

Performance Review Board

Monitoring Report

Latvia - 2024



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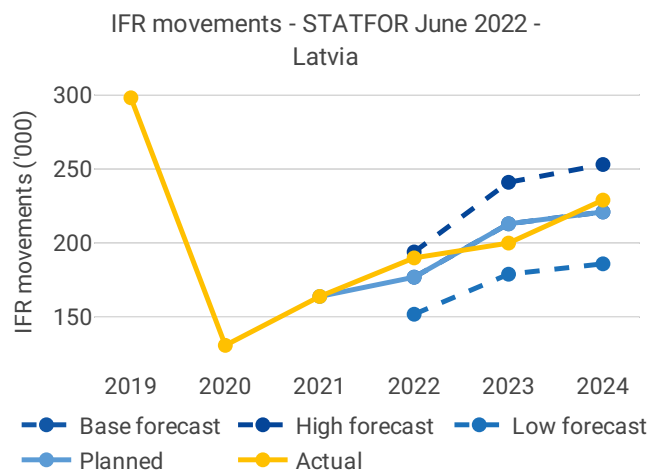
1 OVERVIEW

1.1 Contextual information

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

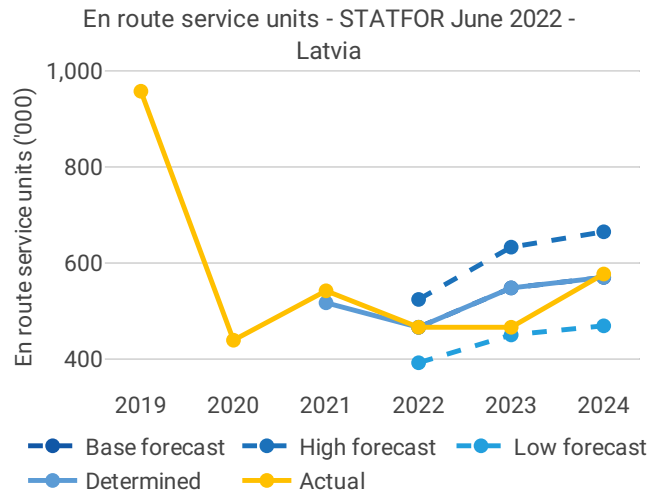
<p>List of ACCs 1 Riga ACC</p> <p>No of airports in the scope of the performance plan:</p> <ul style="list-style-type: none"> • ≥80'K 0 • <80'K 3 	<p>Exchange rate (1 EUR=) 2017: 1 EUR 2024: 1 EUR</p> <p>Share of Union-wide:</p> <ul style="list-style-type: none"> • traffic (TSUs) 2024 0.4% • en route costs 2024 0.3% <p>Share en route / terminal costs 2024 77% / 23%</p> <p>En route charging zone(s) Latvia</p> <p>Terminal charging zone(s) Latvia</p>	<p>Main ANSP</p> <ul style="list-style-type: none"> • LGS <p>Other ANSPs</p> <p>–</p> <p>MET Providers</p> <ul style="list-style-type: none"> • LVGMC
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1.2 Traffic (En route traffic zone)



- Latvia recorded 229K actual IFR movements in 2024, +14.5% compared to 2023 (200K).
- Actual 2024 IFR movements were +3.6% above the plan (221K).
- Actual 2024 IFR movements represent 77% of the actual 2019 level (298K).





- Latvia recorded 577 actual service units in 2024, +23.8% compared to 2023 (958).
- Actual 2024 service units were +2.9% above the plan (561).
- Actual 2024 service units are -39.8% above the actual 2019 level (958).

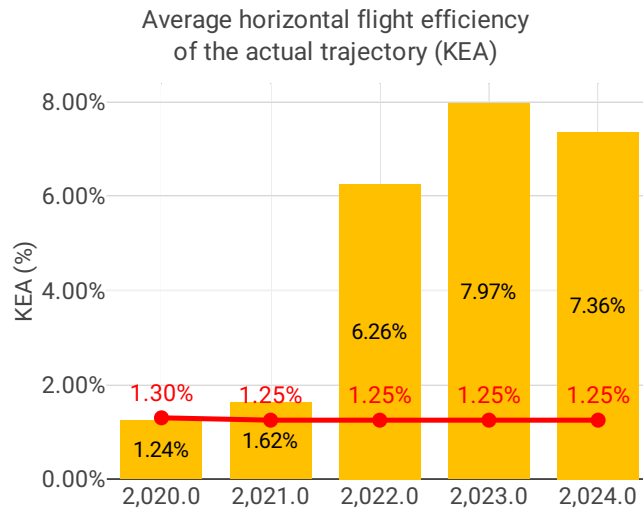
1.3 Safety (Main ANSP)



- LGS achieved the RP3 targets in 2023 and maintained its performance in 2024, ending the reference period with maturity level D for two Management Objectives (Safety Risk Management and Safety Culture).
- Latvia recorded stable performance with respect to runway incursion (RIs) and an increase in the rate of separation minima infringement (SMIs) in 2024.

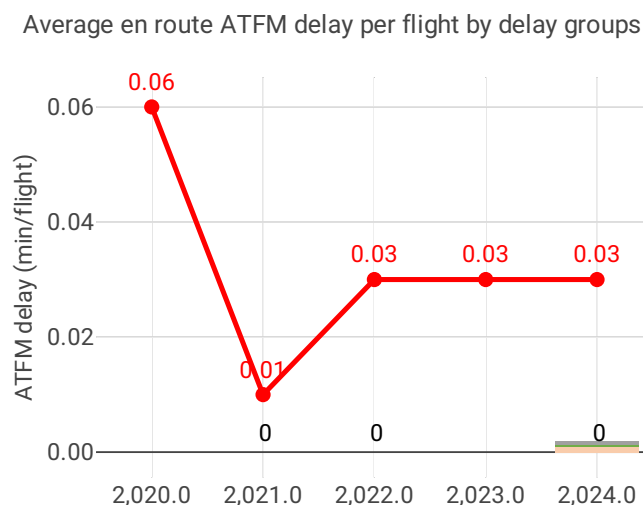


1.4 Environment (Member State)



- Latvia achieved a KEA performance of 7.36% compared to its target of 1.25% and did not contribute positively to the Union-wide target.
- The NSA states that the KEA deterioration was due to ongoing sanctions against Russian and Belorussian aircraft operators as a result of Russia's war of aggression against Ukraine.
- Both KEP and SCR improved in comparison with 2023. Despite the target being missed, KEA improved in 2024. Additionally, the improvement in SCR shows that Latvia has enhanced the environmental efficiency of its airspace when accounting for impacts outside of its control.
- The share of CDO flights increased from 58.92% to 63.23% in 2024.
- Additional taxi out time decreased from 2.66 to 2.06 min/flight, while additional time in terminal airspace remained stable in 2024 compared to 2023.

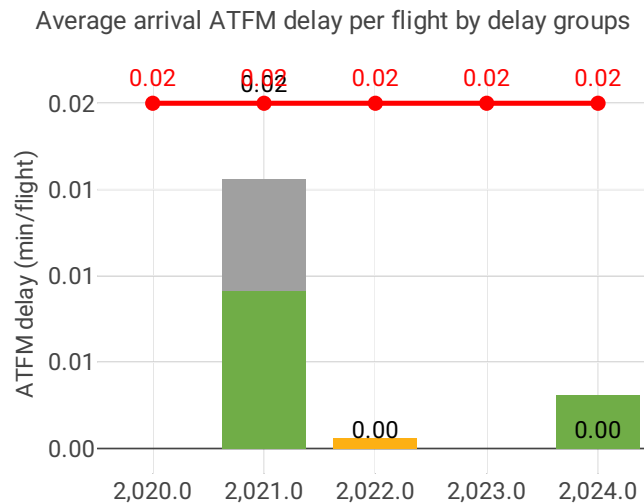
1.5 Capacity (Member State)



- Latvia registered zero minutes of average en route ATFM delay per flight during 2024, which remained zero after the post-ops adjustment process, thus achieving the local target value of 0.03. Delays in Latvia remained unchanged year-on-year.

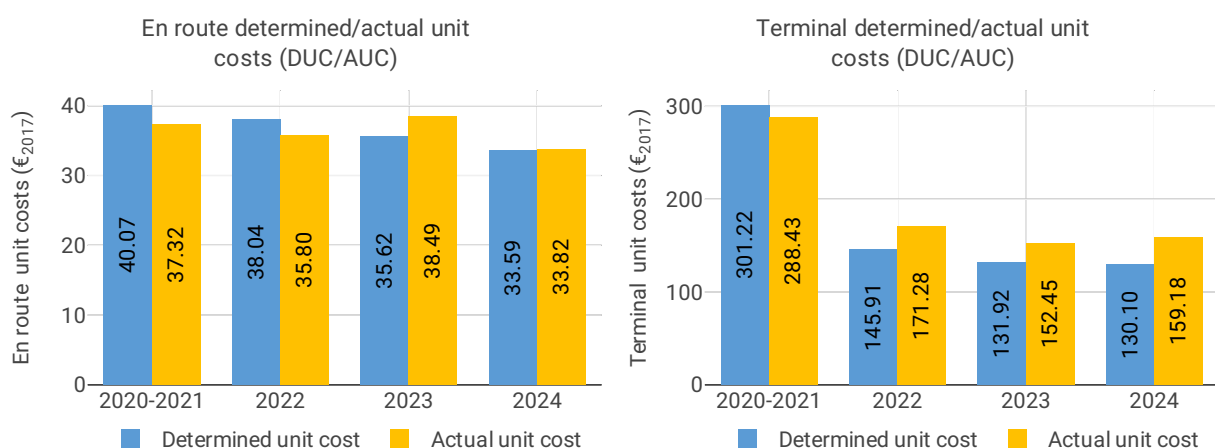


- The average number of IFR movements was 23% below 2019 levels in Latvia in 2024.
- The number of ATCOs in OPS is 46, being below the 2024 plan in Riga by 15 FTEs.
- The yearly total of sector opening hours in Riga ACC was 24,398, showing a 1.5% increase compared to 2023. Sector opening hours are 15.4% below 2019 levels.
- Riga ACC registered 9.31 IFR movements per one sector opening hour in 2024, being 9.4% below 2019 levels.



