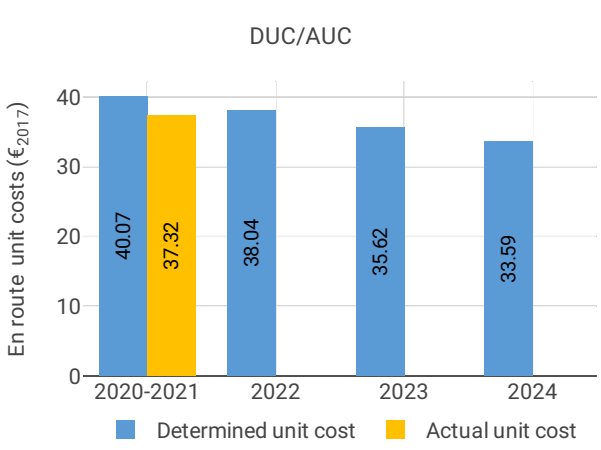
• In 2020, Latvia reduced total costs by 3.5 M€2017 (-16%) compared to 2019 actual costs. The reduction was mainly driven by 2.4 M€2017 lower staff costs (-17%) resulting from the termination of collective agreements and reduction of full time equivalents and working hours.

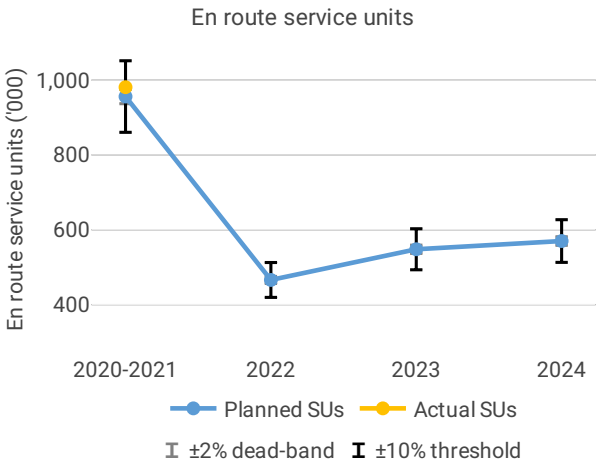
• LGS spent 3.6 M€2017 in 2020 related to costs of investments, 62% less than planned in the 2019 draft performance plan (9.5 M€2017).

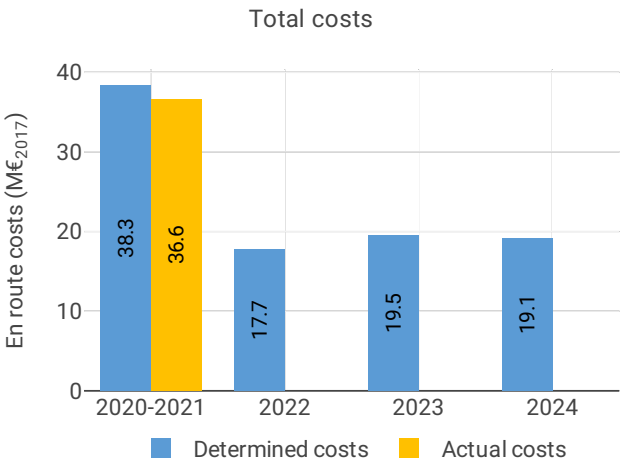
• The underspending in costs of investments is attributable to the postponement of new investment projects.

