



Performance Review Body
designated by
the European Commission



Costs exempt from risk sharing

PRB advice on States' 2012 & 2013 submissions



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1 Introduction

1.1 Legislation

- 1.1.1 The concept of 'uncontrollable costs', now referred to as 'costs exempt from cost-sharing', was introduced in the Charging Scheme Regulation (Regulation 1191/2010 amending Regulation 1794/2006) to exempt from the application of cost-sharing the difference between actual and determined costs which may be deemed to be out of the control of the ANSPs, Member States and qualified entities as a result of events or circumstances unforeseen at the time of preparation of Performance Plans (PP) as specified in the Regulation. According to Article 11a of Regulation 1794/2006, the National Supervisory Authorities (NSAs) were to determine a list of "uncontrollable cost factors" out of the list defined in the Regulation and provide it as part of their National/FAB performance plans.
- 1.1.2 On 3 May 2013, amended Charging Scheme (390/2013) and Performance Scheme (391/2013) Regulations were adopted by the Commission. The amended Charging Scheme Regulation includes, inter alia, a new requirement for NSAs to provide an annual report on costs exempt from cost sharing (Article 14.2(f)), a role of scrutiny by the Commission to assess the NSAs submissions and amended Reporting Tables. In this context, within six months the Commission may take a decision under advisory procedure in case a Member State should not be allowed to apply the principle of costs exempt from cost sharing in part or in whole according to its findings.
- 1.1.3 Member States raised a number of issues of interpretation to the Commission and clarification was provided through a Single Sky Committee (SSC) paper SSC 14/53/23 presented in March 2014.

1.2 Purpose of this document

- 1.2.1 The Commission asked NSAs to submit their annual reports on costs exempt from risk sharing by 1 June 2014. The Commission invited the NSAs to reconsider the amounts proposed for 2012, to assess the amounts relating to 2013 and forecast the amounts for 2014, in light of general principles described in the SSC paper.
- 1.2.2 The Commission will review and scrutinise the annual NSA report on costs exempt from cost-sharing and shall inform States in case they shall not be allowed to apply the proposed exemption(s) to cost sharing in full or in part within 6 months of receipt of the report.
- 1.2.3 This report from the Performance Review Body (PRB) provides assistance to the Commission in providing its review of the States' submissions.
- 1.2.4 The results presented in this paper relate only to 2012 and 2013. Definitive results including the outcome of 2014 will be presented in 2015 after annual NSA report on costs exempt to be submitted on 1 June 2015. Only then, the complete series for RP1 will be presented as foreseen in Art. 14.2(d) and (e).
- 1.2.5 The European Commission intends to report its 2012 & 2013 assessment to the SSC that will take place in November 2014. It is also expected that the dedicated SSC Working Group on economic questions to meet in the second part of 2014 (first meeting scheduled on 17 September) will discuss treatment of pension costs and impact on costs exempt issues. However it is the intention of the Commission to form a Decision on the costs exempt from cost sharing submissions ahead of the SSC Working Group on economic questions finalising their advice.

1.3 What NSAs were asked to do

- 1.3.1 NSAs were asked to reconsider the amounts proposed for 2012 for each item and assess the amounts relating to 2013 in light of the general principles presented in the SSC paper. NSAs were asked to:
- Present the relevant assumptions used as a basis for setting the determined costs for RP1 as well as a justification for these assumptions, as is now required from RP2 in Regulation 390/2013;
 - Provide evidence and sources for these assumptions (e.g. extracts from the Business Plan, minutes of meetings, independent auditors' reports, etc.) in order to compensate for the lack of detailed information in the RP1 PPs;
 - Provide justification why the cost item is considered eligible for exemption (i.e. evidence that the change is truly outside the control of the entity concerned and unforeseeable); and
 - Specify for each item the underlying external events or circumstances outside the control of the entity concerned and specify the actions taken to manage the cost risk associated with the cost item.
- 1.3.2 NSAs that submitted claims for costs exempt from risk sharing have utilised the guidance material and templates provided by the PRB.

1.4 Principles outlined by the Commission at SSC

- 1.4.1 The Commission outlined a number of principles in the SSC paper which it would use to scrutinise and assess submissions:

General principles

- **Costs exempt from cost-sharing should be treated consistently over time:** and in particular throughout a reference period, so as to ensure that the net amount eligible for carry-over reflects both positive and negative effects (see below) and is considered ex-post for the whole reference period.
- **The amounts eligible for exemptions from cost-sharing can be positive (to be recovered from airspace users) or negative (to be refunded to airspace users).** The States are either to return or pass on the net costs exempt from cost risk sharing over a reference period.

Amounts eligible for application of exemptions from cost-sharing

- 1.4.2 The Commission has outlined a number of factors to consider when considering the eligibility of the application for costs exempt from risk sharing:
- Costs exempt from cost-sharing should be limited to specific **unforeseen events** out of the control of the entities concerned. Claims for costs exempt from cost-sharing should not become a general rule or represent a return to full cost-recovery for items of the cost-base.
 - Amounts eligible for exemption are only those relating to the **impact of the unforeseen change**, for example due to unforeseen changes in national pensions law, on the determined costs set in the performance plan. The total difference between actual costs and determined costs for the corresponding cost item is not eligible.
 - The only amounts eligible in respect of a certain year are those corresponding to a **genuine cost attributable to the provision of en-route services during that year**. Accounting provisions for future potential costs, although they may be recognised in the statutory accounts (P&L, Balance Sheet), do not constitute genuine costs incurred during the year of activity and should therefore not be

considered as either determined or actual costs for the year. Cash payments rather than accounting accruals payments should be recognised for the calculation of determined costs, as well as for the calculation of amounts eligible for application of exemptions from cost-sharing.

- 1.4.3 The Commission recognises the difficulties with assessing the difference between accounting accruals and cash payments. Hence, the Single Sky Committee decided to set up a Working Group on economic questions in order to develop guidance for the treatment of costs exempt from cost sharing and the management of ANS costs relating to pensions. The group will be constituted of representatives from the Member States on a voluntary basis and may invite experts (e.g. pension experts or accountants) to attend and present matters in respect to the working group's tasks. The first Working Group meeting is foreseen to take place in September 2014 and recommendations should be presented to the SSC in early 2015.

Part I: EU-wide overview

1.5 Introduction

- 1.5.1 Following the deadline of 1 June 2014, 21 SES States (counting Belgium and Luxembourg as one) submitted claims for costs exempt from risk sharing. A further State (Estonia) confirmed to the PRB that it would not make any claims, while Croatia was not part of the RP1 performance scheme.

| FAB | STATE | Yes/No/ Not submitted | 2012 | 2013 |
|-------------------|----------------------|------------------------------|-------------------------------------|-------------------------------------|
| FAB CE | Austria | Yes | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| | Croatia | Not in PP in RP1 | | |
| | Czech Republic | Yes | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| | Hungary | Yes | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| | Slovakia | Yes | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| | Slovenia | Yes | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| UK-IR | Ireland | Yes | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| | United Kingdom | Yes | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| FABEC | Belgium - Luxembourg | Yes | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| | France | Yes | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| | Germany | Yes | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| | The Netherlands | Yes | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| | Switzerland | Yes | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Baltic | Poland | Yes | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| | Lithuania | Yes | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Blue Med | Cyprus | Not submitted | | |
| | Greece | Yes | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| | Italy | Not submitted | | |
| | Malta | Not submitted | | |
| Danube | Bulgaria | Yes | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| | Romania | Yes | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Denmark-Sweden | Denmark | Not submitted | | |
| | Sweden | Yes | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| NEFAB | Estonia | No Claim | | |
| | Finland | Yes | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| | Latvia | Not submitted | | |
| | Norway | Not submitted | | |
| SW Portugal-Spain | Portugal | Yes | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| | Spain | Yes (Canarias & Continental) | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |

Table 1: Costs exempt submission received by the PRB/EC

- 1.5.2 The position of the remaining six States who did not submit claims or communicate to the PRB is not clear. However, the majority of them have reported costs exempt from risk sharing as a part of their June 2014 en-route Reporting Tables submissions. Table 2 hereunder presents the Members States who did not submit a claim for costs exempt from risk sharing.

| STATE | COST TYPE | 2012 Costs reported in June 2014 Reporting Tables submissions (amounts in nominal terms in '000 national currency) | 2013 Costs reported in June 2014 Reporting Tables submissions (amounts in nominal terms in '000 national currency) |
|---------|---|--|--|
| Denmark | International agreements | -223 | |
| Norway | International agreements | -2 360 | 884 |
| Latvia | International agreements | -25 | 20 |
| Cyprus | International agreements and national tax law | 324 | 605 |
| Italy | International agreements | 24 | |
| Malta | International agreements | -3 | |

Source: June 30 2014 En-route Reporting Tables

Table 2: Submissions in Reporting Tables but no NSA report received

- 1.5.3 It is noted that for these States, the values are relatively small amounts, mostly related to EUROCONTROL costs under international agreement, for which the case for claiming costs exempt from risk sharing is clear. Moreover, some States, including Italy, have flagged in their submitted Performance Plan that they are still formulating their case for 2013 costs exempt from risk sharing.
- 1.5.4 Therefore, in order to present a complete overview of the costs claimed for exemption, the costs reported by the Member States presented in Table 2 above have been included in the aggregated figures presented in Section 1.6 below.
- 1.5.5 It is also noted that for seven of the 21 States that have submitted NSA reports for costs exempt from risk sharing there are differences between the value of the claim contained in the NSA report and the values provided in the en-route Reporting Tables. Where this has been identified it is flagged in the individual State level assessments contained in Part 2 and summarised below in Table 3.

| STATE | NATURE OF DIFFERENCE | 2012 | 2013 |
|----------------------|---|-------------------------------------|-------------------------------------|
| Belgium - Luxembourg | Value of international agreements claim | | <input checked="" type="checkbox"/> |
| Bulgaria | Category of cost classification | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| France | Value of claim in national taxation law | | <input checked="" type="checkbox"/> |
| Hungary | Value of international agreements claim | | <input checked="" type="checkbox"/> |
| The Netherlands | Distribution of costs between categories | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Spain (Continental) | Unit issue in international agreement | <input checked="" type="checkbox"/> | |
| United Kingdom | Value of pensions claim different, claim for new costs required by law not included | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |

Table 3: Differences between NSA report and Reporting Tables submissions

- 1.5.6 Where differences between en-route Reporting Tables submissions and NSA submissions are found they will be discussed with States and flagged for reconciliation ahead of the October Reporting Tables submissions.

1.6 Summary of total costs claimed for exemption

- 1.6.1 Table 4 below consolidates the costs claimed for exemption from cost sharing (by factor/item).
- 1.6.2 Some claims for costs exempt for risk sharing (positive values), are partially offset by claims for refunds of cost exempt (negative values). Across the States submissions the net claim is +44.5 M€₂₀₀₉ in 2012 and +97.2 M€₂₀₀₉ in 2013 (some +141.7 M€₂₀₀₉ across both years). This represents approximately 1% of the SES en-route cost-bases over the same period.

| (In 2009 prices in '000 EUROS) | 2012 | 2013 |
|---|---------------|---------------|
| Pension | 57.507 | 106.425 |
| Interest rates on loans | (5.062) | (8.179) |
| National taxation law | 1.238 | 3.127 |
| New cost item required by law | (3.604) | (288) |
| International agreements | (5.553) | (3.896) |
| Total costs exempted from cost sharing | 44.527 | 97.188 |

Table 4: Consolidated costs claimed for exemption by cost category

1.6.3 It is important at this stage to note that the 2013 value (97.2 M€₂₀₀₉) is mostly driven by Austria's claim of 79.9 M€₂₀₀₉ which relates to a pension provision. Without this single claim, the total would amount to 17 M€₂₀₀₉.

1.6.4 In value terms, the pension category dominates with all other categories providing either net claims for refunds or small costs.

1.6.5 Table 5 summarises the preliminary advice of the PRB on the claims made by the 21 Member States plus the six States who did not submit a claim. The three categories are:

- "Accepted" – in green;
- "Declined" – in red; or
- "Under Review" – in orange.

1.6.6 Table 5 shows that the majority of claims are "Under Review" for 2012 and "Declined" for 2013 (the latter being mostly driven by the Austria's claim – see §1.6.3 above). Figure 1 below illustrates the data in Table 5.

| (2009 prices '000 EUROS) | 2012 | | | 2013 | | |
|---|----------------|---------------|--------------|-----------------|---------------|---------------|
| Currency | € 2009 | | | € 2009 | | |
| Classification of PRB's advice to the EC | Accepted | Under Review | Declined | Accepted | Under Review | Declined |
| Pension | 3.376 | 52.830 | 1.301 | 6.630 | 20.771 | 79.023 |
| Interest rates on loans | (4.910) | (673) | 521 | (7.553) | (648) | 22 |
| National taxation law | 773 | 465 | - | 493 | 2.634 | - |
| New cost item required by law | 67 | (3.449) | (222) | (2.843) | 2.830 | (275) |
| International agreements | (8.052) | - | 2.499 | (7.307) | 112 | 3.299 |
| Total costs exempted from cost sharing | (8.746) | 49.173 | 4.099 | (10.581) | 25.700 | 82.069 |

Table 5: Claimed costs by cost category and status of acceptance

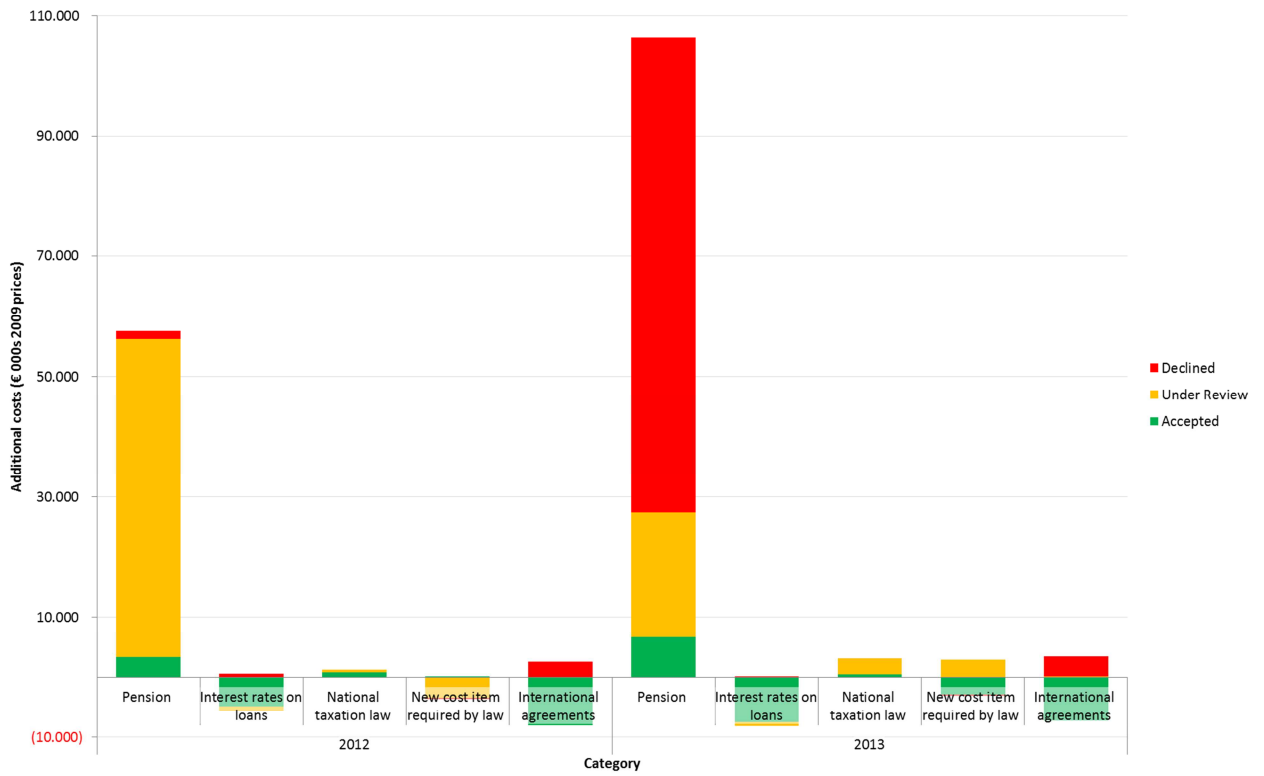


Figure 1: Costs claims for each year by cost category and status of acceptance

1.7 Summary of State by State assessment

1.7.1 Table 6 provides the breakdown of claims by State, by year with values, either recommended to be “Accepted”, “Declined” or “Under review”.

| (In 2009 prices '000 EUROS) | 2012 | | | 2013 | | |
|---|----------------|---------------|--------------|-----------------|---------------|---------------|
| Currency | € 2009 | | | € 2009 | | |
| Classification of PRB's advice to the EC | Accepted | Under review | Declined | Accepted | Under review | Declined |
| Austria | (39) | - | - | (142) | - | 79.932 |
| Belgium-Luxembourg | (854) | - | - | (1.330) | - | - |
| Bulgaria | (173) | - | - | (193) | - | - |
| Cyprus | (8) | 304 | - | - | 551 | - |
| Czech Republic | 116 | - | - | 326 | - | - |
| Denmark | (28) | - | - | - | - | - |
| Finland | (11) | - | - | 343 | - | - |
| France | (1.371) | - | 834 | (2.376) | - | 619 |
| Germany | (2.626) | - | - | (4.813) | - | - |
| Greece | (795) | - | - | (1.620) | - | - |
| Hungary | (547) | (394) | - | (557) | 1.124 | - |
| Ireland | 51 | - | - | (77) | - | - |
| Italy | 22 | - | - | - | - | - |
| Latvia | (24) | - | - | 19 | - | - |
| Lithuania | 31 | - | - | 101 | - | - |
| Malta | (2) | - | - | - | - | - |
| Netherlands | 2.272 | - | 1.301 | 2.722 | - | (909) |
| Norway | (262) | - | - | 96 | - | - |
| Poland | 733 | - | - | 1.024 | - | - |
| Portugal | (27) | 16.077 | - | (92) | 5.620 | - |
| Romania | 913 | - | - | 187 | - | - |
| Slovakia | (402) | - | (50) | (801) | - | (74) |
| Slovenia | (6) | - | - | 40 | - | - |
| Spain CAN | (0) | 32 | 61 | (0) | 57 | 3 |
| Spain CON | (162) | 522 | 460 | (4) | 1.014 | 19 |
| Sweden | (1.188) | 35.217 | - | (1.602) | 14.935 | - |
| Switzerland | (688) | (673) | 1.493 | (1.061) | (648) | 2.478 |
| UK | (3.671) | (1.913) | - | (770) | 3.047 | - |
| Total costs exempted from cost sharing | (8.746) | 49.173 | 4.099 | (10.581) | 25.700 | 82.069 |

Table 6: Costs claims by Member State and status of recommendation

1.7.2 Figure 2 and Figure 3 demonstrate the dominance of claims from Austria (2013), Portugal (2012) and Sweden (2012 & 2013).

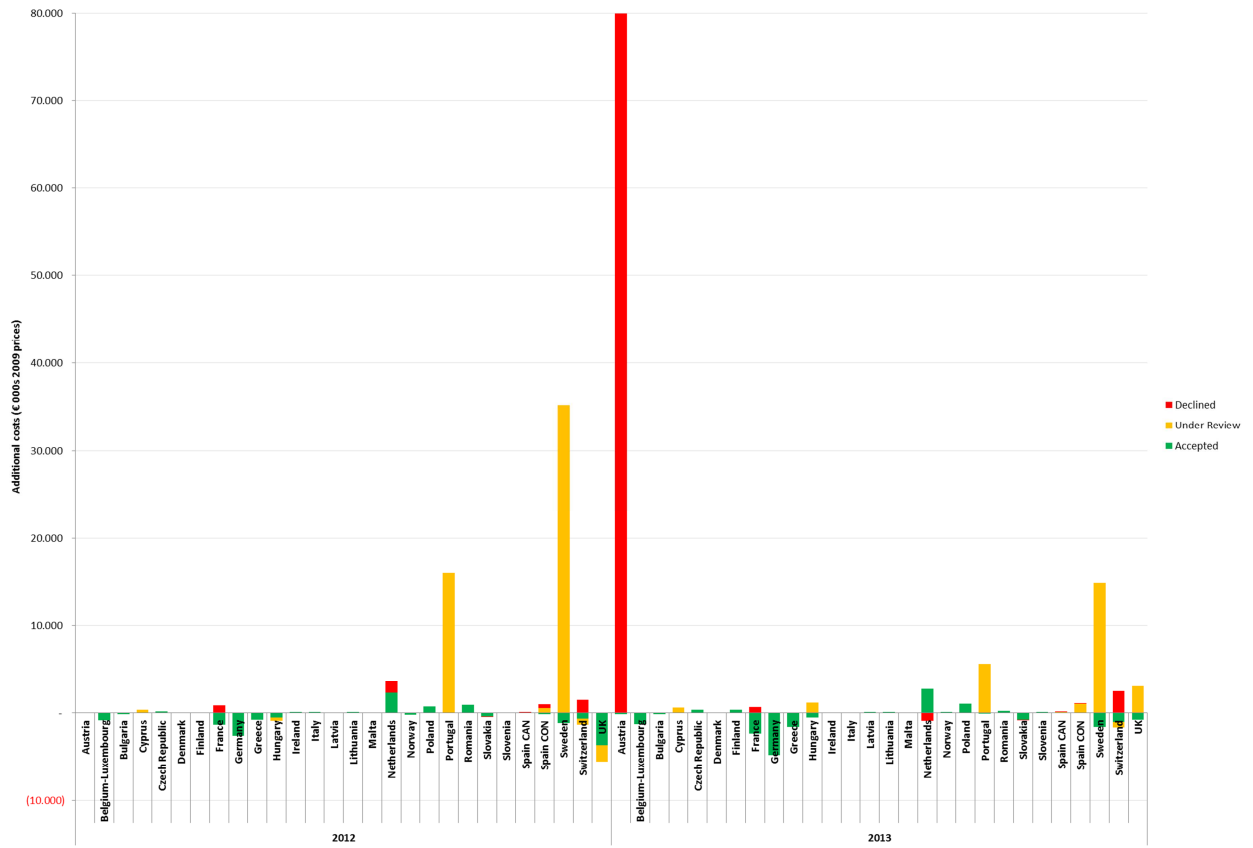


Figure 2: Costs claims for each year by state and status of recommendation

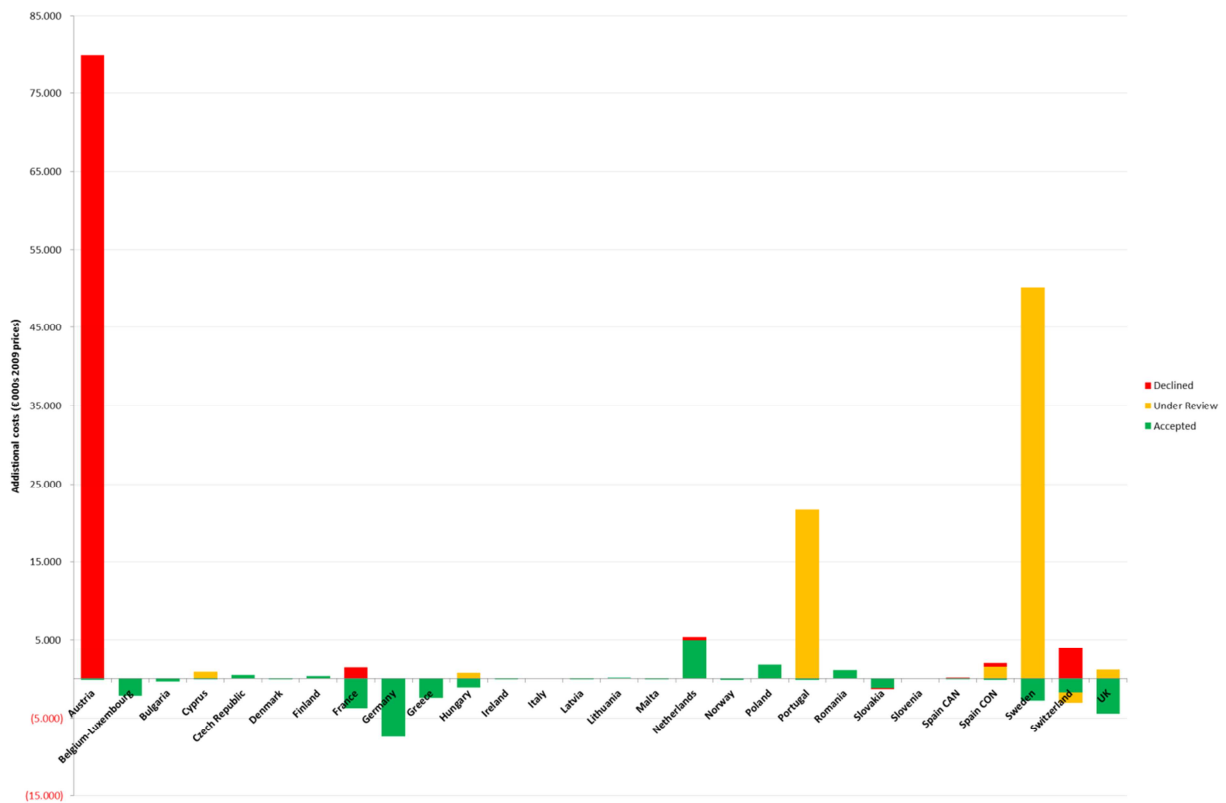


Figure 3: Costs claims consolidated (2012 & 2013) by country and status of recommendation

1.7.3 Figure 4 and Figure 5 underline the importance of pensions claims for Portugal and Sweden in both years and Austria in 2013.