- Latvia registered zero minutes of average airport arrival ATFM delay per flight in 2024, thus achieving the local target of 0.02 minutes.
- Compared to 2023, the number of IFR arrivals in Latvia increased by 3%, while the average airport arrival ATFM delay remained zero minutes.

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



- The en route 2024 actual unit cost of Latvia was 33.82€₂₀₁₇, +0.7% higher than the determined unit cost (33.59€₂₀₁₇). The terminal 2024 actual unit cost was 159.18€₂₀₁₇, +22.4% higher than the determined unit cost (130.10€₂₀₁₇).
- The en route 2024 actual service units (0.58M) were +1.2% higher than the determined service units (0.57M).



- The en route 2024 actual total costs were +0.4M€2017 (+1.9%) higher than determined. The difference is mainly the result of higher actual depreciation costs than determined for LGS (+1.1M €2017, or +43%), partially offset by lower than determined staff costs (-0.9M €2017, or -9.1%).
- LGS costs of investments were 6.8M€2017 in 2024 for both en route and terminal charging zones, +11% more than determined (6.1M€2017), mainly due to higher than planned depreciation . According to the NSA , this is due to the commissioning of investments that had been delayed since 2020.
- The en route actual unit cost incurred by users in 2024 was 44.46€ (+11% above the 2024 DUC), while the terminal actual unit cost incurred by users was 148.85€ (-1.0% below the 2024 DUC). The difference between the AUCU and the DUC for the en route charging zone is mainly driven by the positive inflation adjustment.
- Latvia should ensure that any excessive regulatory result, including excess funds received by the ANSP due to the inflation mechanism, is either reinvested to improve the quality of services delivered to airspace users or reimbursed to them.

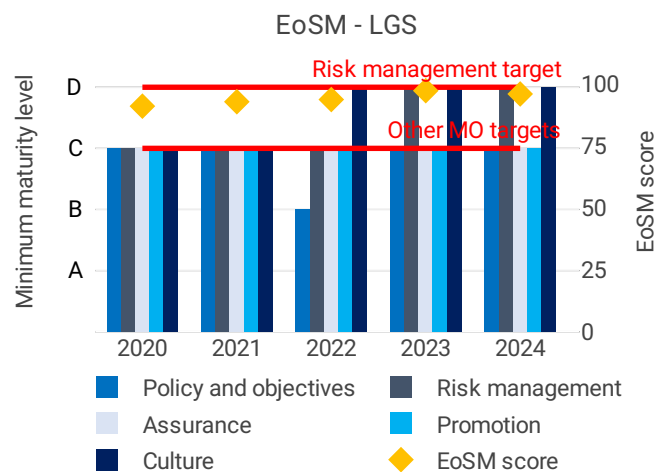


2 SAFETY - LATVIA

2.1 PRB monitoring

- LGS achieved the RP3 targets in 2023 and maintained its performance in 2024, ending the reference period with maturity level D for two Management Objectives (Safety Risk Management and Safety Culture).
- Latvia recorded stable performance with respect to runway incursion (RIs) and an increase in the rate of separation minima infringement (SMIs) in 2024.

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



Focus on EoSM

All five EoSM components of the ANSP meet, or exceed, the RP3 target level. A The level was maintained compared with 2023.

LGS achieved the RP3 targets in 2023 and maintained its performance in 2024, ending with maturity level D for two Management Objectives (Safety Risk Management and Safety Culture). While the RP3 targets were achieved, the planned targets have not been fully achieved. Primarily, this was due to a shortage of available time among ANSP personnel. The delays created a backlog of tasks that required prioritisation, limiting the resources and capacity to implement new initiatives within the planned timeframe.

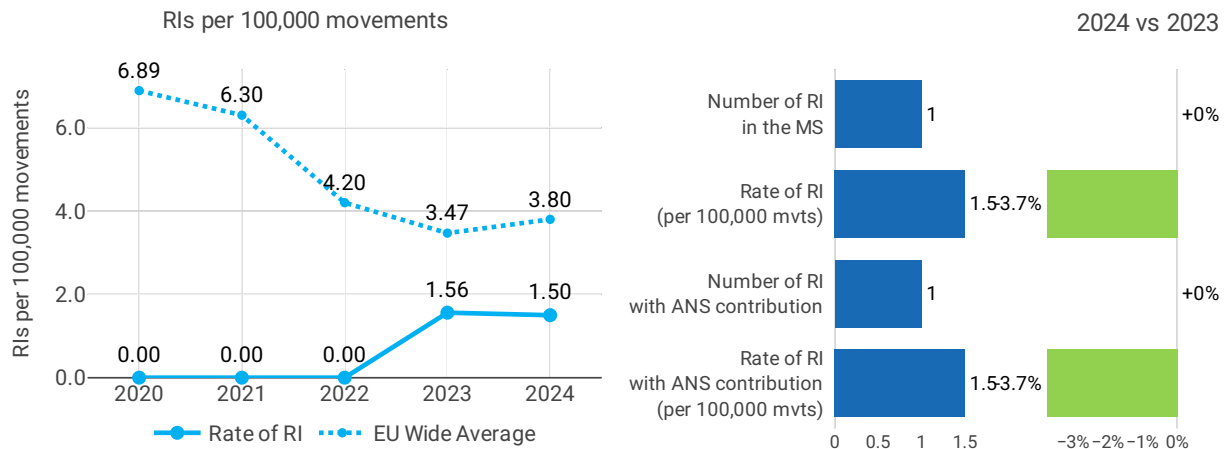
The ANSP continues to update its documentation and procedures, with a focus on increased automation and simplified access, in support of its core safety objectives and the effective execution of key safety-related tasks. In addition, the ANSP has launched several initiatives to enhance its safety policy and refine its safety objectives, ensuring closer alignment with EASA and ICAO requirements, as well as international best practices in air navigation services.

Despite the currently good performance of the ANSP, the NSA cautions that the ANSP might not be able to achieve the planned targets in the future due to financial and human resource issues, as a result of Russia's war of aggression against Ukraine.



2.3 Safety occurrences

2.3.1 Rate of runway incursions (RIs) (PI#1)



Rate of RIs per 100,000 airport movements - Latvia				
#	Airport name	APT movements	Number of RI	Rate RI per 100,000
1	Riga	62,663	0	0.00
2	Liepaja	2,781	1	35.96
3	Ventspils	1,134	0	0.00
4	Tukums Jurmala	0	0	NA

Focus on runway incursions

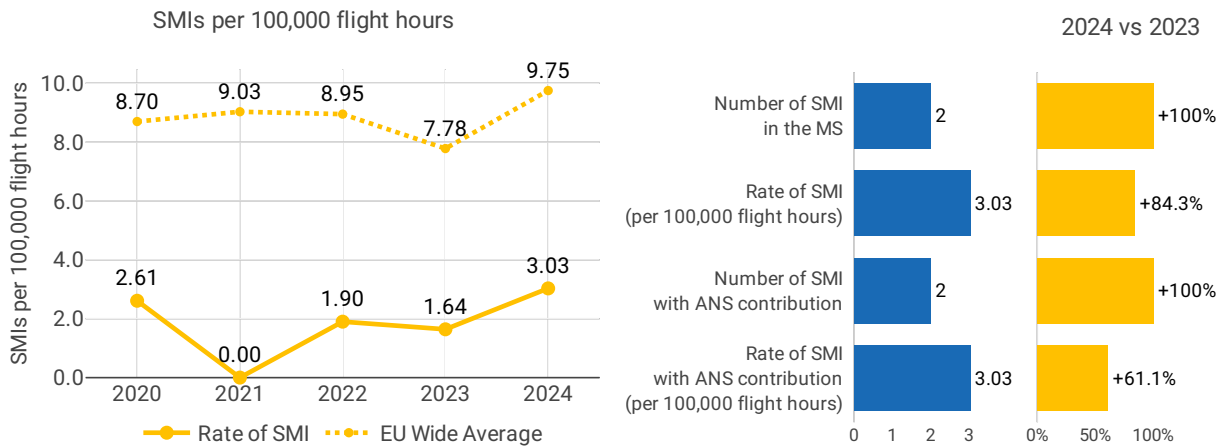
Throughout RP3, Latvia had a stable and good performance with respect to RIs (one in 2024, and none in the other years). The rate of RIs at the Member State level remained low and well below the Union-wide average.

The rate of RIs with ANS contribution followed the same evolution at the Member State level.

The NSA promptly reviews all the safety occurrence reports upon receipt. When issues are identified, the CAA immediately notifies the ANSP and tracks the implementation of corrective actions. Furthermore, regular audits and inspections are conducted, to scrutinise safety occurrences and verify the effectiveness of risk mitigation measures.



2.3.2 Rate of separation minima infringements (SMIs) (PI#2)



Rate of SMI with ANS contribution per 100,000 flight hours											
#	ANSP	Flight hours					Number of SMIs				
		2020	2021	2022	2023	2024	2020	2021	2022	2023	2024
1	LGS	39,170	46,440	52,501	53,203	66,055	1	0	1	1	2

#	ANSP	Rate of SMI per 100,000 flight hours					% variation in rate of SMIs				
		2020	2021	2022	2023	2024	2020	2021	2022	2023	2024
1	LGS	3	0	2	2	3	-100%	0%	0%	-1%	+61%

Focus on separation minima

Since 2021, Latvia has experienced a slight increase in the rate of SMIs at the Member State level but remains below the Union-wide average. Between 2023 and 2024, the SMI occurrences increased from one to two.

The rate of SMIs with ANS contribution has consistently tracked with that at the Member State level.

The NSA promptly reviews all the safety occurrence reports upon receipt and tracks the implementation of corrective actions.

2.3.3 Quality of occurrences reporting

LGS uses specific safety recording tools for separation minima infringements and runway incursions and is one of the few ANSPs to do so.

