ANNEX A

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| **ADDITIONAL INFORMATION TO REPORTING TABLES 1 – TOTAL COSTS AND UNIT COSTS** |

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| 1. **Determined costs and unit costs**
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| **a) Description of the methodology used for allocating costs of facilities or services between different air navigation services, based on the list of facilities and services listed in ICAO Regional Air Navigation Plan, European Region (Doc 7754) as last amended, and a description of the methodology used for allocating those costs between different charging zones;** |

ANSP – SE “Oro navigacija”

Lithuania has only one FIR, thus entire costs attributed to en-route services are allocated to one charging-zone.

Costs for different services within FIR are allocated by units (cost centres in the accounting system). The cost centres are structured in 7 major groups – ATM, Surveillance, Communication, Navigation, SAR, AIS and Administration. All resources (assets, staff, goods and services (opex) acquired and used to ensure en-route air navigation services provision) and their associated costs are directly by their nature and ownership attributed to certain cost centre and then reported as totals. Administration costs are then redistributed to 6 reported services proportionally at the end of the calendar year.

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| **b) Description of the methodology and assumptions used to establish the costs of air navigation services provided to VFR flights, when exemptions are granted for VFR flights in accordance with Article 31(3), 31(4) and 31(5);** |

Not applicable.

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| **c) Criteria used to allocate costs between terminal and en route services, in accordance with Article 22(5);** |

ANSP – SE “Oro navigacija”

For each cost centre appropriate percentage of costs is allocated between different activities, i.e. en route and terminal services:

Facilities and services that serve only en route are allocated 100% to en route services.

Facilities and services that serve only terminal are allocated 100% to terminal services.

For facilities and services that serve both en route and terminal costs are allocated based on proportion of the number of flights or where the utilisation between en route services on the one hand and terminal services is difficult to be allocated it is split by proportions 75:25, 50:50, 25:75.

In general methodology follows the core principles just as they are laid out in Eurocontrol document ‘Principles for establishing the cost base for en-route and terminal services and the calculation of unit rates’.

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| **d) Breakdown of the meteorological costs between direct costs and the costs of supporting meteorological facilities and services that also serve meteorological requirements in general (‘MET core costs’). MET core costs include general analysis and forecasting, surface and upper-air observation networks, meteorological communication systems, data processing centres and supporting core research, training and administration;** |

**MET**– The Lithuanian Hydrometeorological Service (LHMS) is a public administration service funded from the State budget and collected charges from services. LHMS credits relating to services attributable to en route and terminal air navigation services are corresponding to the costs for meteorological services attributable to en route and terminal services. These costs are taken into account in the en route and terminal unit rates of charges.

LHMS allocates a share of the MET core costs to aviation. Attributable core costs comprise the cost of upper-air soundings (radio sondes and balloons), the cost of meteorological observations and the cost of satellite information:

* 17% (1/6) of upper-air sounding expenses are allocated to aviation and the remainder (5/6) to five other user groups, i.e. energy, land transport, shipment and lading, media and state institutions;
* 10% (1/10) of the cost of the meteorological observation network is allocated to aviation and the remainder (9/10) to nine other user groups, i.e. energy, land transport, maritime shipping, state institutions, science and education, agriculture, forestry, construction and insurance;
* 17% (1/6) of the cost of satellite meteorological information is allocated to aviation and the remainder (5/6) to five other user groups, i.e. energy, land transport, maritime shipping, media and state institutions.

e) Description of the methodology used for allocating total meteorological costs and MET core costs referred to in point (d) to civil aviation and between charging zones;

MET – LHMS meteorological information providers for aviation, i.e. civil aviation (en-route and terminal services), aerodromes, military and police/customs aviation: three Aeronautical Meteorological Stations at Vilnius, Kaunas and Palanga aerodromes, Aeronautical Forecasts Group of Forecast and Warnings Division, Operational Services Group of Measurement Quality and Technical Division.

The total costs of aeronautical services are allocated to products using a single apportionment key that reflects the relative efforts required to deliver them. Products are allocated to five different users, namely ANS en-route, ANS terminal, Aerodromes, Military and Interior (Custom and Police aircraft) users. Allocation to ANS en route and ANS terminal of MET products made available in accordance with ICAO Annex3 complies with ICAO/IMO guidance on aeronautical MET costs. MET costs for ANS, i.e. en route and terminal services available to civil aviation, in 2022-2024 year represents 67,3 % of the costs of all MET services provided to civil aviation, en-route services amounted 58,1 %, and terminal services for 9.2% MET costs for ANS in 2022-2024 year vs. previous years (was 64,1 %) is higher due to increase of the costs for meteorological services and seeking to ensure provisions of MET services compliance with Commission Implementing Regulation (EU) No. 2017/373.

