

# **Performance Review Board**

## **Monitoring Report**

### **Latvia - 2025**



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## Contents

|          |                                                            |           |
|----------|------------------------------------------------------------|-----------|
| <b>1</b> | <b>OVERVIEW</b>                                            | <b>2</b>  |
| 1.1      | Contextual information.....                                | 2         |
| 1.2      | Traffic (En route traffic zone) .....                      | 2         |
| 1.3      | Safety (Main ANSP) .....                                   | 3         |
| 1.4      | Environment (Member State) .....                           | 4         |
| 1.5      | Capacity (Member State).....                               | 4         |
| 1.6      | Cost-efficiency (En route/Terminal charging zone(s)) ..... | 5         |
| <b>2</b> | <b>SAFETY - LATVIA</b>                                     | <b>6</b>  |
| 2.1      | PRB monitoring .....                                       | 6         |
| 2.2      | Effectiveness of Safety Management (EoSM) (KPI#1) .....    | 6         |
| <b>3</b> | <b>ENVIRONMENT - LATVIA</b>                                | <b>10</b> |
| 3.1      | PRB monitoring .....                                       | 10        |
| 3.2      | En route performance .....                                 | 10        |
| 3.3      | Civil-Military dimension .....                             | 12        |
| <b>4</b> | <b>CAPACITY - LATVIA</b>                                   | <b>13</b> |
| 4.1      | PRB monitoring .....                                       | 13        |
| 4.2      | En route performance .....                                 | 13        |
| <b>5</b> | <b>COST-EFFICIENCY - LATVIA</b>                            | <b>16</b> |
| 5.1      | PRB monitoring .....                                       | 16        |
| 5.2      | En route charging zone .....                               | 16        |

## 1 OVERVIEW

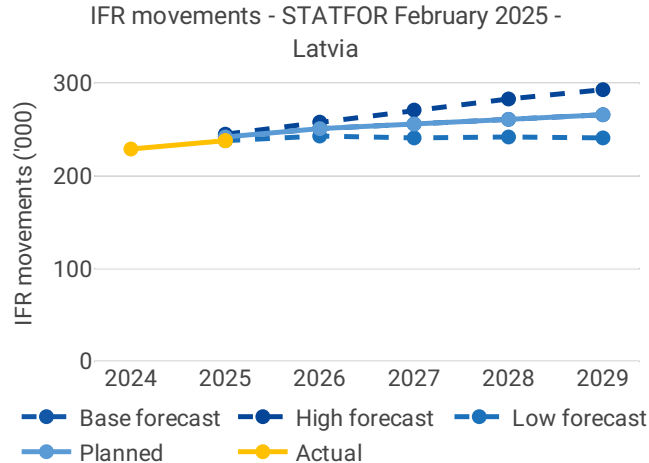
### 1.1 Contextual information

*This document is based on the version of the Annual Monitoring Report file submitted by the state on 2026-06-02 (LV12245\_Latvia\_AMR\_2025.xlsx) and the accompanying submission of en route and terminal (if applicable) reporting tables.*

*National performance plan adopted following Commission Decision (EU) 2025/1064 of 23 April 2026*

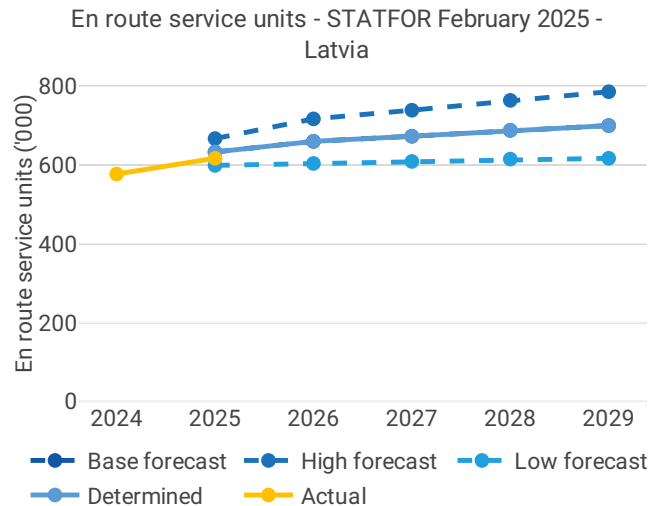
|                                                             |                                                       |                      |
|-------------------------------------------------------------|-------------------------------------------------------|----------------------|
| <b>List of ACCs</b> 1                                       | <b>Exchange rate (1 EUR=)</b>                         | <b>Main ANSP</b>     |
| Riga ACC                                                    | 2022: 1 EUR                                           | • LGS                |
|                                                             | 2025: 1 EUR                                           |                      |
| <b>No of airports in the scope of the performance plan:</b> | <b>Share of Union-wide:</b>                           | <b>Other ANSPs</b>   |
| • ≥80'K 0                                                   | • traffic (TSUs) 2025 0.4%                            | -                    |
| • <80'K 0                                                   | • en route costs 2025 0.3%                            |                      |
|                                                             | <b>Share en route / terminal costs 2025</b> 100% / 0% | <b>MET Providers</b> |
|                                                             | <b>En route charging zone(s)</b>                      | • LGS                |
|                                                             | Latvia                                                | • LVGMC              |
|                                                             | <b>Terminal charging zone(s)</b>                      |                      |
|                                                             | -                                                     |                      |

### 1.2 Traffic (En route traffic zone)



- Latvia recorded 238K actual IFR movements in 2025, +3.7% compared to 2024 (229K).
- Actual 2025 IFR movements were -1.7% below the plan (242K).
- Actual 2025 IFR movements were -20.2% below the actual 2019 level (298K).





- Latvia recorded 617K actual service units in 2025, +7.0% compared to 2024 (577K).
- Actual 2025 service units were -2.5% below the plan (633K).
- Actual 2025 service units are -35.5% below the actual 2019 level (958K).

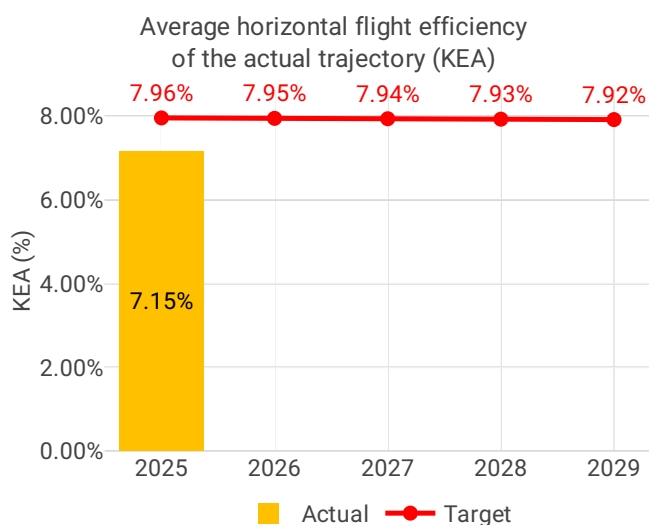
### 1.3 Safety (Main ANSP)



- In 2025, LGS achieved the planned maturity levels set out in its performance plan for all five components of the EoSM.
- Latvia has not included any airports in their RP4 performance plans, thus not reporting on runway incursions during the reference period.
- The rate of separation minima infringements (SMIs) at State level was 3.15, and at ANSP level 1.57. Both indicators were below the Union-wide average. When comparing to 2024, rate of SMIs has increased at State level and decreased at ANSP level.

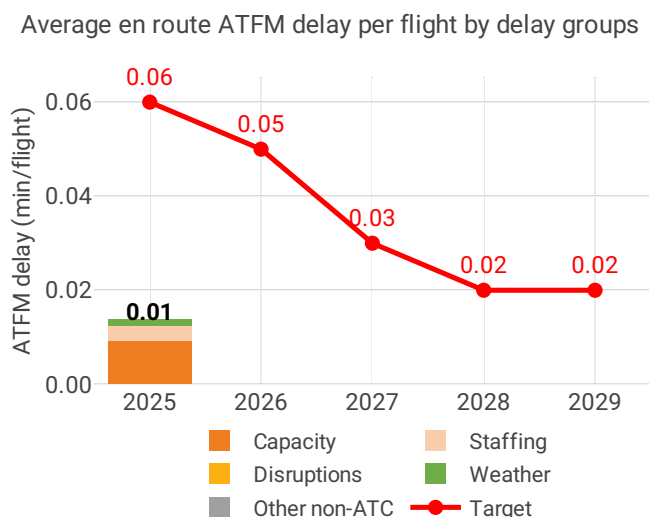


## 1.4 Environment (Member State)



- Latvia registered a KEA performance of 7.15% compared to its target of 7.96% and contributed positively towards achieving the Union-wide target.
- KEP and KES remained stable in comparison with 2024, with slight improvements to performance.
- VFE of the actual trajectory was at 76.41%, which was better than the Union-wide average.
- No airports are included in the performance plan for monitoring.