2.4 Use of automated safety data recording system (ASDRS) (PI#3)

Use of automated safety data recording system - 2024	
For RIs	For SMIs
✓	✓



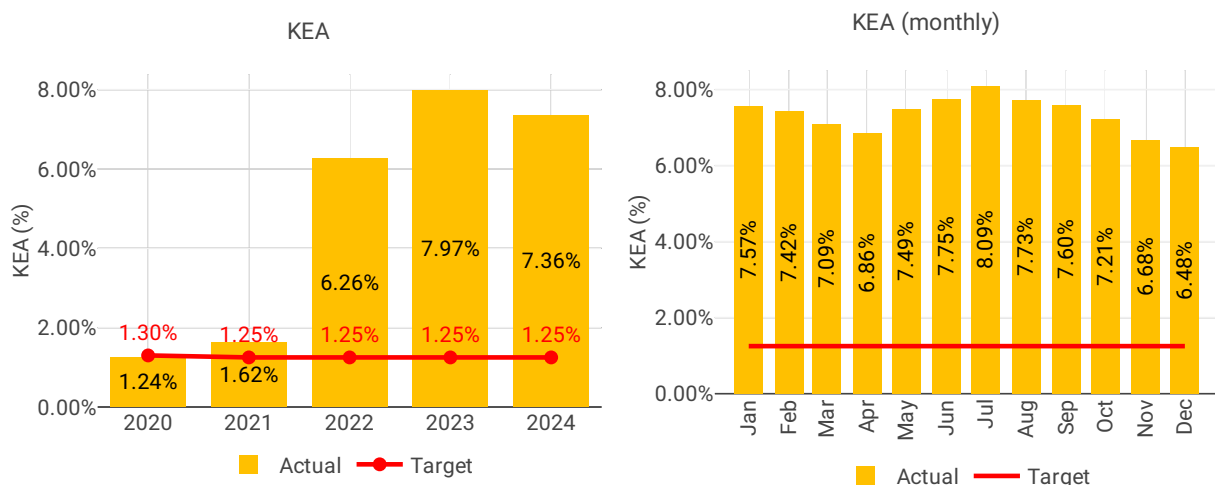
3 ENVIRONMENT - LATVIA

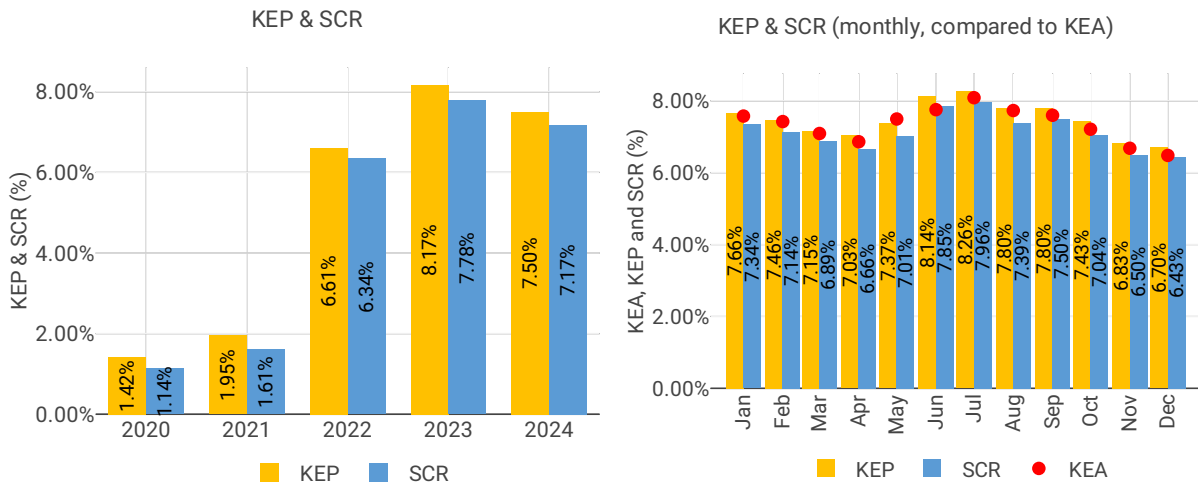
3.1 PRB monitoring

- Latvia achieved a KEA performance of 7.36% compared to its target of 1.25% and did not contribute positively to the Union-wide target.
- The NSA states that the KEA deterioration was due to ongoing sanctions against Russian and Belorussian aircraft operators as a result of Russia's war of aggression against Ukraine.
- Both KEP and SCR improved in comparison with 2023. Despite the target being missed, KEA improved in 2024. Additionally, the improvement in SCR shows that Latvia has enhanced the environmental efficiency of its airspace when accounting for impacts outside of its control.
- The share of CDO flights increased from 58.92% to 63.23% in 2024.
- Additional taxi out time decreased from 2.66 to 2.06 min/flight, while additional time in terminal airspace remained stable in 2024 compared to 2023.

3.2 En route performance

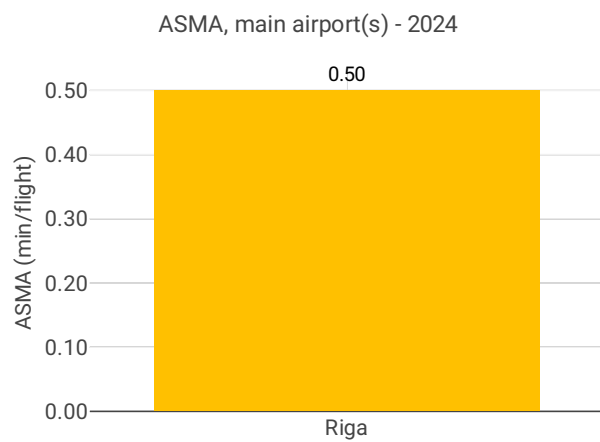
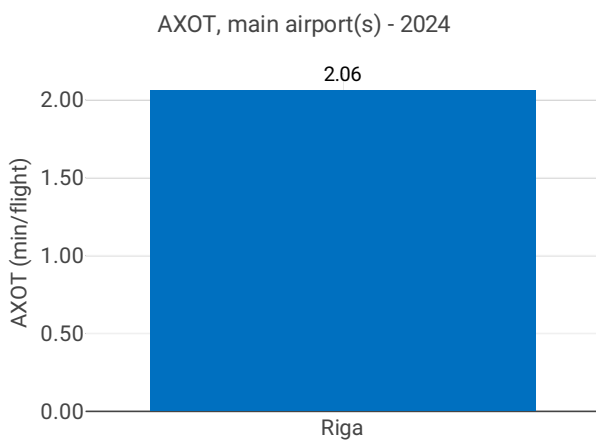
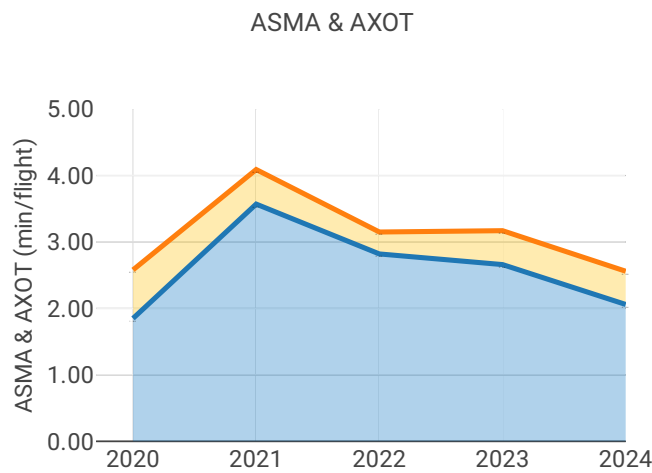
3.2.1 Horizontal flight efficiency of the actual trajectory (KEA) (KPI#1), of the last filed flight plan (KEP) (PI#1) & shortest constrained route (SCR) (PI#2)





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

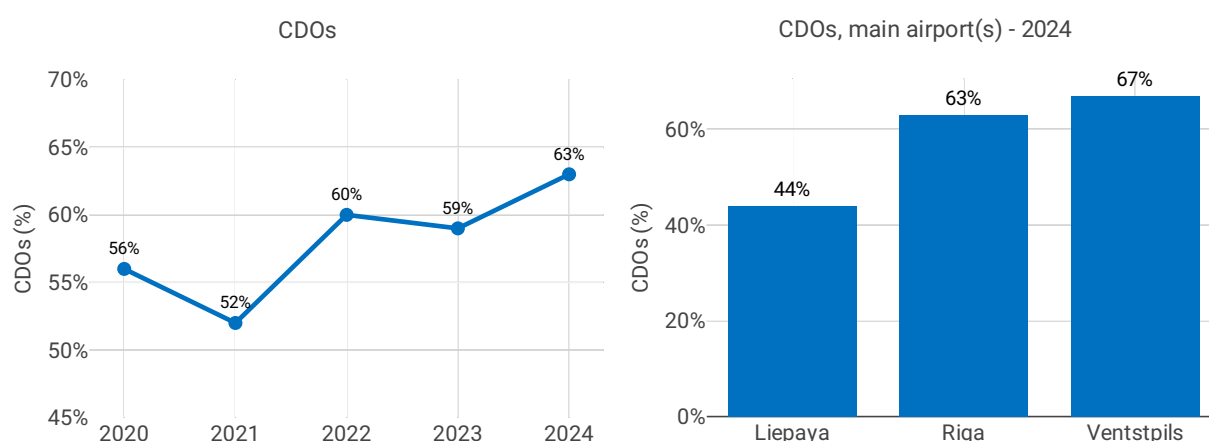
AXOT

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

ASMA

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

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



Focus CDOs

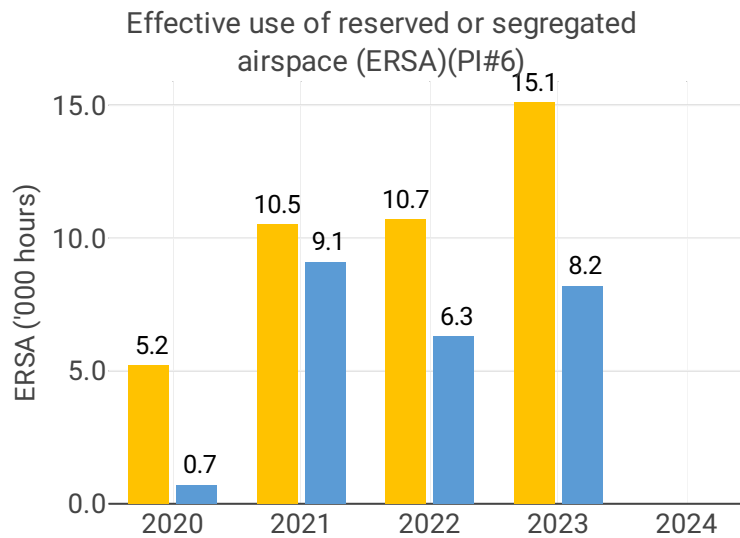
The share of CDO flights decreased at Ventstpils, while it increased at Liepaya and Riga. All airports had shares of CDO flights (well) above the overall RP3 value in 2024 (29.3%).