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| **f) For each entity, description of the composition of each item of the determined costs by nature and by service (points 1 and 2 of Table 1), including a description of the main factors explaining the planned variations over the reference period;** |

***Determined costs by nature and by service***

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| **Entity: SE Oro Navigacija**  |
| **1. Detail by nature (in nominal terms)** |
| 1.1 Staff costs | Main Staff costs items are: ~90% - total contractual and state-laws compliant remuneration for employees (salaries) and direct cash benefits stemming from collective agreement and all associated taxes to the State; ~6.5% - variable part of salaries (linked and depending on company’s financial and performance kpi’s – max 10% from contractual salaries); ~3.5% – ATCO’s early-retirement scheme’s costs and other non-cash benefits stemming from collective agreement (health insurance, etc.).Staff costs in 2020 and 2021 decreased significantly compared to 2019 level (by ~-20%) as ANSP has taken all possible efforts to adapt to unexpected pandemic reality and answer AU’s situation and impact of cost under-recoveries from this period in future years charge rates. Staff costs in 2020 and 2021, in fact, decreased to the level of 2013 – at the time Lithuania was not even in the Euro-zone.Main reasons behind Staff costs decrease are: hire-freeze in 2020 and several positions made redundant from January 2021, limited (critical positions only) hiring up till June 2021 (current employees count is lowest in many years, several administrative functions are barely covered at all – e.g. HR, project management, etc.);due to social-partners’ (Trade Unions/employees) understanding of the situation and aviation-industry’s need to react to devastating crisis and agreements reached regarding temporary, but significant changes to valid collective agreement - previously agreed contractual salaries increase of +4% from January 2021 has been revoked and approximately half of additional benefits offered by valid collective agreement have been cut at least for 2021 and possibly (in case of slow traffic recovery) could partly or fully extend into 2022.Staff costs in 2022-2024, however, unavoidably have to bounce back as Collective Agreement freeze ends, vacant positions need to be filled in order to return organization to the proper functioning and development path, acquire missing and new skills and specialists who would enable further service development, compliance with new and forever-increasing regulatory requirements and digitalization. Stress & fatigue risk management and other changes and circumstances will require additional ATCOs.Last, but not least, there is an inevitable need to catch-up with labour market trends and maintain organizations’ competitiveness to attract and retain specialists and talents. As Lithuania’s economy continues to demonstrate strong-foot and thrived even during pandemic 2020 (GDP almost left unchanged (-0,9%) in stark contrast to EU average), average salaries in the economy continued to grow at staggering rates (+10,1% vs. 2019) and are expected to grow further by almost +8% in 2021 and then by at least +5% each year in 2022-2024. Thus, at least +2-4% growth rate for contractual salaries is a minimum needed pace in 2023-2024 to at least partly catch-up with current inflationary cut-throat competition labour market’s.**At the end of RP3 in 2024, however, nominal staff costs increase vs. 2019 would account for just +12.2% - similar as forecasted consumer inflation index rates and much lower than anticipated salaries increase during this period in the Lithuania’s labour market.** |
|  of which, pension costs |  |
| 1.2 Other operating costs | Main Other operating costs items are: ~26 (increasing to ~40% in 2024) - equipment maintenance; ~29% (decreasing to ~22% in 2024) - buildings and infrastructure facilities maintenance, IT and communications, electricity and other utilities;~18% (12% in 2024) – taxes, civic liability insurance, other insurance services, audit services, other consulting services;~9% (8% in 2024) – staff-related operating costs (trainings, additional learning, licences, business travel) expenses); ~18% - other various expenses. Other operating costs in 2020 were lower by -18,8% compared to 2019. Various measures have been taken to address the unprecedented crisis in aviation sector and minimize costs and burden of under-recoveries: significant cuts for business travel, trainings and additional learning – only must-do refreshment or licencing-related cases allowed; postponed or cancelled office maintenance, refurbishment activities and acquisitions, refurbishments; all other spending reduced to just required minimum and to only those that were critical and not compromising safety and quality of services.It should be also taken into account that a significant efforts and cost-decrease effect has been achieved during previous (RP2) period in this cost group. Compared to 2015-2016 levels of other operating costs that stood at almost 5 mio Eur level were significantly trimmed by ~30% down to ~3,3 mio Eur level in 2018-2019. Change of company’s management in 2017 turned focus on increasing cost-efficiency in operating costs:via changing equipment maintenance model and renegotiating contracts with monopolist-powered suppliers;strengthened procurement function and focus on maximum transparency (anticorruption ISO certification acquired) in public procurement realm.All of these measures resulted in significant savings achieved compared to the past years and to the planned costs of RP2 (performance plan in 2014 was prepared under previous management).In 2022-2024 operational costs, however, inevitably are projected to increase from current extremely low-level as it can not be sustained in long-term. The biggest driver behind other operating costs increase in 2023-2024 – warranty period for new-generation ATM system (ITec) ends in Q1 2023 and significantly high costs associated with maintenance and support services from Indra will have to be incurred. Furthermore, electricity and other utilities are currently affected significantly due to energy and other natural resources market prices growth and also already mentioned inflationary processes in the labour-market. Electricity prices are increasing every year, central heating for the upcoming winter season will be by +50% more expensive. Civic aviation insurance is also expected to remain expensive in the upcoming years due to risk premiums and decreasing competition in this market. Similarly, tendencies of most of the recent