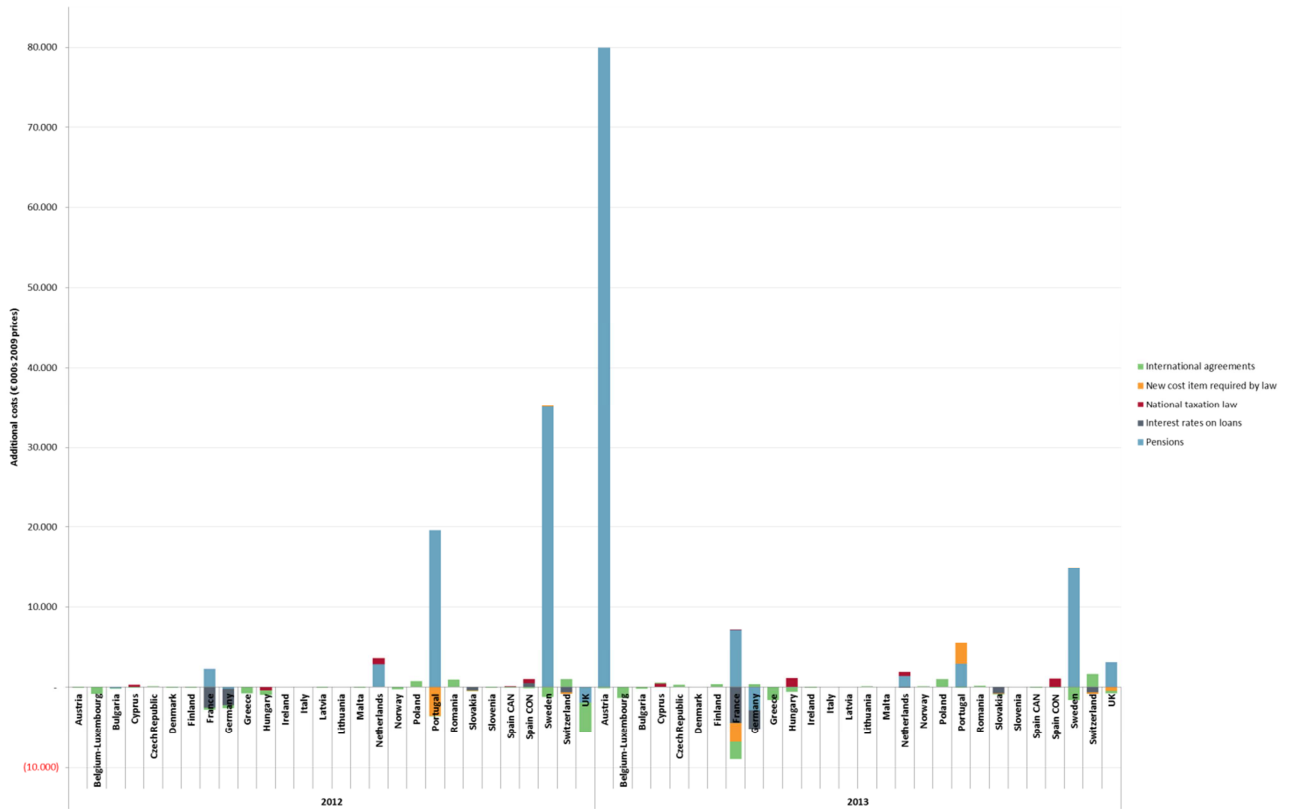


Figure 4: Costs claims for each year by cost category

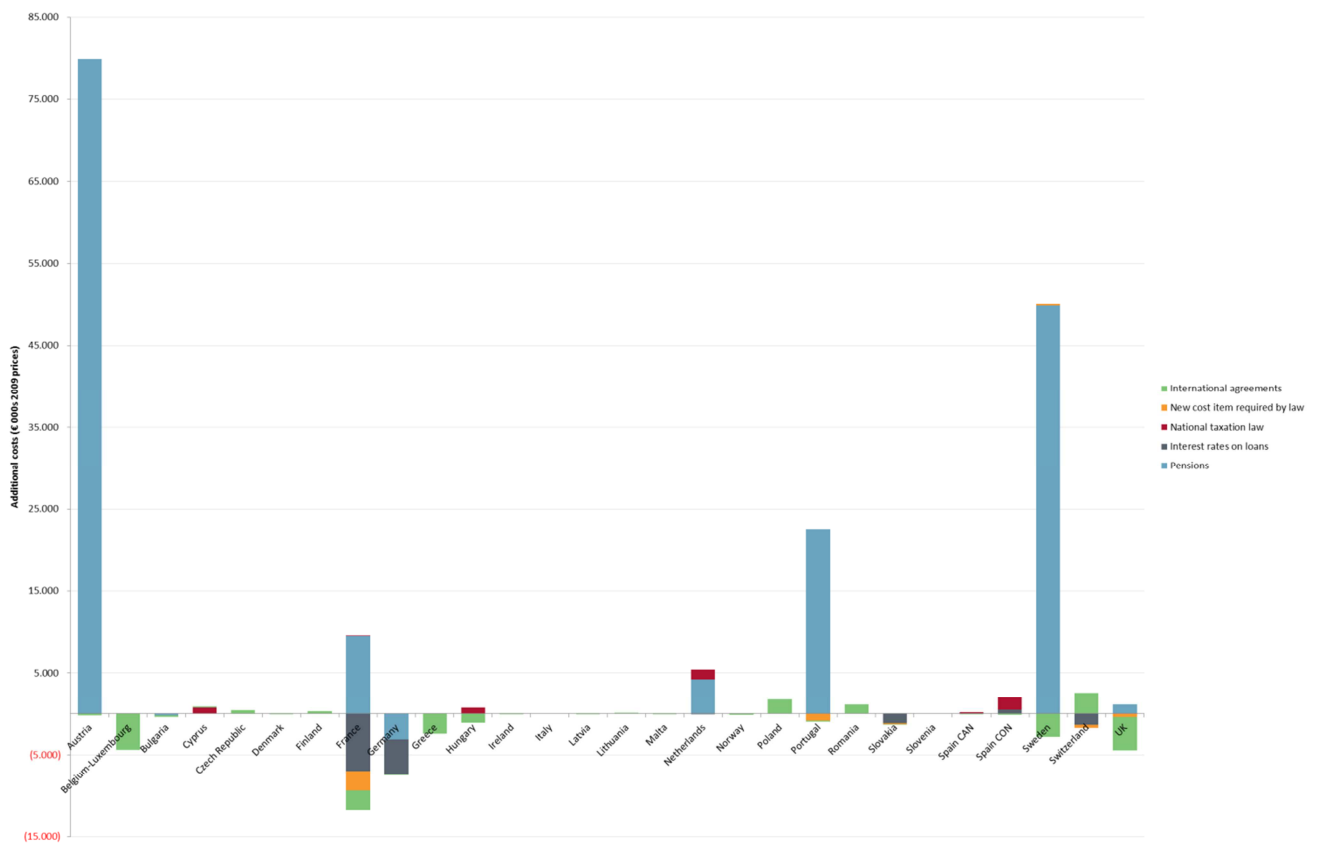


Figure 5: Costs claims consolidated (2012 & 2013) by cost category

Part II: State by State assessment

1 Austria

1.1 Background

1.1.1 The claim for costs exempt from risk sharing was submitted by BMVIT, the Austrian NSA, on 24 June 2014. The total amount claimed, relates to pensions costs and EUROCONTROL costs under international agreement obligations. No user consultation has been reported by the NSA.

1.1.2 Costs claimed for exemption from cost sharing (by factor/item):

| (In nominal terms in '000 national currency) | 2012 | 2013 |
|--|------------|---------------|
| Currency | EUR | EUR |
| Pension | | 88 395 |
| Interest rates on loans | | |
| National taxation law | | |
| New cost item required by law | | |
| International agreements | -42 | -157 |
| Total costs claimed for exemption from cost sharing | -42 | 88 238 |

1.2 Analysis of claim by category

| Pension | | | | | | |
|--|--------|--------|--------|--------|--------|--------|
| Description of claim from NSA report | | | | | | |
| Following the removal of the ability to apply the corridor method to Defined Benefits pensions valuations according to International Accounting standards (IAS19) has led to actuarial losses. | | | | | | |
| Quantification of claim as reported in the NSA report | | | | | | |
| Costs reported for 2013 were (in nominal terms in '000 EUR): | | | | | | |
| Pension assumptions for the "Defined benefits" pension scheme | | | | | | |
| ANSP/Entity: Austria | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Total pension costs in respect of "Defined benefits" scheme (in nominal terms in national currency) | 0 | 0 | 0 | 0 | 0 | 0 |
| Total costs exempt from cost-sharing claimed in respect of pension | | | | | | |
| | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Total claimed in respect of pension (RT 3.7) | | | | 0 | 88,395 | 0 |
| Justification of claim as provided in the NSA report | | | | | | |
| The IFRS method (IAS19) of accounting for employee benefit provisions was adopted in 2008. | | | | | | |
| The use of the corridor method (according IAS19) is no longer permitted after the end of 2012. The actuarial losses of 88.395 M€ accumulated by that date as a result of applying the corridor method are uncontrollable costs. | | | | | | |
| For details please find the information on the total costs on page 34 of the annual report. http://www.austrocontrol.at/jart/prj3/austro_control/data/uploads/pdfs/report%2013.pdf | | | | | | |
| The 88.395 M€ is the en route share of these costs (actuarial losses as at 31.12.2012 for employee benefits of total 126.278 M€) which according to Austrian accounting law has to | | | | | | |

be written off over 5 years as extraordinary expenses. In the IFRS reporting the whole amount of 126.278 M€ had to be entered in the balance sheet in 2013. Austria will distribute these costs over 15 years for the unit rate calculation to even the effects on our users by distributing them over the longest period possible.

Assessment of claim

The costs reported in 2013 were unforeseen.
The costs reported in 2013 were not genuinely incurred.

While the change in accounting rules IAS19 is beyond the control of the ANSP, following the principles outlined in the SSC paper accruals should not be allowed, deficit repair (over 15 years) may be considered reasonable.

PRB's recommendation

The costs incurred resulted from accounting valuation differences, cash costs were not incurred. According to the principle set out in the SSC paper 14/53/23, only deficit repair (over a 10 to 15 year period) is available for cost exempt from cost sharing. Therefore on this basis the claim as submitted should not be allowed. This decision will be reviewed in accordance with the guidance that will be developed by the SSC working group on economic questions.

International agreement

Description of claim from NSA report

The difference between planned and actual EUROCONTROL costs stemming from multilateral international agreement.

Quantification of claim as reported in the NSA report

| Assumptions for costs or revenues stemming from international agreements (Amounts in nominal terms in '000 national currency) | | | | | | |
|--|--------|--------|--------|--------|--------|--------|
| ANSP/Entity: Austria | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Eurocontrol Costs | 11,502 | 11,736 | 11,949 | 11,461 | 11,579 | |
| | | | | | | |
| Costs (+)/revenues (-) from international agreements | | | | -42 | -157 | |

Justification of claim as provided in the NSA report

Deviation of forecast EUROCONTROL costs vs actual EUROCONTROL costs. EUROCONTROL costs cannot be influenced directly by Austria and are based on international agreements.

Assessment of claim

The costs reported in 2012 and 2013 were unforeseen.
The costs reported in 2012 and 2013 were genuinely incurred.

Following the example provided by the Commission in its SSC paper, changes to exchange rates, allocation keys and changes to the EUROCONTROL budget were assessed as uncontrollable for RP1.

PRB's recommendation

Based on the principles laid down in the SSC paper 14/53/23, the claim is eligible for exemption.

1.3 Summary recommendation to EC for Austria

1.3.1 The claim for pensions costs is in principle not eligible, but will be reviewed in accordance with the guidance that will be developed by the SSC working group on economic questions.

1.3.2 Costs relating to international agreements are deemed to be eligible for both 2012 and 2013.

2 Belgium-Luxembourg

2.1 Background

2.1.1 The claim for costs exempt from risk sharing was submitted by the Head of the Belgian NSA (BSA-ANS) on 3 June 2014. The total amount claimed, relates to EUROCONTROL costs and the FAB EC TEN-T subsidy under international agreement obligations. No user consultation has been reported by the NSA.

2.1.2 Costs claimed for exemption from cost sharing (by factor/item):

| (In nominal terms in '000 national currency) | 2012 | 2013 |
|--|-------------|---------------|
| Currency | EUR | EUR |
| Pension | | |
| Interest rates on loans | | |
| National taxation law | | |
| New cost item required by law | | |
| International agreements | -927 | -1 461 |
| Total costs claimed for exemption from cost sharing | -927 | -1 461 |

Note: Belgium withdrew its claim for exemption of the TEN-T subsidy from the category "International agreements" following discussions with the PRU as part of the compliance check for the 2015 en-route unit rate.

2.2 Analysis of claim by category

| International agreement (1) | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Description of claim from NSA report | | | | | | |
| The difference between planned and actual EUROCONTROL costs stemming from multilateral international agreement. | | | | | | |
| Quantification of claim as reported in NSA report | | | | | | |
| Assumptions for costs or revenues stemming from international agreements (Amounts in nominal terms in '000 national currency) | | | | | | |
| ANSP/Entity: | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Cost base Eurocontrol Agency (part Belgium) | 12 581 | 12 639 | 12 921 | 11 622 | 11 153 | |
| Cost base Eurocontrol Agency (part Luxembourg) | 486 | 488 | 499 | 518 | 513 | |
| Costs (+)/revenues (-) from international agreements | 13 067 | 13 127 | 13 420 | 12 140 | 11 666 | |
| | | | | -927 | -1 461 | |
| Justification of claim from NSA report | | | | | | |
| The cost base of the EUROCONTROL Agency and the allocation keys depend on elements which are not under the control of Belgocontrol. At the time that the PP was prepared, 3 scenarios for the allocation of the overhead were investigated. Belgocontrol used the scenario that was supported by the SCF. The cost base approved by the Provisional Council and the actual cost base was lower than the scenario used in the PP. | | | | | | |
| In the determined costs of Belgium-Lux, the Agency forecast of April 2011 was used (SCF/16 - Action 16/5 dd. 15/4/11), specifically the scenario with a cost-allocation of PART I overheads set at 30%, as supported by the SCF. | | | | | | |
| The allocation keys used were 2.4903% for Belgium and 0.0961% for Luxembourg. Actual allocation keys were respectively 2.2261% and 0.1023%. | | | | | | |

The difference between the cost base included in the determined costs and the actual costs of the Agency for Belgium-Luxembourg, will be reimbursed to the users in RP2.

Assessment of claim

The costs reported in 2012 and 2013 were unforeseen.

The costs reported in 2012 and 2013 were genuinely incurred.

Following the example provided by the Commission in its SSC paper, changes to exchange rates, allocation keys and changes to the EUROCONTROL budget were assessed as uncontrollable for RP1.

PRB's recommendation

Based on the principles laid down in the SSC paper 14/53/23, the claim is eligible for exemption.

2.3 Summary recommendation to EC for Belgium

2.3.1 Costs relating to international agreements are deemed to be eligible for both 2012 and 2013.

3 Bulgaria

3.1 Background

3.1.1 The claim for costs exempt from risk sharing was submitted by the DG Civil Aviation Administration (Bulgarian NSA) on 31 May 2014. The total amount claimed, relates to Pension costs (social insurance payments) and EUROCONTROL costs under international agreement obligations. No user consultation has been reported by the NSA.

3.1.2 Costs claimed for exemption from cost sharing (by factor/item):

| (In nominal terms in '000 national currency) | 2012 | 2013 |
|--|-------------|-------------|
| Currency | BGN | BGN |
| Pension | -339 | -22 |
| Interest rates on loans | | |
| National taxation law | | |
| New cost item required by law | | |
| International agreements | -29 | -392 |
| Total costs claimed for exemption from cost sharing | -368 | -413 |

Note: the classification of pensions costs appears to have been submitted in item "national taxation law" in the Reporting Tables.

3.2 Analysis of claim by category

| Pension | | | | | | |
|---|--------|--------|--------|--------|--------|--------|
| Description of claim from NSA report | | | | | | |
| Social security payments for the State pension scheme included in the NPP have been lower than assumed. The decision as to the value of this parameters is made by the Bulgarian Parliament and is outside the control of ANSP, as highlighted at the time of submission of the NPP in RP1. | | | | | | |
| Quantification of claim as reported in NSA report | | | | | | |
| Total costs exempt from cost-sharing claimed in respect of pension | | | | | | |
| | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Total claimed in respect of pension (RT 3.7) | | | | -339 | -22 | 0 |
| Units BGN'000s | | | | | | |
| Justification of claim from NSA report | | | | | | |
| The costs are considered as outside the control of the State as well as of the ANSP were initially described in item 2.4.1.2.6.3 and Table 24 of the NPP submitted in June 2011 and were further detailed in item 3.4 and Table 13 of the Addendum to the PP. The uncontrollable parameters and their justification are presented in the NPP. At the time of preparation of NPP in June 2011, there were discussions on the amendment of the: | | | | | | |
| - maximum social security income (defined as parameter "b"); | | | | | | |
| - rates of different social security components (defined as parameter "c"); | | | | | | |
| - ratios for allocation of the different social security components between employer and employees (defined as parameter "d"). | | | | | | |
| The decision on these parameters is taken on an annual basis by the Parliament and is proposed by the government usually as a part of the adoption of the annual budget of the State. Neither the NSA, nor the ANSP has any influence on this process. | | | | | | |
| In comparison with the actual data, in the 2012 and 2013 two opposite effects were recorded, | | | | | | |

as follows:

- in respect of parameter "b" the actual 2012 and 2013 maximum social security income was lower than the planned amount. The total effect of this item amount to BGN -657 339 for 2012 and BGN -258 161 for 2013;

- in respect to parameters "c" and "d" the actual 2012 and 2013 social security rates were higher than those included in the NPP. The effects of this item amount to BGN 244 296 and BGN 244 646, respectively;

- as a result, the total net effect of these two items is BGN -413 043 for 2012 (incl. BGN -338 889.52 allocated to en-route) and BGN -25 715 for 2013 (incl. BGN -21 647 allocated to en-route);

As outlined in Table 24 of the NPP parameter "a" (number of staff) is under the control of the management, however it cannot be expected that ANSP staffing should vary with the variations of parameters "b", "c" and "d" and accommodate all unfavourable developments against the ANSP determined costs.

The allocation procedure between en-route and terminal services is equivalent to the procedure applied at planning stage.

| Social security costs | 2012 (BGN) | 2013 (BGN) |
|--|---------------------|--------------------|
| Controllable (en-route + TNC) costs due to parameter "a" (number of ANSP staff) | (9,126.00) | 31,105.20 |
| Uncontrollable (en-route + TNC) costs due to parameter "b" | (657,339.00) | (259,513.20) |
| Uncontrollable (en-route + TNC) costs due to parameters "c" and "d" | 244,296.00 | 233,798.40 |
| Total (en-route + TNC) uncontrollable costs due to parameters "b", "c" and "d" | (413,043.00) | (25,714.80) |
| Total en-route uncontrollable costs due to parameters "b", "c" and "d" | (338,889.52) | (21,646.72) |

Assessment of claim

The costs reported in 2012 and 2013 were unforeseen.

The costs reported in 2012 and 2013 were genuinely incurred.

Following the example provided by the Commission in its SSC paper, changes to social security payments would qualify for costs exempt as they are a result of a decision by the Bulgarian Parliament. However, as these costs relate to pensions, the exemption will be assessed in accordance with the guidance that will be developed by the SSC working group on economic questions.

PRB's recommendation

As these changes in assumptions led to a change in the cash costs of pensions, using the SSC paper principles, the claim for costs exempt from cost sharing should be allowed. This provisional decision will be reviewed in accordance with the guidance that will be developed by the SSC working group on economic questions.

International Agreements

Description of claim from NSA report

The difference between planned and actual EUROCONTROL costs stemming from multilateral international agreement.