5.2 En route charging zone

5.2.1 Unit cost (KPI#1)

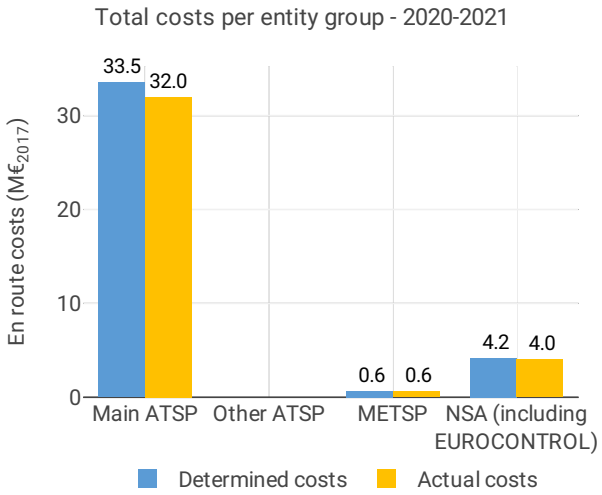


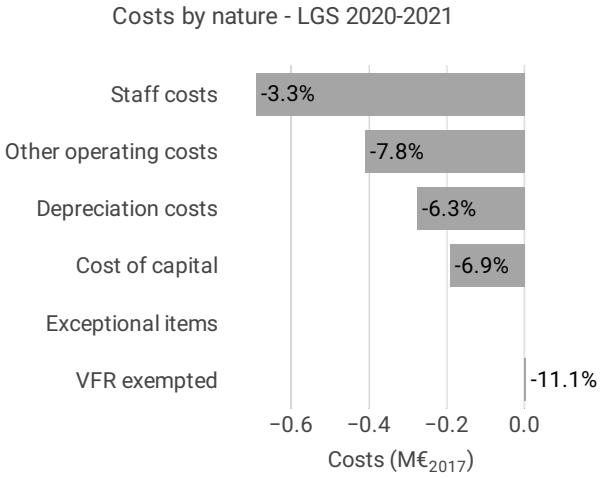




Actual and determined data

Total costs - nominal (M€)	2020-2021	2022	2023	2024
Actual costs	38	NA	NA	NA
Determined costs	40	20	23	23
Difference costs	-2	NA	NA	NA
Inflation assumptions	**2020-2021**	**2022**	**2023**	**2024**
Determined inflation rate	NA	10.0%	3.9%	3.1%
Determined inflation index	NA	119.7	124.3	128.1
Actual inflation rate	NA	NA	NA	NA
Actual inflation index	NA	NA	NA	NA
Difference inflation index (p.p.)	NA	NA	NA	NA





Focus on unit cost

AUC vs. DUC

In the combined year 2020-2021, the AUC was lower by -6.9% (or -2.75€2017) than the planned DUC. This results from the combination of higher than planned TSUs (+2.6%) and lower than planned en route costs in real terms (by -4.4%, or -1.7 M€2017).

En route service units

The difference between actual and planned TSUs (+2.6%) falls outside the ±2% dead band, but does not exceed the ±10% threshold foreseen in the traffic risk sharing mechanism. The resulting gain of additional en route revenues is therefore shared between the ATSP and the airspace users, with the ATSP (LGS) retaining an amount of +0.7 M€2017.

En route costs by entity

Actual real en route costs for 2020-2021 are -4.4% (-1.7 M€2017) lower than planned. This result is driven by the main ANSP, LGS (-4.7%, or -1.6 M€2017), the MET service provider (-0.2% or -0.002 M€2017) and the NSA/EUROCONTROL costs (-3.3%, or -0.1 M€2017).

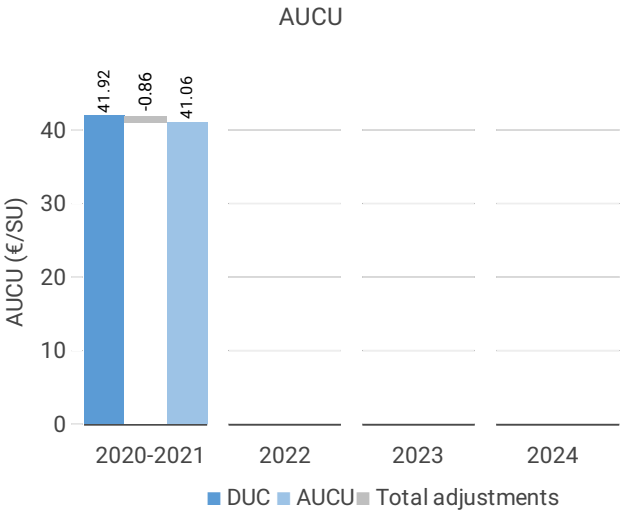
En route costs for the main ANSP at charging zone level

Lower than planned en route costs in real terms for LGS in 2020-2021 (-4.7%, or -1.6 M€2017 lower) results from:

- lower staff costs (-3.3%), “due to reduced headcounts by 6.1% of FTEs. At the same time, LGS did increase remuneration of several staff categories due to enormous pressure from trade unions;”
- lower other operating costs (-7.8%), “mostly by scaling down of the training and business trips;”
- lower depreciation (-6.3%), “As in FY 2020 the ANSP did invest only in the critical part of the services and