procurement procedures point to broad-based inflation (double-digit percentage rates vs. previous contract) of various services and materials needed to support and ensure operations and services.Fulfilling regulatory requirements to provide new services (e.g CPDLC/DLS services provision costs) and driving higher digitalisation of services and internal processes also comes with a completely new groups of costs – channels fees, software licences, maintenance, etc. Along with expected traffic recovery ANSP also has to plan to restart investments into its most important assets - human resources. Trainings and skills improvement for a broader group of non-ops specialists haven’t been allowed since March 2020. **All these mentioned factors result in +60.8% nominal increase of other operating costs in 2024 compared to 2019. However, this is just +30,2% (slightly higher than inflation during this period) increase compared to level of costs in 2014, as cost-efficiency efforts and achievements during RP2 partly outweigh projected needed provisions of the upcoming years.** |
| 1.3 Depreciation | Depreciation costs are based on actual data (depreciation of actual assets) and long-term forecast/plan of depreciation cost amounts based on investment projects and other smaller capex plans.It must be taken into account that during RP2 ANSP’s depreciation costs decreased significantly as ANSP approached its new investment cycle with many of its systems‘ life-cycles ending lately and some of them were or still are exploited even beyond that. Also, important to note is a fact that two major RP2 projects came across serious difficulties and were delayed due to issues with third-parties (suppliers’). New HQ and ATC building construction and final commissioning delayed by 3 quarters due to legal disputes with construction companies over quality of works. New-generation ATM system (ITec) delivery was firstly postponed by more than a year by the supplier (Indra) due to production issues and later its integration with other ANSP’s ATM systems was challenging and start of operations had to be postponed. Thus, depreciation costs of these two assets started to be reflect in actual costs data much later (in 2020-2021) and are distorting size of depreciation costs element in 2019 actual cost-base. During RP2 depreciation costs remained almost flat and comparing 2019 to 2014 were even lower by -7.7% though had to be opposite if not these issues with delays. As at the end of 2019 new HQ and ATC building was finally commissioned and 2021 marked operational launch of iTEC depreciation costs returned to their anticipated level. During RP3 as investments plan has been recently revised to include just essential (must-do) investments and moved as much possible to the later years of the period depreciation costs are planned to stay at this regular level of 3 million Eur and almost flat in remaining years of RP3 (2022-2024). Investments in revised RP3 investments plan focuses mainly on implementation of regulatory requirements (WAM/ADSB surveillance) and renewal of ageing and obsolete infrastructure (primary radars replacements, DME replacements, radio-equipment renewal improving coverage) complemented by a fractional investments aimed at efficiency improvement (solar-plant e.g.) and digitalisation (aeronautical data management – compliance with SES requirements).  |
| 1.4 Cost of capital | Costs of Cost of capital = (Average fixed assets + average net current assets (without interest bearing assets)) \* 3% rate. After the consultation of 9th September, actual CoC 2020 was excluded from the determined combined 2020/2021 cost base.Same as in RP2 3% rate applied for RP3 cost-of-capital element. However, it should actually be higher as WACC calculations point to 4,2% and expected by the Owner (Ministry of Transport) as indicated in the letter of expectations - return-on-equity is 3.7%. To keep overall cost-base lower for the benefit of AUs and compliant with targets for RP2-RP3 real unit rate decrease, 3% rate is to be applied. As investment plan has been revised and only essential investments are planned, whereas also majority of other investment projects are moved towards end of RP3 period or even RP4, this will help keep average asset base almost flat during entire 2020-2024 period resulting in nominal cost-of-capital costs fluctuating at a quite stable level of ~1 mio from year to year. |
| 1.5 Exceptional items | NA |
| TOTAL COSTS | **Total ANSP’s determined costs set to increase by +17.9% comparing 2024 to 2019 in nominal terms. However, it should be noted, that in real terms this would mean just +7.03% vs. 2019 and only +7.7% during ten-years (RP2-RP3) span (2024 vs. 2014). Thus, DUC per service unit in real terms would be by -9.9% lower in 2024 compared to 2014 AUC – in line and compliant and even bigger decrease than Union-wide target is set. And this means that Lithuania’s DUC remains at 20% below Union-wide average - same as it was 10 years ago.** |
| **2. Detail by service (in nominal terms)** |
| 2.1 Air Traffic Management | Costs are increasing (+31.7% 2024 vs 2019 base-year) mostly due to new-generation ATM system (Itec) going into operation in 2021 (depreciation) and costs for maintenance services in the post-warranty period (2023).  |
| 2.2 Communication | Costs are expected to stay almost unchanged (-0.7% 2024 vs 2019) as older investments’ depreciation ended whereas commissioned renewed equipment (new VCS, AFTN systems) have been acquired at very competitive prices and with longer-than-usual warranty periods (5 years instead of 2). Thus, lower depreciation and capital costs as well as less opex for maintenance will outweigh increase of salaries, utility services prices and general costs.  |
| 2.3 Navigation | Costs are expected to be lower by -8.7% in 2024 vs 2019. New equipment procured at significantly lower prices and with longer warranty periods will bring opex savings that will outweigh rising staff costs.  |
| 2.4 Surveillance | Costs are increasing by +15,8% in 2024 vs 2019, but will still be significantly below levels of the past (-8.8% vs 2014) as maintenance contracts and service models have been renegotiated significantly o the downside, however staff costs increase and general costs increase is driving overall costs. |
| 2.5 Search and rescue | +7.4% increase in 2024 vs. base-year of 2019 is mostly due to Staff costs and general costs growth. |
| 2.6 Aeronautical Information | Costs are to remain almost unchanged (+3% 2024 vs 2019).  |
| **Adjustments beyond the provisions of the International Financial Reporting Standards adopted by the Union pursuant to Regulation (EC) No 1126/2008** |
| NA |