According to the Latvian monitoring report: *Regular interaction with all stakeholders, as well as continuous monitoring and evaluations of PBN approaches efficiency. Ventspils airport has no ATS services. EVLA has only AFIS with sepcific operational hours.*

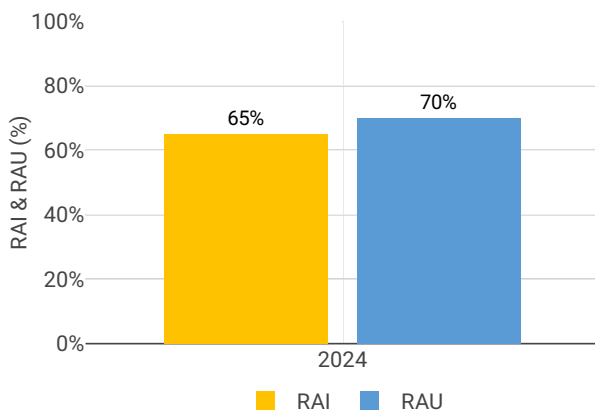
Airport level															
Airport	Additional taxi-out time (PI#3)					Additional ASMA time (PI#4)					Share of arrivals applying CDO (PI#5)				
	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024
Riga	1.85	3.57	2.82	2.66	2.06	0.73	0.52	0.33	0.51	0.50	56%	53%	61%	59%	63%
Liepaya	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	66%	20%	22%	38%	44%
Ventstpils	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	50%	88%	100%	75%	67%



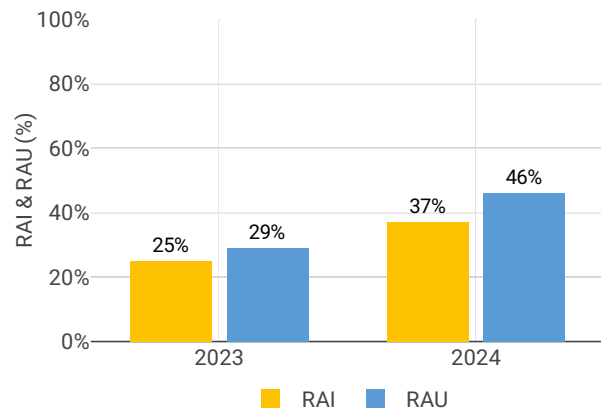
3.4 Civil-Military dimension



RAI & RAU via available conditional routes (PIs#7 & 8)



RAI & RAU via available restricted and segregated airspace (PIs#7 & 8)



Focus on Civil-Military dimension

Update on Military dimension of the plan

TSA (Temporarily Segregated Areas) activation for major military exercises is one example of a flow regulation brought about by military action. Areas designated for military usage are always designed with anticipated traffic patterns in mind. In 2024, there is no effect on the Environmental KPI.

Military - related measures implemented or planned to improve capacity

Closer Civil-Military Cooperation.

Initiatives implemented or planned to improve PI#6

Ad-hoc activation procedure (if areas were not allocated pre-tactically) for TSA and TRA type military areas was implemented in early 2023. There are plans to implement military areas for Tactical Only activation procedure (not subject for pre-tactical allocation at all, having lower priority over non-involved actual traffic).



Initiatives implemented or planned to improve PI#7

None

Initiatives implemented or planned to improve PI#8

n/a



4 CAPACITY - LATVIA

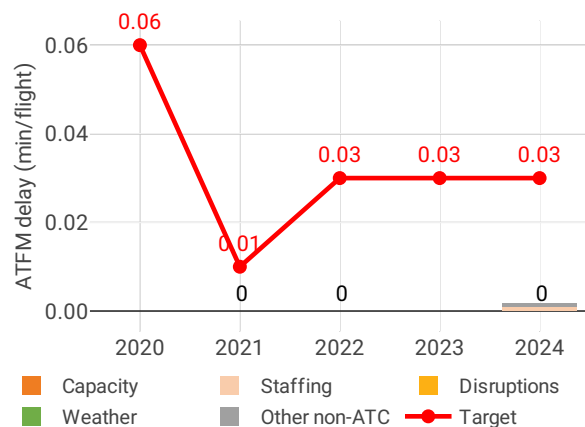
4.1 PRB monitoring

- Latvia registered zero minutes of average en route ATFM delay per flight during 2024, which remained zero after the post-ops adjustment process, thus achieving the local target value of 0.03. Delays in Latvia remained unchanged year-on-year.
- The average number of IFR movements was 23% below 2019 levels in Latvia in 2024.
- The number of ATCOs in OPS is 46, being below the 2024 plan in Riga by 15 FTEs.
- The yearly total of sector opening hours in Riga ACC was 24,398, showing a 1.5% increase compared to 2023. Sector opening hours are 15.4% below 2019 levels.
- Riga ACC registered 9.31 IFR movements per one sector opening hour in 2024, being 9.4% below 2019 levels.
- Latvia registered zero minutes of average airport arrival ATFM delay per flight in 2024, thus achieving the local target of 0.02 minutes.
- Compared to 2023, the number of IFR arrivals in Latvia increased by 3%, while the average airport arrival ATFM delay remained zero minutes.

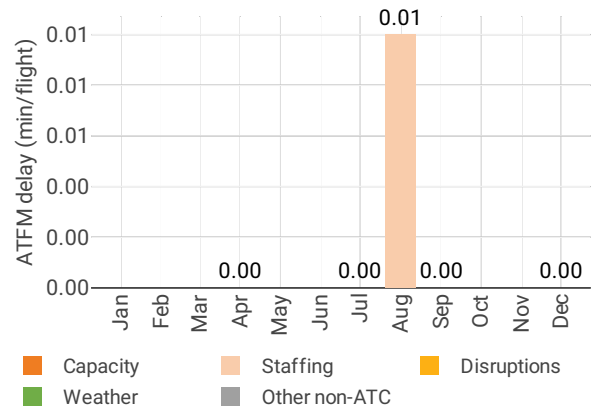
4.2 En route performance

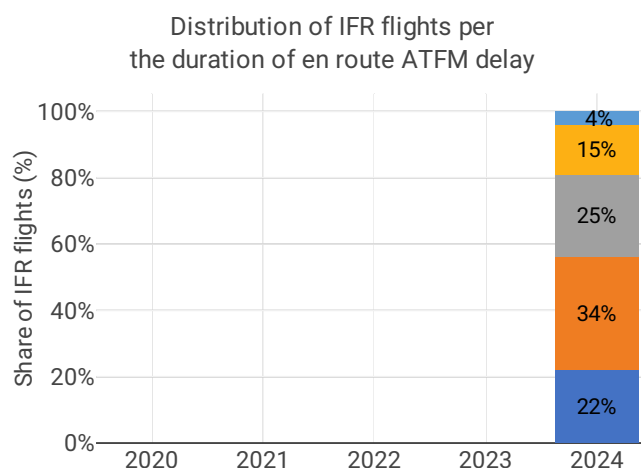
4.2.1 En route ATFM delay (KPI#1)

Average en route ATFM delay per flight by delay groups



Monthly distribution of en route ATFM delay by delay groups - 2024





Focus on en route ATFM delay

Summary of capacity performance

Latvia experienced an increase in traffic, from 196k flights in 2023, with zero ATFM delays to 224k flights in 2024 with less than 500 minutes of en route ATFM delay. Traffic levels are still much lower than the 2019 levels of 295k flights.

NSA's assessment of capacity performance

In 2024, the geopolitical landscape continued to influence air traffic patterns over Latvian airspace. The ongoing conflict in Ukraine and sustained European Union (EU) sanctions against Russia, coupled with reciprocal measures, disrupted traditional air corridors. Flights between Europe and Russia remained suspended, and services to and from China and South-east Asia were notably reduced. Consequently, Russian carriers rerouted flights to circumvent EU airspace, leading to increased traffic over international waters in the Baltic Sea, particularly for connections between Kaliningrad and mainland Russia. This rerouting resulted in heightened traffic within the Latvian delegated airspace, imposing additional operational demands on ANSPs.

In 2024, LGS experienced a 14.2% increase in the number of flights handled within the Riga FIR, rising from 197,149 in 2023 to 225,171 in 2024. This growth was predominantly driven by the rerouting of flights to avoid Russian airspace. There were no capacity problems in Riga FIR

Monitoring process for capacity performance

Regarding monitoring we are using GUIDLINE performance monitoring and compile ATFM delay data from CHMI.