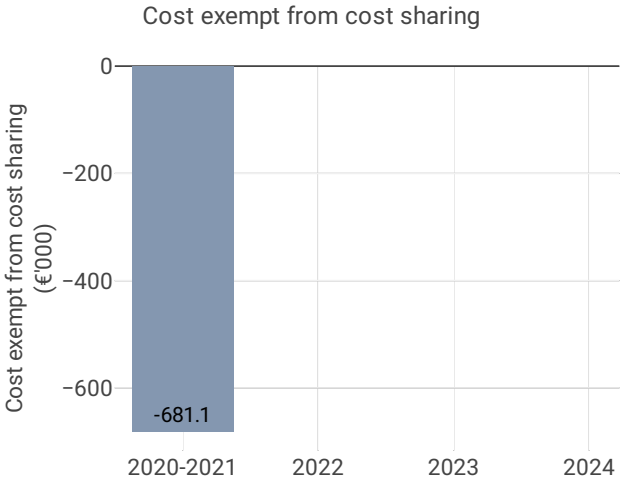
could not afford to undertake large scale investments with long-term benefits;"
- lower cost of capital (-6.9%), same as for depreciation;
- lower deduction for VFR exempted flights (-11.1%).

5.2.2 Actual unit cost incurred by the users (AUCU) (PI#1)



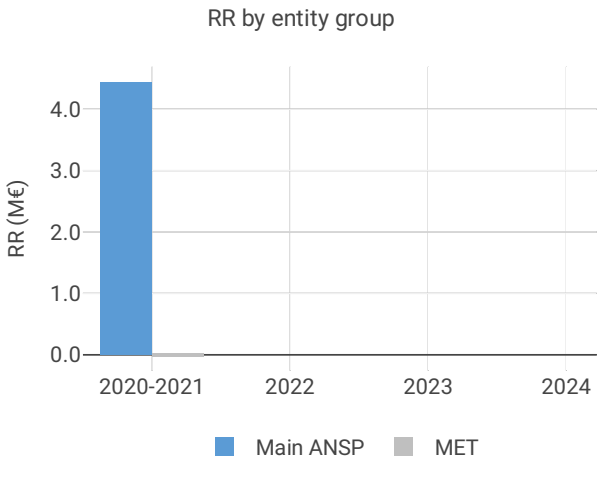
AUCU components (€/SU) – 2020-2021

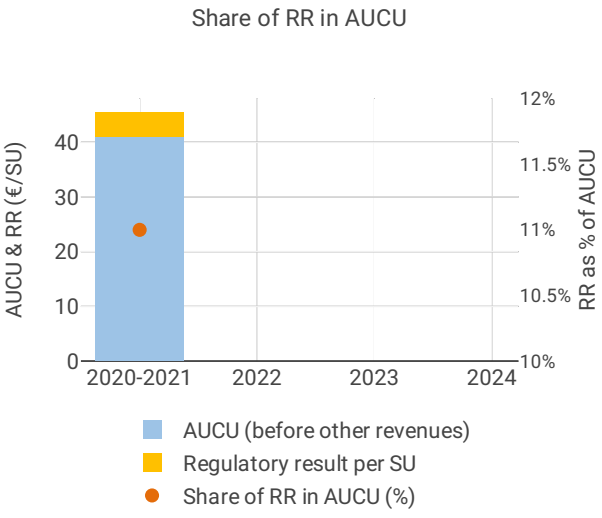
Components of the AUCU in 2020-2021	€/SU
DUC	**41.92**
Inflation adjustment	0.16
Cost exempt from cost-sharing	-0.69
Traffic risk sharing adjustment	-0.15
Traffic adj. (costs not TRS)	-0.17
Finantial incentives	0.00
Modulation of charges	0.00
Cross-financing	0.00
Other revenues	0.00
Application of lower unit rate	0.00
Total adjustments	-0.86
AUCU	**41.06**
AUCU vs. DUC	**-2.0%**