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| **Entity: Lietuvos hidrometeorologijos tarnyba (LHMS – MET services)** |
| **1. Detail by nature (in nominal terms)** |
| 1.1 Staff costs | The staff costs are calculated by estimating the salaries of staff directly providing meteorological services to civil aviation (100 %) and salaries of staff who perform meteorological observations, forecast general weather conditions, provide IT and legal services etc. in other LHMS divisions (5-25 %).During the pandemic (2020-2021 year) the volume of meteorological services available for civil aviation could not be reduced. Due to the crisis in aviation caused by the COVID-19 pandemic in 2021 year, salaries, contrary to expectations, did not rise.As the Government's policy is aimed at a constant increase in the minimum wage, the average wage must unavoidably increase as well.According to the relatively low wages in LHMS, without wage increases, employees are at risk of approaching their salaries, which will eventually be equal to the minimum wage for unskilled workers. There will be no way to keep competent staff and provide high quality services. Staff costs must increase without increasing or even reducing the number of employees, otherwise we would remain completely noncompetitive in the labor market, would not be able to attract skilled motivated professionals capable of applying new technologies and developing modern products to meet civil aviation requirements.The aim is for the average salary of staff providing meteorological services to aviation to range from 60% of the average salary of ground aviation services staff at the beginning of the RP3 period to 80% at the end of the period (2024). |
|  of which, pension costs | Included in gross salaries of employees and not payable by employer |
| 1.2 Other operating costs | Operating costs include: IT and communication services, electricity and other utilities, satellite meteorological information services, rental and maintenance of premises, purchase of goods (spare parts for devices). Other operating costs will be almost constant, but even decreasing due to higher performance optimization of activities.  |
| 1.3 Depreciation | Depreciation costs are based on actual data (depreciation and amortization of actual assets) and the long-term investment projects plan.Planned depreciation of investments (EUR 493 thousand) is reduced due to purchases not made during the COVID-19 crisis. The upgrade of surveillance systems (hardware and software) at Palanga and Vilnius International Airports will now be funded from other sources.In 2022–2024, it is planned to update the jobs of aviation forecasters and maintain the software in order to ensure the uninterrupted operation of the systems and the continuous provision of MET services to civil aviation. Investments will amount to ~ 78 thousand euros .Depreciation costs of the route part ~ 45 thousand. |
| 2.7 Meteorological services | Costs are adjusted in line to the new strategic 2022-2024.  |
| **Adjustments beyond the provisions of the International Financial Reporting Standards adopted by the Union pursuant to Regulation (EC) No 1126/2008** |
| NA |