## 1.5 Capacity (Member State)

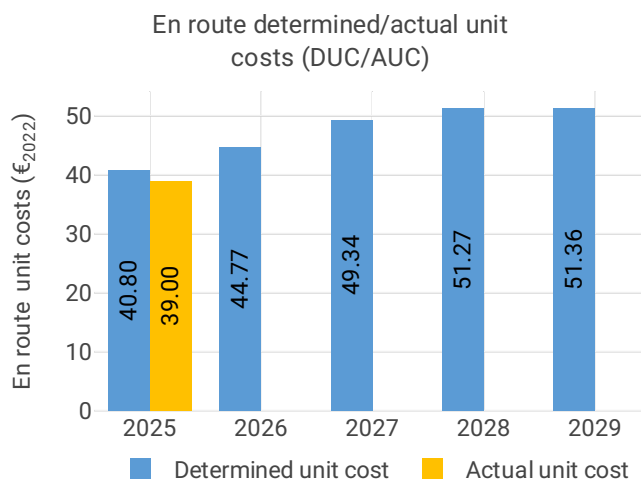


- Latvia registered 0.01 minutes of average en route ATFM delay per flight during 2025, which remained 0.01 after the post-ops adjustment process, thus achieving the local target value of 0.06. Delays in Latvia increased by 0.01 minutes per flight year-on-year.
- The number of ATCOs in OPS was 44, being below the 2025 plan in Riga ACC by -3 FTE.
- The yearly total of sector opening hours in Riga ACC was 23,997, showing a -2% decrease compared to 2024.



- Riga ACC registered 10.03 IFR movements per sector opening hour in 2025, +8% year-on-year.

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



- The en route 2025 actual unit cost of Latvia was 39.00€2022, -4.4% lower than the determined unit cost (40.80€2022). Latvia does not have a terminal charging zone.
- The en route 2025 actual service units (0.62M) were -2.5% lower than the determined service units (0.63M).
- The en route 2025 actual total costs were -1.8M€2022 (-6.8%) lower than determined with all cost categories registering lower-than-planned costs, except cost of capital. This is mainly due to lower other operating costs (-0.7M€2022, or -17.5%) and staff costs (-0.6M€2022, or -4.6%) for LGS. The NSA explained that it is mainly due to lower than planned maintenance and repair costs, and staffing level.
- LGS costs of investments were 4.6M€2022 in 2025, -7.3% less than determined (5.0M€2022). According to the NSA, the deviation is mainly due to timing effects, as some assets were commissioned later than planned, including due to acceptance and certification procedures.
- The en route actual unit cost incurred by users in 2025 was 43.14€ (-3.3% below the 2025 DUC). The difference between the AUCU and the DUC is mainly driven by other revenues.
- The en route regulatory result for LGS amounted to +2.4M€, or 9.7% of the 2025 revenue. This may indicate that the airspace users are charged for costs which have not materialised in 2025.



## 2 SAFETY - LATVIA

### 2.1 PRB monitoring

- In 2025, LGS achieved the planned maturity levels set out in its performance plan for all five components of the EoSM.
- Latvia has not included any airports in their RP4 performance plans, thus not reporting on runway incursions during the reference period.
- The rate of separation minima infringements (SMIs) at State level was 3.15, and at ANSP level 1.57. Both indicators were below the Union-wide average. When comparing to 2024, rate of SMIs has increased at State level and decreased at ANSP level.

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



### Focus on EoSM

In 2025, LGS achieved the planned maturity levels set out in its performance plan for all five components of the EoSM.

As described in the monitoring report, in 2025, Latvia allocated additional resources for safety by establishing one additional staff position. Improvements were implemented in the reporting process, enhancing the quality of reports and ensuring systematic analysis of registered safety occurrences, as well as oversight of investigation activities. Practical enhancements were also introduced to the voluntary reporting process by implementing a QR code system and ensuring its accessibility to personnel. Furthermore, all staff received comprehensive training on Safety Management Systems (SMS).

As further outlined in the monitoring report, over the past six months, several initiatives have been undertaken to strengthen the safety policy framework and further align safety objectives with European Union Aviation Safety Agency (EASA) and International Civil Aviation Organization (ICAO) requirements, as well as industry best practices in air navigation services. The following key actions and improvements have been implemented:



- **Safety Policy and Objectives:** The safety policy has been regularly reviewed and updated. The updated policy has been incorporated into safety training activities. A quarterly review process has been introduced to monitor progress against established safety objectives.
- **Safety Risk Management:** The voluntary reporting system has been simplified, making the reporting process more accessible to operational personnel. This has resulted in increased staff engagement and reporting activity, thereby improving the organization's ability to identify, assess, and manage emerging safety risks. Additional resources were allocated in 2025 through the establishment of one additional staff position dedicated to safety-related functions. Improvements have been introduced in the reporting and occurrence management process, including enhanced report quality, systematic analysis of registered safety occurrences, and strengthened oversight of investigation activities. Practical enhancements to the voluntary reporting process have been implemented through the introduction of a QR code-based reporting solution, ensuring easier access and availability for personnel. Training activities are done for 2025 for personnel involved in safety oversight and performance assurance, with the objective of strengthening competencies in safety assurance methodologies, data analysis, and audit practices, thereby supporting a consistent and proactive approach to safety performance monitoring. Comprehensive Safety Management System (SMS) training has been delivered to all personnel.
- **Safety Promotion:** Internal and external safety communication has been strengthened through the regular safety meetings with stakeholders (Riga, Liepaja and Lielvarde) and resumption of newsletters and occurrence case studies, ensuring that relevant safety information is effectively distributed and accessible across all organizational levels. All Safety Information Bulletins (SIBs) have been systematically reviewed, discussed, and distributed to relevant personnel for acknowledgment and follow-up actions
- **Safety Culture:** A safety culture survey was conducted in 2025, identifying areas for improvement related to employee participation and engagement. Thirty percent of all Latvijas Gaisa Satiksme personnel participated in the survey, representing the highest participation rate in recent years.

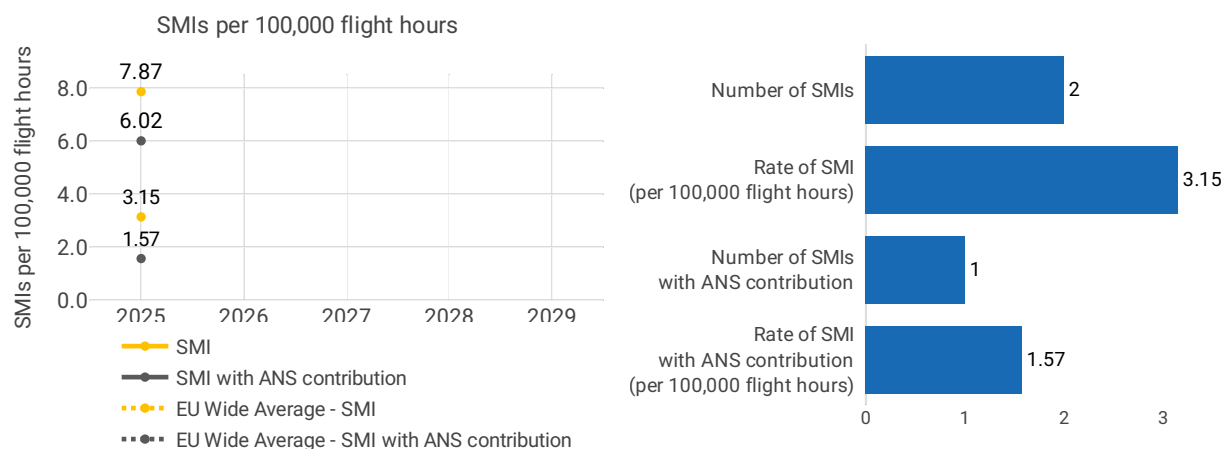
The monitoring report states that based on the survey results, an improvement plan for the Safety Management System (SMS) will be developed, thereby demonstrating to personnel that participation and the expression of opinions through safety surveys can contribute to the continuous improvement of the safety management system.