Quantification of claim as reported in NSA report

| Assumptions for costs or revenues stemming from international agreements (Amounts in nominal terms in '000 national currency) | | | | | | |
|--|-------------------|--------------|--------------------|--------------|--------------|--------|
| ANSP/Entity: BULATSA | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| EUROCONTROL costs | 8 192 | 8 361 | 8 514 | 8 163 | 7 970 | |
| Costs (+)/revenues (-) from international agreements | 8 192 | 8 361 | 8 514 | 8 163 | 7 970 | |
| Total costs exempt from cost-sharing claimed in respect of international agreements | | | | | | |
| | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Total claimed in respect of international agreements (RT) | | | | -29 | -392 | 0 |
| Units BGN'000s | | | | | | |
| Justification of claim from NSA report | | | | | | |
| Item | 2012 NPP | 2012 Actual | 2013 NPP | 2013 Actual | | |
| EUROCONTROL costs in EUR | 4,190,000 | 4,174,571 | 4,275,000 | 4,075,395 | | |
| Exchange rate | 1.95515 | 1.95536 | 1.95583 | 1.95553 | | |
| EUROCONTROL costs in BGN | 8,192,078.50 | 8,162,789.15 | 8,361,173.25 | 7,969,557.18 | | |
| (Uncontrollable costs) delta in BGN | -29,289.35 | | -391,616.07 | | | |
| EUROCONTROL costs were included in the National Performance Plan for RP1 according to EUROCONTROL's forecast, which BULATSA accepted as a best estimate. The actual amounts of EUROCONTROL costs are based on reports by EUROCONTROL, which are sent every year to member States. EUROCONTROL costs are entirely allocated to the en-route cost base in the NPP and presented under the title 'Other Operating Costs'. As presented in the table above the amounts included in the NPP were based on reports, received from EUROCONTROL. | | | | | | |
| Assessment of claim | | | | | | |
| The costs reported in 2012 and 2013 were unforeseen. The costs reported in 2012 and 2013 were genuinely incurred. | | | | | | |
| Following the example provided by the Commission in its SSC paper, changes to exchange rates, allocation keys and changes to the EUROCONTROL budget were assessed as uncontrollable for RP1. | | | | | | |
| PRB's recommendation | | | | | | |
| Based on the principles laid down in the SSC paper 14/53/23, the claim is eligible for exemption. | | | | | | |

3.3 Summary recommendation to EC for Bulgaria

- 3.3.1 Bulgaria is invited to clarify the classification of their claim with respect to pensions costs as it appears to have been placed under the category of national taxation law in the Reporting Tables.
- 3.3.2 The claim for pensions costs is in principle allowed, but will be reviewed in accordance with the guidance that will be developed by the SSC working group on economic questions.
- 3.3.3 Costs relating to international agreements are deemed to be eligible for both 2012 and 2013.

4 Czech Republic

4.1 Background

4.1.1 The claim for costs exempt from risk sharing was submitted by the CAA Czech Republic (Czech Republic NSA) on 29 May 2014. The total amount claimed, relates to EUROCONTROL costs under international agreement obligations. No user consultation has been reported by the NSA.

4.1.2 Costs claimed for exemption from cost sharing (by factor/item):

| (In nominal terms in '000 national currency) | 2012 | 2013 |
|--|--------------|--------------|
| Currency | CZK | CZK |
| Pension | | |
| Interest rates on loans | | |
| National taxation law | | |
| New cost item required by law | | |
| International agreements | 3 274 | 9 362 |
| Total costs claimed for exemption from cost sharing | 3 274 | 9 362 |

4.2 Analysis of claim by category

| International Agreements | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|----------------|----------------|---------|----------------|------------------|------------------|------------------|--------|--------|--------|--------|--------|--------|-------------------|---------|---------|--|---------|---------|--|---|----------------|----------------|--|----------------|----------------|--|---|--|--|--|-------|-------|--|
| Description of claim from NSA report | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| The difference between planned and actual EUROCONTROL costs stemming from multilateral international agreement. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Quantification of claim as reported in NSA report | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p style="text-align: center;">Assumptions for costs or revenues stemming from international agreements (Amounts in nominal terms in '000 national currency)</p> <table border="1"> <thead> <tr> <th>ANSP/Entity: NSA</th> <th>2012 D</th> <th>2013 D</th> <th>2014 D</th> <th>2012 A</th> <th>2013 A</th> <th>2014 F</th> </tr> </thead> <tbody> <tr> <td>EUROCONTROL costs</td> <td>164 297</td> <td>167 632</td> <td></td> <td>167 571</td> <td>176 993</td> <td></td> </tr> <tr> <td>Costs (+)/revenues (-) from international agreements</td> <td>164 297</td> <td>167 632</td> <td></td> <td>167 571</td> <td>176 993</td> <td></td> </tr> <tr> <td>Total claimed in respect of international agreements (RT)</td> <td></td> <td></td> <td></td> <td>3 274</td> <td>9 361</td> <td></td> </tr> </tbody> </table> | | | | | | | ANSP/Entity: NSA | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F | EUROCONTROL costs | 164 297 | 167 632 | | 167 571 | 176 993 | | Costs (+)/revenues (-) from international agreements | 164 297 | 167 632 | | 167 571 | 176 993 | | Total claimed in respect of international agreements (RT) | | | | 3 274 | 9 361 | |
| ANSP/Entity: NSA | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EUROCONTROL costs | 164 297 | 167 632 | | 167 571 | 176 993 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Costs (+)/revenues (-) from international agreements | 164 297 | 167 632 | | 167 571 | 176 993 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total claimed in respect of international agreements (RT) | | | | 3 274 | 9 361 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Units CZK '000s | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Justification of claim from NSA report | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| The Czech Republic cannot fully influence the actual cost or the exchange rate and thus these costs are considered as uncontrollable. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 2012D | 2013D | 2012A | 2013A | diff 2012D-2012A | diff 2013D-2013A | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EUROCONTROL costs | 6 700 | 6 836 | 6 676 | 6 821 | 24 | 15 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| exchange rate | 24,5219 | 24,5219 | 25,1016 | 25,9500 | -0,5797 | -1,4281 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EUROCONTROL costs in CZK | 164 297 | 167 632 | 167 571 | 176 993 | -3 274 | -9 362 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Units CZK '000s | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Assessment of claim | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| The costs reported in 2012 and 2013 were unforeseen. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| The costs reported in 2012 and 2013 were genuinely incurred. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Following the example provided by the Commission in its SSC paper, changes to exchange rates, allocation keys and changes to the EUROCONTROL budget were assessed as uncontrollable for RP1. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PRB recommendation | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Based on the principles laid down in the SSC paper 14/53/23, the claim is eligible for exemption. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

4.3 Summary recommendation to EC for Czech Republic

- 4.3.1 Costs relating to international agreements are deemed to be eligible for both 2012 and 2013.

5 Finland

5.1 Background

5.1.1 The claim for costs exempt from risk sharing was submitted by Finland's Transport Safety Agency (Finland's NSA) on 30 May 2014. The total amount claimed, relates to EUROCONTROL costs under international agreement obligations. No user consultation has been reported by the NSA.

5.1.2 Costs claimed for exemption from cost sharing (by factor/item):

| (In nominal terms in '000 national currency) | 2012 | 2013 |
|--|------------|------------|
| Currency | EUR | EUR |
| Pension | | |
| Interest rates on loans | | |
| National taxation law | | |
| New cost item required by law | | |
| International agreements | -12 | 381 |
| Total costs claimed for exemption from cost sharing | -12 | 381 |

5.2 Analysis of claim by category

| International Agreements | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--|--------|--------|--------|--------|--------|--------|-------------------|-------|-------|-------|-------|-------|-------|--|--|--|--|-----|-----|--|
| Description of claim from NSA report | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| The difference between planned and actual EUROCONTROL costs stemming from multilateral international agreement. | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Quantification of claim as reported in NSA report | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p style="text-align: center;">Assumptions for costs or revenues stemming from international agreements (Amounts in nominal terms in '000 national currency)</p> <table border="1"> <thead> <tr> <th>ANSP/Entity: Finnish Transport Safety Agency</th> <th>2012 D</th> <th>2013 D</th> <th>2014 D</th> <th>2012 A</th> <th>2013 A</th> <th>2014 F</th> </tr> </thead> <tbody> <tr> <td>Eurocontrol costs</td> <td>3 498</td> <td>3 569</td> <td>3 634</td> <td>3 486</td> <td>3 950</td> <td>4 082</td> </tr> <tr> <td>Total claimed in respect of international agreements (RT 3.11)</td> <td></td> <td></td> <td></td> <td>-12</td> <td>381</td> <td></td> </tr> </tbody> </table> | | | | | | | ANSP/Entity: Finnish Transport Safety Agency | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F | Eurocontrol costs | 3 498 | 3 569 | 3 634 | 3 486 | 3 950 | 4 082 | Total claimed in respect of international agreements (RT 3.11) | | | | -12 | 381 | |
| ANSP/Entity: Finnish Transport Safety Agency | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F | | | | | | | | | | | | | | | | | | | | | |
| Eurocontrol costs | 3 498 | 3 569 | 3 634 | 3 486 | 3 950 | 4 082 | | | | | | | | | | | | | | | | | | | | | |
| Total claimed in respect of international agreements (RT 3.11) | | | | -12 | 381 | | | | | | | | | | | | | | | | | | | | | | |
| Justification of claim from NSA report | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>EUROCONTROL's documents for RP1 forecast a budget sharing key of 0.696% for all years of RP1.</p> <p>Actual figures (EUROCONTROL's documents) show that actual sharing key for 2012 was 0.696% and for 2013 0.7883% and forecast for 2014 is 0.804%. This was a result of changes to the allocation of ANS costs between en-route and Terminal ANS. The en-route cost base of Finland has become closer to common European practice. This cost base change also changed Finland's sharing key (2013). This was not anticipated during RP1 PP preparation.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Assessment of claim | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>The costs reported in 2012 and 2013 were unforeseen.</p> <p>The costs reported in 2012 and 2013 were genuinely incurred.</p> <p>Following the example provided by the Commission in its SSC paper, changes to exchange rates, allocation keys and changes to the EUROCONTROL budget were assessed as uncontrollable for RP1.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | |

PRB's recommendations

Based on the principles laid down in the SSC paper 14/53/23, the claim is eligible for exemption.

5.3 Summary recommendation to EC for Finland

5.3.1 Costs relating to international agreements are deemed to be eligible for both 2012 and 2013.

6 France

6.1 Background

6.1.1 The claim for costs exempt from risk sharing was submitted by the France's Direction du transport Aérien (DTA) (French NSA) on 30 May 2014. The total amount claimed covers a number of categories: pensions, interest rates of loans, VAT, EUROCONTROL costs, contract costs with Bale-Mulhouse, Jersey and Skyguide under international agreement obligations. User consultation is planned for 06 June, and will be reported to the Commission/ PRB at the end of June.

6.1.2 Costs claimed for exemption from cost sharing (by factor/item):

| (In nominal terms in '000 national currency) | 2012 | 2013 |
|--|-------------|---------------|
| Currency | EUR | EUR |
| Pension | 2 406 | 7 733 |
| Interest rates on loans | -2 711 | -4 756 |
| National taxation law | | 26 |
| New cost item required by law | | -2 567 |
| International agreements | -268 | -2 323 |
| Total costs claimed for exemption from cost sharing | -573 | -1 887 |

Note: the value of the claim submitted in the Reporting Tables (sum of terminal and en-route) is different for the national taxation law item.

6.2 Analysis of claim by category

| Pension | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Description of claim from NSA report | | | | | | |
| DSNA contributes to the "CAS Pensions" (a special budgetary account), which corresponds to a pay-as-you-go scheme. The CAS Pensions was planned by article 21 of the LOLF (law related to finance acts) and created by article 51 of 2006 Finance Act. | | | | | | |
| DSNA contributes to 2 programs of the CAS Pensions: program 741 (civil pensions) and program 742 (State workers). | | | | | | |
| Quantification of claim as reported in NSA report | | | | | | |
| ANSP/Entity: DSNA | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Total pension costs in respect of "Pay as you go" scheme (in nominal terms in national currency) | 175 419 | 185 517 | 194 910 | 171 797 | 181 112 | 191 209 |
| Total claimed in respect of pension (RT 3.7) | | | | 2 406 | 7 733 | 802 |
| Units € '000s | | | | | | |
| Justification of claim from NSA report | | | | | | |
| The contribution rate to prog. 741 and the contribution to prog. 742 are both deemed uncontrollable, as they are imposed on DGAC by the Ministry of Finance. | | | | | | |
| The amount of the contribution to the CAS pensions (programs 741 + 742) using the actual contribution rate to prog. 741 and the actual contribution to prog. 742. | | | | | | |
| Determined contribution rate to prog. 741: 67,92 % ; 71,75 % ; 75,14 % for 2012, 2013 and 2014 respectively | | | | | | |
| Actual contribution rate to prog. 741: 68,92 % ; 74,60 % ; 74,60 % | | | | | | |
| Determined contribution base to apply €M. 741: 246,7 ; 247,4 ; 248,3 | | | | | | |

Determined contribution to prog €M. 742: 7,8 ; 8,0 ; 8,3 for 2012, 2013 and 2014 respectively
 Actual contribution to prog. 742: 7,8 ; 8,7 ; 10,5

Assessment of claim

The costs reported in 2012 and 2013 were unforeseen.
 The costs reported in 2012 and 2013 were genuinely incurred.

Following the example provided by the Commission in its SSC paper, changes to the rate of pensions payments would qualify for costs exempt.

However, the amounts mentioned in the comparison table between determined costs and actual costs do not reconcile with the amounts claimed in respect of pension. It seems that the actual costs are lower than the determined costs, which is in contradiction with the amounts claimed and the explanation provided.

PRB's recommendation

As these changes in assumptions led to a change in the cash costs of pensions, using the SSC paper principles, the claim for costs exempt from cost sharing should be allowed. However the values need to be reconciled (between determined costs and actual costs). This provisional decision will be reviewed in accordance with the guidance that will be developed by the SSC working group on economic questions.

Interest rates on loans

Description of claim from NSA report

Interest rates on loans have been lower than forecast leading to a suggested reimbursement to users.

Quantification of claim as reported in NSA report

| Interest rate assumptions for loans financing the provision of air navigation services (Amounts in nominal terms in '000 national currency) | | | | | | |
|--|---------|---------|---------|---------|---------|---------|
| ANSP/Entity: DSNA | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Total debt amount (national currency) for the charging zone | 661 100 | 689 269 | 715 176 | 678 071 | 681 290 | 708 681 |
| Average weighted interest rate % (Charging Regulations T1 - 3.7) | 3.30% | 3.35% | 3.40% | 2.89% | 2.66% | 2.66% |
| Interest amount (national currency) | 21 816 | 23 090 | 24 316 | 19 596 | 18 122 | 18 851 |
| Total claimed in respect of interest rates on loans (RT 3.8) : paid back to users | | | | -2 711 | -4 756 | -5 292 |

Justification of claim from NSA report

The interest rate of a loan is deemed uncontrollable as it depends on the market conditions to which the French Treasury Agency takes out that loan on behalf of the DGAC.

The determined cost of capital is recalculated using the actual value of the average interest rate of debt and applying it to the determined regulated asset base, and determined debt ratio using the assumptions below.

Determined debt ratio: 73.02%; 73.02%; 73.02% for 2012, 2013 and 2014 respectively
 Determined cost of debt: 3.30%; 3.35%; 3.40% for 2012, 2013 and 2014 respectively
 Actual cost of debt: 2.89%; 2.66%; 2.66% for 2012, 2013 and 2014 respectively
 Determined regulated asset base: €M 905.3; 943.9; 979.4

Example for 2012:

$$73,02\% * 905,3 * (2,89\% - 3,30\%) = \text{€M } -2,7$$

Assessment of claim

The costs reported in 2012 and 2013 were unforeseen.
 The costs reported in 2012 and 2013 were genuinely incurred.

Following the example provided by the Commission in its SSC paper, the only difference that should be accepted is a difference in the interest rate, the asset base that it is applied to should be determined cost value.

PRB's recommendation

Based on the principles laid down in the SSC paper 14/53/23, the claim is eligible for exemption.

National taxation law

Description of claim from NSA report

The VAT levels have changed in France since the 2011 submission of the PP with a new intermediate rate being introduced and the normal rates being increased.

Quantification of claim as reported in NSA report

| Assumptions for non-recoverable tax incurred for the provision of air navigation services (Amounts in nominal terms in '000 national currency) | | | | | | |
|---|--------|--------|--------|--------|--------|--------|
| ANSP/Entity: DSNA | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Tax rate % (intermediate) | 5.5% | 5.5% | 5.5% | 5.5% | 7.0% | 10.0% |
| Determined tax base on which the tax is applied | | | | | | |
| Tax amount | | | | | | |
| Tax rate % (normal) | 19.6% | 19.6% | 19.6% | 19.6% | 19.6% | 20.0% |
| Determined tax base on which the tax is applied | | | | | | |
| Tax amount | | | | | | |

| Total costs exempt from cost-sharing claimed in respect of unforeseen changes in national taxation law | | | | | | |
|--|--------|--------|--------|--------|--------|--------|
| | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Total claimed in respect of national taxation law (RT 3.9) | | | | 0 | 26 | 689 |

Justification of claim from NSA report

Creation of the intermediate VAT rate: loi n°2011-1978 du 28 décembre 2011 de finances rectificative pour 2011

Modification of the intermediate and normal VAT rates: loi n°2013-1510 du 29 décembre 2012 de finances rectificative pour 2012

In 2011, when the RP1 was planned, 2 VAT rates existed: the normal rate and the reduced rate.

In 2012, an intermediate rate was created. In 2014, both the intermediate and the normal rates increased. The reduced rate has remained unchanged.

The share of the determined operating costs subject to each VAT rate is estimated. For each share is calculated the impact of the change in VAT rate.

Determined operating costs: €M 184,4 ; 185,2 ; 186,1

Example for 2014:

Determined operating costs subject to the normal rate: $98\% * €186.1m = €182.4m$
 impact of the VAT rate change: $182.4/(1+19.6\%) * (20\%-19.6\%) = €0.5m$

Determined operating costs subject to the intermediate rate: $1\% * €186.1m = €1.9m$
 impact of the VAT rate change: $€1.9m/(1+7\%)*(10\%-7\%) = €0.1m$

Total = €0.5m + €0.1m = €0.6m

Assessment of claim

The costs reported in 2013 were unforeseen.

The costs reported in 2013 were genuinely incurred.

Following the principles provided by the Commission in its SSC paper, changes to the rate would qualify for costs exempt. However, more information concerning the tax base on which the rate applies should be reported.

PRB's recommendation

Based on the principles laid down in the SSC paper 14/53/23, the claim is eligible for exemption.

New cost required by law

Description of claim from NSA report

The indexation applied to French civil servants has been lower than predicted leading to a suggested reimbursement to users.

Quantification of claim as reported in NSA report

| Assumptions for index point of public servants setting (Amounts in percentage points) | | | | | | |
|--|--------|--------|--------|--------|--------|--------|
| ANSP/Entity: DSNA | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Index applied to civil servant salaries | 0 | 1.5 | 0.5 | 0 | 0 | 0 |
| Total costs exempt from cost-sharing claimed in respect of unforeseen changes | | | | | | |
| | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Total claimed : paid back to users | | | | 0 | -2,567 | -7,842 |

Justification of claim from NSA report

The index point is used as the basic index to calculate the wages of French civil servants. In RP1, it was assumed that the index point of public servants would increase by 1.5% pts in 2013 and 0.5% pt in 2014. In 2013 the actual value was zero, and it is expected to remain zero in 2014. The index point has been frozen since 2011.

Assessment of claim

The costs reported in 2012 and 2013 were unforeseen.
The costs reported in 2012 and 2013 were genuinely incurred.

Following the example provided by the Commission in its SSC paper, changes to the rate would qualify for costs exempt. However further information about the tax base will need to be submitted to support the claim.

PRB's recommendation

Based on the principles laid down in the SSC paper 14/53/23, the claim is eligible for exemption.

International agreements (1)

Description of claim from NSA report

The EUROCONTROL costs stemming from multilateral international agreement.

Quantification of claim as reported in the NSA report

| Assumptions for costs or revenues stemming from international agreements (Amounts in nominal terms in '000 national currency) | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| ANSP/Entity: XXX | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Eurocontrol | 80 815 | 81 305 | 83 116 | 79 661 | 78 316 | 76 578 |
| Costs (+)/revenues (-) from international agreements | 80 815 | 81 305 | 83 116 | 79 661 | 78 316 | 76 578 |
| | | | | -1 154 | -2 989 | -6 538 |

Justification of claim from NSA report

Changes to the budget allocation of EUROCONTROL.

Assessment of claim

The costs reported in 2012 and 2013 were unforeseen.

The costs reported in 2012 and 2013 were genuinely incurred.

Following the example provided by the Commission in its SSC paper, changes to exchange rates, allocation keys and changes to the EUROCONTROL budget were assessed as uncontrollable for RP1.

PRB's recommendations

Based on the principles laid down in the SSC paper 14/53/23, the claim is eligible for exemption.

International agreements (2)

Description of claim from NSA report

The costs of service provision from Skyguide, Bale-Mulhouse and Jersey.

Quantification of claim as reported in NSA report

| Assumptions for costs or revenues stemming from international agreements (Amounts in nominal terms in '000 national currency) | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| ANSP/Entity: XXX | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Bâle-Mulhouse | 1 454 | 1 498 | 1 543 | 1 301 | 1 142 | 1 215 |
| Jersey | 6 608 | 6 567 | 6 412 | 6 599 | 6 555 | 6 401 |
| Skyguide | 41 084 | 42 251 | 43 451 | 42 133 | 43 284 | 44 483 |
| Costs (+)/revenues (-) from international agreements | 49 146 | 50 316 | 51 406 | 50 033 | 50 981 | 52 099 |
| | | | | 887 | 665 | 693 |

Justification of claim from NSA report

For Skyguide, the difference mostly comes from an ex-post adjustment related to the exchange rate (€/CHF).

For Jersey and Bâle-Mulhouse, it stems from negotiations that occurred after the performance plan was established.

Assessment of claim

The costs reported in 2012 and 2013 were unforeseen.

The costs reported in 2012 and 2013 were genuinely incurred.

However the PRB notes that they are the result of a commercial deal between DSNA/DTA and the providers and are hence subject to negotiation control.

Furthermore, the PRB notes that Art 13.2(a) of Commission IR (EU) 391/2013 specifies that determined costs associated with agreements relating to cross-border ATS provision are subject to the traffic risk sharing arrangements.

PRB's recommendation

Based on the principles provided by the Commission's SSC paper 14/53/23, the claim should not be accepted.

6.3 Summary recommendation to EC for France

6.3.1 France is invited to explain the difference between the claim for costs exempt from risk sharing contained in the NSA report and costs claimed in the Reporting Tables.

6.3.2 The claim for pensions costs is in principle allowed but will be reviewed in accordance with the guidance that will be developed by the SSC working group on economic questions.

6.3.3 Costs relating to interest rates on loans, national taxation law, new costs required by law and EUROCONTROL are deemed to be eligible for both 2012 and 2013.

6.3.4 Costs relating to service provision from Skyguide, Bale-Mulhouse and Jersey are deemed not to be eligible for both 2012 and 2013.

7 Germany

7.1 Background

7.1.1 The claim for costs exempt from risk sharing was submitted by Germany's Bundesaufsichtsamt für Flugsicherung (BAF) (German NSA) on 1 June 2014. The total amount claimed covers a number of categories: pensions, interest rates of loans, national taxation law, EUROCONTROL costs, and ICAO costs under international agreement obligations. No user consultation has been reported by the NSA.