***Determined costs by nature and by service***

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| **Entity: Transporto kompetencijų agentūra, TKA (NSA/NCA)** |
| **1. Detail by nature (in nominal terms)** |
| 1.1 Staff costs | Close to those numbers submitted as the initial data for RP3 revision in DEC 2020. Level of salaries is that one as promised to personnel at the time of reorganization of CAA at the end of 2018. 2019 numbers were low due to great number of people leaving the recently established institution after the change of top management. NSA/NCA underwent the second reorganization in August 2020, the name of organization left the same. Draft collective agreement is under development by the Trade Union.  |
|  of which, pension costs | Included in gross salaries of employees and not payable by employer |
| 1.2 Other operating costs | Consist of those costs for the normal everyday run of the office. 2020/2021 – with almost zero costs for training and missions.  |
| 1.3 Depreciation | Mainly related with the building and the software |
| 1.4 Cost of capital |  |
| 1.5 Exceptional items |  |
| **2. Detail by service (in nominal terms)** |
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| 2.8 Supervision costs | Final data will reflect strategic trend of personnel planned to have at the end of pandemic and aviation recovery |
| 2.9 Other State costs | EUROCONTROL costs |
| **Adjustments beyond the provisions of the International Financial Reporting Standards adopted by the Union pursuant to Regulation (EC) No 1126/2008** |
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| **Entity: Latvia’s ANSP LGS – As provided by Latvia’s CAA-NSA [responsible for verification and quality on delegated by MS services data]** |
| **1. Detail by nature (in nominal terms)** |
| 1.1 Staff costs | It is expected that most of ANSP’s obligations towards employees already existing, but stopped due to unprecedented crisis, will be reinstated from start of 2022. The decrease of FTEs will still allow for lower costs. It must be noted that further possible salary increases will become an actual question in near future, but their increases are subject to financial situation of the company as well as the macroeconomic situation in Latvia. |
|  of which, pension costs |  |
| 1.2 Other operating costs | It is expected that some costs will return after normalization of situation as procurements for non-essential, but still needed services are scaled back. |
| 1.3 Depreciation | All investment projects that have been planned for will resume either in RP3 or RP4. |
| 1.4 Cost of capital | Follows the depreciation logic. CAPM model for the Cost of Equity used. |
| 1.5 Exceptional items |  |
| **2. Detail by service (in nominal terms)** |
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| **Adjustments beyond the provisions of the International Financial Reporting Standards adopted by the Union pursuant to Regulation (EC) No 1126/2008** |
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***Pension costs***

*Note: The determined pension costs of the main ANSPs are detailed and justified in the body of the performance plan (item 3.4.3)*

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| **Entity: All Lithuanian Entities based in the Republic of Lithuania** |
| **Assumptions underlying the determined pension costs and expected evolution over Reference Period 3** |
| Lithuania’s pension system is PAYG type and payments towards social care system and pension are made from the employees‘ gross salary in form of a social taxes. No changes currently for the system changes are envisioned and even if some changes in taxation arise most likely this will not have additional impact as pension costs are in general a part of Staff costs in Lithuania’s case and change along with remuneration level changes. |

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| **g) For each entity, a description and justification of the method adopted for the calculation of depreciation costs (point 1.3 of Table 1): historical costs or current costs referred to in the fourth subparagraph of Article 22(4), and, where current cost accounting is used, provision of comparable historical cost data;** |

ANSP – SE “Oro navigacija”, MET – LHMS, NSA/NCA-TKA apply the same method of historic costs for the calculation of depreciation costs.

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| **h) For each entity, description and underlying assumptions of each item of complementary information (point 3 of Table 1), including a description of the main factors explaining the variations over the reference period;** |

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| **SE Oro Navigacija** |
| **Costs of new and existing investments (see also performance plan item 2)** |
| 3.10 Depreciation | Covered in item f) above |
| 3.11 Cost of capital  | Covered in item f) above |
| 3.12 Cost of leasing  | NA |
| **Lietuvos Hidrometeorologijos tarnyba (LHMS, MET services)** |
| **Costs of new and existing investments (see also performance plan item 2)** |
| 3.10 Depreciation | Covered in item f) above |
| 3.11 Cost of capital  | NA |
| 3.12 Cost of leasing  | NA |