### **Focus on runway incursions**

Latvia has not included any airports in their RP4 performance plans, thus not reporting on runway incursions during the reference period.



## 2.2.1 Rate of separation minima infringements (SMIs) (PI#2) and Rate of separation minima infringements with ANS contribution (PI#4)



### Rate of SMI with ANS contribution per 100,000 flight hours

| # | ANSP | Flight hours |      |      |      |      | Number of SMIs with ANS contribution |      |      |      |      |
|---|------|--------------|------|------|------|------|--------------------------------------|------|------|------|------|
|   |      | 2025         | 2026 | 2027 | 2028 | 2029 | 2025                                 | 2026 | 2027 | 2028 | 2029 |
| 1 | LGS  | 63,529       | NA   | NA   | NA   | NA   | 1                                    | NA   | NA   | NA   | NA   |

| # | ANSP | Rate of SMI with ANS contribution per 100,000 flight hours |      |      |      |      | % variation in rate of SMIs |      |      |      |      |
|---|------|------------------------------------------------------------|------|------|------|------|-----------------------------|------|------|------|------|
|   |      | 2025                                                       | 2026 | 2027 | 2028 | 2029 | 2025                        | 2026 | 2027 | 2028 | 2029 |
| 1 | LGS  | 2                                                          | NA   | NA   | NA   | NA   |                             |      |      |      |      |

### Focus on separation minima

At State level, Latvia reported 2 separation minima infringements (SMI) in their airspace during 2025. The rate of separation minima infringements was lower than the Union-wide average (3.15 vs 7.87). At ANSP level, Latvia reported 1 SMI with ANS contribution. The rate of separation minima infringements at ANSP level was lower than the Union-wide average (1.57 vs 6.02).

When comparing to 2024, the rate of separation minima infringements has increased at State level (3.15 vs 3.03) and decreased at ANSP level (1.57 vs 3.03).

According to the monitoring report, all cases have been thoroughly investigated, and corrective actions have been implemented to address identified issues and prevent their recurrence, thereby ensuring continuous improvement in safety and operational efficiency. During the investigation process, recommendations were developed, and the status of their implementation is continuously monitored. Furthermore, investigation reports are distributed to the relevant organizational units to ensure that all personnel are informed. Regarding corrective actions, in one case the staff member involved was assigned to additional simulator training sessions in order to practice handling similar situations. In addition, the relevant safety occurrences have been incorporated as case studies into future air traffic controller training programmes. The case study included a detailed analysis of contributing factors, relevant procedures, and best practices aimed at preventing the recurrence of similar events. During the session, a discussion was held together with a supervisor to strengthen



situational awareness, decision-making skills, and compliance with standard operating procedures. In the second case, the occurrence took place in High Seas and involved military aircraft.

The NSA notes in the monitoring report that the Civil Aviation Agency receives, and reviews safety occurrence reports upon receipt and follows-up by monitoring the implementation of improvements and corrective measures. Latvia has also established reactive and proactive initiatives when occurrences take place, analysing the incidents, implementing corrective actions and targeted follow-up training. The proactive approach includes conducting case studies, additional briefings and training sessions. The goal of these initiatives is to increase situational awareness and identify potential risks before they occur.



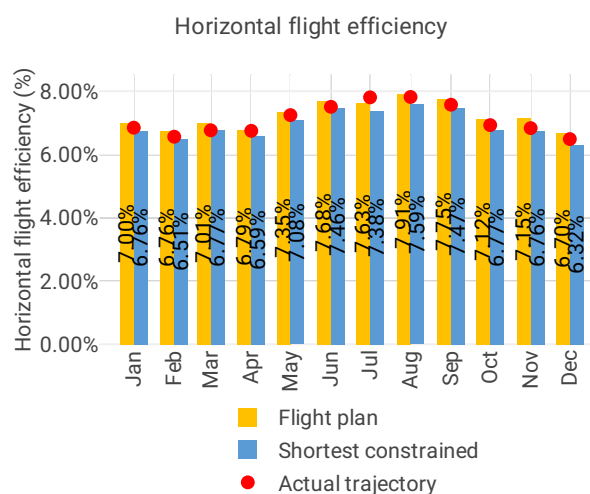
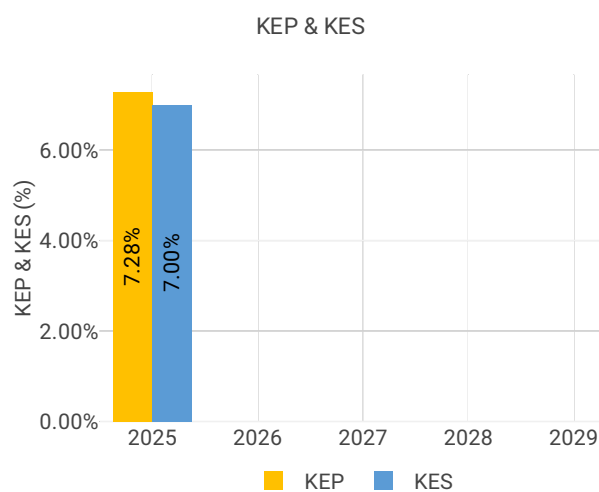
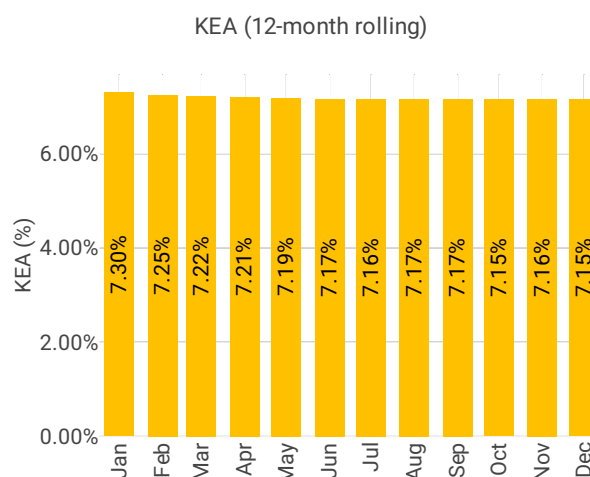
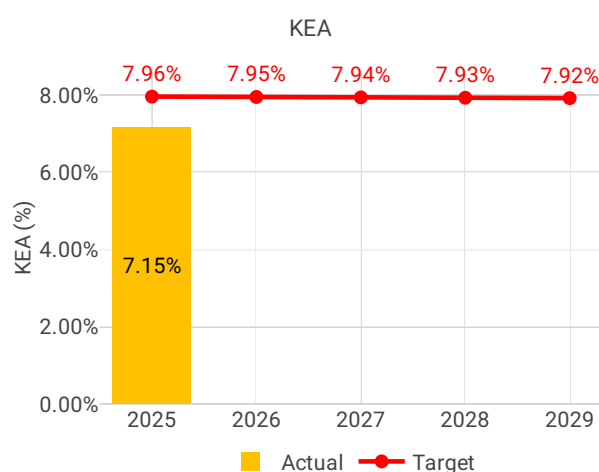
### 3 ENVIRONMENT - LATVIA

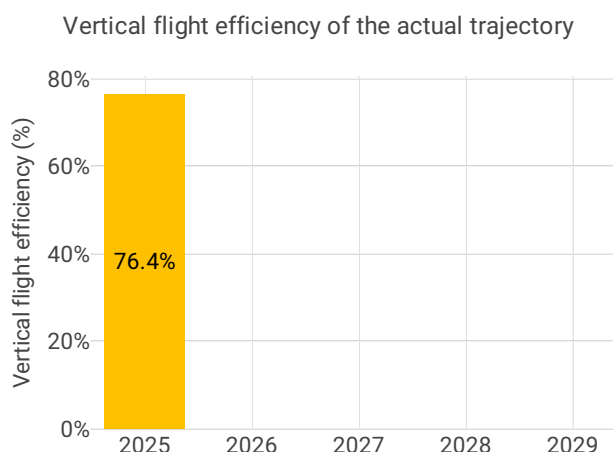
#### 3.1 PRB monitoring

- Latvia registered a KEA performance of 7.15% compared to its target of 7.96% and contributed positively towards achieving the Union-wide target.
- KEP and KES remained stable in comparison with 2024, with slight improvements to performance.
- VFE of the actual trajectory was at 76.41%, which was better than the Union-wide average.
- No airports are included in the performance plan for monitoring.