Capacity planning

For capacity planning, we use standard sector configurations with defined capacities and predefined time periods for their activation, based on expected traffic demand. We retain some flexibility in increasing capacity by assigning additional controllers to sectors during peak traffic periods. However, due to recent staff departures at LGS, this flexibility has decreased. To address this, LGS is actively training new controllers and recruiting student candidates



Application of Corrective Measures for Capacity (if applicable)

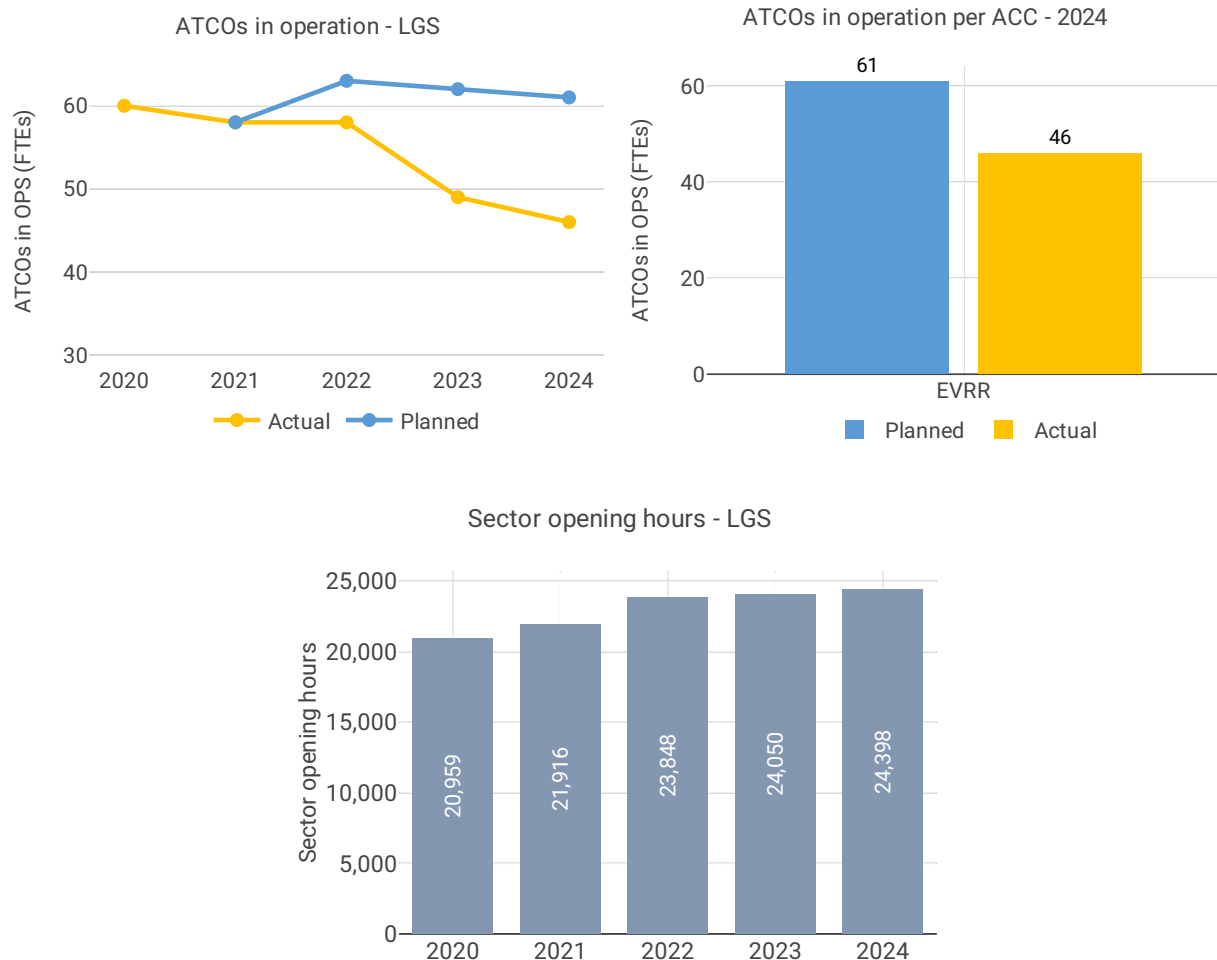
Not applicable

En route Capacity Incentive Scheme

LGS: The NSA reports that a bonus of €229 739 is due.

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.

4.2.2 Other indicators



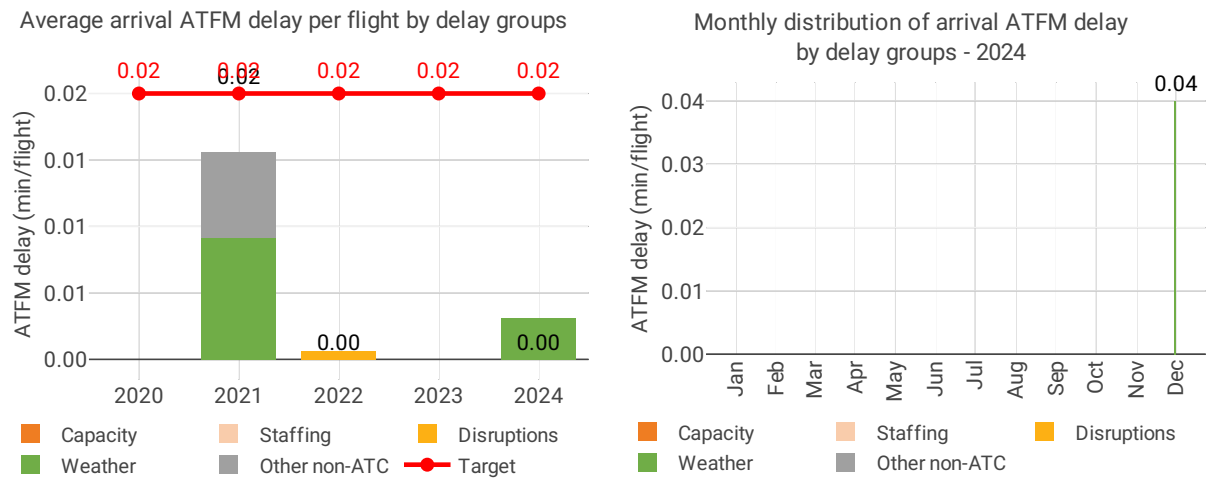
Focus on ATCOs in operations

The war in Ukraine had a material and adverse effect on the traffic flows. The main assumption of the ATCO planning was that the operational capacity of 62 ATCOs is sufficient to cope with the traffic. Some ATCOs retired due to medical reasons and few left for other ANSPs in Europe, mainly due to financial reasons. There is a plan to replenish the ATCOs levels during the RP4, starting from 2024. The lower level of ATCOs is still sufficient to cope with lower level of traffic, however some non-ATCO duties are abolished in order to complete the operational roster.



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. Traffic levels at these airports in 2024 were still 27% lower than in 2019, regardless of a 3% increase with respect to 2023.

Nearly zero arrival ATFM delays were recorded at Latvian airports in 2024, same as in 2023 and 2022. National target was met. ATFM slot adherence remained very high at 99.4% in 2024 (2023: 99.5%).

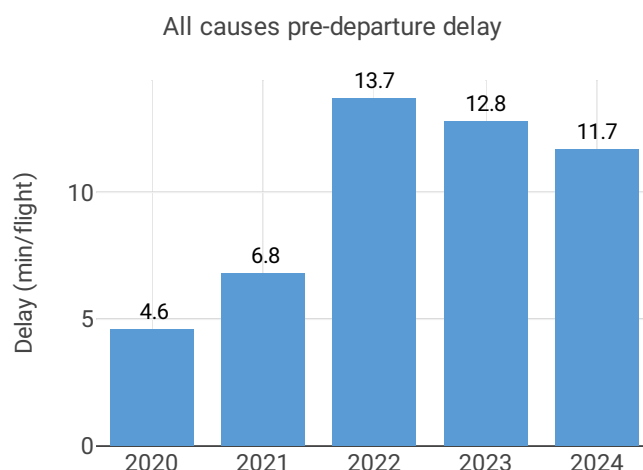
Average arrival ATFM delays in 2023 were zero at all three Latvian airports.

The Latvian monitoring report clarifies: *Prior to Russia's war against the Ukraine, EVRA had daily flights to and from Russia. Due to the imposed sanctions, the RU aircraft operators were banned for entering EU airspace and later on - vice versa, that had a material impact on the traffic flows, including that to EVRA. This had a significant impact on financial situation, although did not have any adverse effects on operational performance as it can be seen in the KPI.*

The Latvian performance plan sets a national target on arrival ATFM delay for 2023 of 0.02 min/arr. This target was met with an actual performance of 0.00 min/arr. The Latvian NSA calculates a maximum bonus (2%) resulting in EUR124892.70.



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	2024	2020	2021	2022	2023	2024	2020
Liepaya	NA	NA	NA	NA		100.0%	100.0%	100.0%	90.9%	
Riga	0.02	0.00	NA	0.00	NA	98.8%	99.6%	99.5%	99.4%	98.4%

	ATC pre departure delay (PI#2)					All causes pre departure delay (PI#3)				
Airport name	2021	2022	2023	2024	2020	2021	2022	2023	2024	2020
Liepaya	NA	NA	NA	NA		NA	NA	NA	NA	
Riga	0.03	0.02	0.03	0.04	NA	6.8	13.7	12.8	11.7	4.6

Focus on performance indicators at airport level

ATFM slot adherence

Riga's ATFM slot compliance was an excellent 99.4%. With regard to the 0.6% of flights that did not adhere, 0.5% was early and 0.1% was late.

EVVA did not have any regulated departures and EVLA had only 11, from which 1 was out of the slot tolerance window.

According to the Latvian monitoring report: *For EVRA (Riga) performance is the same as previous years. Due to the specific nature of EVLA (Liepaja) aerodrome operations, with most traffic being local, very few flights are subject to ATFM slot regulation. In 2024, only 11 departing flights were regulated, and one non-compliant flight significantly affected EVLA's overall slot adherence statistics. Slot tolerance adherence is continuously monitored, with each deviation assessed on a case-by-case basis.*

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

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.