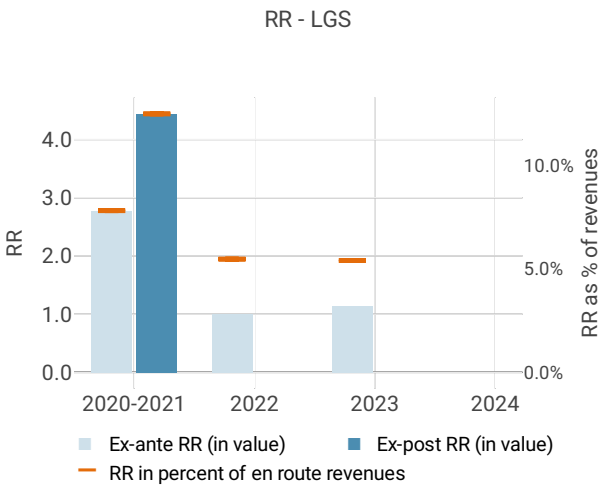


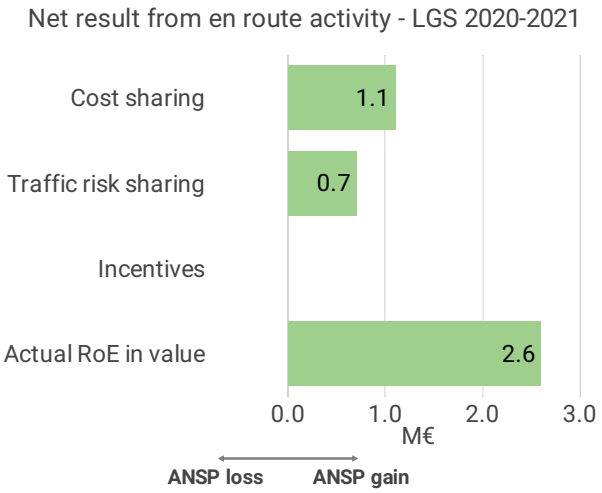
Cost exempt from cost sharing by item - 2020-2021	€'000	€/SU
New and existing investments	-446.4	-0.45
Competent authorities and qualified entities costs	0.9	0.00
Eurocontrol costs	-139.2	-0.14
Pension costs	-96.4	-0.10
Interest on loans	0.0	0.00
Changes in law	0.0	0.00
Total cost exempt from cost risk sharing	**-681.1**	**-0.69**