#### 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 (KES) (PI#2) and vertical flight efficiency of the actual trajectory (VFE) (PI#3)





## Focus on en route performance

### KEA

Latvia has seen improvement in the value of the indicator over the last three years, both for KEA and the KEA corrected to consider the influence of the war in Ukraine. The values are 7.97% in 2023, 7.36% in 2024 and 7.15% for KEA (corresponding to a ranking of 27<sup>th</sup> in each of the 3 years); and 2.83% in 2023, 2.62% in 2024 and 2.55% for the corrected KEA (20<sup>th</sup> in each of the three years).

The small distance within Latvia means that the contribution to the additional distance in the SES area is the 8<sup>th</sup> lowest (0.98%).

Regarding the assessment of the achieved level of actual performance in the environment KPA, the NSA reports: *"The level of actual performance in the environment KPA is met."*

Regarding the implementation of major operational or structural changes during the calendar year impacting performance in this key performance area, the NSA reports: *"Continuous monitoring, revision and updates of PBN procedures in line with airspace users requirements."*

### KEP

Regarding initiatives implemented or planned that will improve this PI and how does the NSA intend on monitoring their effectiveness on performance, the NSA reports: *"Continuous monitoring, revision and updates of PBN procedures in line with airspace users requirements. NSA/NCA reviews and approves the updated PBN implementation plans in accordance with regulatory requirements."*

### KES

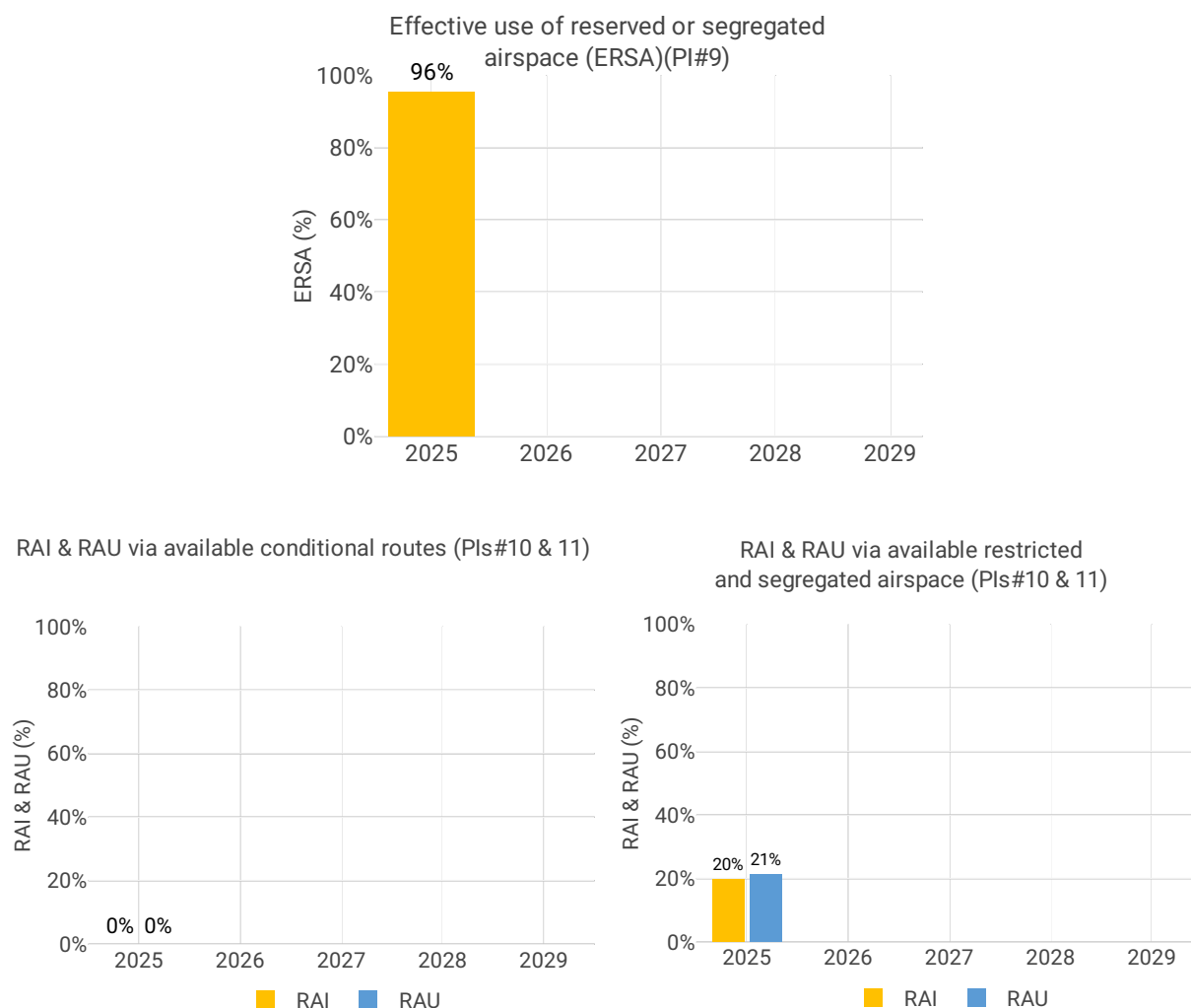
Regarding initiatives implemented or planned that will improve this PI and how does the NSA intend on monitoring their effectiveness on performance, the NSA reports: *"Continuous monitoring, revision and updates of PBN procedures in line with airspace users requirements."*

## Vertical flight efficiency

Regarding initiatives implemented or planned that will improve this PI and how does the NSA intend on monitoring their effectiveness on performance, the NSA reports: *"The effectiveness of the performance is monitored through review of effectiveness of the procedures and through safety oversight process."*



### 3.3 Civil-Military dimension



#### Focus on Civil-Military dimension

##### Effective use of reserved or segregated local airspace

LATVIA reports a ratio of **31%**

Regarding initiatives implemented or planned that will improve this PI and how does the NSA intend on monitoring their effectiveness on performance, the NSA reports: *“Two areas for Tactical Only activation procedure (not subject for pre-tactical allocation at all, having lower priority over non-involved actual traffic) were implemented.”*

*Note: Hours Used is the exact time the TSAs and TRAs were active in the ATC system including multiple activations per single allocation. Other records specify that the TSAs and TRAs released totally 1908 hours before the allocated End time including 414 hours which were released at least 3hours prior the allocated End time.”*

##### Rate of planning via available airspace structures

LATVIA reports, data not available.

##### Rate of using available airspace structures

LATVIA reports, data not available.



## 4 CAPACITY - LATVIA

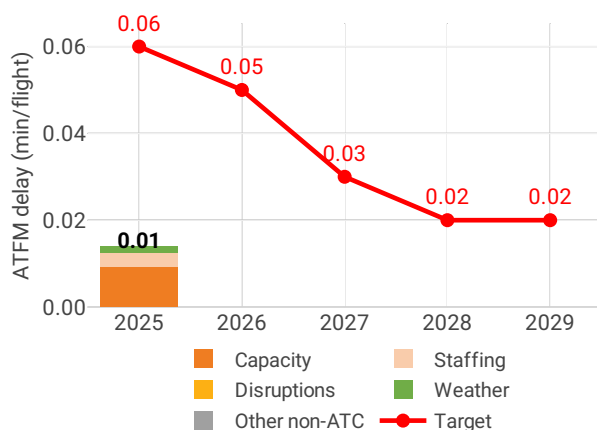
### 4.1 PRB monitoring

- Latvia registered 0.01 minutes of average en route ATFM delay per flight during 2025, which remained 0.01 after the post-ops adjustment process, thus achieving the local target value of 0.06. Delays in Latvia increased by 0.01 minutes per flight year-on-year.
- The number of ATCOs in OPS was 44, being below the 2025 plan in Riga ACC by -3 FTE.
- The yearly total of sector opening hours in Riga ACC was 23,997, showing a -2% decrease compared to 2024.
- Riga ACC registered 10.03 IFR movements per sector opening hour in 2025, +8% year-on-year.