7.1.2 Costs claimed for exemption from cost sharing (by factor/item):

| (In nominal terms in '000 national currency) | 2012 | 2013 |
|--|---------------|---------------|
| Currency | EUR | EUR |
| Pension | -247 | -3 066 |
| Interest rates on loans | -2 087 | -2 524 |
| National taxation law | 8 | 2 |
| New cost item required by law | | |
| International agreements | -454 | 409 |
| Total costs claimed for exemption from cost sharing | -2 781 | -5 179 |

7.2 Analysis of claim by category

| Pension | | | | | | | |
|--|------------|------------|-------------------|------------|------------|-------------------|--------|
| Description of claim from NSA report | | | | | | | |
| The statutory rate of pension insurance reduced in 2012 and 2013. According to the German NSA the costs based on actuarial determination result in a change in the actual cash costs incurred. | | | | | | | |
| Quantification of claim as reported in NSA report | | | | | | | |
| <i>1) Statutory pension insurance:</i> | | | | | | | |
| | 2012 D | 2012 A | Delta 2012 | 2013 D | 2013 A | Delta 2013 | 2014 F |
| statutory pension insurance (employer's contribution) [€] | 10.25% | 9.80% | | 10.25% | 9.45% | | |
| contribution ceiling (annual value) [€] | 68,400 | 67,200 | | 69,600 | 69,600 | | |
| amount in Euro /employee [€] | 7,011 | 6,586 | -425 | 7,134 | 6,577 | -557 | |
| number of employees | 5,769 | 5,769 | | 5,737 | 5,737 | | |
| total amount [€] | 40,446,459 | 37,992,326 | -2,454,133 | 40,927,758 | 37,733,396 | -3,194,362 | |
| percentage rate for allocation of costs to en-route charges [%] | 72.70% | 72.70% | 72.70% | 73.00% | 73.00% | 73.00% | |
| costs allocated to en-route charges [€] | 29,404,576 | 27,620,421 | | 29,877,263 | 27,545,379 | | |
| costs exempt from cost-sharing [€] | | | -1,784,154 | | | -2,331,884 | |
| <i>2) Pension and remuneration trend of civil servants (LBA)</i> | | | | | | | |
| Planned costs for pension and remuneration of civil servants (LBA=Luftfahrt-Bundesamt) are determined on an actuarial basis (AON Hewitt) in accordance with actuarial principles, using the mortality tables by Dr Klaus Heubeck. In this calculation also a growth rate for pensions and remuneration of civil servants in the amount of +2.5% were assumed. Due to the changes in the underlying assumptions the following values are actually incurred (also calculated by AON Hewitt). | | | | | | | |
| | 2012 D | 2012 A | Delta 2012 | 2013 D | 2013 A | Delta 2013 | |
| pension accruals "LBA" | | 2,317,973 | | | 1,513,032 | | |
| DYN Pension/WSD | | 5,986,854 | | | 6,149,168 | | |
| Beihilfe (supplementary benefit) Pen WSD | | 6,630,813 | | | 4,120,526 | | |
| VBL | | 61,407 | | | 62,021 | | |
| amount [€] | 12,882,709 | 14,997,047 | 2,114,338 | 12,849,940 | 11,844,747 | -1,005,193 | |
| percentage rate for allocation of costs to en-route charges [%] | 72.70% | 72.70% | 72.70% | 73.00% | 73.00% | 73.00% | |
| costs allocated to en-route charges [€] | 9,365,729 | 10,902,853 | | 9,380,456 | 8,646,665 | | |
| costs exempt from cost-sharing [€] | | | 1,537,124 | | | -733,791 | |
| Total costs exempt from cost-sharing 1)+2) [€] | | | -247,031 | | | -3,065,675 | |
| There are two different cost items attributed: | | | | | | | |
| 1) <u>statutory pension insurance</u> : calculation of the costs for the statutory pension insurance is based on the employer's contribution [%] multiplied with the determined tax base per employee and the number of employees of DFS. From this total amount only the en-route part is taken into the cost base, which is determined by 72.7% (in 2012) and 73% (in 2013) of the total cost base of DFS. | | | | | | | |
| 2) <u>pension and remuneration trend of civil servants</u> : calculation of costs is based on the number of civil servants working for DFS and the assumed growth rate of pensions and remunerations. From this total amount only the en-route part is taken into the cost base, which is determined by 72.7% (in 2012) and 73% (in 2013) of the total cost base of DFS. | | | | | | | |
| Justification of claim from NSA report | | | | | | | |
| The uncontrollable parameters were changed by the German legislative authority and therefore outside DFS's control. | | | | | | | |
| Assessment of claim | | | | | | | |
| For the change in social insurance contribution and LBA contribution: The costs reported in 2012 and 2013 were unforeseen. The costs reported in 2012 and 2013 were genuinely incurred. | | | | | | | |
| Following the example provided by the Commission in its SSC paper this cost is eligible. | | | | | | | |

PRB's recommendation

For the social insurance and LBA claims, using the SSC principles, the costs claimed should be allowed. This provisional decision will be reviewed in accordance with the guidance that will be developed by the SSC working group on economic questions.

Interest rates on loans

Description of claim from NSA report

Interest rates on loans have been lower than forecast leading to a suggested reimbursement to users.

Quantification of claim as reported in NSA report

| | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
|---|-------------|-------------|-------------|-------------|-------------|--------|
| Total planned debt amount [€] | 300,000,000 | 300,000,000 | 300,000,000 | 300,000,000 | 300,000,000 | |
| Interest amount [€] | 13,500,000 | 13,500,000 | 13,500,000 | 10,143,947 | 9,467,624 | |
| Average weighted interest rate [%] | 4.5% | 4.5% | 4.5% | 3.38% | 3.16% | |
| Delta (A-D) | | | | -3,356,053 | -4,032,376 | |
| costs allocated to en-route charges [%] | | | | 62.2% | 62.6% | |
| costs exempt from cost-sharing [€] | | | | -2,087,465 | -2,524,267 | |

Justification of claim from NSA report

The changes in interest rates are uncontrollable due to the recent developments in the financial markets. The uncontrollable factor is the average weighted interest rate being applied to the planned level of debt.

Assessment of claim

The costs reported in 2012 and 2013 were unforeseen.
The costs reported in 2012 and 2013 were genuinely incurred.

Following the example provided by the Commission in its SSC paper, the only difference that should be accepted is a difference in the interest rate, the asset base that it is applied to should be the determined cost value.

PRB's recommendation

Based on the principles laid down in the SSC paper 14/53/23, the claim is eligible for exemption.

National taxation law

Description of claim from NSA report

The "Hebesatz" (a municipal percentage property tax that varies depending on location) was assumed to be constant over RP1 for all property owned by DFS. In 2012 it turns out that that tax rate was increased by the municipality for several plots of land.

Quantification of claim as reported in NSA report

| ANSP/Entity: DFS | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
|---|-----------|-----------|--------|-----------|-----------|--------|
| Tax rate % | 350% | 350% | | 450% | 450% | |
| Determined tax base on which the tax is applied | 9,918 | 9,918 | | 9,918 | 9,918 | |
| Tax amount | 34,712.58 | 34,712.58 | | 44,630.46 | 44,630.46 | |
| Tax rate % | 350% | 350% | | 450% | 450% | |
| Determined tax base on which the tax is applied | 143 | 143 | | 143 | 143 | |
| Tax amount | 499.17 | 499.17 | | 641.79 | 641.79 | |
| Tax rate % | 350% | 350% | | 450% | 450% | |
| Determined tax base on which the tax is applied | 54 | 54 | | 54 | 54 | |
| Tax amount | 187.92 | 187.92 | | 241.61 | 241.61 | |
| Tax rate % | 350% | 350% | | 450% | 450% | |
| Determined tax base on which the tax is applied | 57 | 57 | | 57 | 57 | |
| Tax amount | 199.19 | 199.19 | | 256.10 | 256.10 | |
| Tax rate % | 350% | 350% | | 450% | 450% | |
| Determined tax base on which the tax is applied | 465 | 465 | | 465 | 465 | |
| Tax amount | 1,627.85 | 1,627.85 | | 2,092.95 | 2,092.95 | |
| Tax rate % | 300% | 300% | | 330% | 330% | |
| Determined tax base on which the tax is applied | 29 | 29 | | 29 | 29 | |
| Tax amount | 88.32 | 88.32 | | 97.15 | 97.15 | |
| Total costs exempt from cost-sharing claimed in respect of unforeseen changes in national taxation law | | | | | | |
| | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Total claimed in respect of national taxation law (RT) | | | | 7,739 | 1,760 | |

Units €'s

Justification of claim from NSA report

Only the tax rates are seen as uncontrollable as there shift is a political decision by the local administration. So in 2012 the whole amount is taken into consideration. In 2013 there is a lower amount due to the fact that DFS decided to sell property. This decision was controllable and therefore the amount of cost exempt from cost sharing is reduced in 2013 (see table below).

| | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
|---------------------------------------|--------|--------|--------|--------------|--------------|--------|
| Total Tax amount | 37,315 | 37,315 | | 47,960 | 47,960 | |
| Delta | | | | 10,645 | 10,645 | |
| adjustment (sell of property by DFS) | | | | | -8,234 | |
| costs allocated to en-route charges | | | | 72.7% | 73% | |
| costs exempt from cost-sharing | | | | 7,739 | 1,760 | |

Assessment of claim

The costs reported in 2012 and 2013 were unforeseen.
The costs reported in 2012 and 2013 were genuinely incurred.

Following the principles provided by the Commission in its SSC paper this cost is eligible.
The increase in costs appears to result from an unforeseen increase in property related local taxes. This appears to be outside the control of DFS.

PRB's recommendation

Based on the principles laid down in the SSC paper 14/53/23, the claim is eligible for exemption.

International agreements (1)

Description of claim from NSA report

The EUROCONTROL costs stemming from multilateral international agreement.

Quantification of claim as reported in NSA report

Assumptions for costs or revenues stemming from international agreements

(Amounts in nominal terms in '000 national currency)

| ANSP/Entity: State | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
|--|--------|--------|--------|--------|--------|--------|
| Eurocontrol contribution | 71 544 | 71 988 | 73 591 | 71 059 | 72 402 | |
| Total claimed in respect of international agreements (RT | | | | -485 | 414 | |

Justification of claim from NSA report

Changes to the budget allocation of EUROCONTROL.

The presented EUROCONTROL contributions are determined by a sharing key, which is inter alia dependent on the relative share of German GDP compared to other Member States.

Assessment of claim

The costs reported in 2012 and 2013 were unforeseen.

The costs reported in 2012 and 2013 were genuinely incurred.

Following the example provided by the Commission in its SSC paper, changes to exchange rates, allocation keys and changes to the EUROCONTROL budget were assessed as uncontrollable for RP1.

PRB's recommendations

Based on the principles laid down in the SSC paper 14/53/23, the claim is eligible for exemption.

International agreements (2)

Description of claim from NSA report

The ICAO costs stemming from multilateral international agreement.

Quantification of claim as reported in NSA report

Assumptions for costs or revenues stemming from international agreements

(Amounts in nominal terms in '000 national currency)

| ANSP/Entity: State | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
|--|--------|--------|--------|--------|--------|--------|
| ICAO contribution | 1 274 | 1 355 | 1 362 | 1 304 | 1 351 | |
| Total claimed in respect of international agreements (RT | | | | 30 | -4 | |

Justification of claim from NSA report

Changes to the budget allocation of ICAO.

The presented ICAO contributions are determined by a sharing key, which is inter alia depending on the relative share of German GDP compared to other Member States.

Assessment of claim

The costs reported in 2012 and 2013 were unforeseen.

The costs reported in 2012 and 2013 were genuinely incurred.

Following the example provided by the Commission in its SSC paper, changes to the sharing key was assessed as genuinely uncontrollable and changes to the budget were also considered uncontrollable for RP1. It should be noted that the SSC paper talks about EUROCONTROL and does not discuss ICAO. Nevertheless, the principles can be applied by analogy.

PRB assessment of claim

Based on the principles laid down in the SSC paper 14/53/23, the claim is eligible for exemption.

7.3 Summary recommendation to EC for Germany

- 7.3.1 Claims for pensions costs and social insurance are in principle allowed but will be reviewed in accordance with the guidance that will be developed by the SSC working group on economic questions.
- 7.3.2 Costs relating to national taxation law (pensions social insurance) and international agreements are deemed to be eligible for both 2012 and 2013.
- 7.3.3 Interest rates costs are deemed to be eligible for both 2012 and 2013, subject to providing additional information on the tax base used.

8 Greece

8.1 Background

8.1.1 The claim for costs exempt from risk sharing was submitted by HANSA (the NSA) on 07 July 2014. The total amount claimed covers EUROCONTROL costs under international agreement obligations. No specific comments from user consultation were reported by the NSA.

| (In nominal terms in '000 national currency) | 2012 | 2013 |
|--|-------------|---------------|
| Currency | EUR | EUR |
| Pension | | |
| Interest rates on loans | | |
| National taxation law | | |
| New cost item required by law | | |
| International agreements | -866 | -1 750 |
| Total costs claimed for exemption from cost sharing | -866 | -1 750 |

8.2 Analysis of claim by category

| International agreement | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|------------|------------|------------|-----------------|-------------------|-------------------|------------------------|--------|--------|--------|--------|--------|--------|-------------------|------------|------------|------------|------------|------------|-----------|---|--|--|--|-----------------|-------------------|-------------------|
| Description of claim from NSA report | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EUROCONTROL costs in outturn have been different to forecasts. | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Quantification of claim as reported in NSA report | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p style="text-align: center;">Assumptions for costs or revenues stemming from international agreements (Amounts in nominal terms in '000 national currency)</p> <table border="1"> <thead> <tr> <th>ANSP/Entity: NSA/STATE</th> <th>2012 D</th> <th>2013 D</th> <th>2014 D</th> <th>2012 A</th> <th>2013 A</th> <th>2014 F</th> </tr> </thead> <tbody> <tr> <td>EUROCONTROL costs</td> <td>11 937.000</td> <td>12 009.000</td> <td>12 277.000</td> <td>11 070.730</td> <td>10 258.631</td> <td>9 766.000</td> </tr> <tr> <td>Costs (+)/revenues (-) from international agreements</td> <td></td> <td></td> <td></td> <td>-866.270</td> <td>-1 750.369</td> <td>-2 511.000</td> </tr> </tbody> </table> | | | | | | | ANSP/Entity: NSA/STATE | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F | EUROCONTROL costs | 11 937.000 | 12 009.000 | 12 277.000 | 11 070.730 | 10 258.631 | 9 766.000 | Costs (+)/revenues (-) from international agreements | | | | -866.270 | -1 750.369 | -2 511.000 |
| ANSP/Entity: NSA/STATE | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F | | | | | | | | | | | | | | | | | | | | | |
| EUROCONTROL costs | 11 937.000 | 12 009.000 | 12 277.000 | 11 070.730 | 10 258.631 | 9 766.000 | | | | | | | | | | | | | | | | | | | | | |
| Costs (+)/revenues (-) from international agreements | | | | -866.270 | -1 750.369 | -2 511.000 | | | | | | | | | | | | | | | | | | | | | |
| Justification of claim from NSA report | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| The implementation of the approved EUROCONTROL budget and its resulting differences between the planned and actual data are outside the control of the State and therefore are considered to be eligible as exemption to the cost sharing arrangements. | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Assessment of claim | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| The costs reported in 2012 and 2013 were unforeseen. The costs reported in 2012 and 2013 were genuinely incurred. | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Following the example provided by the Commission in its SSC paper, changes to exchange rates, allocation keys and changes to the EUROCONTROL budget were assessed as uncontrollable for RP1. | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PRB's recommendation | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Based on the principles laid down in the SSC paper 14/53/23, the claim is eligible for exemption. | | | | | | | | | | | | | | | | | | | | | | | | | | | |

8.3 Summary recommendation to EC for Greece

8.3.1 Costs relating to international agreement are deemed to be eligible for both 2012 and 2013.

9 Hungary

9.1 Background

9.1.1 The claim for costs exempt from risk sharing was submitted by Hungary's NSA Division for Hungarian DGCA on 30 May 2014. The total amount claimed covers national taxation law and change in rate of tax, that was anticipated but did not materialise, and EUROCONTROL costs and CEATS contribution reimbursement under international agreement obligations. No user consultation has been reported by the NSA.

9.1.2 Costs claimed for exemption from cost sharing (by factor/item):

| (In nominal terms in '000 national currency) | 2012 | 2013 |
|--|-----------------|----------------|
| Currency | HUF | HUF |
| Pension | | |
| Interest rates on loans | | |
| National taxation law | -126 805 | 368 454 |
| New cost item required by law | | |
| International agreements | -176 351 | -182 572 |
| Total costs claimed for exemption from cost sharing | -303 156 | 185 881 |

Note: the value of the claim contained in the Reporting Tables is slightly different for international agreements in 2013 (HUF'000s 182 596).

9.2 Analysis of claim by category

| National taxation law (1) | | | | | | |
|---|------------|------------|------------|------------|------------|------------|
| Description of claim from NSA report | | | | | | |
| The change in the rate of local tax anticipated in the PP did not materialise, leading to a suggested reimbursement to airspace users. | | | | | | |
| Quantification of claim as reported in NSA report | | | | | | |
| Assumptions for non-recoverable tax incurred for the provision of air navigation services (Amounts in nominal terms in '000 national currency) | | | | | | |
| ANSP/Entity: HungaroControl | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Tax rate % | 2.5% | 2.5% | 2.5% | 2.0% | 2.0% | 2.0% |
| Determined tax base on which the tax is applied | 25 360 997 | 27 453 499 | 28 056 832 | 25 360 997 | 27 453 499 | 28 056 832 |
| Tax amount | 634 025 | 686 337 | 701 421 | 507 220 | 549 070 | 561 137 |
| Total claimed in respect of national taxation law (RT 3.9) | | | | -126 805 | -137 267 | -140 284 |
| Justification of claim as reported in NSA report | | | | | | |
| At the time of the creation of Hungarian National Performance Plan (HNPP), Hungary expected a 2.5% rate of local tax for each year of the RP1. The basis of the local tax is the revenue of the ANSP, with some adjustment items for material costs. Hungary expected a 2.5% rate for local tax each year of the RP1, but the Parliament did not change the regulation and the rate remained at 2.0%. The amounts to be refunded are the difference between the planned and actual tax rate multiplied by the same tax base. The change of yearly revenue which is the tax base does not have any impact on the amount claimed as cost exempt from cost risk sharing. | | | | | | |

| 000 HUF | | 2012 A | 2013 A | 2014 F |
|---|-------|------------|------------|------------|
| Tax base | | 25,360,997 | 27,453,499 | 28,056,832 |
| Planned tax | 2.50% | 634,025 | 686,337 | 701,421 |
| Actual tax rate on determined cost base | 2% | 507,220 | 549,070 | 561,137 |
| Difference | | -126,805 | -137,267 | -140,284 |

Assessment of claim

The costs reported in 2012 and 2013 were unforeseen.
The costs reported in 2012 and 2013 were genuinely incurred.

Following the principles provided by the Commission in its SSC paper, the anticipated change in tax rate did not materialise and therefore users should be reimbursed. However more information about the tax base on which the rate is applied should be provided.

PRB's recommendation

Based on the principles provided by the Commission's SSC paper 14/53/23, the claim is eligible for exemption subject to verifying the tax base only covers ATSP revenues.

National taxation law (2)

Description of claim from NSA report

The planned change in the early retirement scheme anticipated in the PP did not materialise, leading to an unplanned additional cost in 2013 (and expected in 2014).

Quantification of claim as reported in NSA report

| Assumptions for non-recoverable tax incurred for the provision of air navigation services (Amounts in nominal terms in '000 national currency) | | | | | | |
|---|------------|------------|------------|------------|------------|------------|
| ANSP/Entity: HungaroControl | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Tax rate % | 2.5% | 2.5% | 2.5% | 2.0% | 2.0% | 2.0% |
| Determined tax base on which the tax is applied | 25 360 997 | 27 453 499 | 28 056 832 | 25 360 997 | 27 453 499 | 28 056 832 |
| Tax amount | 634 025 | 686 337 | 701 421 | 507 220 | 549 070 | 561 137 |
| Total claimed in respect of national taxation law (RT 3.9) | | | | 0 | 505 721 | 515 155 |

Justification of claim from NSA report

At the time of finalising the RP1 PP, Hungary assumed - based on the relevant law in place - that the early retirement scheme would be terminated at the end of 2012. The basis of this contribution to early retirement contributions are the wages and salaries of the ATCOs (and to a lesser extent some other employees eligible for early retirement). The law was amended at the end of 2012, and the early retirement scheme was extended until 31.12.2014.

Hungary claims that HungaroControl cannot influence the existence of the early retirement scheme. This is based on the law, which is the sole responsibility of the Parliament. This law is not specific for aviation/ANS business, but generally regulates the state's early retirement scheme. The legal framework including the early retirement scheme is outside the control of HungaroControl. In addition this is not a choice from the ANSP to be included in the scheme, but it is a State, mandatory scheme.

| 000 HUF | 2013 A | 2014 F |
|---|-----------|-----------|
| Tax rate % | 13,00% | 13,00% |
| Determined tax base on which the tax is applied | 3 890 163 | 3 962 731 |
| Tax amount | 505 721 | 515 155 |

Assessment of claim

The costs reported in 2012 and 2013 were unforeseen.
The costs reported in 2012 and 2013 were genuinely incurred.

Following the principles provided by the Commission in its SSC paper, the anticipated reduction in tax rate did not materialise resulting in higher costs that could be recovered.

However more information about the tax base on which the rate is applied should be provided.

PRB's recommendation

Based on the principles provided by the Commission's SSC paper 14/53/23, the claim is eligible for exemption subject to verifying the tax base.

International agreements (1)

Description of claim from NSA report

EUROCONTROL costs actually incurred are different to planned as a result of a difference in allocation of costs and the exchange rate assumed. The net effect is a planned reimbursement of costs to airspace users for both 2012 and 2013 and planned for 2014.

Quantification of claim as reported in NSA report

| Assumptions for costs or revenues stemming from international agreements (Amounts in nominal terms in '000 national currency) | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| ANSP/Entity: HungaroControl | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| 1.1 EUROCONTROL costs (Euro) | 5 383 | 5 492 | 5 592 | 5 364 | 5 247 | 5 072 |
| 1.2 Exchange rate (if applicable) | 315 | 315 | 315 | 296 | 295 | 315 |
| Costs (+)/revenues (-) from international agreements | 1 695 645 | 1 729 980 | 1 761 480 | 1 585 687 | 1 547 408 | 1 597 685 |
| Total claimed in respect of international agreements (RT 3.11) | | | | -109 958 | -182 572 | -163 795 |

Justification of claim from NSA report

Hungary determines its national cost-base in national currency (HUF) therefore an exchange rate has to be applied for cost items determined in EUR. There are two different factors which determine the actual amount, the EUROCONTROL cost expressed in euro and the EUR/HUF exchange rate. EUROCONTROL cost figures were defined by EUROCONTROL. HungaroControl has no control on EUROCONTROL's actual cost base (especially on the applicable sharing key) nor on the actual EUR/HUF exchange rate.