5.2.3 Regulatory result (RR)







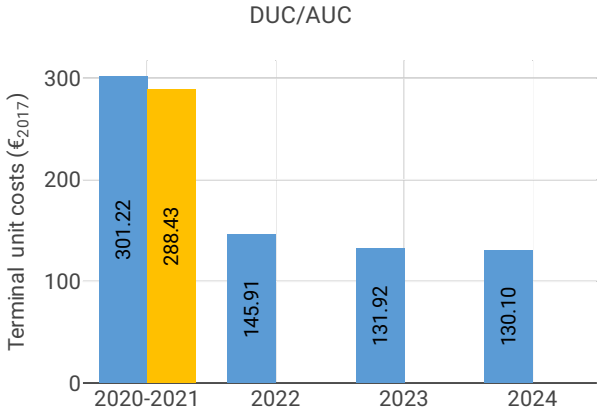


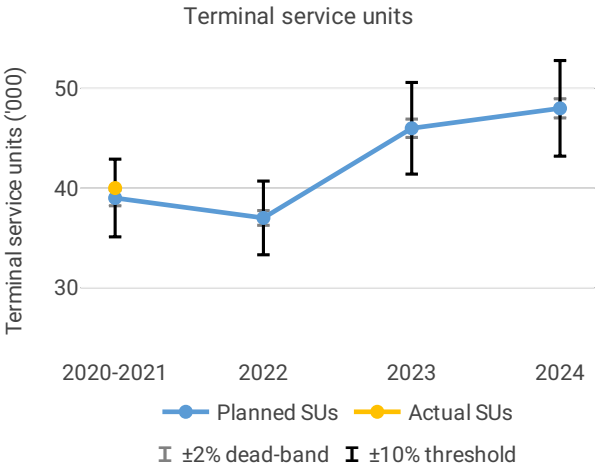
Focus on regulatory result

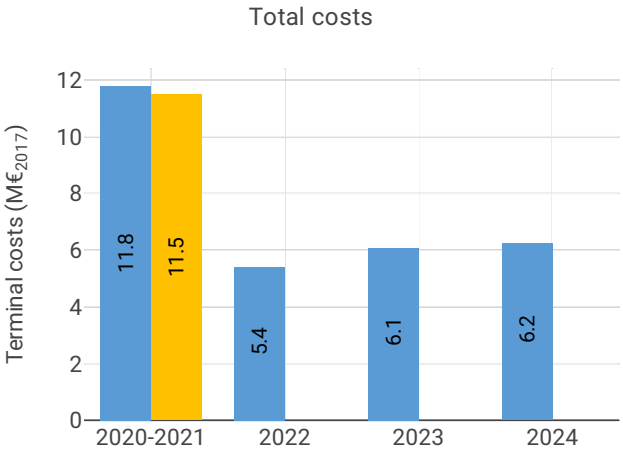
LGS net gain on en route activity in the Latvia charging zone in the combined year 2020-2021
LGS's net gain amounts to +2.4 M€, as a combination of a gain of +1.7 M€ arising from the cost sharing mechanism and a gain of +0.7 M€ arising from the traffic risk sharing mechanism.
LGS overall regulatory results (RR) for the en route activity
Ex-post, the overall RR taking into account the net gain from the en route activity mentioned above (+2.4 M€) and the actual RoE (+2.6 M€) amounts to +5.0 M€ (13.8% of the en route revenues). The resulting ex-post rate of return on equity is 12.7%, which is higher than the 6.6% planned in the PP.

5.3 Terminal charging zone

5.3.1 Unit cost (KPI#1)

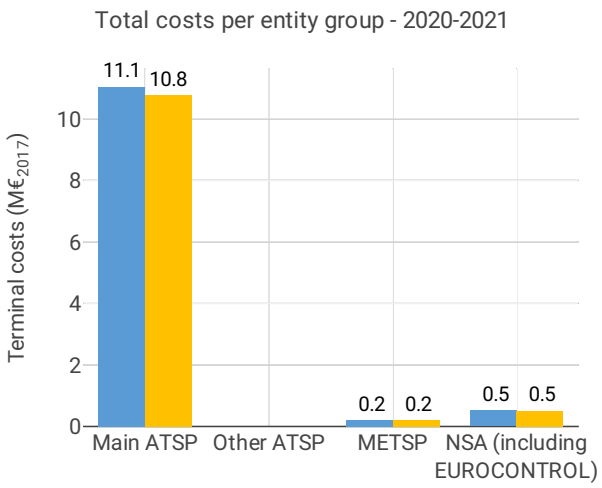


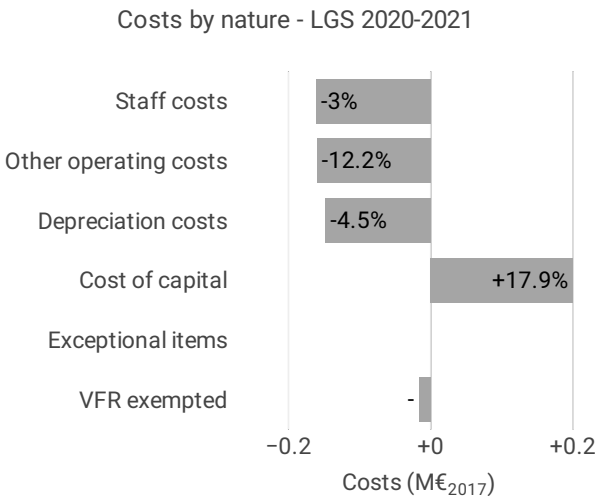




Actual and determined data

Total costs - nominal (M€)	2020-2021	2022	2023	2024
Actual costs	12	NA	NA	NA
Determined costs	12	6	7	7
Difference costs	0	NA	NA	NA
Inflation assumptions	**2020-2021**	**2022**	**2023**	**2024**
Determined inflation rate	NA	10.0%	3.9%	3.1%
Determined inflation index	NA	119.7	124.3	128.1
Actual inflation rate	NA	NA	NA	NA
Actual inflation index	NA	NA	NA	NA
Difference inflation index (p.p.)	NA	NA	NA	NA





Focus on unit cost

AUC vs. DUC

In the combined year 2020-2021, the terminal AUC was -4.2% (or -12.79€2017) lower than the planned DUC. This results from the combination of higher than planned TNSUs (+1.8%) and lower than planned terminal costs in real terms (-2.6%, or -0.3 M€2017).

Terminal service units

The difference between actual and planned TNSUs (+1.8%) falls within the ±2% dead band. Hence the resulting additional revenue is kept by the ANSPs..