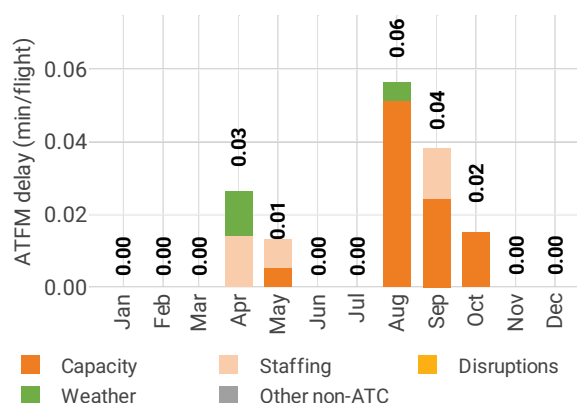
### 4.2 En route performance

#### 4.2.1 En route ATFM delay (KPI#1)

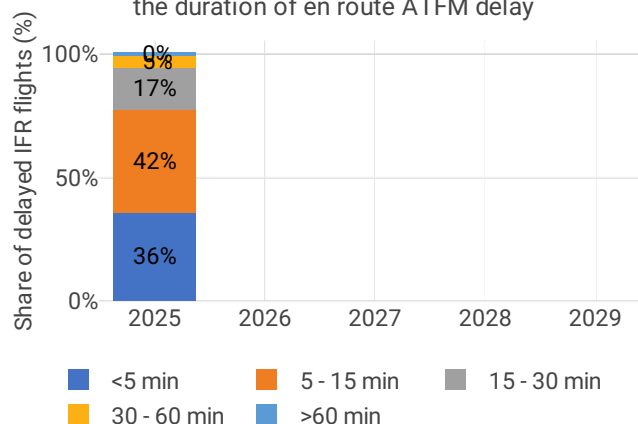
Average en route ATFM delay per flight by delay groups



Monthly distribution of en route ATFM delay by delay groups - 2025



Distribution of delayed IFR flights per the duration of en route ATFM delay



## Focus on en route ATFM delay

### En route ATFM delay

- Latvia had 238k flights in 2025, up from the 224k flights in 2024.
- LGS applied en route ATFM regulations resulting in 3k minutes of delay.

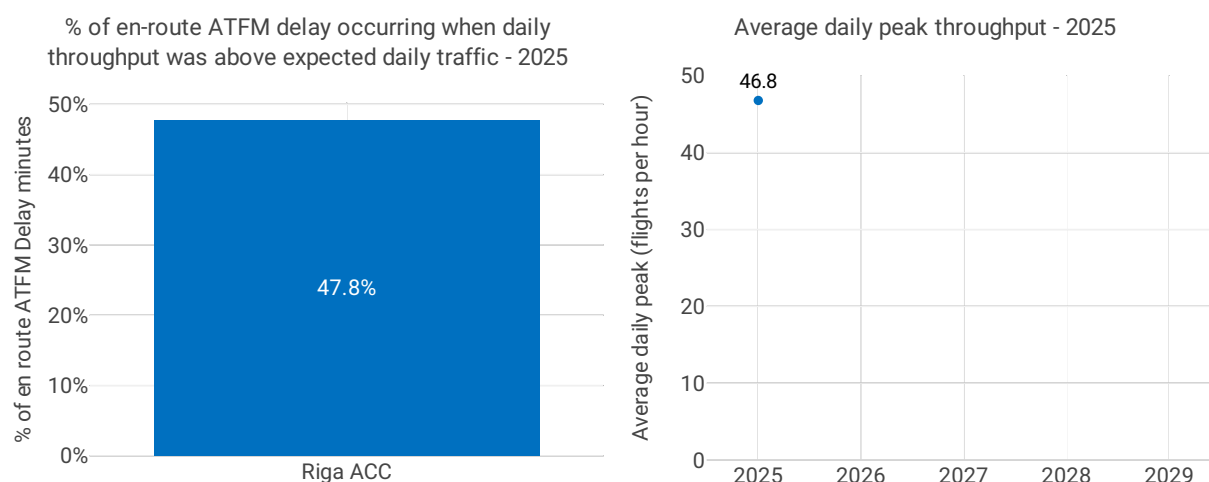
Regarding the reasons and circumstances resulting in the achieved level of actual performance of the en route ATFM delay per flight KPI, the NSA reports: *“Active and pro-active approach to the ATCO planning and rostering, changes in planning and rostering procedure, additional ATCO training.”*

### En route capacity incentive scheme

The Latvian NSA reports a financial bonus for the ANSP of € 252,612 for en route capacity performance in 2025.

A local incentive target was set at 0.06 min/flight, for all causes of delay, and an actual value of 0.01 mins/flight was achieved.

#### 4.2.2 En route performance indicators at ACC level (PI#4-5)



## Focus en route performance indicators at ACC level

### Percentage of total en route ATFM delay that occurred on days when the daily throughput was above the expected daily traffic

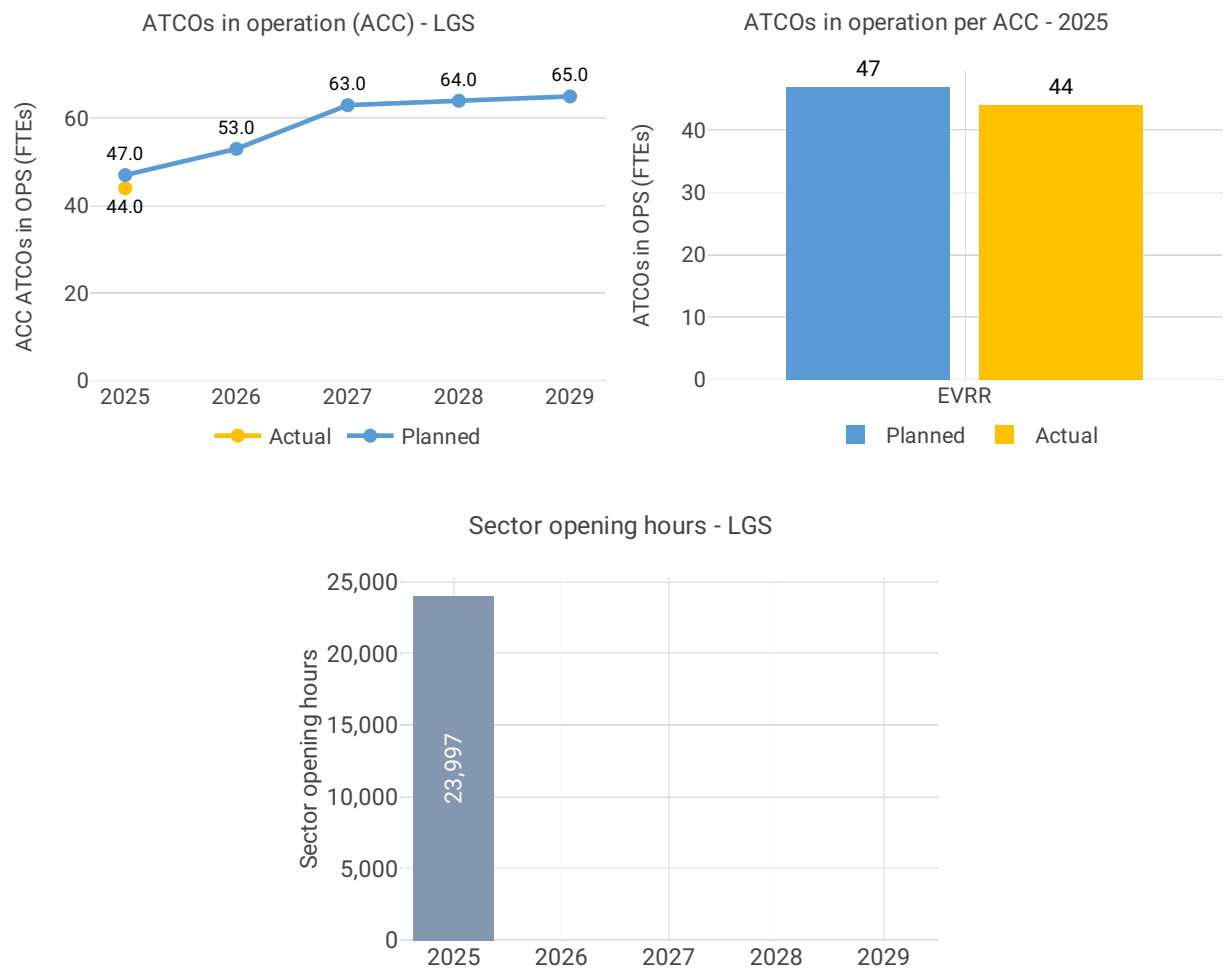
As background information on actual performance, the NSA reports: *“Regular oversight inspections, monitoring of the capacity. Monitoring of the implementation of the Reg 2010/2150 requirement.”*