The volatility of the Hungarian currency was very high during the preparation of the HNPP and 2011 autumn figures showed that the Hungarian currency's exchange rate is totally unpredictable and the level of it was quite high.

Both actual and planned EUROCONTROL cost figures were provided by EUROCONTROL. Applied exchange rate assumption based on the level of EUR/HUF rate during the preparation of HNPP. Actual exchange rate figures based on the statistics of the Hungarian National Bank.

Assessment of claim

The costs reported in 2012 and 2013 were unforeseen.
The costs reported in 2012 and 2013 were genuinely incurred.

Following the example provided by the Commission in its SSC paper, changes to exchange rates, allocation keys and changes to the EUROCONTROL budget were assessed as uncontrollable for RP1.

PRB's recommendation

Based on the principles laid down in the SSC paper 14/53/23, the claim is eligible for exemption.

International agreements (2)

Description of claim from NSA report

Reimbursement of overpaid CEATS contributions to EUROCONTROL.

Quantification of claim as reported in NSA report

| Assumptions for costs or revenues stemming from international agreements (Amounts in nominal terms in '000 national currency) | | | | | | |
|--|--------|--------|--------|---------|--------|--------|
| ANSP/Entity: HungaroControl | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| CEATS contribution reimbursement | | | | -66 393 | | |
| Total claimed in respect of international agreements (RT 3.11) | | | | -66 393 | 0 | 0 |

Justification of claim from NSA report

HungaroControl received a credit note from EUROCONTROL about the reimbursement of parts of previous contributions. Reimbursed amount of contribution, calculated at the corresponding actual exchange rate (at which it was deducted from the EUROCONTROL contribution).

Assessment of claim

The costs reported in 2012 were unforeseen.
The costs reported in 2012 were genuinely incurred.

The costs reimbursement was unforeseen and the refund provided from EUROCONTROL to Hungarocontrol in 2012 resulted from an international agreement.

PRB's recommendation

Based on the principles laid down in the SSC paper 14/53/23, the claim is eligible for exemption.

9.3 Summary recommendation to EC for Hungary

- 9.3.1 Hungary is invited to explain and reconcile the differences between the submitted Reporting Tables and the NSA report for international agreements.
- 9.3.2 Costs relating to National Taxation law are subject to verifying the tax base used to compute the tax amount.
- 9.3.3 Costs relating to international agreements are deemed to be eligible for both 2012 and 2013

10 Ireland

10.1 Background

10.1.1 The claim for costs exempt from risk sharing was submitted by IAA (the NSA) on 02 July 2014. The total amount claimed covers EUROCONTROL costs under international agreement obligations. No specific comments from user consultation were reported by the NSA.

10.1.2 Costs claimed for exemption from cost sharing (by factor/item):

| (In nominal terms in '000 national currency) | 2012 | 2013 |
|--|-----------|------------|
| Currency | EUR | EUR |
| Pension | | |
| Interest rates on loans | | |
| National taxation law | | |
| New cost item required by law | | |
| International agreements | 52 | -79 |
| Total costs claimed for exemption from cost sharing | 52 | -79 |

10.2 Analysis of claim by category

| International agreement | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|---|--|--|--|--|--|--|------------------|--------|--------|--------|--------|--------|--------|-------------------|-----------|-----------|-----------|-----------|-----------|-----------|---|--|--|--|--------|---------|--|
| Description of claim from NSA report | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EUROCONTROL costs in outturn have been different to forecasts. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Quantification of claim as reported in NSA report | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table border="1"> <thead> <tr> <th colspan="7">Assumptions for costs or revenues stemming from international agreements (Amounts in nominal terms in national currency)</th> </tr> <tr> <th>ANSP/Entity: NSA</th> <th>2012 D</th> <th>2013 D</th> <th>2014 D</th> <th>2012 A</th> <th>2013 A</th> <th>2014 F</th> </tr> </thead> <tbody> <tr> <td>Eurocontrol Costs</td> <td>7 543 000</td> <td>7 589 000</td> <td>7 759 000</td> <td>7 594 593</td> <td>7 510 470</td> <td>6 940 000</td> </tr> <tr> <td>Total claimed in respect of international agreements (RT)</td> <td></td> <td></td> <td></td> <td>51 593</td> <td>-78 530</td> <td></td> </tr> </tbody> </table> | | | | | | | Assumptions for costs or revenues stemming from international agreements (Amounts in nominal terms in national currency) | | | | | | | ANSP/Entity: NSA | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F | Eurocontrol Costs | 7 543 000 | 7 589 000 | 7 759 000 | 7 594 593 | 7 510 470 | 6 940 000 | Total claimed in respect of international agreements (RT) | | | | 51 593 | -78 530 | |
| Assumptions for costs or revenues stemming from international agreements (Amounts in nominal terms in national currency) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ANSP/Entity: NSA | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Eurocontrol Costs | 7 543 000 | 7 589 000 | 7 759 000 | 7 594 593 | 7 510 470 | 6 940 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total claimed in respect of international agreements (RT) | | | | 51 593 | -78 530 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Justification of claim from NSA report | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EUROCONTROL Costs are exempt from cost sharing | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Assessment of claim | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>The costs reported in 2012 and 2013 were unforeseen. The costs reported in 2012 and 2013 were genuinely incurred.</p> <p>Following the example provided by the Commission in its SSC paper, changes to exchange rates, allocation keys and changes to the EUROCONTROL budget were assessed as uncontrollable for RP1.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PRB's recommendation | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Based on the principles laid down in the SSC paper 14/53/23, the claim is eligible for exemption. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

10.3 Summary recommendation to EC for Ireland

10.3.1 Costs relating to international agreements are deemed to be eligible for both 2012 and 2013.

11 Lithuania

11.1 Background

11.1.1 The claim for costs exempt from risk sharing was submitted by Lithuania's CAA (the NSA) on 30 May 2014. The total amount claimed covers EUROCONTROL costs under international agreement obligations. No specific comments from user consultation were reported by the NSA.

11.1.2 Costs claimed for exemption from cost sharing (by factor/item):

| (In nominal terms in '000 national currency) | 2012 | 2013 |
|--|------------|------------|
| Currency | LTL | LTL |
| Pension | | |
| Interest rates on loans | | |
| National taxation law | | |
| New cost item required by law | | |
| International agreements | 115 | 382 |
| Total costs claimed for exemption from cost sharing | 115 | 382 |

11.2 Analysis of claim by category

| International agreement | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--|--|--|--|--|--|--|--------------------------|--------|--------|--------|--------|--------|--------|----------------------|-------|-------|-------|-------|-------|--|---|--|--|--|-----|-----|--|
| Description of claim from NSA report | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EUROCONTROL costs actually incurred are different to planned as a result of a difference in allocation of costs and the exchange rate assumed. The net effect is a planned reimbursement of costs to airspace users for both 2012 and 2013 and planned for 2014. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Quantification of claim as reported in NSA report | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table border="1"> <thead> <tr> <th colspan="7">Assumptions for costs or revenues stemming from international agreements (Amounts in nominal terms in '000 national currency)</th> </tr> <tr> <th>ANSP/Entity: NSA / STATE</th> <th>2012 D</th> <th>2013 D</th> <th>2014 D</th> <th>2012 A</th> <th>2013 A</th> <th>2014 F</th> </tr> </thead> <tbody> <tr> <td>Costs of Eurocontrol</td> <td>4 182</td> <td>4 210</td> <td>4 303</td> <td>4 297</td> <td>4 591</td> <td></td> </tr> <tr> <td>Total claimed in respect of international agreements (RT)</td> <td></td> <td></td> <td></td> <td>115</td> <td>382</td> <td></td> </tr> </tbody> </table> | | | | | | | Assumptions for costs or revenues stemming from international agreements (Amounts in nominal terms in '000 national currency) | | | | | | | ANSP/Entity: NSA / STATE | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F | Costs of Eurocontrol | 4 182 | 4 210 | 4 303 | 4 297 | 4 591 | | Total claimed in respect of international agreements (RT) | | | | 115 | 382 | |
| Assumptions for costs or revenues stemming from international agreements (Amounts in nominal terms in '000 national currency) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ANSP/Entity: NSA / STATE | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Costs of Eurocontrol | 4 182 | 4 210 | 4 303 | 4 297 | 4 591 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total claimed in respect of international agreements (RT) | | | | 115 | 382 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Justification of claim from NSA report | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Calculation of sharing keys and exchange rates is beyond the control of the State (as it is dynamically dependent on the growth in GDP of other countries). | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>2012</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 212 000 EUR * 3.45061 LTL = 4 182 139.32 LTL (D) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 244 555 EUR * 3.4528 LTL = 4 297 199.50 LTL (A) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| costs exempt = 115 060.18 LTL | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>2013</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 220 000 EUR * 3.45061 LTL = 4 209 744.20 LTL (D) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 329 739 EUR * 3.4528 LTL = 4 591 322.82 LTL (A) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| costs exempt = 381 578.62 LTL | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Assessment of claim | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| The costs reported in 2012 and 2013 were unforeseen. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| The costs reported in 2012 and 2013 were genuinely incurred. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Following the example provided by the Commission in its SSC paper, changes to exchange | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

rates, allocation keys and changes to the EUROCONTROL budget were assessed as uncontrollable for RP1.

PRB's recommendation

Based on the principles laid down in the SSC paper 14/53/23, the claim is eligible for exemption.

11.3 Summary recommendation to EC for Lithuania

11.3.1 Costs relating to international agreements are deemed to be eligible for both 2012 and 2013

12 Netherlands

12.1 Background

12.1.1 The claim for costs exempt from risk sharing was submitted by the Netherlands Ministry of Infrastructure and Environment on 31 May 2014. The total amount claimed covers pensions, interest rates on loans and national taxation law. No specific comments from user consultation were reported by the NSA although the paper making the case to the Commission for costs exempt from risk sharing was provided to users on 6th May 2014.

12.1.2 Costs claimed for exemption from cost sharing (by factor/item):

| (In nominal terms in '000 national currency) | 2012 | 2013 |
|--|--------------|--------------|
| Currency | EUR | EUR |
| Pension | 2 988 | 1 510 |
| Interest rates on loans | | -40 |
| National taxation law | 815 | 510 |
| New cost item required by law | | |
| International agreements | | |
| Total costs claimed for exemption from cost sharing | 3 803 | 1 980 |

Note: the value of the claim submitted in the Reporting Tables is different from the NSA report on cost-exempt. The costs reported in National taxation law is split in the Reporting Tables between the item "New cost item required by law" and the item "pension".

12.2 Analysis of claim by category

| Pension (1) | | | | | | |
|--|--------|--------|--------|--------|--------|--------|
| Description of claim from NSA plan | | | | | | |
| The pensions costs incurred with respect to the defined benefits scheme have increased in 2012 and 2013 compared to forecast values. | | | | | | |
| Quantification of claim as reported in NSA report | | | | | | |
| Pension assumptions for the "Defined benefits" pension scheme | | | | | | |
| ANSP/Entity: XXX | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Total pension costs in respect of "Defined benefits" scheme (in nominal terms in national currency) | 13,752 | 14,004 | 0 | 16,289 | 18,441 | 0 |
| - in respect of regular cash payments | 13,752 | 14,004 | | 16,289 | 18,441 | |
| - in respect of non-recurring gap-bridging cash payment | | | | | | |
| % Discount rate applied / predicted | | | | | | |
| Duration of the pension obligation at end of year | | | | | | |
| % Asset value growth assumed | | | | | | |
| Value of pension assets (in nominal terms in national currency) | | | | | | |
| Value of pension liabilities (in nominal terms in national currency) | | | | | | |
| Net funding surplus / gap (in nominal terms in national currency) | | | | | | |
| Number of pensionable staff | 954 | 954 | | 961 | 978 | |
| Pensionable salary (in nominal terms in national currency) | | | | | | |
| Total costs exempt from cost-sharing claimed in respect of pension | | | | | | |
| | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Total claimed in respect of pension (RT 3.7) | | | | 1,603 | 2,502 | 0 |
| Units €'000s | | | | | | |

Justification of claim from NSA report

Algemeen Burgerlijk Pensioenfonds (ABP) is the pension fund in the Netherlands for employees in the government, public sector and education.

The Stichting Pensioenfonds ABP is an independent body with its own Board of Trustees. Social partners, represented by employers and employees, control ABP. They act independently from the organizations they represent and are responsible for ABP's performance.

LVNL is only one of many organisations, whose employees are mandatory participants in this pension fund. LVNL does not have any direct influence on the pension system, pension and premium policy, etc of ABP. The Pension Chamber of the Council for Public Sector Personnel Policy, in which employers and employees in the public sector and education are represented, decides on the content of the pension scheme, which ABP transposes into pension regulations. ABP is responsible with regard to the decision making on pension contributions/premiums, etc, for civil servants and the like. All participants in the pension fund have to comply with ABP's decisions without having any influence on the premium development.

LVNL is required to provide the pension arrangements of its employees (civil servants and the like) at the independent pension fund ABP. The pensions are based on the defined benefits principle. Actual vs forecast contribution rates.

| Pension premium | 2011 | 2012 | 2013 |
|-------------------------------------|------|---------|---------|
| Pension premium 1-1 till 1-04-2012 | | 17,330% | |
| Pension premium 1-4 till 31-12-2012 | | 18,870% | |
| Pension premium 1-1 till 31-12-2013 | | | 19,905% |

| Pension premium | 2011 | 2012 | 2013 |
|------------------|------|---------|---------|
| Performance plan | | 15,800% | 15,800% |

| | 2012 | 2013 |
|---|------------|------------|
| Pension costs (incl. early retirement) | 16.289.068 | 18.441.404 |
| Controllable: wage increase correction factor | -81.445 | -346.653 |
| Controllable: correction: fte | -123.227 | -452.550 |
| Pension costs adjusted for controllable elements | 16.084.396 | 17.642.201 |
| Pension costs if performance plan assumptions were applied and adjusted for controllable elements | 13.748.090 | 14.003.857 |
| Net uncontrollable effect pension costs | 2.336.305 | 3.638.344 |
| Cost risk en-route allocation (0,6876) | 1.603.406 | 2.501.725 |

Assessment of claim

The costs reported in 2012 and 2013 were unforeseen.
The costs reported in 2012 and 2013 were genuinely incurred.

Following the example provided by the Commission in its SSC paper, changes to the rate of pensions payments would qualify for costs exempt as outside the control of LVNL, and based on requirements of Stichting Pensioenfonds ABP. However, as it is a pensions related claim, it may be subject to further discussion at the SSC working group on economic question.

PRB's recommendation

As these changes in assumptions led to a change in the cash costs of pensions, using the SSC paper principles, the claim for costs exempt from cost sharing should be allowed. However the values need to be reconciled (between determined costs and actual costs). This provisional decision will be reviewed in accordance with the guidance that will be developed by the SSC working group on economic questions.

Pension (2)

Description of claim from NSA report

The pensions costs incurred with respect to the defined benefits scheme have increased in 2012 and 2013 compared to forecast values due to a number of accounting assumptions.

Quantification of claim as reported in NSA report

| Uncontrollable elements provisions | 2012 | 2013 | 2014 | | | |
|---|--------|--------|--------|--------|--------|--------|
| Changed interest rates | -92 | -318 | | | | |
| Addition to provision | | | | | | |
| - Pension effects | 16 | | | | | |
| Release of provision | | | | | | |
| - Life expectancy changes | | 75 | | | | |
| Actuarial result | | | | | | |
| - Interest and other elements | 1.462 | -749 | | | | |
| | ----- | | | | | |
| Uncontrollable costs | 1.385 | -992 | | | | |
| Total costs exempt from cost-sharing claimed in respect of pension | | | | | | |
| | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Total claimed in respect of pension (RT 3.7) | | | | 1,385 | -992 | 0 |

Units €'000s

Justification of claim from NSA report

According to LVNLs' accounting principles which are compliant to IFRS all staff provisions are revised every year. Several elements are being reviewed such as life expectancy, discount rates and the staff population concerned. For the two major provisions (pensions regional ANS and jubilees) this is being done by an independent actuary. All provisions are reviewed by the external accountant.

Annual report 2012 and 2013 audited and approved by external accountant.

Calculations made by external actuary.

Interest rate used for present value calculations is based on iBoxx (AA-rated).

Uncontrollable cost computation audited and approved by NSA.

Interest rates were estimated to calculate the interest added to the provision year over year.

Actuary results, specific additions and releases were not budgeted because they are completely unpredictable and therefore impossible to budget.

Assessment of claim

The costs reported in 2012 and 2013 were unforeseen.

Although outside the control of LVNL, the value is not clearly a cash value incurred and relies on accrual assumptions from the independent actuary which are not fully transparent. Following the principles outlined in the SSC paper accruals should not be allowed.

PRB's recommendations

As the costs claimed are accruals, using the principles of the SSC paper the preliminary assessment is that they are not eligible. This assessment will be subject to further data verification and in accordance with the guidance that will be developed by the SSC working group on economic questions.

Interest rates on loans

Description of claim from NSA report

Interest rates on loans have been lower than forecast leading to a suggested reimbursement to users.

Quantification of claim as reported in NSA report

| Total costs exempt from cost-sharing claimed in respect of interest rates on loans | | | | | | |
|--|--------|--------|--------|--------|--------|--------|
| | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Total claimed in respect of interest rates on loans (RT 3.8) | | | | 0 | -40 | |
| Units €'000s | | | | | | |

Justification of claim from NSA report

| | 2013 |
|---|------------|
| Loan | 5.000.000 |
| Start date | 31-07-2013 |
| # months active in 2013 | 5 |
| Interest rate performance plan RP1 | 3,94% |
| Actual interest rate | 1,13% |
| Uncontrollable cost | -58.542 |
| Cost risk en-route allocation (0,6876) (x 1.000) | -40 |

Units €'000s

The interest rate is being determined by the capital market and completely out of the control of LVNL.

LVNL arranged a funding agreement with the government in order to secure the funding of business operations and capital investments. The interest rate in itself cannot be managed actively by LVNL and is the result of the capital market. However LVNL manages the amount of funding needed by active cash flow management.

Assessment of claim

The costs reported in 2013 were unforeseen.
The costs reported in 2013 were genuinely incurred.

Following the example provided by the Commission in its SSC paper, the only difference that should be accepted is a difference in the interest rate, the asset base that it is applied to should be the determined cost value. We understand from the information provided that this loan is only part of the financing structure of LVNL.

PRB's recommendation

Based on the principles provided by the Commission's SSC paper 14/53/23, the claim is eligible for exemption.

National taxation law (1)

Description of claim from NSA report

Unforeseen changes in social security regulations and employer contributions (health insurance, unemployment, disability, and reintegration). Social security premiums were increased with respect to the assumed premiums in the performance plan.

Quantification of claim as reported in NSA report

| Total costs exempt from cost-sharing claimed in respect of unforeseen changes in national taxation law | | | | | | |
|--|--------|--------|--------|--------|--------|--------|
| | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Total claimed in respect of national taxation law (RT 3.9) | | | | 815 | 510 | 0 |

Note: the amounts reported are the sum of national taxation law (1) & (2)
Units €'000s

Justification of claim from NSA report

Dutch Government is the decision taking entity on tax issues; Social premiums are part of the tax system in the Netherlands; ANSPs have to comply.

Government decision to increase the premium threshold (from K€ 35 to K€ 50) in combination with a reduction in the social security premium from 7.46% (performance plan) to 7.1%; net result is an increase.

| Premium sickness assurance law | Performance plan | Actuals 2012 | Cost risk |
|---|------------------|--------------|-----------|
| Maximum premium income ZVW | 35.235 | 50.064 | |
| Fte's performance plan | 954 | 954 | |
| Total maximum premium income ZVW | 33.604.677 | 47.747.539 | |
| Social insurance premium | 7,460% | 7,100% | |
| | 2.506.909 | 3.390.075 | 883.166 |
| Cost risk en-route allocation (0,6863) | | | 606.117 |
| Premiums other employees' assurances | | | |
| Premiums other employees' assurances | Performance plan | Actuals 2012 | Cost risk |
| Maximum premium income | 49.000 | 50.064 | |
| Fte's performance plan | 954 | 954 | |
| Total maximum premium income | 46.732.770 | 47.747.539 | |
| Social insurance premium | 7,460% | 7,100% | |
| | 3.486.265 | 3.390.075 | -96.189 |
| Cost risk en-route allocation (0,6863) | | | -66.015 |
| Cost risk | | | 540.102 |
| Premium sickness assurance law | | | |
| Premium sickness assurance law | Performance plan | Actuals 2013 | Cost risk |
| Maximum premium income ZVW | 35.235 | 50.853 | |
| Fte's performance plan | 954 | 954 | |
| Total maximum premium income ZVW | 33.614.190 | 48.513.762 | |
| Social insurance premium | 7,510% | 7,750% | |
| | 2.524.426 | 3.759.817 | 1.235.391 |
| Cost risk en-route allocation (0,6876) | | | 849.455 |
| Premiums other employees' assurances | | | |
| Premiums other employees' assurances | Performance plan | Actuals 2013 | Cost risk |
| Maximum premium income | 49.000 | 50.853 | |
| Fte's performance plan | 954 | 954 | |
| Total maximum premium income | 46.746.000 | 48.513.762 | |
| Social insurance premium | 7,510% | 6,030% | |
| | 3.510.625 | 2.925.380 | -585.245 |
| Cost risk en-route allocation (0,6876) | | | -402.414 |
| Cost risk | | | 447.040 |

In 2012 the uncontrollable costs in respect of the social insurance premiums (other employees' assurances) were calculated with the wrong premium: 7,100% instead of 6,030%. This

resulted in an error of €167K in the 2012 uncontrollable cost report which is adjusted in the uncontrollable cost computation of 2013.

Assessment of claim

The costs reported in 2012 and 2013 were unforeseen.
The costs reported in 2012 and 2013 were genuinely incurred.

The change in costs incurred was unforeseen and the costs incurred in each of the years 2012 and 2013. The anticipated change in tax rate was not predicted.

PRB's recommendation

Based on the principles provided by the Commission's SSC paper 14/53/23, the reimbursement to users is eligible.

National taxation law (2)

Description of claim from NSA report

Introduction of additional crisis income tax on salary above €150 000, to be paid by employer.

Quantification of claim as reported in NSA report

| | 2012 | 2013 |
|--------------------------------|---------|---------|
| Tax penalty 16% income > €K150 | 400.690 | 334.523 |
| Cost risk en-route allocation | 274.994 | 230.018 |

Units €'000s

Justification of claim from NSA report

Introduction of additional crisis income tax on salary above €150 000, to be paid by employer.

Assessment of claim

The costs reported in 2012 and 2013 were unforeseen.
The costs reported in 2012 and 2013 were genuinely incurred.

Based on the principles provided by the Commission's SSC paper the reimbursement to users is eligible.

PRB's recommendation

Based on the principles provided by the Commission's SSC paper 14/53/23, the reimbursement to users is eligible.

12.3 Summary recommendation to EC for Netherlands

12.3.1 Costs relating to interest rates on loans and national taxation law are deemed to be eligible for both 2012 and 2013.