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| **Eurocontrol costs** |
| 3.13 Eurocontrol costs (Euro) | Include figures from the draft forecast EUROCONTROL cost-base 2022-2026 presented to EUROCONTROL Standing Committee on Finance (SCF) on 11 May 2021. They are going to be updated after they are notified to SCF in late September or together with SU’s update with data from STATFOR Forecast published in OCT.  |
| 3.14 Exchange rate (if applicable) | NA |

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| **i) For each entity, description of the assumptions used to compute the cost of capital (point 1.4 of Table 1), including the composition of the asset base, the return on equity, the average interest on debts and the shares of financing of the asset base through debt and equity;** |

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| **SE Oro Navigacija** |
| **Average asset base** |
| 3.1 NBV fixed assets | Average fixed assets |
| 3.2 Adjustments total assets | No adjustments |
| 3.3 Net current assets | Average net current assets (without interest bearing assets) |
| **Cost of capital %** |
| 3.6 Return on equity | Covered in item f) above |
| 3.7 Average interest on debts | 1,5% |
| 3.8 Share of financing through equity | 2020: 93,8%, 2021: 98,9%, 2022-2024: 100%. |

Cost of capital rate calculations:



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| **j) Description of the determined costs of common projects (point 3.9 of Table 1).** |

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| **Determined costs of common projects (in nominal terms in ‘000 national currency)** |  |
| **CP reference** | **2020** | **2021** | **2022** | **2023** | **2024** |  |
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| **Total (Table 1 item 3.9)** |  |  |  |  |  |  |
|  | 1. **Actual costs and unit costs**
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| **a) For each entity and for each cost item, a description of the reported actual costs and the difference between those costs and the determined costs, for each year of the reference period;** |

As the local cost-efficiency performance targets for RP3 are currently subject to revision as part of the draft performance plans to be submitted by Member States to the Commission by 1 October 2021, in line with the exceptional measures for RP3 due to the COVID-19 pandemic (Regulation (EU) 2020/1627 of 3 November 2020), the monitoring of the 2020 actual performance is carried out against the 2019 actual performance.

The main drivers for differences between actual data for 2020 and actual data for 2019 are presented for each item of cost by nature in the tables below.

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| **RP3 Monitoring – Year 2020 vs. 2019** |
| **ANSP: SE Oro Navgiacija** |
| 1.1 Staff costs | Staff costs in 2020 vs. 2019 were -20.3% lower and at a level comparable to year 2013. Various measures have been taken to address the unprecedented crisis in aviation sector and decrease costs to minimize burden for AU’s: non-critical employees were furloughed during 2020 Spring period; recruitment and filling of vacant positions was suspended almost for entire 2020 (except for critical operational positions) and hiring still remains subdued and very cautiously slow with many vacant positions, especially in administrative units; several job positions were cut permanently from Jan 2021 due to optimization of administrative staff. |
| 1.2 Other operating costs | Other operating costs in 2020 vs. 2019 were -18.8% lower and at 2.8 mln Eur it was the lowest reading on records dating back to 2012 when Lithuania joined PP and determined-costs scheme. Various measures have been taken to address the unprecedented crisis in aviation sector and decrease costs to minimize burden for AU’s: significant cuts for business travel and personnel training; postponed or cancelled office maintenance activities and acquisitions, refurbishments; all other spendings reduced to just required minimum and to only those that were critical and not compromising safety and quality of services.It should be also taken into account that a significant efforts and cost-decrease effect has been achieved during previous (RP2) period in this cost group. Compared to 2015-2016 levels of other operating costs that stood at almost 5 mln Eur level were significantly trimmed by ~30% down to ~3,3 mln Eur level in 2018-2019. Change of company’s management in 2017 and its strong focus on increasing cost-efficiency, equipment servicing model and contracts and maximum transparency in public procurement realm resulted in significant savings compared to the past and to the planned costs of RP2 when performance plan was prepared under previous management.  |
| 1.3 Depreciation | Depreciation costs in 2020 vs. 2019 were almost flat (+1%) as no significant capex projects were put into operation in 2020.  |
| 1.4 Cost of capital | Cost-of-capital costs in 2020 were lower by -7.8% compared to 2019 as avg. asset base decreased along with low capex spending in 2020 as well as due to the disposal of previous and now obsolete head-quarter premises. |
| 1.5 Exceptional items | NA |
| TOTAL COSTS | Total costs in 2020 were by -16.8% lower than in 2019 and lowest on records dating back to 2012 and were achieved due to all measures taken to adapt to a significant drop of traffic and reduce burden for AU’s. |
| **RP3 Monitoring – Year 2020 vs. 2019** |
| **ANSP: Lietuvos hidrometeorologijos tarnyba (LHMS, MET Service provider)**  |
| 1.1 Staff costs | Staff costs include:1) 100% of the salaries of employees working in Aeronautical Meteorological Stations at Vilnius, Kaunas and Palanga aerodromes, Aeronautical Forecasts Group of Forecasts and Warnings Division, Operational Services Group of Measurement Quality and Technical Division.2) 10% of all salaries of other personnel at the Meteorological and Aviation Observations Division and employees of other divisions related to the provision and maintenance of aviation services.2019 Wage costs were increased in the planning of wage costs for the RP3 period. Due to employees turnover in 2020, wage costs increased by 5% compared to the planned ones.In 2021, the structure of LHMT will be changed in July, so turnover of employees is unavoidable. With the steady increase in the average salary in the country, the expected personnel costs will increase by another ~ 8%. |
| 1.2 Other operating costs | Operating expenses include: IT and communication services, electricity and other utilities, satellite meteorological information services, rental and maintenance of premises, purchase of goods (spare parts for devices).Due to the unfavorable situation of Covid-19 in 2020 to reduce operating costs and achieve greater operational efficiency was not able. In order to ensure continuity of LHMT's work and the provision of meteorological services to air navigation additional costs in providing employees with the necessary work equipment and health care facilities appeared. As a result, operating expenses increased by + 4% compared to the planned ones.  |
| 1.3 Depreciation | Depreciation costs are based on actual data (depreciation and amortization of actual assets) and the long-term program plan for investment projects. Depreciation costs have been significantly reduced due to the failure of implementation of software upgrades for airport meteorological monitoring systems. After assessing the situation, depreciation costs in 2020 have been reduced by -40%, expected for 2021 - by -45%.  |
| 1.4 Cost of capital | NA |
| 1.5 Exceptional items | NA |
| TOTAL COSTS |  |