### Annual weighted average of the daily peak throughput

As background information on actual performance, the NSA reports: *“Regular oversight inspections, monitoring of the capacity. Monitoring of the implementation of the Reg 2010/2150 requirement”*



4.2.3 Other en route information



**Focus on other en route information**

Regarding the training process, including details on the effective failure rate and the process used to allocate newly qualified ATCOs between ACC, APP and TWR positions, the NSA reports: *“Training processes are strictly following EU2015/340 standards and local regulations. Allocation between ACC/APP and TWR is performed based on actual demand and staffing situation. The failure rate on the OJT phase is normally 0 due to possibility to re-allocate trainees to the position with less complexity”*



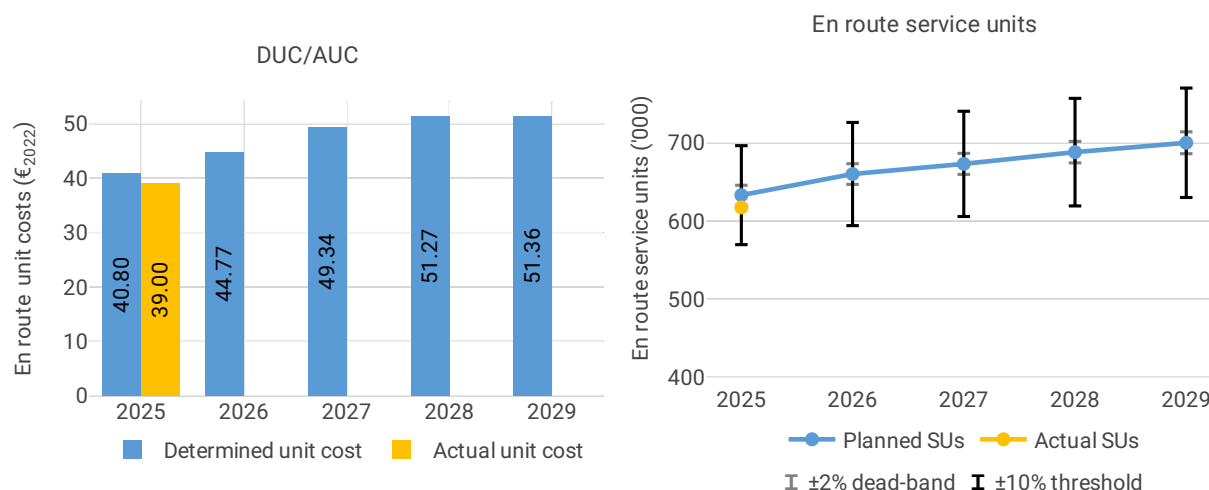
## 5 COST-EFFICIENCY - LATVIA

### 5.1 PRB monitoring

- The en route 2025 actual unit cost of Latvia was 39.00€2022, -4.4% lower than the determined unit cost (40.80€2022). Latvia does not have a terminal charging zone.
- The en route 2025 actual service units (0.62M) were -2.5% lower than the determined service units (0.63M).
- The en route 2025 actual total costs were -1.8M€2022 (-6.8%) lower than determined with all cost categories registering lower-than-planned costs, except cost of capital. This is mainly due to lower other operating costs (-0.7M€2022, or -17.5%) and staff costs (-0.6M€2022, or -4.6%) for LGS. The NSA explained that it is mainly due to lower than planned maintenance and repair costs, and staffing level.
- LGS costs of investments were 4.6M€2022 in 2025, -7.3% less than determined (5.0M€2022). According to the NSA, the deviation is mainly due to timing effects, as some assets were commissioned later than planned, including due to acceptance and certification procedures.
- The en route actual unit cost incurred by users in 2025 was 43.14€ (-3.3% below the 2025 DUC). The difference between the AUCU and the DUC is mainly driven by other revenues.
- The en route regulatory result for LGS amounted to +2.4M€, or 9.7% of the 2025 revenue. This may indicate that the airspace users are charged for costs which have not materialised in 2025.

### 5.2 En route charging zone

#### 5.2.1 Unit cost (KPI#1)

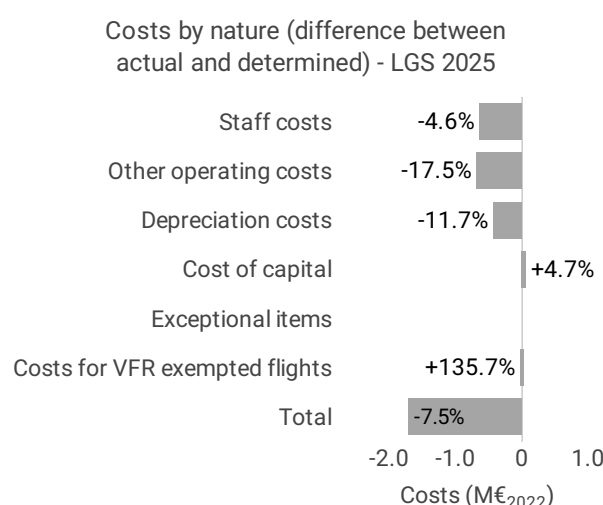
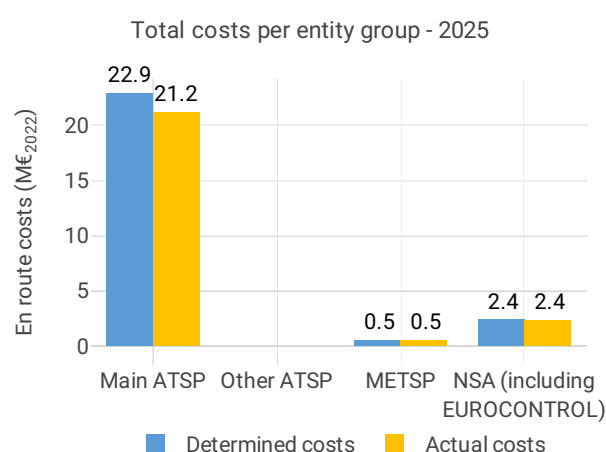


| Actual and determined data |      |      |      |      |      |
|----------------------------|------|------|------|------|------|
| Total costs - nominal (M€) | 2025 | 2026 | 2027 | 2028 | 2029 |
| Determined costs           | 28.2 | 32.8 | 37.6 | 40.5 | 41.9 |
| Actual costs               | 26.6 | NA   | NA   | NA   | NA   |
| Difference costs           | -1.7 | NA   | NA   | NA   | NA   |

| Inflation assumptions             | 2025  | 2026  | 2027  | 2028  | 2029  |
|-----------------------------------|-------|-------|-------|-------|-------|
| Determined inflation rate         | 2.4%  | 2.4%  | 2.6%  | 2.2%  | 2.2%  |
| Determined inflation index*       | 113.2 | 115.9 | 118.9 | 121.5 | 124.2 |
| Actual inflation rate             | 3.8%  | NA    | NA    | NA    | NA    |
| Actual inflation index*           | 114.7 | NA    | NA    | NA    | NA    |
| Difference inflation index (p.p.) | +1.5  | NA    | NA    | NA    | NA    |

\*100 = 2022



## Focus on unit cost

### AUC vs. DUC

In 2025, the en route AUC was -4.4% (or -1.80 €2022) lower than the planned DUC. This results from the combination of significantly lower than planned en route costs in real terms (-6.8%, or -1.8 M€2022) and lower than planned TSUs (-2.5%).