12.3.2 The claim for pensions costs will require additional information, the preliminary assessment is that cash costs related to social insurance is eligible, but accruals costs are not eligible. This preliminary assessment will be reviewed in accordance with the guidance that will be developed by the SSC working group on economic questions.

13 Poland

13.1 Background

13.1.1 The claim for costs exempt from risk sharing was submitted by Poland's CAA on 29 May 2014. The total amount claimed covers EUROCONTROL costs under international agreement obligations. No specific comments from user consultation were reported by the NSA.

13.1.2 Costs claimed for exemption from cost sharing (by factor/item):

| (In nominal terms in '000 national currency) | 2012 | 2013 |
|--|--------------|--------------|
| Currency | PLN | PLN |
| Pension | | |
| Interest rates on loans | | |
| National taxation law | | |
| New cost item required by law | | |
| International agreements | 3 509 | 4 938 |
| Total costs claimed for exemption from cost sharing | 3 509 | 4 938 |

13.2 Analysis of claim by category

| International agreement | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--|--|--|--|--|--|--|------------------|--------|--------|--------|--------|--------|--------|----------------------|--------|--------|--------|--------|--------|--------|---|--|--|--|-------|-------|-------|
| Description of claim from NSA report | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EUROCONTROL costs actually incurred are different to planned as a result of a difference in allocation of costs and the exchange rate assumed. The net effect is a claim for costs exempt from risk sharing for both 2012 and 2013 and planned for 2014. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Quantification of claim as reported in NSA report | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table border="1"> <thead> <tr> <th colspan="7">Assumptions for costs or revenues stemming from international agreements (Amounts in nominal terms in '000 national currency)</th> </tr> <tr> <th>ANSP/Entity: CAA</th> <th>2012 D</th> <th>2013 D</th> <th>2014 D</th> <th>2012 A</th> <th>2013 A</th> <th>2014 F</th> </tr> </thead> <tbody> <tr> <td>Costs of Eurocontrol</td> <td>36.975</td> <td>37.197</td> <td>38.027</td> <td>40.483</td> <td>42.135</td> <td>42.871</td> </tr> <tr> <td>Total claimed in respect of international agreements (RT 3.11) in PLN'000</td> <td></td> <td></td> <td></td> <td>3.509</td> <td>4.938</td> <td>4.844</td> </tr> </tbody> </table> | | | | | | | Assumptions for costs or revenues stemming from international agreements (Amounts in nominal terms in '000 national currency) | | | | | | | ANSP/Entity: CAA | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F | Costs of Eurocontrol | 36.975 | 37.197 | 38.027 | 40.483 | 42.135 | 42.871 | Total claimed in respect of international agreements (RT 3.11) in PLN'000 | | | | 3.509 | 4.938 | 4.844 |
| Assumptions for costs or revenues stemming from international agreements (Amounts in nominal terms in '000 national currency) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ANSP/Entity: CAA | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Costs of Eurocontrol | 36.975 | 37.197 | 38.027 | 40.483 | 42.135 | 42.871 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total claimed in respect of international agreements (RT 3.11) in PLN'000 | | | | 3.509 | 4.938 | 4.844 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Justification of claim from NSA report | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Calculation of actual budget allocation from EUROCONTROL and exchange rates is beyond the control of the State (as it is dynamically dependent on the macroeconomic performance of other countries). | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Assessment of claim | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| The costs reported in 2012 and 2013 were unforeseen. The costs reported in 2012 and 2013 were genuinely incurred. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Following the example provided by the Commission in its SSC paper, changes to exchange rates, allocation keys and changes to the EUROCONTROL budget were assessed as uncontrollable for RP1. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PRB's recommendation | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Based on the principles laid down in the SSC paper 14/53/23, the claim is eligible for exemption. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

13.3 Summary recommendation to EC for Poland

13.3.1 Costs relating to international agreements are deemed to be eligible for both 2012 and 2013.

14 Portugal

14.1 Background

14.1.1 The claim for costs exempt from risk sharing was submitted by Portugal's INAC (the NSA) on 30 May 2014. The total amount claimed covers pensions, a new cost item required by law and EUROCONTROL costs under international agreement obligations. No specific comments from user consultation were reported by the NSA.

14.1.2 Costs claimed for exemption from cost sharing (by factor/item):

| (In nominal terms in '000 national currency) | 2012 | 2013 |
|--|---------------|--------------|
| Currency | EUR | EUR |
| Pension | 21 201 | 3 122 |
| Interest rates on loans | | |
| National taxation law | | |
| New cost item required by law | -3 839 | 2 972 |
| International agreements | -29 | -100 |
| Total costs claimed for exemption from cost sharing | 17 333 | 5 994 |

14.2 Analysis of claim by category

| Pension | | | | | | | | | |
|--|------------------|--------|--------|------------------------|--------|--------|----------------------------------|--------|--------|
| Description of claim from NSA report | | | | | | | | | |
| The actuarial costs of the pensions schemes were much higher than predicted in the National Performance Plan. | | | | | | | | | |
| Quantification of claim as reported in NSA report | | | | | | | | | |
| <i>EUR '000</i> | | | | | | | | | |
| Pension | Determined costs | | | Actual/estimated costs | | | Costs exempted from cost sharing | | |
| ANSP/Entity: NAV Portugal | 2012 | 2013 | 2014 | 2012 | 2013 | 2014 F | 2012 | 2013 | 2014 F |
| NAV SINCTAPF | 3.640 | 3.640 | 3.640 | 24.626 | 4.161 | 4.151 | 20.986 | 521 | 511 |
| NAV COMPLEMENTOS PF | 1 | 1 | 1 | 2.351 | -3.231 | 193 | 2.350 | -3.231 | 193 |
| NAV/CTA - MT | 2.925 | 2.925 | 2.925 | 790 | 8.757 | 3.101 | -2.136 | 5.832 | 176 |
| TOTAL | 6.566 | 6.566 | 6.566 | 27.767 | 9.688 | 7.445 | 21.201 | 3.122 | 879 |
| Total costs exempt from cost-sharing claimed in respect of pension | | | | | | | | | |
| | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F | | | |
| Total claimed in respect of pension (RT 3.7) | | | | 21,201 | 3,122 | 879 | | | |
| Justification of claim from NSA report | | | | | | | | | |
| The main sources for costs exempt from cost-sharing in RP1 are related with external factors deemed outside the control of NAV Portugal, namely: | | | | | | | | | |
| <ul style="list-style-type: none"> - Discount rate - Normal age for retirement - Reinstatement of 2010 salary levels as basis for pension calculation. | | | | | | | | | |
| These are the details per year: | | | | | | | | | |
| <ul style="list-style-type: none"> - 2012 - change in discount rate from 5.5% to 4.0% as dictated by market conditions - 2013 - change in discount rate from 4.0% to 3.75% as dictated by market conditions; the postponement of the normal retirement age to 66 years; the reinstatement of 2010 salary levels as basis for pension calculation; on the positive side (meaning a significant reduction of past liabilities) - the new fiscal framework for pensions in Portugal | | | | | | | | | |

- 2014 - the postponement of the normal retirement age to 66 years over the "new comers" (reaching 57 years old); the reinstatement of 2010 salary levels as basis for pension calculation.

| ANSP/Entity: NAV Portugal | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
|---|---------|---------|---------|---------|---------|---------|
| Total pension costs in respect of "Defined benefits" scheme (in nominal terms in national currency) | 3,640 | 3,640 | 3,640 | 24,626 | 4,161 | 4,151 |
| Annual contribution to the Fund (NAV Portugal) | 5,898 | 5,916 | 5,240 | 7,567 | 10,797 | 11,452 |
| % Discount rate applied / predicted | 5.50% | 5.50% | 5.50% | 4.00% | 3.75% | 3.75% |
| Duration of the pension obligation at end of year | 17.8 | 17.4 | 17.1 | 18.9 | 18.7 | 18.3 |
| % Asset value growth assumed/actual | 5.50% | 5.50% | 5.50% | 17.94% | 6.53% | 3.75% |
| Value of pension assets (in nominal terms in national currency) | 75,766 | 79,355 | 81,618 | 105,052 | 121,631 | 131,971 |
| Value of pension liabilities (in nominal terms in national currency) | 98,156 | 99,037 | 97,468 | 152,800 | 163,554 | 171,649 |
| Net funding surplus / gap (in nominal terms in national currency) | -22,391 | -19,682 | -15,850 | -47,749 | -41,923 | -39,678 |
| Number of pensionable staff (ATCO in operation) | 201 | 194 | 180 | 192 | 191 | 174 |
| Average pensionable salary-ATCO in operation (in nominal terms in national currency) * | 142 | 147 | 152 | 136 | 140 | 141 |
| Number of retired ATCO's | 133 | 139 | 152 | 143 | 153 | 172 |
| Average annual supplementary pension (in nominal terms in national currency) | 27 | 29 | 30 | 33 | 30 | 34 |

Pension assumptions for the "Defined benefits" pension scheme - NAV COMPLEMENTOS

| ANSP/Entity: NAV Portugal | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
|---|--------|--------|--------|--------|--------|--------|
| Total pension costs in respect of "Defined benefits" scheme (in nominal terms in national currency) | 1 | 1 | 1 | 2,351 | -3,231 | 193 |
| Annual contribution to the Fund (NAV Portugal) | 1 | 1 | 1 | 2,058 | 0 | 0 |
| % Discount rate applied / predicted | 5.50% | 5.50% | 5.50% | 4.00% | 3.75% | 3.75% |
| Duration of the pension obligation at end of year | 11.6 | 11.3 | 11.0 | 12.8 | 12.7 | 12.3 |
| % Asset value growth assumed/actual | 5.50% | 5.50% | 5.50% | 10.76% | 6.00% | 3.75% |
| Value of pension assets (in nominal terms in national currency) | 4,333 | 4,331 | 4,329 | 7,818 | 8,103 | 8,127 |
| Value of pension liabilities (in nominal terms in national currency) | 4,333 | 4,331 | 4,329 | 7,855 | 4,683 | 5,078 |
| Net funding surplus / gap (in nominal terms in national currency) | 0 | 0 | 0 | -36 | 3,420 | 3,050 |
| Number of retired staff | 277 | 276 | 267 | 254 | 257 | 249 |
| Average supplementary pension (in nominal terms in national currency) | 1 | 1 | 1 | 1 | 1 | 1 |

Other liabilities - NAV/CTA - MT

| ANSP/Entity: NAV Portugal | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
|--|--------|--------|--------|--------|--------|--------|
| Annual cost (in nominal terms in national currency) | 2,925 | 2,925 | 2,925 | 790 | 8,757 | 3,101 |
| Pensions paid by NAV Portugal (60%) | 356 | 356 | 313 | 389 | 589 | 786 |
| Duration of the pension obligation at end of year | 8 | 8 | 8 | 8 | 9 | 9 |
| Value of pension liabilities (in nominal terms in national currency) | 1,232 | 882 | 565 | 2,588 | 3,398 | 5,366 |

Assessment of claim

The costs reported in 2012 and 2013 were unforeseen. It is not clear whether the cash costs were actually incurred in 2012 and 2013.

The increase in costs appears to result of a large number of changes in assumptions by the actuary or by the scheme (retirement age). There also appears to be mix of cash and accruals.

PRB's recommendations

There is a lack of clarity about the mix of cash or accruals based claims from Portugal that will require further explanation.

In principle the cash costs incurred are eligible and accruals costs not eligible as costs exempt from risk sharing. The amounts claimed will be subject to further data verification and will be reviewed in accordance with the guidance that will be developed by the SSC working group on economic questions.

New cost required by law

Description of claim from NSA report

Costs considered under this item refer to the exceptional salary restrictions applied to the civil servants and public entities, during the period when Portugal was subject to the “European Support Mechanism” and cover two factors: (i) the Christmas allowance that was not paid in 2012, but considered in the determined costs for this year, and (ii) the reinstatement, as from 2013, of the 2010 salary levels, when the determined costs were reduced between 3.5% and 10%, according to the budgetary law for 2011 (Law No. 55-A/2010, December 31th).

Quantification of claim as reported in the NSA report

| Total costs exempt from cost-sharing claimed in respect of new cost items required by law | | | | | | |
|---|--------|--------|--------|--------|--------|--------|
| | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Total claimed in respect of new cost items required by law (RT 3.10) | | | | -3,839 | 2,972 | 2,972 |

EUR '000

| New cost items required by law | Determined costs | | | Actual/estimated costs | | | Costs exempted from cost sharing | | |
|-------------------------------------|------------------|------------|------------|------------------------|--------------|--------------|----------------------------------|--------------|--------------|
| | 2012 | 2013 | 2014 | 2012 | 2013 | 2014 F | 2012 | 2013 | 2014 F |
| ANSP/Entity: NAV Portugal | | | | | | | | | |
| Christmas allowance | 3.838 | 3.838 | 3.838 | -1 | 3.838 | 3.838 | -3.839 | 0 | 0 |
| Reinstatement of 2010 salary levels | -2.972 | -2.972 | -2.972 | -2.972 | 0 | 0 | 0 | 2.972 | 2.972 |
| TOTAL | 866 | 866 | 866 | -2.973 | 3.838 | 3.838 | -3.839 | 2.972 | 2.972 |

Units '000s

Justification of claim from NSA report

(i) Total amount for Christmas allowance (equivalent to one month salary and respective employers' contributions to Social Security) for staff allocated to Portugal-Lisboa en-route charging zone;

(ii) Salary reductions applied in State Budget Law for 2011 (amount related with staff allocated to Portugal-Lisboa en-route charging zone) and voided in State Budget Law for 2013.

As explained in paragraphs above, difference in these two cost items is outside the control of the entity, as derived from Government decisions aiming to control the budget deficit and external debt.

Assessment of claim

The costs reported in 2012 and 2013 were unforeseen.

The costs reported in 2012 and 2013 were genuinely incurred.

Following the example provided by the Commission in its SSC paper the cost changes in 2012 and 2013 result from amendments relate to austerity commitments outside the control of NAV Portugal. However, more information concerning the salary level should be reported and verified.

PRB's recommendation

Based on the principles provided by the Commission's SSC paper 14/53/23, the claim is eligible for exemption subject to providing more information on the underlying elements.

International agreement

Description of claim from NSA report

EUROCONTROL costs actually incurred are different to planned as a result of a difference in allocation of costs and the exchange rate assumed. The net effect is a claim for costs exempt from risk sharing for both 2012 and 2013 and planned for 2014.

Quantification of claim as reported in NSA report

| Assumptions for costs or revenues stemming from international agreements (Amounts in nominal terms in '000 national currency) | | | | | | |
|--|--------|--------|--------|--------|--------|--------|
| ANSP/Entity: NAV Portugal/Eurocontrol | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Portugal contributions | 7,882 | 8,042 | 8,189 | 7,854 | 7,943 | 7,537 |
| Total costs exempt from cost-sharing claimed in respect of international agreements | | | | | | |
| | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Total claimed in respect of international agreements (RT 3.11) | | | | -29 | -100 | -652 |

Justification of claim from NSA report

Determined costs for RP1 were based on EUROCONTROL estimated costs and distribution, as per communicated in 2011; Actual/forecast reflect final costs and distribution for each year.

Assessment of claim

The costs reported in 2012 and 2013 were unforeseen.
The costs reported in 2012 and 2013 were genuinely incurred.

Following the example provided by the Commission in its SSC paper, changes to exchange rates, allocation keys and changes to the EUROCONTROL budget were assessed as uncontrollable for RP1.

PRB's recommendation

Based on the principles laid down in the SSC paper 14/53/23, the claim is eligible for exemption.

14.3 Summary recommendation to EC for Portugal

- 14.3.1 The claim for pensions costs will require further clarification and will be reviewed in accordance with the guidance that will be developed by the SSC working group on economic questions.
- 14.3.2 Costs relating to national taxation law are eligible for both 2012 and 2013, subject to providing more information concerning the salary level.
- 14.3.3 Reimbursements of costs relating to international agreements are deemed to be eligible for both 2012 and 2013.

15 Romania

15.1 Background

15.1.1 The claim for costs exempt from risk sharing was submitted by Romania's Civil Aeronautical Authority (the NSA) on 30 May 2014. The total amount claimed covers EUROCONTROL costs under international agreement obligations. No specific comments from user consultation were reported by the NSA.

15.1.2 Costs claimed for exemption from cost sharing (by factor/item):

| (In nominal terms in '000 national currency) | 2012 | 2013 |
|--|--------------|------------|
| Currency | RON | RON |
| Pension | | |
| Interest rates on loans | | |
| National taxation law | | |
| New cost item required by law | | |
| International agreements | 4 485 | 950 |
| Total costs claimed for exemption from cost sharing | 4 485 | 950 |

15.2 Analysis of claim by category

| International agreement | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| Description of claim from NSA report | | | | | | |
| EUROCONTROL costs actually incurred are different to planned as a result of a difference in allocation of costs and the exchange rate assumed. The net effect is higher costs for both 2012 and 2013. | | | | | | |
| Quantification of claim as reported in NSA report | | | | | | |
| Assumptions for costs or revenues stemming from international agreements (Amounts in nominal terms in '000 national currency) | | | | | | |
| ANSP/Entity: ROMATSA | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| EUROCONTROL costs | 34,253 | 34,462 | | 38,739 | 35,412 | |
| Costs (+)/revenues (-) from international agreements | | | | 4,485 | 950 | |
| Justification of claim from NSA report | | | | | | |
| Determined costs | | | | | | |
| Forecast costs: | | | | | | |
| 2012 kEUR 8.365 x 4,09484 = 34.253,33 kRON (april 2011 exchange rate applied) | | | | | | |
| 2013 kEUR 8.416 x 4,09484 = 34.462,17 kRON (april 2011 exchange rate applied) | | | | | | |
| Actual costs | | | | | | |
| Actual costs: | | | | | | |
| 2012 kEUR 8.697,357 x 4,45407 = 38.738,63 kRON (average 2012 exchange rate applied) | | | | | | |
| 2013 kEUR 8.019,018 x 4,41604 = 35.412,30 kRON (average 2012 exchange rate applied) | | | | | | |
| For individual states the actual costs for this item are evolving due to the following factors outside the control of the states/NSAs/providers: | | | | | | |
| - Sharing keys between the states; | | | | | | |
| - Evolution of the exchange rate. | | | | | | |
| Assessment of claim | | | | | | |
| The costs reported in 2012 and 2013 were unforeseen. | | | | | | |
| The costs reported in 2012 and 2013 were genuinely incurred. | | | | | | |

Following the example provided by the Commission in its SSC paper, changes to exchange rates, allocation keys and changes to the EUROCONTROL budget were assessed as uncontrollable for RP1.

PRB's recommendation

Based on the principles laid down in the SSC paper 14/53/23, the claim is eligible for exemption.

15.3 Summary recommendation to EC for Romania

15.3.1 Costs relating to international agreements are deemed to be eligible for both 2012 and 2013.

16 Slovakia

16.1 Background

16.1.1 The claim for costs exempt from risk sharing was submitted by Slovakia's Transport Authority (the NSA) on 30 May 2014. The total amount claimed covers interest rates on loans, new costs required by law and EUROCONTROL costs under international agreement obligations. No specific comments from user consultation were reported by the NSA.

16.1.2 Costs claimed for exemption from cost sharing (by factor/item):

| (In nominal terms in '000 national currency) | 2012 | 2013 |
|--|-------------|-------------|
| Currency | EUR | EUR |
| Pension | | |
| Interest rates on loans | -425 | -821 |
| National taxation law | | |
| New cost item required by law | -54 | -81 |
| International agreements | -12 | -63 |
| Total costs claimed for exemption from cost sharing | -491 | -966 |

16.2 Analysis of claim by category

| Interest rates on loans | | | | | | |
|--|------------------|------------------|------------------|------------------|----------|--------|
| Description of claim from NSA report | | | | | | |
| Interest rates on loans have been lower than forecast leading to a suggested reimbursement to users. | | | | | | |
| Quantification of claim as reported in NSA report | | | | | | |
| Total costs exempt from cost-sharing claimed in respect of interest rates on loans | | | | | | |
| | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Total claimed in respect of interest rates on loans (RT 3.8) | | | | -424,760 | -820,726 | 0 |
| Units € | | | | | | |
| Justification of claim from NSA report | | | | | | |
| Cost of Capital Calculation for En-route | | | | | | |
| Item/year | 2012 D | 2013D | 2012 A | 2013 A | | |
| equity | 55 932 111 | 55 096 370 | 55 932 111 | 55 096 370 | | |
| debt | 11 197 353 | 20 362 351 | 11 197 353 | 20 362 351 | | |
| equity weight | 0,83 | 0,73 | 0,83 | 0,73 | | |
| debt weight | 0,17 | 0,27 | 0,17 | 0,27 | | |
| income tax | 23% | 19% | 23% | 23% | | |
| risk free rate | 4,2% | 4,2% | 4,2% | 4,2% | | |
| equity beta | 0,50 | 0,50 | 0,50 | 0,50 | | |
| relevered beta | 0,60 | 0,68 | 0,60 | 0,68 | | |
| market risk premium | 5% | 5% | 5% | 5% | | |
| return on equity | 7,2% | 7,6% | 7,2% | 7,6% | | |
| weighted avg. interest rate | 7,0% | 7,0% | 2,0% | 2,0% | | |
| return on debt (after tax) | 5,4% | 5,7% | 1,5% | 1,5% | | |
| pre tax WACC | 7,2% | 7,5% | 6,3% | 6,1% | | |
| NBV fixed assets | 44 508 106 | 53 030 671 | 44 508 106 | 53 030 671 | | |
| adjustments to Af | 0 | 0 | 0 | 0 | | |
| net current assets | 6 218 483 | 7 303 488 | 6 218 483 | 7 303 488 | | |
| asset base | 50 726 589 | 60 334 159 | 50 726 589 | 60 334 159 | | |
| cost of capital | 3 639 825 | 4 502 663 | 3 215 065 | 3 681 936 | | |
| Difference | | | -424 760 | -820 726 | | |

Units €

Assessment of claim

The costs reported in 2012 and 2013 were unforeseen.
The costs reported in 2012 and 2013 were genuinely incurred.

Following the example provided by the Commission in its SSC paper, the only difference that should be accepted is a difference in the interest rate, the asset base that it is applied to should be the determined cost value.

PRB assessment of claim

Based on the principles laid down in the SSC paper 14/53/23, the claim is eligible for exemption.

New cost required by law

Description of claim from NSA report

ATS Insurance is agreed with insurance company in the contract, but there is a possibility to have a discount from the contracted value, when the conditions are fulfilled. The conditions are unpredictable.

Quantification of claim as reported in NSA report

| Total costs exempt from cost-sharing claimed in respect of new cost items required by law | | | | | | |
|---|--------|--------|--------|---------|---------|--------|
| | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Total claimed in respect of new cost items required by law (RT 3.10) | | | | -54,340 | -81,278 | 0 |

Units €

Justification of claim from NSA report

| En-route ATS Insurance | | | |
|------------------------|------------------|------------------|----------------|
| Item / year | 2013 D | 2013 A | Difference |
| ATS Insurance | 2 250 658 | 2 169 380 | -81 278 |

| Item / year | 2013 D | 2013 A | Difference |
|----------------------|------------------|------------------|----------------|
| ATS Insurance | 2 250 658 | 2 196 319 | -54 340 |

Note: the second table relates to 2012 data.