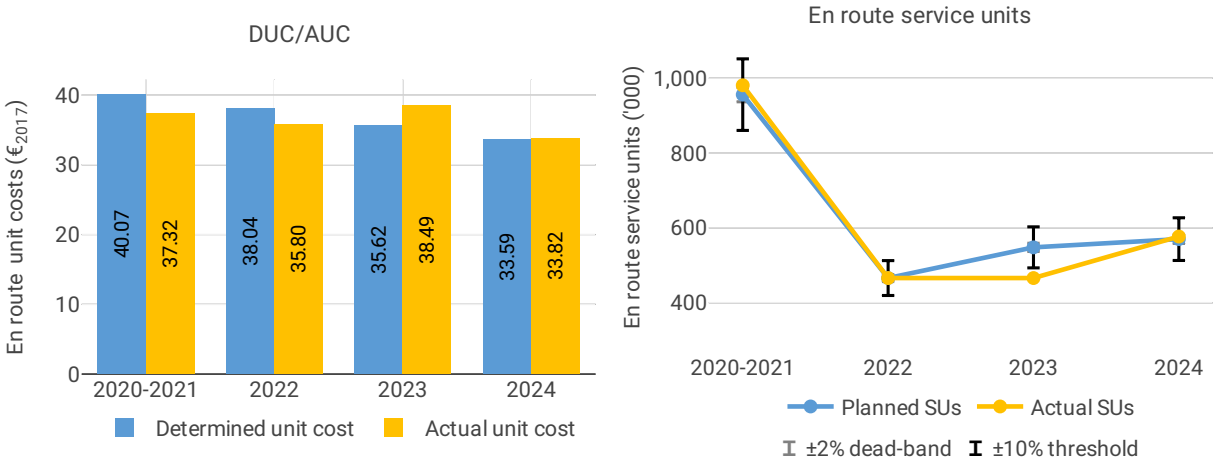
5 COST-EFFICIENCY - LATVIA

5.1 PRB monitoring

- The en route 2024 actual unit cost of Latvia was 33.82€2017, +0.7% higher than the determined unit cost (33.59€2017). The terminal 2024 actual unit cost was 159.18€2017, +22.4% higher than the determined unit cost (130.10€2017).
- The en route 2024 actual service units (0.58M) were +1.2% higher than the determined service units (0.57M).
- The en route 2024 actual total costs were +0.4M€2017 (+1.9%) higher than determined. The difference is mainly the result of higher actual depreciation costs than determined for LGS (+1.1M €2017, or +43%), partially offset by lower than determined staff costs (-0.9M €2017, or -9.1%).
- LGS costs of investments were 6.8M€2017 in 2024 for both en route and terminal charging zones, +11% more than determined (6.1M€2017), mainly due to higher than planned depreciation . According to the NSA , this is due to the commissioning of investments that had been delayed since 2020.
- The en route actual unit cost incurred by users in 2024 was 44.46€ (+11% above the 2024 DUC), while the terminal actual unit cost incurred by users was 148.85€ (-1.0% below the 2024 DUC). The difference between the AUCU and the DUC for the en route charging zone is mainly driven by the positive inflation adjustment.
- Latvia should ensure that any excessive regulatory result, including excess funds received by the ANSP due to the inflation mechanism, is either reinvested to improve the quality of services delivered to airspace users or reimbursed to them.

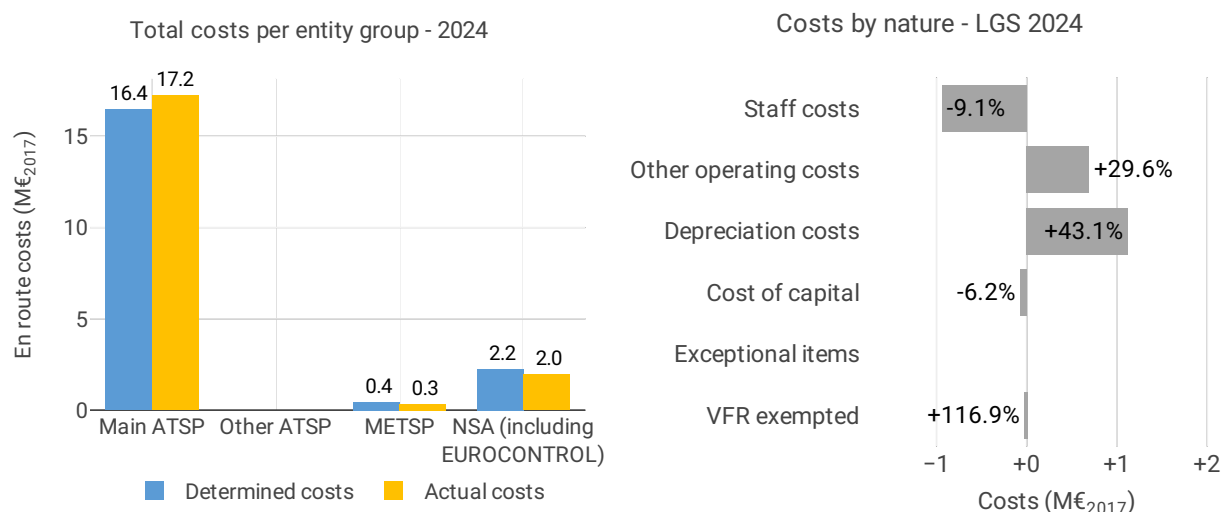
5.2 En route charging zone

5.2.1 Unit cost (KPI#1)



Actual and determined data				
Total costs - nominal (M€)	2020-2021	2022	2023	2024
Actual costs	38	20	22	25
Determined costs	40	20	23	23
Difference costs	-2	0	0	2

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	17.2%	9.1%	1.3%
Actual inflation index	NA	127.5	139.2	141
Difference inflation index (p.p.)	NA	+7.8	+14.8	+12.8



Focus on unit cost

AUC vs. DUC

In 2024, the en route AUC was +0.7% (or +0.23 €2017) higher than the planned DUC. This results from the combination of higher than planned en route costs in real terms (+1.9%, or +0.4 M€2017) and higher than planned TSUs (+1.2%). It should be noted that the actual inflation index in 2024 was +12.8 p.p. higher than planned.

En route service units

The difference between actual and planned TSUs (+1.2%) falls inside the ±2% dead-band. Hence, the gain of additional en route revenues is kept by the ANSPs (see items 10 to 14).

En route costs by entity

Actual real en route costs are +1.9% (+0.4 M€2017) higher than planned. This is the result of higher costs for the main ANSP, LGS (+4.8%, or +0.8 M€2017) and lower costs for the MET service provider (-26.1%, or -0.1 M€2017) and the NSA/EUROCONTROL (-13.4%, or -0.3 M€2017).



En route costs for the main ANSP at charging zone level

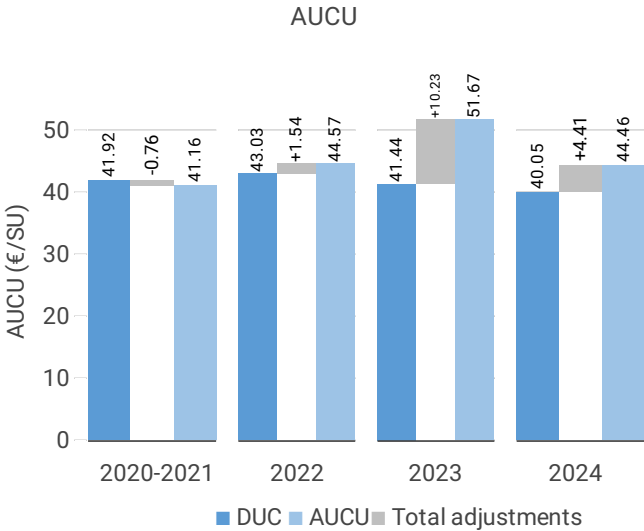
Higher than planned en route costs in real terms for LGS in 2024 (+4.8%, or +0.8 M€2017) result from:

- Significantly lower staff costs (-9.1%) in real terms due to the impact of the inflation index (+12.8 p.p.) since, in nominal terms, staff costs were in line with the plan (+0.02%),
- Significantly higher other operating costs (+29.6%) reflecting mainly an “increase in provision of bad debts due to non-payment of operators based in Russia”,
- Significantly higher depreciation (+43.1%) explained by “commissioning initially (2020-2021) delayed investments in 2023”,
- Significantly lower cost of capital (-6.2%) reflecting lower than planned asset base,
- Significantly higher deduction for VFR exempted flights (+116.9%).

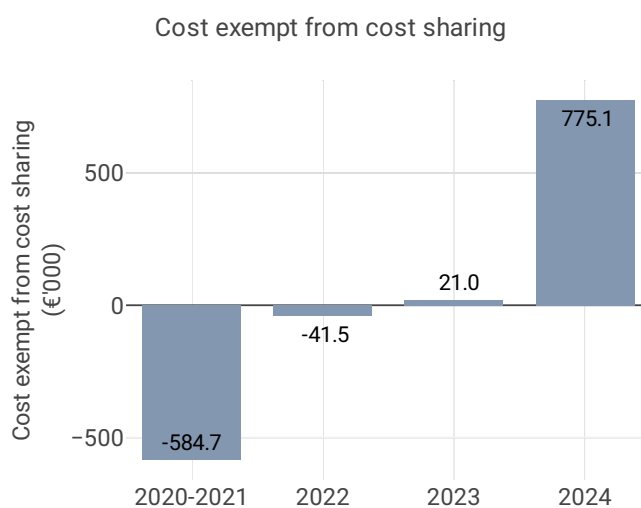
RP3 summary

When considering the whole of RP3 (2020-2024) for Latvia en route charging zone, actual TSUs are -2.0% lower than planned, while actual costs in real terms are -4.2% lower than the determined costs (some -4.0 M€2017). As a result, the weighted average actual unit cost over RP3 (36.44 €2017) is -2.2% lower than planned in the PP (37.28 €2017).