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| **RP3 Monitoring – Year 2020 vs. 2019** |
| **Transporto kompetencijų agentūra-TKA/TCA (NSA/NCA)** |
| 1.1 Staff costs | High level of personnel leaving NSA/NCA after change of top management (loyal to CAA management) during the first year of reorganised CAA  |
| 1.2 Other operating costs | Savings made on training and missions due to low numbers of staff |
| 1.3 Depreciation | Another building assigned to HQ in Kaunas |
| 1.4 Cost of capital |  |
| 1.5 Exceptional items |  |

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| **b) Description of the reported actual service units and a description of any differences between those units and the figures provided by the entity that is billing and collecting charges as well as any differences between those units and the forecast set in the performance plan, for each year of the reference period;** |

2020 – 332,6 th SUs

2019 – 618,8 th SUs, or less by 46,3% [lower comparing to other EU MSs] due to STATFOR numbers adopted locally to the latest trend over Vilnius FIR.

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| **c) Breakdown of the actual costs of common projects per individual project;** |

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|  |
| **Determined costs of common projects (in nominal terms in ‘000 national currency)** |
| **CP reference** | **2020** | **2021** | **2022** | **2023** | **2024** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |
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| **Total (Table 1 item 3.9)** |  |  |  |  |  |

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| **d) Justification of the difference between the determined and the actual costs of new and existing investments of the air navigation service providers, as well as the difference between the planned and the actual date of entry into operation of the fixed assets financed by those investments for each year of the reference period;** |

In respect of calendar year 2020, this information is to be provided in the annual monitoring report (see section 4 of the RP3 monitoring template).

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| **e) Description of the investment projects added, cancelled or replaced during the reference period with respect to the major investment projects identified in the performance plan, and approved by the national supervisory authority in accordance with Article 28(4).** |

In respect of calendar year 2020, this information is to be provided in the annual monitoring report (see section 4 of the RP3 monitoring template).

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| **ADDITIONAL INFORMATION TO REPORTING TABLES 2 – UNIT RATE CALCULATION** |

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| **a) Description and rationale for establishment of the different charging zones, in particular with regard to terminal charging zones and potential cross-subsidies between charging zones;** |

Not applicable – a single charging zone for en-route services in entire Vilnius FIR region.

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| **b) Description of the policy on exemptions and description of the financing means to cover the related costs;** |

Obligatory exemptions are applicable in the Charging Zone of Lithuania in line to Article 31 (3): a); b); c); d). Exempted route charges are reimbursed to ATS by appropriations from the State Budget and payable by the State Transport Safety Administration for the cases a->c and the Ministry of Defence for the case d). Certain military flights are exempt under part 4 a) in line to decisions of the Ministry of Defence which reimburse the charges of exempted military flights.