Assessment of claim

The costs reported in 2012 and 2013 were genuinely incurred.

A change to the price of insurance is not normally considered to be an uncontrollable cost, as it results from a commercial arrangement between the ANSP and insurance provider.

PRB assessment of claim

Based on the principles provided by the Commission's SSC paper 14/53/23, the claim is not eligible, therefore this amount should not be reimbursed to users.

International agreement

Description of claim from NSA report

EUROCONTROL costs actually incurred are different to planned as a result of a difference in allocation of costs and the exchange rate assumed. The net effect is higher costs for both 2012 and 2013.

Quantification of claim as reported in NSA report

| Total costs exempt from cost-sharing claimed in respect of international agreements | | | | | | |
|---|--------|--------|--------|---------|---------|--------|
| | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Total claimed in respect of international agreements (RT 3.11) | | | | -11,905 | -63,356 | |

Units €

| Justification of claim from NSA report | | | |
|---|------------------|------------------|----------------|
| Item / year | 2013 D | 2013 A | Difference |
| EUROCONTROL | 3 289 000 | 3 225 644 | -63 356 |
| | | | |
| Item / year | 2013 D | 2013 A | Difference |
| EUROCONTROL | 3 224 000 | 3 212 095 | -11 905 |

Note: the second table relates to 2012 data.

The EUROCONTROL costs result from multilateral international agreement. Slovakia cannot fully influence the actual costs and thus these costs are considered as uncontrollable.

Assessment of claim

The costs reported in 2012 and 2013 were unforeseen.
The costs reported in 2012 and 2013 were genuinely incurred.

Following the example provided by the Commission in its SSC paper, changes to exchange rates, allocation keys and changes to the EUROCONTROL budget were assessed as uncontrollable for RP1.

PRB's recommendation

Based on the principles laid down in the SSC paper 14/53/23, the claim is eligible for exemption.

16.3 Summary recommendation to EC for Slovakia

- 16.3.1 Reimbursements of costs relating to interest rate on loans and international agreements are deemed to be eligible for both 2012 and 2013.
- 16.3.2 Reimbursements of insurance costs as the result of a private contract with an insurance company are deemed not to be eligible for both 2012 and 2013.

17 Slovenia

17.1 Background

17.1.1 The claim for costs exempt from risk sharing was submitted by Slovenia's acting Head of ANS on 30 May 2014. The total amount claimed covers EUROCONTROL costs under international agreement obligations. No specific comments from user consultation were reported by the NSA.

17.1.2 Costs claimed for exemption from cost sharing (by factor/item):

| (In nominal terms in '000 national currency) | 2012 | 2013 |
|--|-----------|-----------|
| Currency | EUR | EUR |
| Pension | | |
| Interest rates on loans | | |
| National taxation law | | |
| New cost item required by law | | |
| International agreements | -6 | 43 |
| Total costs claimed for exemption from cost sharing | -6 | 43 |

17.2 Analysis of claim by category

| International agreement | | | | | | |
|---|--------|--------|--------|--------|--------|--------|
| Description of claim from NSA report | | | | | | |
| EUROCONTROL costs actually incurred are different to planned as a result of a difference in allocation of costs and the exchange rate assumed. The net effect is higher costs in 2012 and lower costs than predicted in 2013. | | | | | | |
| Quantification of claim as contained in the NSA report | | | | | | |
| Assumptions for costs or revenues stemming from international agreements (Amounts in nominal terms in '000 national currency) | | | | | | |
| ANSP/Entity: SLOVENIA | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| EUROCONTROL contribution | 1 747 | 1 783 | 1 815 | 1 741 | 1 826 | 1 741 |
| Total claimed in respect of international agreements (RT) | | | | -6 | 43 | |
| Units €'000s | | | | | | |
| Justification of claim from NSA report | | | | | | |
| Assumptions for costs or revenues stemming from international agreements (Amounts in nominal terms in '000 national currency) | | | | | | |
| ANSP/Entity: SLOVENIA | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| EUROCONTROL contribution | 1,747 | 1,783 | 1,815 | 1,741 | 1,826 | 1,741 |
| Assessment of claim | | | | | | |
| The costs reported in 2012 and 2013 were unforeseen. The costs reported in 2012 and 2013 were genuinely incurred. | | | | | | |
| Following the example provided by the Commission in its SSC paper, changes to exchange rates, allocation keys and changes to the EUROCONTROL budget were assessed as uncontrollable for RP1. | | | | | | |
| PRB's recommendation | | | | | | |
| Based on the principles laid down in the SSC paper 14/53/23, the claim is eligible for exemption. | | | | | | |

17.3 Summary recommendation to EC for Slovenia

17.3.1 Costs relating to international agreements are deemed to be eligible for both 2012 and 2013.

18 Spain Canarias

18.1 Background

18.1.1 The claim for costs exempt from risk sharing was submitted by Spain's NSA AESA on 29 May 2014. The total amount claimed covers interest rates on loans, national taxation law and EUROCONTROL costs under international agreement obligations. No specific comments from user consultation were reported by the NSA.

18.1.2 Costs claimed for exemption from cost sharing (by factor/item):

| (In nominal terms in '000 national currency) | 2012 | 2013 |
|--|------------|-----------|
| Currency | EUR | EUR |
| Pension | | |
| Interest rates on loans | 66 | 3 |
| National taxation law | 35 | 62 |
| New cost item required by law | | |
| International agreements | -0 | -0 |
| Total costs claimed for exemption from cost sharing | 100 | 65 |

18.2 Analysis of claim by category

| Interest rate on loans | | |
|--|--------------|---------|
| Description of claim from NSA report | | |
| The long term interest has been higher than forecast in the Spanish PP. | | |
| Quantification of claim as reported from NSA report | | |
| 2012 | | |
| | EA - ANSP | EA-NSA |
| A) Net Value Asset (Determined) | 4.866.359,57 | 697,53 |
| B) Long term interest rate (Estimation) | 4,5000% | 4,5000% |
| C) Long term interest rate (Actual) | 5,8458% | 5,8458% |
| D) Long term interest rate (Difference) | 1,3458% | 1,3458% |
| Cost exempt from cost sharing (A*D) | 65.492,93 | 9,39 |
| 2013 | | |
| | EA - ANSP | EA-NSA |
| A) Net Value Asset (Determined) | 4.665.270,32 | 427,76 |
| B) Long term interest rate (Estimation) | 4,500% | 4,500% |
| C) Long term interest rate (Actual) | 4,562% | 4,562% |
| D) Long term interest rate (Difference) | 0,062% | 0,062% |
| Cost exempt from cost sharing (A*D) | 2.876,92 | 0,26 |
| Units € | | |
| Justification of claim from NSA report | | |
| The claim is from both ANSP and NSA. The long term interest rate is that provided by the European Central Bank. The 10 year long term interest rate for bonds has been used. | | |
| The EA (ANSP & NSA), being part of the Spanish Public Administration, does not consider: | | |
| <ul style="list-style-type: none"> • Debt, and therefore interest on debts is not considered either. • Current assets. | | |
| Due to this, it is confirmed that: | | |

- Average interest on debts has null value every year.
Cost of capital before tax is equal to Return on equity.

Assessment of claim

While changes to interest rates are one of the uncontrollable factors provided in legislation, the claim does not pass the criteria of resulting in actual costs been incurred in 2012 and 2013 as the claim itself notes that as a Spanish Public Administration the ANSP and NSA **does not hold any debt.**

PRB assessment of claim

Based on the principles provided by the Commission's SSC paper 14/53/23 the claim is not eligible, but Spain NSA should be invited to confirm that the ANSP has no debt and hence no interest charges.

National taxation law

Description of claim from NSA report

The Spanish Government increased the rate of VAT, taking place from 2012 (July or September) depending on the rate. These increases in VAT are irrecoverable and represent an unforeseen increase in costs.

Quantification of claim as reported in NSA report

| CANARIES | 2012 | | | 2013 | | |
|-------------------------------------|-------------|--------------------|-------------------------------|-------------|--------------------|-------------------------------|
| | Total costs | % en-route service | en-route uncontrollable costs | Total costs | % en-route service | en-route uncontrollable costs |
| Change in tax - STAFF accounts | 2,806 | 63.8% | 1,790 | 6,514 | 69.6% | 4,534 |
| Change in tax OTHER OPERATING COSTS | 42,054 | 78.3% | 32,934 | 74,463 | 77.3% | 57,596 |
| | 44,860 | 77.4% | 34,724 | 80,977 | 76.7% | 62,130 |

Units €

Justification of claim from NSA report

The increase in the tax rates of Value Added Tax for Continental and IGIC for Canary Islands from September 1st and July 1st 2012, respectively.

The BOE of July 14, 2012 publishes the R.D (Decree-Law) 20/2012, of July 13, about the measures to ensure fiscal stability and promote competitiveness; such as the increase in VAT. The BOE of July 12, 2012 publishes the Law 4/2012, of July 25, about administrative and fiscal measures (increase of IGIC).

During year 2012 the government announced a new Spanish VAT increase, raising the standard VAT rate from 18% to 21% from September 1st 2012.

The reduced VAT rates rose from 8% to 10%.

Concerning, the change in IGIC this took place from July 1st 2012. The general rate was increased from 5% to 7%, the reduced rate of 2% to 2.75% from 1st July to 31st December 2012 and to 3% from 1st January 2013. The increased rate of 9% was raised to 9.5% and the increased rate of 13% to 13.5%.

Assessment of claim

The costs reported in 2012 and 2013 were unforeseen.
The costs reported in 2012 and 2013 were genuinely incurred.

The costs incurred in 2012 and 2013 were higher than anticipated due to changes VAT rates. Using the SSC guidance example, changes in the tax level are eligible, however, the model appears to use actual costs rather than determined costs as the basis of the calculation of the VAT costs claimed.

PRB's recommendation

Based on the principles provided by the Commission's SSC paper 14/53/23, the claim is

eligible in principle but the calculation will need to be reviewed to ensure it uses determined costs.

International agreement

Description of claim from NSA report

EUROCONTROL costs actually incurred are different to planned as a result of a difference in allocation of costs. The net effect is a reimbursement to airspace users for both 2012 and 2013 and planned for 2014.

Quantification of claim as reported in NSA report

| Assumptions for costs or revenues stemming from international agreements (Amounts in nominal terms in '000 national currency) | | | | | | |
|--|--------|--------|--------|--------|--------|--------|
| ANSP: EUROCONTROL | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Eurocontrol Costs (Determined costs vs. Actual Data) | 3 616 | 3 690 | 3 757 | 3 603 | 3 395 | 3 351 |
| Total claimed in respect of international agreements (RT 3.11) | | | | -13 | -295 | -406 |

Justification of claim from NSA report

Calculation of actual cost allocation from EUROCONTROL is different to the budget indicated when drafting the budget.

Assessment of claim

The costs reported in 2012 and 2013 were unforeseen.
The costs reported in 2012 and 2013 were genuinely incurred.

Following the example provided by the Commission in its SSC paper, changes to exchange rates, allocation keys and changes to the EUROCONTROL budget were assessed as uncontrollable for RP1.

PRB assessment of claim

Based on the principles laid down in the SSC paper 14/53/23, the claim is eligible for exemption.

18.3 Summary recommendation to EC for Spain Canarias

- 18.3.1 Costs relating to national taxation law are deemed to be eligible, subject to verification of the calculation.
- 18.3.2 Reimbursements of costs relating to international agreements are deemed to be eligible for both 2012 and 2013.
- 18.3.3 The claims for changes to interest rate costs, on the basis that the costs are not actually incurred by the ANSP/NSA do not appear eligible. The Spanish NSA should be invited to confirm that the ANSP has no debt and hence no interest charges.

19 Spain Continental

19.1 Background

19.1.1 The claim for costs exempt from risk sharing was submitted by Spain's NSA AESA on 29 May 2014. The total amount claimed covers interest rates on loans, national taxation law and EUROCONTROL costs under international agreement obligations. No specific comments from user consultation were reported by the NSA.

19.1.2 Costs claimed for exemption from cost sharing (by factor/item):

| (In nominal terms in '000 national currency) | 2012 | 2013 |
|--|------------|--------------|
| Currency | EUR | EUR |
| Pension | | |
| Interest rates on loans | 496 | 21 |
| National taxation law | 563 | 1 108 |
| New cost item required by law | | |
| International agreements | -175 | -4 |
| Total costs claimed for exemption from cost sharing | 883 | 1 126 |

Note: The PRB understands that based on a reconciliation with the Reporting Tables (T3), submitted in June 2014 that there is a reporting mistake for 2012 (difference in reporting financial units amounts) in the summary of the NSA cost exempt report. On that basis, the present document has considered the amount mentioned in the Reporting Tables instead of the NSA report as the correct figure.

19.2 Analysis of claim by category

| Interest rate on loans | | | | | | |
|--|---------------|----------|--------|---------|--------|---------|
| Description of claim from NSA report | | | | | | |
| The long term interest has been higher than forecast in the Spanish PP. | | | | | | |
| Quantification of claim as reported in NSA report | | | | | | |
| 2012 | | | | | | |
| | EA - ANSP | EA-NSA | | | | |
| A) Net Value Asset (Determined) | 36.831.996,09 | 5.797,72 | | | | |
| B) Long term interest rate (Estimation) | 4,5000% | 4,5000% | | | | |
| C) Long term interest rate (Actual) | 5,8458% | 5,8458% | | | | |
| D) Long term interest rate (Difference) | 1,3458% | 1,3458% | | | | |
| Cost exempt from cost sharing (A*D) | 495.696,05 | 78,03 | | | | |
| 2013 | | | | | | |
| | EA - ANSP | EA-NSA | | | | |
| A) Net Value Asset (Determined) | 34.225.287,54 | 3.336,88 | | | | |
| B) Long term interest rate (Estimation) | 4,500% | 4,500% | | | | |
| C) Long term interest rate (Actual) | 4,562% | 4,562% | | | | |
| D) Long term interest rate (Difference) | 0,062% | 0,062% | | | | |
| Cost exempt from cost sharing (A*D) | 21.105,59 | 2,06 | | | | |
| Total costs exempt from cost-sharing claimed in respect of interest rates on loans | | | | | | |
| | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Total claimed in respect of interest rates on loans (RT 3.8) | | | | 495,774 | 21,108 | -57,164 |
| Units € | | | | | | |
| Justification of claim | | | | | | |
| The claim is from both ANSP and NSA. The long term interest rate is that provided by the | | | | | | |

European Central Bank. The 10 year long term interest rate for bonds has been used.

The EA (ANSP & NSA), being part of the Spanish Public Administration, does not consider:

- Debt, and therefore interest on debts is not considered either.
- Current assets.

Due to this, it is confirmed that:

- Average interest on debts has null value every year.

Cost of capital before tax is equal to Return on equity.

Assessment of claim

While changes to interest rates are one of the uncontrollable factors provided in legislation, the claim does not pass the criteria of resulting in actual costs been incurred in 2012 and 2013 as the claim itself notes that as a Spanish Public Administration the ANSP and NSA does not hold any debt.

PRB recommendation

Based on the principles provided by the Commission's SSC paper 14/53/23 the claim is not eligible, but Spain NSA should be invited to confirm that the ANSP has no debt and hence no interest charges.

National taxation law

Description of claim from NSA report

The Spanish Government increased the rate of VAT, taking place from 2012 (July or September) depending on the rate. These increases in VAT are irrecoverable and represent an unforeseen increase in costs.

Quantification of claim as reported in NSA report

| Total costs exempt from cost-sharing claimed in respect of unforeseen changes in national taxation law | | | | | | |
|--|----------------|--------------------|-------------------------------|------------------|--------------------|-------------------------------|
| Aena - Continent - En-route (€) | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Total claimed in respect of national taxation law (RT 3.9) | | | | 562,588 | 1,108,389 | 1,108,389 |
| CONTINENT | 2012 | | | 2013 | | |
| | Total costs | % en-route service | en-route uncontrollable costs | Total costs | % en-route service | en-route uncontrollable costs |
| Change in tax - STAFF accounts | 17,411 | 70.1% | 12,206 | 49,511 | 74.4% | 36,834 |
| Change in tax OTHER OPERATING COSTS | 734,251 | 75.0% | 550,382 | 1,365,316 | 78.5% | 1,071,554 |
| | 751,661 | 74.8% | 562,588 | 1,414,827 | 78.3% | 1,108,389 |

Justification of claim from NSA report

The increase in the tax rates of Value Added Tax for Continental and IGIC for Canary Islands from September 1st and July 1st 2012, respectively.

The BOE of July 14, 2012 publishes the R.D (Decree-Law) 20/2012, of July 13, about the measures to ensure fiscal stability and promote competitiveness; such as the increase in VAT. The BOE of July 12, 2012 publishes the Law 4/2012, of July 25, about administrative and fiscal measures (increase of IGIC).

During year 2012 the government announced a new Spanish VAT increase, raising the standard VAT rate from 18% to 21% from September 1st 2012.

The reduced VAT rates rose from 8% to 10%.

Concerning, the change in IGIC this took place from July 1st 2012. The general rate was increased from 5% to 7%, the reduced rate of 2% to 2.75% from 1st July to 31st December 2012 and to 3% from 1st January 2013. The increased rate of 9% was raised to 9.5% and the increased rate of 13% to 13.5%.

Assessment of claim

The change in costs incurred was unforeseen and the costs incurred in 2012 and 2013 were higher than anticipated due to changes VAT rates. Using the SSC guidance example, changes in the tax level. However, the model appears to use actual costs rather than determined costs as the basis of the calculation of the VAT costs claimed.

PRB assessment of claim

Based on the principles provided by the Commission's SSC paper 14/53/23, the claim is eligible in principle but the calculation will need to be reviewed.

International agreement

Description of claim from NSA report

EUROCONTROL costs actually incurred are different to planned as a result of a difference in allocation of costs. The net effect is a reimbursement to airspace users for both 2012 and 2013 and planned for 2014.

Quantification of claim as reported in NSA report

| Assumptions for costs or revenues stemming from international agreements (Amounts in nominal terms in '000 national currency) | | | | | | |
|--|--------|--------|--------|--------|--------|--------|
| ANSP: EUROCONTROL | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Eurocontrol Costs (Determined costs vs. Actual Data) | 48,415 | 49,397 | 50,297 | 48,240 | 45,452 | 44,862 |
| Total costs exempt from cost-sharing claimed in respect of international agreements | | | | | | |
| | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Total claimed in respect of international agreements (RT 3.11) | | | | -175 | -3,946 | -5,435 |

Justification of claim from NSA report

Calculation of actual cost allocation from EUROCONTROL is different to the budget indicated when drafting the budget.

Assessment of claim

The costs reported in 2012 and 2013 were unforeseen.
The costs reported in 2012 and 2013 were genuinely incurred.

Following the example provided by the Commission in its SSC paper, changes to exchange rates, allocation keys and changes to the EUROCONTROL budget were assessed as uncontrollable for RP1.

PRB's recommendation

Based on the principles laid down in the SSC paper 14/53/23, the claim is eligible for exemption.

19.3 Summary recommendation to EC for Spain Continental

- 19.3.1 Costs relating to national taxation law are deemed to be eligible, subject to verification of the calculation.
- 19.3.2 Reimbursements of costs relating to international agreements are deemed to be eligible for both 2012 and 2013.
- 19.3.3 The claims for changes to interest rate costs, on the basis that the costs are not actually incurred by the ANSP/NSA do not appear eligible.

20 Sweden

20.1 Background

20.1.1 The claim for costs exempt from risk sharing was submitted by Sweden's NSA the Swedish Transport Agency on 25 May 2014. The total amount claimed covers pensions, a new cost item required by law and EUROCONTROL costs under international agreement obligations. No specific comments from user consultation were reported by the NSA.

20.1.2 Costs claimed for exemption from cost sharing (by factor/item):

| (In nominal terms in '000 national currency) | 2012 | 2013 |
|--|----------------|----------------|
| Currency | SEK | SEK |
| Pension | 385 728 | 163 743 |
| Interest rates on loans | | |
| National taxation law | | |
| New cost item required by law | 1 165 | 986 |
| International agreements | -13 048 | -17 672 |
| Total costs claimed for exemption from cost sharing | 373 846 | 147 056 |

20.2 Analysis of claim by category

| Pension (1) | | | | | | |
|---|-----------|-----------|-----------|-------------|-------------|------------|
| Description of claim from NSA report | | | | | | |
| The actuarial costs of the LFV Defined Benefits pensions schemes were much higher than predicted in the National Performance Plan. | | | | | | |
| Quantification of claim as reported in NSA report | | | | | | |
| Total costs exempt from cost-sharing claimed in respect of pension | | | | | | |
| | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Total claimed in respect of pension (RT 3.7) | | | | 385 540 406 | 163 554 290 | -3 370 840 |
| Units SEK | | | | | | |
| Justification of claim from NSA report | | | | | | |
| Pension assumptions for the "Defined benefits" pension scheme | | | | | | |
| ANSP/Entity: LFV | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Total pension costs in respect of "Defined benefits" scheme (in nominal terms in national currency) | 310 486 | 326 411 | 323 553 | 581 240 | 266 958 | 295 700 |
| - in respect of regular cash payments | | | | | | |
| - in respect of non-recurring gap-bridging cash payment | | | | | | |
| % Discount rate applied / predicted | 1.3% | 1.5% | 1.7% | 0.4% | 0.5% | 0.5% |
| Duration of the pension obligation at end of year | | | | | | |
| % Asset value growth assumed | | | | | | |
| Value of pension assets (in nominal terms in national | | | | | | |
| Value of pension liabilities (in nominal terms in national | 5 113 000 | 5 494 000 | 5 848 000 | 4 027 000 | 4 411 000 | 4 369 000 |
| Net funding surplus / gap (in nominal terms in national | | | | | | |
| Number of pensionable staff | | | | | | |
| Pensionable salary (in nominal terms in national currency) | 562 232 | 580 333 | 576 033 | 532 598 | 471 985 | 541 024 |
| Units SEK | | | | | | |
| Pensions for LFV-staff are based on a pension agreement for personnel employed by the state (PA03). The pension system is based on defined benefits. As a "state enterprise", LFV has to account for the pensions debt in the balance sheet based on principles decided by The Swedish Pensions Agency (SPV). The yearly change in the debt and costs are affected by a | | | | | | |

number of circumstances that LFV cannot control; for example inflation, forecasted interest rates, and expected average lifetimes.

The forecasted interest rate, which is one of the main components in calculating the pension debt, is decided yearly by SPV on basis of the development of market interest rates.

There is an investigation ongoing within the state regarding the possibility to change the way the pensions are handled for all state enterprises in Sweden. The proposed change would be to exclude the pensions from the balance sheet to a fund administered by SPV. No decision has so far been made.

LFVs pension costs in the performance plan and actuals are based on calculations made by SPV.

Since the basis for pension debt and cost is decided by SPV and is depending on the development of market interest rates, inflation etc. it is an "uncontrollable" cost for LFV and variations compared to the plan will be recoverable. This implies that the final costs can be lower or higher than estimated.