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



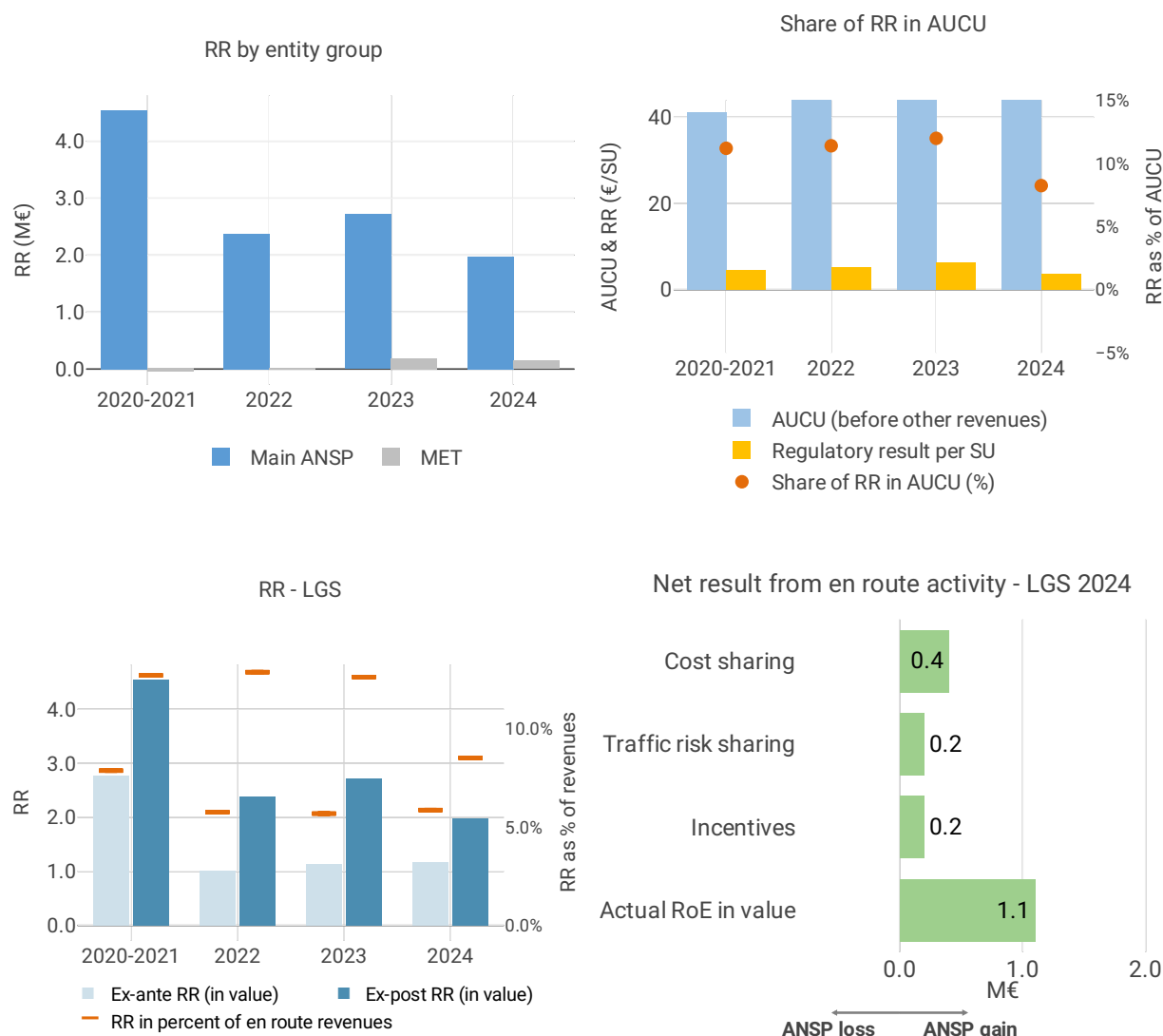
AUCU components (€/SU) – 2024	
Components of the AUCU in 2024	€/SU
DUC	40.05
Inflation adjustment	2.91
Cost exempt from cost-sharing	1.34
Traffic risk sharing adjustment	0.00
Traffic adj. (costs not TRS)	-0.08
Financial incentives	0.40
Modulation of charges	0.00
Cross-financing	0.00
Other revenues	-0.17
Application of lower unit rate	0.00
Total adjustments	4.41
AUCU	44.46
AUCU vs. DUC	+ 11.0%



Cost exempt from cost sharing – 2024		
Cost exempt from cost sharing by item - 2024	€'000	€/SU
New and existing investments	1,075.7	1.86
Competent authorities and qualified entities costs	-95.0	-0.16
Eurocontrol costs	-205.6	-0.36
Pension costs	0.0	0.00
Interest on loans	0.0	0.00
Changes in law	0.0	0.00
Total cost exempt from cost risk sharing	775.1	1.34



5.2.3 Regulatory result (RR)



Focus on regulatory result

LGS net gain/loss on activity in the Latvia en route charging zone in the year 2024

LGS reported a net gain of +0.9 M€, as a combination of a gain of +0.4 M€ arising from the cost sharing mechanism, with a gain of +0.2 M€ arising from the traffic risk sharing mechanism and a gain of +0.2 M€ relating to financial incentives.

LGS overall regulatory result (RR) for the en route activity

Ex-post, the overall RR taking into account the net gain from the en route activity mentioned above (+0.9 M€) and the actual RoE (+1.1 M€) amounts to +2.0 M€ (8.5% of the en route revenues). The resulting ex-post rate of return on equity is 9.0%, which is higher than the 5.0% planned in the PP.

RP3 summary

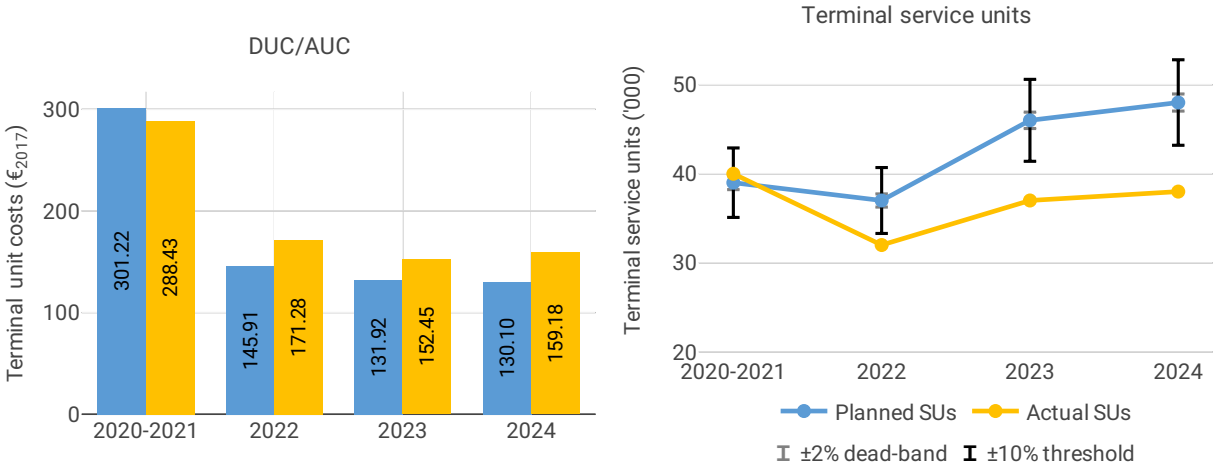
When considering the whole of RP3 (2020-2024), LGS generated a cumulative gain in respect of cost sharing of +5.1 M€, as actual total costs for RP3 were lower than planned. The



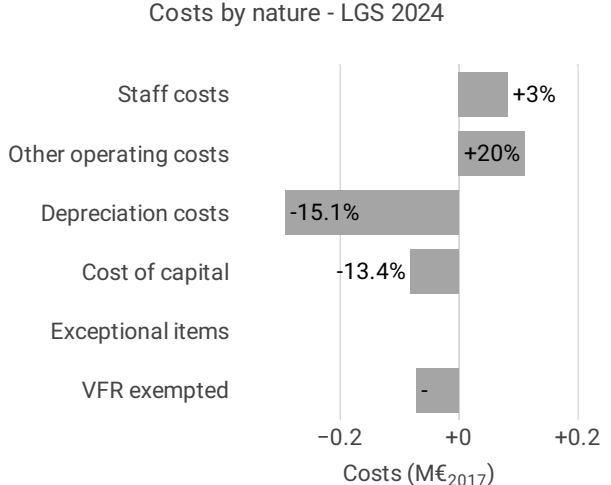
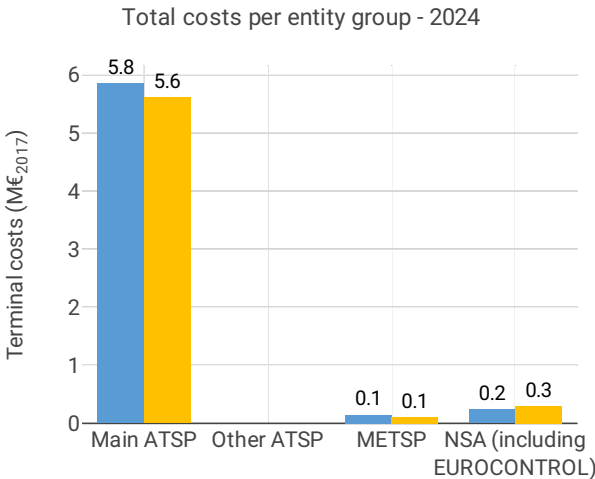
traffic risk sharing mechanism generated a gain of +0.1 M€. Adding the gain of +0.6 M€ to be retained by the ATSP in respect of financial incentives and the actual RoE (+5.8 M€ over RP3) leads to an overall regulatory result of +11.6 M€, which corresponds to an average ex-post rate of return on equity of 11.2% (compared to 5.6% initially 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	6	7	7
Determined costs	12	6	7	7
Difference costs	0	0	0	0
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	17.2%	9.1%	1.3%
Actual inflation index	NA	127.5	139.2	141
Difference inflation index (p.p.)	NA	+7.8	+14.8	+12.8



Focus on unit cost

AUC vs. DUC

In 2024, the terminal AUC was +22.4% (or +29.09 €2017) higher than the planned DUC. This results from the combination of significantly lower than planned TNSUs (-21.3%) and lower than planned terminal costs in real terms (-3.7%, or -0.2 M€2017). It should be noted that the actual inflation index in 2024 was +12.8 p.p. higher than planned.

Terminal service units

The difference between actual and planned TNSUs (-21.3%) falls outside the $\pm 10\%$ threshold foreseen in the traffic risk sharing mechanism. The resulting loss of terminal revenues is therefore shared between the ANSP and the airspace users (see the main ANSP loss in Box 11).