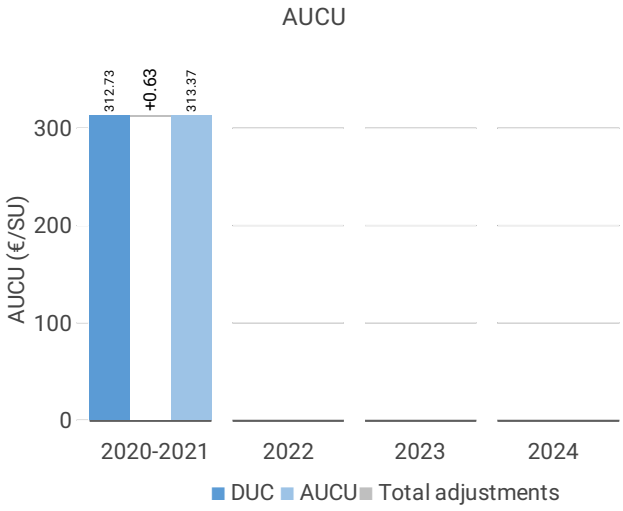
Terminal costs by entity

Actual real terminal costs are -2.6% (-0.3 M€2017) lower than planned. This is driven by the main ANSP, LGS (-2.6%, or -0.3 M€2017) and the NSA costs (-2.8%, or -0.01 M€2017).

Terminal costs for the main ANSP at charging zone level

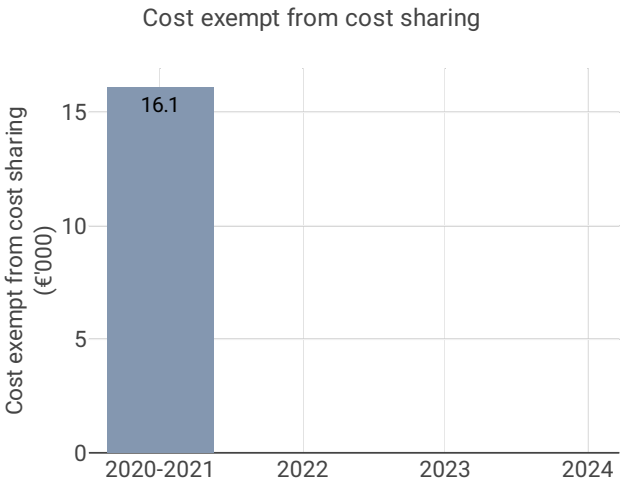
The lower than planned terminal costs in real terms for LGS (-2.6%, or -0.3 M€2017) result from:
- lower staff costs (-3.0%), “due to reduced headcounts by 6.1% of FTEs. At the same time, LGS did increase remuneration of several staff categories due to enormous pressure from trade unions;”
- lower other operating costs (-12.2%), “mostly by scaling down of the training and business trips;”
- lower depreciation (-4.5%), “As in FY 2020 the ANSP did invest only in the critical part of the services and could not afford to undertake large scale investments with long-term benefits;”
- higher cost of capital (+17.9%), driven by the use of higher asset base (+18.9%) to compute cost of capital.
- deduction for VFR exempted flights.