### En route service units

The difference between actual and planned TSUs (-2.5%) falls outside the  $\pm 2\%$  dead-band, but does not exceed the  $\pm 10\%$  threshold foreseen in the traffic risk sharing mechanism. The resulting loss of en route revenues is therefore shared between the ANSP and the airspace users (see the main ANSP regulatory result).

### En route costs by entity

Actual real en route costs are -6.8% (-1.8 M€2022) lower than planned. This is the result of lower costs for the main ANSP, LGS (-7.5%, or -1.7 M€2022), the NSA/EUROCONTROL (-1.1%, or -0.03 M€2022) and the MET service provider (-1.7%, or -0.01 M€2022).



### En route costs for the main ANSP (LGS) at charging zone level

Based on the additional information to the en route reporting tables, the significantly lower than planned en route costs in real terms for LGS in 2025 (-7.5%, or -1.7 M€2022) result from:

- Lower than planned staff costs (-4.6%), mainly reflecting vacancies, recruitment timing and delays in reaching the planned staffing level.
- Significantly lower than planned other operating costs (-17.5%), mainly due to lower-than-expected corrective maintenance and repair needs, supported by the absence of significant unplanned failures.
- Significantly lower than planned depreciation (-11.7%), mainly due to timing differences in asset commissioning and capitalisation, as some assets entered service later than planned due to acceptance and certification procedures.
- Higher than planned cost of capital (+4.7%), due to a higher average asset base linked to ongoing investment projects.
- Significantly higher than planned deduction for VFR exempted flights (+135.7%).

### Assessment of the actual performance in the charging zone reported by the NSA

The NSA of Latvia provides the following overall assessment of the actual performance in 2025 at charging zone level:

*"In 2025, the en-route cost-efficiency performance for the Latvia charging zone was better than planned, with the actual DUC below the determined DUC target. The improvement is primarily explained by actual en-route costs being below determined costs, while service units were also slightly below forecast."*

*Specifically, updated monitoring data show total actual en-route costs of EUR 26,588 million compared to EUR 28,241 million determined (-EUR 1,653 million; -5.9%). At the same time, actual en-route service units were 617.282 thousand compared to a forecast of 633 thousand (-2.48%). Overall, the cost under-execution more than offset the service unit shortfall, resulting in an improved DUC outcome of EUR 39.02 compared to the determined target of EUR 40.80."*

### Explanation of the differences between actual and determined costs at charging zone level reported by the NSA

The NSA provides the following explanation for the differences between actual and determined costs in the charging zone:

*"The difference between actual and determined en-route costs in 2025 is mainly driven by lower staff costs, lower other operating expenditure, and lower depreciation, partly offset by a small increase in capital costs."*

*Compared with determined costs, staff costs were lower mainly due to timing differences in recruitment, vacancies, turnover, and training lead times. This reflects differences between actual staffing implementation and planning assumptions rather than a reduction in service provision.*

*Other operating expenditure was lower primarily because of expenditure control measures and timing effects related to procurement, contract execution, and the delivery of planned works.*



*Depreciation was lower mainly due to shifts in investment implementation schedules and the later commissioning of certain assets.*

*Capital costs were slightly higher than determined.*

*The main measures not implemented as originally planned relate to staffing ramp-up and the commissioning of certain investments, both of which occurred later than assumed when determined costs were established. These deviations are predominantly timing-related rather than cancellations.*

*If recruitment reaches planned levels and delayed investments are commissioned, part of the currently under-executed cost components, particularly depreciation and potentially related operating expenditure, may materialise in later years of RP4, depending on the updated implementation schedule.”*

### **Recommendations formulated by the NSA to the ANSP (LGS) to rectify the situation and actions taken by the ANSP**

The NSA 2025 monitoring report indicates the following recommendations formulated by the NSA:

*“Following the analysis of the 2025 cost-efficiency results, the NSA recalled that already during the planning phase it had emphasised the need to ensure a high level of accuracy and prudence in assumptions across all cost categories, in particular regarding staff costs, taking into account the known conditions within the RP4 framework. The currently observed significant under-execution of costs indicates a lack of alignment between planning assumptions and actual implementation dynamics, including recruitment phasing, staff turnover, and training schedules.*

*The NSA underlines the need to strengthen the realism of cost planning in future periods and to ensure a closer linkage to actual implementation conditions across all cost categories, in order to reduce systematic deviations from determined costs.*

*With regard to investments, the NSA emphasised the need to closely monitor the implementation of the approved investment programme and ensure timely commissioning of assets in line with RP4 assumptions. Delays in investment delivery may result in deviations in depreciation and related cost items, which should be properly justified and tracked.*

*The NSA also recalled that, in case of material under-implementation of the investment programme at the end of the RP4 period, appropriate reconciliation mechanisms under the performance scheme may require adjustments or repayment of funds to airspace users in accordance with applicable EU regulatory provisions.*

*The NSA will continue to monitor cost developments and investment execution through its annual supervisory activities and will address any material deviations from the determined cost trajectory.”*

LGS reports the implementation of the following actions:

*“No corrective measures are required to address a cost-efficiency underperformance in 2025, as actual en-route costs were below determined costs and the actual DUC was lower than the determined DUC target.*

*However, LGS acknowledges the NSA’s observations regarding the need to improve the alignment between planning assumptions and actual implementation dynamics. In response, LGS*

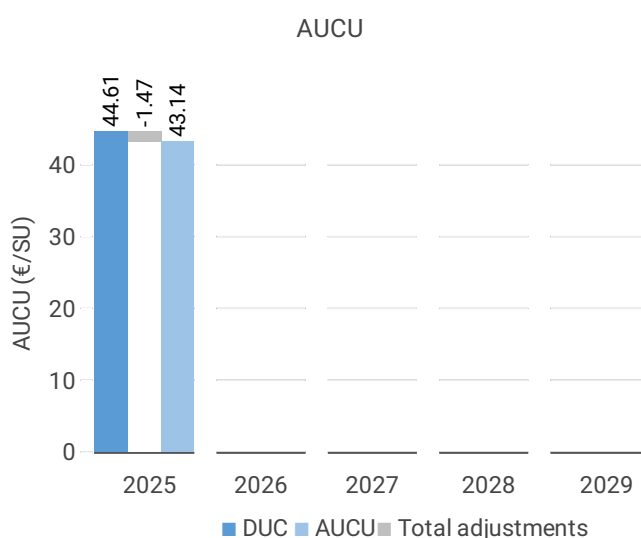


will strengthen the monitoring of the main variance drivers, in particular staff cost development, recruitment and training phasing, procurement execution, and the commissioning schedule of investments.

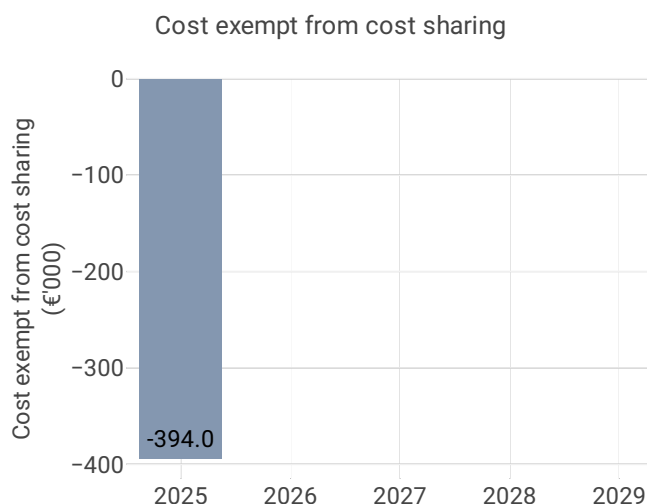
For staffing, LGS will continue to recruit in line with operational requirements and available training capacity, while regularly reviewing whether recruitment and training assumptions remain realistic against actual progress. For operating expenditure and investments, LGS will continue to apply expenditure control, update implementation schedules where needed, and monitor delayed procurements and asset commissioning to ensure that any timing shifts are properly documented and reflected in subsequent planning and reporting.

LGS will also continue to provide explanations to the NSA on material deviations from determined costs in the annual monitoring process. Where under-execution results from timing shifts rather than cancellations, LGS will track whether the related costs may materialize in later years of RP4. If any material under-implementation of the investment program remains at the end of RP4, LGS will cooperate with the NSA on the appropriate treatment under the applicable performance and charging scheme rules.”