Terminal costs by entity

Actual real terminal costs are -3.7% (-0.2 M€2017) lower than planned. This is the result of lower costs for the main ANSP, LGS (-4.2%, or -0.3 M€2017) and the MET service provider (-26.6%, or -0.04 M€2017) and higher costs for the NSA (+23.7%, or +0.1 M€2017).

Terminal costs for the main ANSP at charging zone level

Lower than planned terminal costs in real terms for LGS in 2024 (-4.2%, or -0.3 M€2017) are affected by the impact of inflation index (+12.8 p.p.) since, in nominal terms, the costs were slightly above planned (+3.4%). The variation in real terms results from:

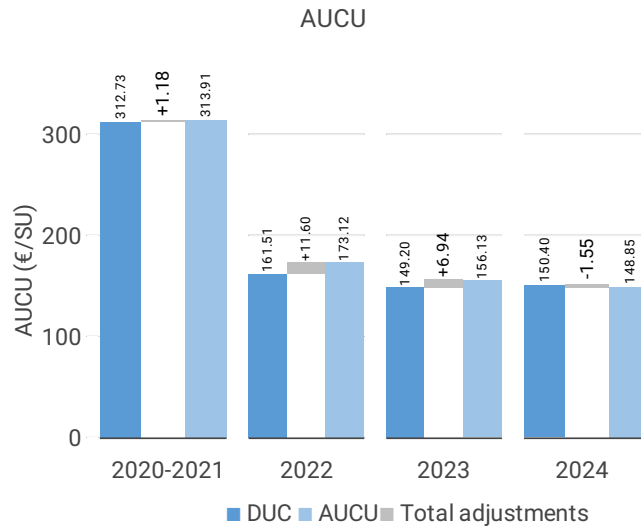
- Higher staff costs (+3.0%) due to *“higher than planned inflation, collective agreement changes, and higher sick-leaves”*,
- Significantly higher other operating costs (+20.0%) explained by *“unplanned expert opinion for Riga Enhanced ATM Infrastructure Development (REACT) project as required by auditors”*,
- Significantly lower depreciation (-15.1%) reflecting delays in above-mentioned REACT project,
- Significantly lower cost of capital (-13.4%) resulting from lower than planned asset-base.
- A deduction of costs for VFR exempted flights (-0.1 M€2017) while none were foreseen in the PP.

RP3 summary

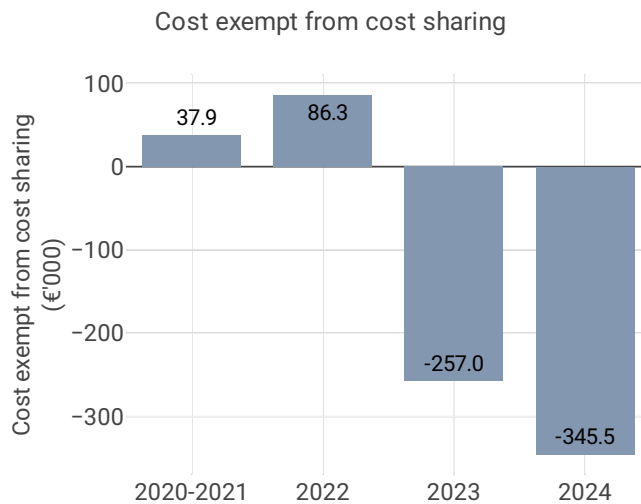
When considering the whole of RP3 (2020-2024) for Latvia terminal charging zone, actual TNSUs are -13.8% lower than planned, while actual costs in real terms are -3.0% lower than the determined costs (some -0.9 M€2017). As a result, the weighted average actual unit cost over RP3 (195.28 €2017) is +12.6% higher than planned in the PP (173.40 €2017).



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

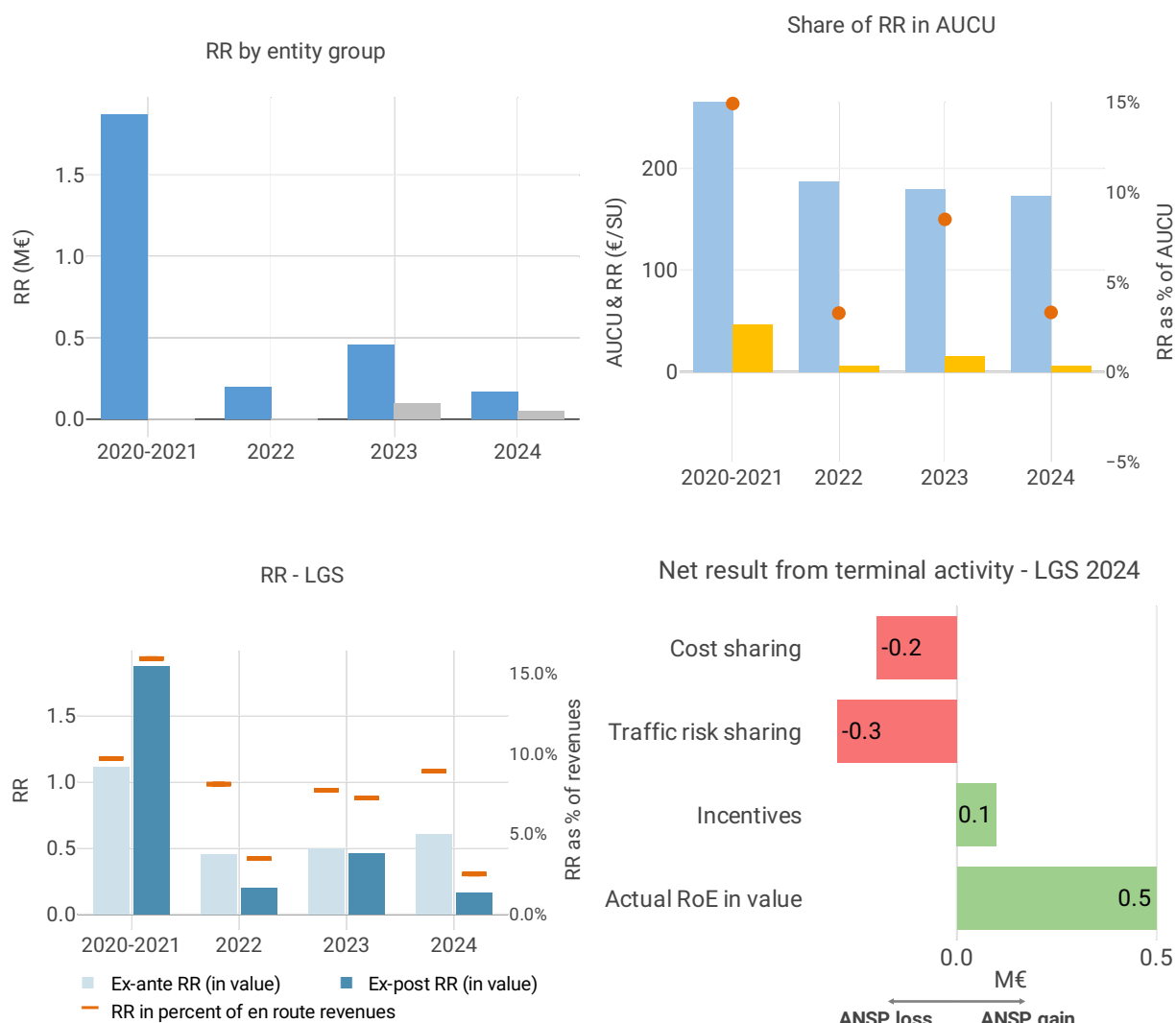


AUCU components (€/SU) - 2024	
Components of the AUCU in 2024	€/SU
DUC	150.40
Inflation adjustment	11.77
Cost exempt from cost-sharing	-9.15
Traffic risk sharing adjustment	28.59
Traffic adj. (costs not TRS)	4.68
Financial incentives	3.31
Modulation of charges	0.00
Cross-financing	0.00
Other revenues	-24.51
Application of lower unit rate	-16.23
Total adjustments	-1.55
AUCU	148.85
AUCU vs. DUC	-1.0%



Cost exempt from cost sharing – 2024		
Cost exempt from cost sharing by item - 2024	€'000	€/SU
New and existing investments	-402.5	-10.66
Competent authorities and qualified entities costs	57.0	1.51
Eurocontrol costs	0.0	0.00
Pension costs	0.0	0.00
Interest on loans	0.0	0.00
Changes in law	0.0	0.00
Total cost exempt from cost risk sharing	-345.5	-9.15

5.3.3 Regulatory result (RR)



Focus on regulatory result

LGS net gain/loss on activity in the Latvia terminal charging zone in the year 2024

LGS reported a net loss of -0.4 M€, as a combination of a loss of -0.2 M€ arising from the cost sharing mechanism, with a loss of -0.3 M€ arising from the traffic risk sharing mechanism and a gain of +0.1 M€ relating to financial incentives.



LGS overall regulatory result (RR) for the terminal activity

Ex-post, the overall RR taking into account the net loss from the terminal activity mentioned above (-0.4 M€) and the actual RoE (+0.5 M€) amounts to +0.2 M€ (2.5% of the terminal revenues). The resulting ex-post rate of return on equity is 1.6%, which is lower than the 5.0% planned in the PP.

RP3 summary

When considering the whole of RP3 (2020-2024), LGS generated a cumulative gain in respect of cost sharing of +0.3 M€, as actual total costs for RP3 were lower than planned. The traffic risk sharing mechanism generated a loss of -0.6 M€. Adding the gain of +0.1 M€ to be retained by the ATSP in respect of financial incentives and the actual RoE (+2.9 M€ over RP3) leads to an overall regulatory result of +2.7 M€, which corresponds to an average ex-post rate of return on equity of 5.3% (compared to 5.6% initially planned in the PP). See also Note 1 in Box 10.

Note 1: Ex-post RR does not take into account the application of the lower unit rate as per Art. 29.6 (loss in revenues corresponds to -0.2 M€ for 2023 and -0.6 M€ in 2024).