5.3.2 Actual unit cost incurred by the users (AUCU) (PI#1)



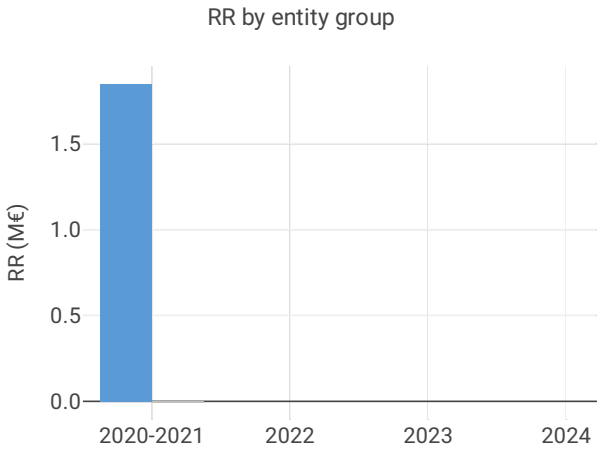
AUCU components (€/SU) – 2020-2021

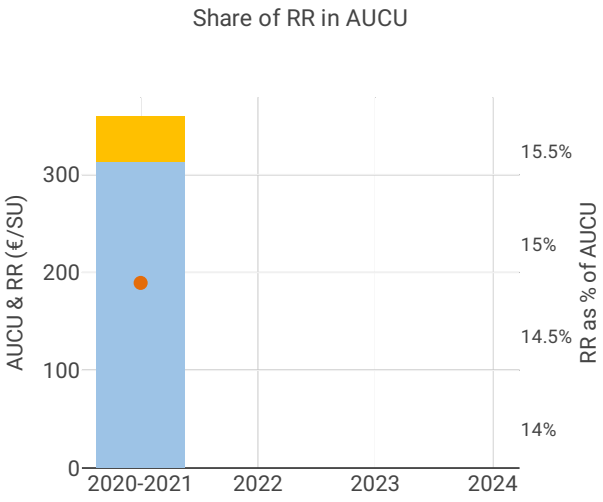
Components of the AUCU in 2020-2021	€/SU
DUC	**312.73**
Inflation adjustment	0.99
Cost exempt from cost-sharing	0.40
Traffic risk sharing adjustment	0.00
Traffic adj. (costs not TRS)	-0.76
Finantial incentives	0.00
Modulation of charges	0.00
Cross-financing	0.00
Other revenues	0.00
Application of lower unit rate	0.00
Total adjustments	0.63
AUCU	**313.37**
AUCU vs. DUC	**+0.2%**

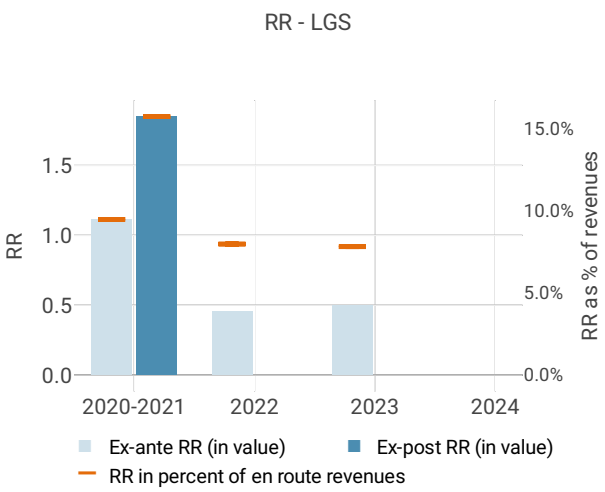


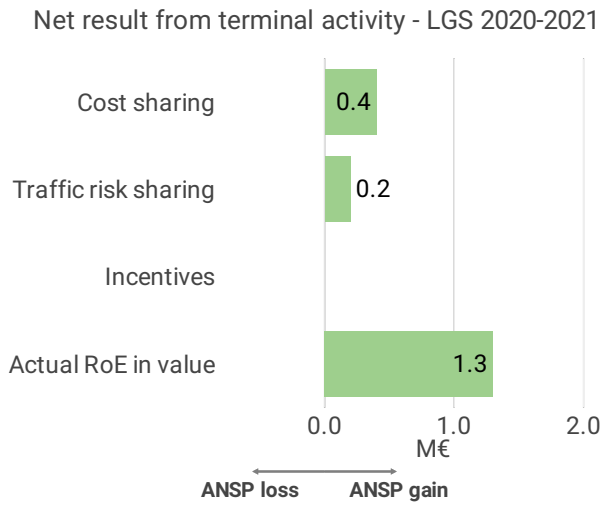
Cost exempt from cost sharing by item - 2020-2021	€'000	€/SU
New and existing investments	52.8	1.33
Competent authorities and qualified entities costs	-14.9	-0.38
Eurocontrol costs	0.0	0.00
Pension costs	-21.8	-0.55
Interest on loans	0.0	0.00
Changes in law	0.0	0.00
Total cost exempt from cost risk sharing	**16.1**	**0.40**

5.3.3 Regulatory result (RR)









Focus on regulatory result

LGS net gain on activity in the Latvia terminal charging zone in the combined year 2020-2021

LGS's net gain amounts to +0.5 M€ due to gains of +0.3 M€ from the cost sharing mechanism and of +0.2 M€ from the traffic risk sharing mechanism.

LGS overall regulatory results (RR) for the terminal charging zone activity

Ex-post, the overall RR taking into account the net gain from the terminal activity mentioned above (+0.5 M€) and the actual RoE (+1.3 M€) amounts to +1.8 M€ (15.5% of the terminal revenues). The resulting ex-post rate of return on equity is 9.1%, which is higher than the 6.6% planned in the PP.