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



| AUCU components (€/SU) – 2025      |              |
|------------------------------------|--------------|
| Components of the AUCU in 2025     | €/SU         |
| <b>DUC</b>                         | <b>44.61</b> |
| Inflation adjustment               | 0.46         |
| Cost exempt from cost sharing      | -0.64        |
| Traffic risk sharing adjustment    | 0.13         |
| Traffic adjustment (costs not TRS) | 0.16         |
| Financial incentives               | 0.41         |
| Modulation of charges              | 0.00         |
| Cross-financing                    | 0.00         |
| Other revenues                     | -1.33        |
| Application of lower unit rate     | -0.67        |
| Total adjustments                  | -1.47        |
| <b>AUCU</b>                        | <b>43.14</b> |
| <b>AUCU vs. DUC</b>                | <b>-3.3%</b> |



| Cost exempt from cost sharing – 2025               |               |              |
|----------------------------------------------------|---------------|--------------|
| Cost exempt from cost sharing by item - 2025       | €'000         | €/SU         |
| New and existing investments                       | -368.4        | -0.60        |
| Competent authorities and qualified entities costs | -13.2         | -0.02        |
| Eurocontrol costs                                  | -12.4         | -0.02        |
| Pension costs                                      | 0.0           | 0.00         |
| Interest on loans                                  | 0.0           | 0.00         |
| Changes in law                                     | 0.0           | 0.00         |
| <b>Total cost exempt from cost risk sharing</b>    | <b>-394.0</b> | <b>-0.64</b> |

## Focus on AUCU

### En route AUCU monitoring at charging zone level

The actual en route unit cost incurred by airspace users (AUCU) in respect of activities performed in 2025 (43.14 €) is -3.3% lower than the nominal DUC (44.61 €) which includes DUC initially charged: 54.03 €, and DUC to be charged retroactively: -9.41 €. The difference between these two figures (-1.47 €/SU) is due to:



- the positive inflation adjustment resulting from higher than planned inflation (+0.46 €/SU);
- the impact of adjustments resulting from the costs exempted from cost sharing mechanism (-0.64 €/SU);
- the addition of the traffic risk sharing adjustments (+0.13 €/SU);
- the addition of the traffic adjustment (+0.16 €/SU) for the costs not subject to traffic risk sharing;
- impact of financial incentives (+0.41 €/SU);
- the deduction of other revenues (-1.33 €/SU); and,
- application of a lower unit rate as foreseen in Art. 29(6) in year 2025 (-0.67 €/SU).

The share of the regulatory result (see next sub-section) in the AUCU (before the deduction of other revenues) is 8.9%.

### **Initiatives implemented or planned that will improve this PI reported by the NSA**

The NSA of Latvia provides the following information regarding the initiatives:

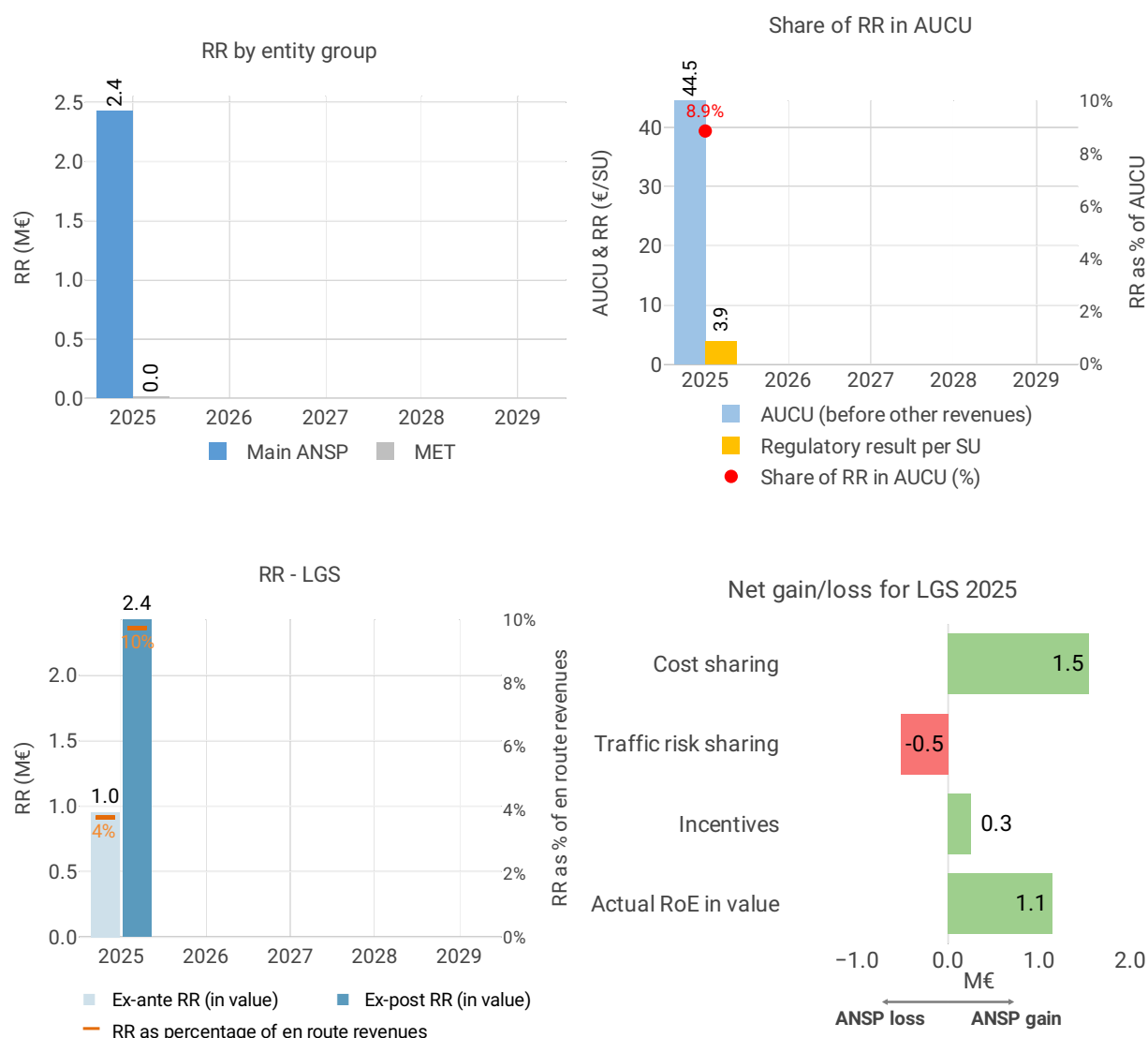
*“Initiatives implemented in 2025 and planned going forward to support improvement of the actual unit cost incurred by users include: (i) continued discipline in operating expenditure, avoiding execution of costs solely because they were included in plan; (ii) phased recruitment and training aligned with operational needs and training capacity; (iii) aligning investment execution with actual project readiness and procurement results, thereby improving predictability of depreciation/capital cost build-up; and (iv) continued improvement of the cost allocation methodology to strengthen the linkage between costs and the services/zones that use the resources.*

*Effectiveness is monitored through regular internal variance analysis against the determined cost base and updated monitoring tables, including tracking of staffing ramp-up, procurement execution timing, and investment commissioning milestones, as these drivers influence unit costs over the reference period.*

*Monitoring by the NSA is supported through the annual monitoring process and cost reporting/verification mechanisms, including review of submitted monitoring tables and supporting financial accounting information.”*



### 5.2.3 Regulatory result (RR)



## Focus on regulatory result

### LGS net gain/loss on activity in the Latvia en route charging zone in 2025

LGS reported a net gain of +1.3 M€, as a combination of a gain of +1.5 M€ arising from the cost sharing mechanism, with a loss of -0.5 M€ arising from the traffic risk sharing mechanism and a gain of +0.3 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 (+1.3 M€) and the actual RoE (+1.1 M€), amounts to +2.4 M€ (9.7% of the en route revenues). The resulting ex-post rate of return on equity is 17.7%, which is higher than the 8.3% planned in the PP (see also Note 1 below).

#### Note 1

The ex-post RR does not take into account the application of a lower unit rate in 2025 as per Art. 29.6 (the loss in revenues corresponds to -5.8 M€ for 2025).