Actual costs incurred in relation to services to flights exempted from ANS charges (pursuant to Article 31(3) to (5) and Article 22(6) of Implementing Regulation (EU) 2019/317) in the charging zone in 2020.

|  |  |
| --- | --- |
|  | **2020** |
| Costs for exempted VFR flights | VFR flights are not exempted |
| Costs for exempted IFR flights | Reimbursed in full by the state budget |
| **Total costs for exempted flights** |  |

Costs of exempted flights (State flights, IFR flights performed by a/c with MTOW under 2 metric tons, Military flights of NATO MS) are reimbursed by two different institutions in LT: State Transport Safety Administration and the MoD. As normal practice, EUROCONTROL CRCO issue reports with calculations what is available on ETNA. Based on those reports monthly invoices addressed to those two institutions are issued by Oro Navigacija.

Costs planned in relation to services to flights exempted from ANS charges (pursuant to Article 31(3) to (5) and Article 22(6) of Implementing Regulation (EU) 2019/317) in the charging zone in 2021.

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| --- | --- |
|  | **2021** |
| Costs for exempted VFR flights | Not exempted in Lithuania’s CZ |
| Costs for exempted IFR flights | See comment below |
| **Total costs for exempted flights** |  |

Hardly, even STATFOR would be able to foresee numbers of ‘VIP’ (STATE) flights being operated by state a/c and being subject to fair exemptions due to listed high ranking officials on board crossing Vilnius FIR and being subject to STATE exemptions or Military flights or IFR flights being performed by a/c with MTOW below 2 metric tons mainly being operated by private a/c or medical flights or by private pilots schools.

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| **c) Description of adjustments resulting from the traffic risk sharing mechanism in accordance with Article 27;** |

Not applicable for this submission – will be based on the combined year 2020-2021 after the adoption of the RP3 performance plan as per Article 16 (Exceptional measures for RP3 due to the COVID-19 pandemic (Regulation (EU) 2020/1627, Article 5(1) and (2).

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| **d) Description of the differences between determined costs and actual costs of year n as a result of the changes in costs referred to in Article 28(3) including description of the changes referred to in that Article;** |

Not applicable for this submission – will be based on the combined year 2020-2021 after the adoption of the RP3 performance plan as per Article 16 (Exceptional measures for RP3 due to the COVID-19 pandemic (Regulation (EU) 2020/1627, Article 5(3).

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| **e) Description of adjustments resulting from unforeseen changes in costs in accordance with Article 28(3) to (6);** |

Not applicable for this submission – will be based on the combined year 2020-2021 after the adoption of the RP3 performance plan as per Article 16 (Exceptional measures for RP3 due to the COVID-19 pandemic (Regulation (EU) 2020/1627, Article 5(3).

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| **f) Description of the other revenues, if any, broken down between the different categories indicated in Article 25(3);** |

Not applicable.

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| **g) Description of the application of the financial incentive schemes referred to in Article 11(3) and 11(4) in year n and the resulting financial advantages and disadvantages; description and explanation of the modulation of air navigation charges applied in year n under Article 32 where applicable, and resulting adjustments;** |

***Financial incentive schemes***

The description and justification of the parameters of the incentive scheme defined in accordance with Article 11(3) and 11 (4) are provided in the body of the performance plan under item 5.2.

***Modulation of charges***

The actual application and relating financial advantages and disadvantages for 2020 is not applicable (Exceptional measures for RP3 due to the COVID-19 pandemic (Regulation (EU) 2020/1627, Article 3 (3)).

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| **h) Description of adjustments relating to the temporary application of a unit rate under Article 29(5);** |

Not applicable for this submission – will be based on the combined year 2020-2021 after the adoption of the RP3 performance plan as per Article 16 (Exceptional measures for RP3 due to the COVID-19 pandemic (Regulation (EU) 2020/1627, Article 5(4).

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| **i) Description of the cross-financing between en route charging zones, or between terminal charging zones, in accordance with point (e) of Article 15(2) of Regulation 550/2004;** |

Not applicable.

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| **j) Information on the application of a lower unit rate under Article 29(6) than the unit rate calculated in accordance with Article 25(2) and the means to finance the difference in revenue;** |

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| **k) Information and breakdown of the adjustments relating to previous reference periods impacting the unit rate calculation;** |

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| **ADDITIONAL INFORMATION TO REPORTING TABLE 3 – COMPLEMENTARY INFORMATION ON COMMON PROJECTS AND ON UNION ASSISTANCE PROGRAMME** |

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| **l) Information on the costs of common projects and other funded projects broken down per individual project, as well as of public funds obtained from public authorities for these projects.** |

Information to be provided in November submission.