Assessment of claim

The increase in costs appears to be the result of a large number of changes in assumptions by the actuary or by the scheme (retirement age). There also appears to be mix of cash and accruals. Based on the principles provided by the Commission's SSC paper for accrual pensions assumptions further information will need to be provided and this is subject to further discussion in the light of the principle that only costs incurred should be considered eligible for costs exempt from risk sharing.

PRB assessment of claim

In principle the cash costs incurred are eligible and accruals costs not eligible as costs exempt from risk sharing. The amounts claimed will be subject to further data verification and will be reviewed in accordance with the guidance that will be developed by the SSC working group on economic questions.

Pension (2)

Description of claim from NSA report

The actuarial costs of the Swedish Maritime Association Defined Benefits pensions schemes were much higher than predicted in the National Performance Plan.

Quantification of claim as reported in NSA report

| Total costs exempt from cost-sharing claimed in respect of pension | | | | | | |
|--|--------|--------|--------|---------|---------|---------|
| | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Total claimed in respect of pension (RT 3.7) | | | | 188 000 | 189 000 | 190 000 |
| Units SEK'000s | | | | | | |

Justification of claim from NSA report

| Pension assumptions for the "Defined benefits" pension scheme | | | | | | |
|---|--------------|--------------|-----------|-----------|-----------|-----------|
| ANSP/Entity: Sjöfartsverket, amounts in swedish TKR | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Total pension costs in respect of "Defined benefits" scheme | 0 | 150 326 | 81 513 | 235 235 | 88 813 | 121 991 |
| - in respect of regular cash payments | | | | | | |
| - in respect of non-recurring gap-bridging cash payment | | | | | | |
| % Discount rate applied / predicted | 1,3% | 1,3% | 1,3 % | 0,4% | 0,4% | 0,4% |
| Duration of the pension obligation at end of year | | | | | | |
| % Asset value growth assumed | | | | | | |
| Value of pension assets (in nominal terms in national | | | | | | |
| Value of pension liabilities (in nominal terms in national | not reported | not reported | 2 614 992 | 2 587 840 | 2 602 518 | 2 614 992 |
| Net funding surplus / gap (in nominal terms in national | | | | | | |
| Number of pensionable staff | | | | | | |
| Pensionable salary (in nominal terms in national currency) | not reported | not reported | 568 229 | 495 150 | 505 648 | 568 229 |

The costs items reported should be included because SMA has no possibility to effect the interest rate that is used when calculation the pension costs and liability.

2012 A - Calculation of uncontrollable interest 2012:

Actual pension liability 2012 = 2 587 840 TKR

Analysis:

Outcome with actual interest 0,4% (uncontrollable) = 10 351 TKR

Outcome with RP interest 1,3% (uncontrollable) = 33 642 TKR

Uncontrollable interest = 23 291 TKR

Allocation key to Sea and Air rescue in Sjöfartsverket = 5% = 1 165 TKR in uncontrollable interest

From Sea and Air Rescue 16,16% refers to air-rescue that is the important figure here = **188 TKR**, figure to be reported**2013 A - Calculation of uncontrollable interest 2013:**

Actual pension liability 2013 = 2 602 518 TKR

Analysis:

Outcome with actual interest 0,4% (uncontrollable) = 10 410 TKR

Outcome with RP interest 1,3% (uncontrollable) = 33 833 TKR

Uncontrollable interest = 23 423 TKR

Allocation key to Sea and Air rescue in Sjöfartsverket = 5% = 1 171 TKR in uncontrollable interest

From Sea and Air Rescue 16,16% refers to air-rescue that is the important figure here = **189 TKR**, figure to be reported**Assessment of claim**

The increase in costs appears to result of a large number of changes in assumptions by the actuary or by the scheme (retirement age). There also appears to be mix of cash and accruals.

Based on the principles provided by the Commission's SSC paper for accrual pensions assumptions further information will need to be provided and this is subject to further discussion in the light of the principle that only costs incurred should be considered eligible for costs exempt from risk sharing.

PRB assessment of claim

In principle the cash costs incurred are eligible and accruals costs not eligible as costs exempt from risk sharing. The amounts claimed will be subject to further data verification and will be reviewed in accordance with the guidance that will be developed by the SSC working group on economic questions.

New cost required by law**Description of claim from NSA report**

A new requirement through Swedish law to have three airports in a state of preparedness in case of emergency.

Quantification of claim as reported in NSA report

| Total costs exempt from cost-sharing claimed in respect of new cost items required by law | | | | | | |
|---|--------|--------|--------|-----------|---------|---------|
| | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Total claimed in respect of new cost items required by law (RT 3.10) | | | | 1 165 047 | 985 574 | 859 365 |

Units SEK '000s

| Justification of claim from NSA report | | | | | | |
|--|------------------|------------------|------------------|----------------|------------------|----------------|
| | 2012 | | 2013 | | 2014 | |
| | 100% | 75% | 100% | 75% | 100% | 75% |
| Visby | 442 146 | 331 610 | 442 146 | 331 610 | 587 340 | 440 505 |
| Åre Östersund | 558 480 | 418 860 | 558 480 | 418 860 | 558 480 | 418 860 |
| Sundsvall | 552 770 | 414 578 | 313 473 | 235 105 | | |
| Totalt | 1 553 396 | 1 165 047 | 1 314 099 | 985 574 | 1 145 820 | 859 365 |

According to the Regulation (2010:185), with instructions for The Swedish Transport Administration, should the Swedish Transport Administration from 2012 through agreements with airport holders ensure that there is a national network of airports that maintain a basic level of preparedness to vital public transport to be performed in case of emergency. The Swedavia airport that may cost extra due to preparedness by LFV is Åre Östersund Airport, Visby Airport and Sundsvall Airport.

Swedavia's cost that refers to the airport (excluding ANS costs) is financed through an agreement with The Swedish Transport Administration. However costs associated with ANS services is charged to Swedavia from LFV who is the ANSP. These costs shall be financed through TNC (25 %) and En route (75 %) charges. The system for preparedness was not decided when the performance plan for RP 1 was determined. Hence the ANS costs can be considered as uncontrollable, due to a new cost required by law.

Swedavia had not, at the time of the determination of the performance plan for RP 1, knowledge about the costs that would arise from the demand of increased readiness. The system for readiness was decided by the Swedish government and can thus be considered as required by law. No costs for this subject were included in the performance plan for RP 1. See attached invoices ((iii) Invoice nr 1-4). The sum charged from LFV corresponds to 100 % of Swedavia's cost in the table below, 75 % of the cost is financed by en route charges, and 25 % by TNC charges.

Assessment of claim

The costs reported in 2012 and 2013 were unforeseen.
The costs reported in 2012 and 2013 were genuinely incurred.

Following the principles provided by the Commission's SSC paper, the claim is in principle eligible as it results from an unanticipated legislative requirement. However, it is less clear why airspace users rather than airport users should be paying for this requirement, and moreover the allocation between en-route and terminal ANS is not justified.

PRB's recommendation

Based on the principles provided by the Commission's SSC paper 14/53/23, the claim is eligible subject to verification that airspace users rather than airport users should be paying for this service and the allocation between en-route and terminal ANS is appropriate.

International agreement

Description of claim from NSA report

EUROCONTROL costs actually incurred are different to planned as a result of a difference in allocation of costs. The net effect is a reimbursement to airspace users for both 2012 and 2013 and planned for 2014.

Quantification of claim as reported in NSA report

| Assumptions for costs or revenues stemming from international agreements (Amounts in nominal terms in national currency) | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|--------|
| ANSP/Entity: Swedish Transport Agency | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Eurocontrol costs | 139 786 898 | 142 623 795 | 145 220 277 | 128 426 504 | 124 951 348 | |
| Total claimed in respect of international agreements (RT 3.11) | | | | -13 047 895 | -17 672 447 | |

| Justification of claim from NSA report | | | | |
|---|---------------------------|--------------------|--------------------|--------------------|
| | | 2012 | 2013 | 2014 |
| Performance plan | Determined | 9.6166 | 9.6166 | 9.6166 |
| | Amount EUR | 14 536 312 | 14 831 000 | 15 101 000 |
| | Amount SEK | 139 789 898 | 142 623 795 | 145 220 277 |
| Actual | Invoiced from | 14 483 237 | 14 421 706 | 15 973 000 |
| | Actual exchange rate | 8.7509 | 8.6641 | 8.6471 |
| | Actual cost | 126 742 003 | 124 951 348 | 138 120 128 |
| Difference | Difference between | -13 047 895 | -17 672 447 | -7 100 148 |

Neither the membership fee contribution allocation key nor the exchange rate between EUR and SEK is possible to control for the Swedish Transport Agency.

Assessment of claim

The costs reported in 2012 and 2013 were unforeseen.
The costs reported in 2012 and 2013 were genuinely incurred.

Following the example provided by the Commission in its SSC paper, changes to exchange rates, allocation keys and changes to the EUROCONTROL budget were assessed as uncontrollable for RP1.

PRB's recommendation

Based on the principles laid down in the SSC paper 14/53/23, the claim is eligible for exemption.

20.3 Summary recommendation to EC for Sweden

- 20.3.1 New costs required by law are deemed to be eligible for both 2012 and 2013, subject to verification that the costs should be incurred by airspace users and not airport users, and, in the former case, the allocation between terminal ANS and en-route need to be verified.
- 20.3.2 Reimbursements of costs relating to international agreements are deemed to be eligible for both 2012 and 2013.
- 20.3.3 The claim for pensions costs will require further investigation and will be reviewed in accordance with the guidance that will be developed by the SSC working group on economic questions.

21 Switzerland

21.1 Background

21.1.1 The claim for costs exempt from risk sharing was submitted by Switzerland's NSA FOCA on 30 May 2014. The total amount claimed covers interest rates on loans, new obligation by law and EUROCONTROL costs, cross border agreements with France, Germany and Italy under international agreement obligations. No specific comments from user consultation were reported by the NSA.

21.1.2 Costs claimed for exemption from cost sharing (by factor/item):

| (In nominal terms in '000 national currency) | 2012 | 2013 |
|--|------------|--------------|
| Currency | CHF | CHF |
| Pension | | |
| Interest rates on loans | -1 016 | -978 |
| National taxation law | | |
| New cost item required by law | -259 | -304 |
| International agreements | 1 474 | 2 445 |
| Total costs claimed for exemption from cost sharing | 199 | 1 162 |

21.2 Analysis of claim by category

| Interest rate on loans | | | | | | |
|--|---------|---------|---------|---------|---------|---------|
| Description of claim from NSA report | | | | | | |
| The actual interest rate incurred on the Skyguide long term loan has been lower than forecast at the time of the PP, leading to a reimbursement for airspace users. | | | | | | |
| Quantification of claim as reported in the NSA report | | | | | | |
| ANSP/Entity: Skyguide | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Loan 1 description: | | | | | | |
| Debt amount Loan 1 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 |
| Interest rate % | 3.00% | 3.00% | 3.00% | 2.23% | 2.23% | 2.23% |
| Interest amount | 6,000 | 6,000 | 6,000 | 4,462 | 4,462 | 4,462 |
| Total costs exempt from cost-sharing claimed in respect of interest rates on loans | | | | | | |
| | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Total claimed in respect of interest rates on loans (RT 3.8) | | | | -1,016 | -978 | 0 |
| Units CHF '000s | | | | | | |
| Justification of claim from NSA report | | | | | | |
| Skyguide does not influence interest rates available on the market. A decrease in the interest rates occurred in the market between the time when the National Performance Plan was established and the time when the renewal of the loan was contracted. Skyguide contracted in 2011 a 200 MCHF loan with a maturity of 10 years. At the time the PP was established, the negotiation on the modalities of this loan was not finished. An assumption on the interest rate was made at 3.0%. | | | | | | |
| As far as actual costs are concerned, the actual interest rate paid for the loan is 1.65%. On top of this rate, skyguide paid an IRS (Interest Rate SWAP) up to 11'623 KCHF depreciated along the lifetime duration of the loan (11'623/10/200'000=0.58%). The cost of the debt is thus 2.23115%. See p.6 of skyguide's 2013 annual report part finances. | | | | | | |
| Assessment of claim | | | | | | |
| The costs reported in 2012 and 2013 were unforeseen. | | | | | | |
| The costs reported in 2012 and 2013 were genuinely incurred. | | | | | | |

Following the principles in the SSC guidance the change in interest rate actually incurred is an uncontrollable cost. However the position on the interest rate swap needs to be clarified further (did the original 3% in the PP include an allowance for this or was it separate?)

PRB's recommendation

Based on the principles provided by the Commission's SSC paper 14/53/23, the claim is eligible for exemption; however the inclusion of the interest rate swaps partial offset needs to be verified.

New cost required by law

Description of claim from NSA report

Reduction in Met costs resulting from actual costs being less than determined costs. Switzerland has decided to make a gesture to airspace users and reimburse these costs accordingly.

Quantification of claim as reported in NSA report

| Total costs exempt from cost-sharing claimed in respect of new cost items required by law | | | | | | |
|---|--------|--------|--------|--------|--------|--------|
| | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Total claimed in respect of new cost items required by law (RT 3.10) | | | | -259 | -304 | 0 |

Units CHF '000s

| MET Costs | | 2012 | 2013 | 2014 |
|----------------------|--------|--------|--------|--------|
| NPP forecast | (KCHF) | 18,000 | 17,726 | 17,726 |
| en route sharing key | | 66% | 66% | 66% |
| en route NPP | (KCHF) | 11,881 | 11,700 | 11,700 |
| actuals | (KCHF) | 16,815 | 16,856 | |
| en route sharing key | | 69% | 67% | |
| en route actuals | (KCHF) | 11,551 | 11,337 | - |
| Impact of inflation | (KCHF) | -71 | -59 | |
| actual vs NPP | (KCHF) | -259 | -304 | |

Justification of claim from NSA report

The lower costs result from lower actual costs than projected and lower than expected inflation. The Swiss State has decided this difference should be returned to users as a goodwill nature. Switzerland accepts that these are not strictly under the Commission's interpretation costs exempt from risk sharing.

Assessment of claim

The change in costs incurred are not costs exempt from risk sharing, but is presented as a contribution from Switzerland to partially offset other claims for costs exempt from risk sharing. Such a gesture should use the general UR mechanism and not confuse the costs exempt from risk sharing process.

PRB's recommendation

Based on the principles provided by the Commission's SSC paper the claim is not eligible as they are not cost exempt from risk sharing. Another solution would be to reduce the Unit Rate.

International agreement (1)

Description of claim from NSA report

EUROCONTROL costs actually incurred are different to planned as a result of a difference in allocation of costs from EUROCONTROL. The net effect is a reimbursement to airspace users for both 2012 and 2013 and planned for 2014.

Quantification of claim as reported in NSA report

| ANSP/Entity: | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
|--------------|--------|--------|--------|--------|--------|--------|
| Eurocontrol | 13 026 | 13 105 | 13 397 | 11 987 | 11 503 | |

| | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
|--|--------|--------|--------|--------|--------|--------|
| Total claimed in respect of international agreements (RT 3.11) | | | | -1 039 | -1 603 | 0 |

Units CHF '000s

Justification of claim from NSA report

Calculation of actual cost allocation from EUROCONTROL is different to the costs indicated when drafting the budget contained in Switzerland's PP.

Assessment of claim

The costs reported in 2012 and 2013 were unforeseen.
The costs reported in 2012 and 2013 were genuinely incurred.

Following the example provided by the Commission in its SSC paper, changes to exchange rates, allocation keys and changes to the EUROCONTROL budget were assessed as uncontrollable for RP1.

PRB's recommendation

Based on the principles laid down in the SSC paper 14/53/23, the claim is eligible for exemption.

International agreement (2)

Description of claim from NSA report

Cross border traffic revenues from services to France and Germany-Austria-Italy have been lower than predicted as a result of lower traffic and different exchange rates meaning the cost offset was lower than expected.

Quantification of claim as reported in NSA report

| ANSP/Entity: | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
|--|---------|---------|---------|---------|---------|--------|
| Cross border services | -91 976 | -94 782 | -97 978 | -89 463 | -90 734 | |
| Costs (+)/revenues (-) from international agreements | -91 976 | -94 782 | -97 978 | -89 463 | -90 734 | 0 |

| | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
|--|--------|--------|--------|--------|--------|--------|
| Total claimed in respect of international agreements (RT 3.11) | | | | 2 513 | 4 048 | 0 |

| Cross-border services | | 2012 | 2013 |
|------------------------------|------|---------|---------|
| <u>France</u> | | | |
| NPP | KCHF | -52,822 | -55,723 |
| Actual | KCHF | -50,399 | -52,319 |
| Gap | KCHF | 2,423 | 3,403 |
| <u>Germany-Italy-Austria</u> | | | |
| NPP | KCHF | -39,153 | -39,059 |
| Actual | KCHF | -39,064 | -38,415 |
| Gap | KCHF | 89 | 644 |
| Total GAP CROSS BORDER | | 2,513 | 4,048 |

Justification of claim from NSA report

Exchange rates are beyond the control of Skyguide.

Assessment of claim

The cost offsets (revenues) were incurred in each of the years 2012 and 2013.

However they seem to result from a commercial deal between Skyguide and France, Germany-Italy-Austria and therefore are subject to some negotiation control. Moreover, we understand that these agreements have some protection against exchange rate and traffic risks and in any event the revenues earned are subject to traffic risk sharing arrangements and users should not be expected to pay twice.

More information (copy of the contract, etc.) would be useful to assess the nature of the agreement

PRB assessment of claim

Based on the principles provided by the Commission's SSC paper 14/53/23, the claim is not eligible.

21.3 Summary recommendation to EC for Switzerland

- 21.3.1 Reimbursement of interest rate costs are deemed to be eligible for both 2012 and 2013, subject to verification that the costs for interest rate swaps should be included as a partial offset.
- 21.3.2 Reimbursements of costs relating to EUROCONTROL are deemed to be eligible for both 2012 and 2013.
- 21.3.3 Costs relating to changes to cross border agreements are deemed not to be eligible for both 2012 and 2013 as it seems to relate to a commercial agreement between Skyguide and other ANSPs.
- 21.3.4 Reimbursements of MET costs are deemed not to be eligible for both 2012 and 2013. Any gesture from Switzerland to airspace users should be reflected directly through Unit Rates and not through this mechanism.

22 United Kingdom

22.1 Background

22.1.1 The claim for costs exempt from risk sharing was submitted by the United Kingdom's NSA the CAA on 30 May 2014. The total amount claimed covers pensions costs, new cost items required by law and EUROCONTROL costs under international agreement obligations. No specific comments from user consultation were reported by the NSA.

22.1.2 Costs claimed for exemption from cost sharing (by factor/item):

| (In nominal terms in '000 national currency) | 2012 | 2013 |
|--|---------------|--------------|
| Currency | GBP | GBP |
| Pension | -1 892 | 3 091 |
| Interest rates on loans | | |
| National taxation law | | |
| New cost item required by law | 67 | -460 |
| International agreements | -3 697 | -321 |
| Total costs claimed for exemption from cost sharing | -5 522 | 2 309 |

Note: the value of the claim submitted in the Reporting Tables is different for the pension item and the new cost item required by law was not submitted in the Reporting Tables.

22.2 Analysis of claim by category

| Pension | | | | | | |
|---|--------|--------|--------|--------|--------|--------|
| Description of claim from NSA report | | | | | | |
| Actual costs of the Defined Benefits Pension Scheme are different to predicted, lower in 2012 and higher in 2013 than the Determined Cost. | | | | | | |
| Quantification of claim as reported in NSA report | | | | | | |
| Total costs exempt from cost-sharing claimed in respect of pension | | | | | | |
| | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Total claimed in respect of pension (RT 3.7) | | | | -1,892 | 3,091 | 0 |
| Units £'000s | | | | | | |
| Justification of claim from NSA report | | | | | | |
| Pensions | 2012 | 2013 | | | | |
| Determined | | 92,950 | 89,141 | | | |
| Actual | | 91,058 | 92,231 | | | |
| Difference | | -1,892 | 3,091 | | | |
| <p>Defined Benefit (DB) scheme pension costs are considered uncontrollable as the actuarial valuation of the scheme is driven by unforeseen market conditions (e.g. low bond yields used to value the scheme liabilities, influenced by government quantitative easing programmes and volatile stock markets used to value the equity component of scheme assets). NERL accumulates the difference between the actual DB pension cost and the assumptions in the Licence to be carried forward into RP2 as part of the adjustment. As a result of having to continue deficit repair funding beyond the period originally contemplated in RP1 it is anticipated that a carry-over of c £12-14m will arise. UK legislation imposes obligations on DB pension schemes which go beyond the requirements of IFRS.</p> <p>In the UK, defined benefit schemes are established as trusts which are legally separated from</p> | | | | | | |

the sponsoring employer. These trusts are operated by a Board of Trustees who are required to act "prudently" in accordance with UK trust law. UK labour laws provide an additional legal framework for Defined Benefit schemes in the UK, in particular: the Pension Schemes Act 1993, the Pensions Act 1995, the Pensions Act 2004 and the Pensions Act 2008. These laws have introduced regulations to improve the running of occupational pension schemes, including the introduction of The Pensions Regulator and a requirement for valuations at least every three years. They also require Trustees to ensure that the scheme meets its statutory funding objective (i.e. sufficient assets to cover its technical provisions).

Alongside this regulatory and legislative framework sits the Defined Benefit scheme's (the CAA Pension Scheme) Trust Deed & Rules which set out the detailed provisions and governance of the Scheme: CAAPS is a trust-based occupational pension scheme. The Trustee's funding valuation discount rate has to comply with the requirements of the Pensions Act 2004, the Occupational Pension Schemes (Scheme Funding) Regulations 2005 and the guidance of the Pensions Regulator. The discount rate chosen is scheme specific and the rules are broad, but (to quote from the Regulations) "the rates of interest used to discount future payments of benefits must be chosen prudently, taking into account either or both - (i) the yield on assets held by the scheme to fund future benefits and the anticipated future investment returns, and (ii) the market redemption yields on government or other high-quality bonds."

NATS En Route Plc also reports its pension position on an IAS 19 basis.

Assessment of claim

The increase in costs appears to result of a large number of changes in assumptions by the actuary or by the scheme (retirement age). There also appears to be mix of cash and accruals.

Based on the principles provided by the Commission's SSC paper for accrual pensions assumptions further information will need to be provided and this is subject to further discussion in the light of the principle that only costs incurred should be considered eligible for costs exempt from risk sharing.

PRB assessment of claim

In principle the cash costs incurred are eligible and accruals costs not eligible as costs exempt from risk sharing. The amounts claimed will be subject to further data verification and will be reviewed in accordance with the guidance that will be developed by the SSC working group on economic questions.

New cost required by law

Description of claim from NSA report

In the RP1 NPP and addendum, the CAA notified the Commission that there was scope for unanticipated and uncontrollable cost burdens on the ANSP NERL arising from radio spectrum pricing in the UK, particularly as it might relate to radar. This was a cost that NERL would be required to pay based on UK legislation.

A small allowance was included in the projected costs for RP1 (and 2011) in the expectation that there would be a truing up of variances at the end of RP1.

The CAA did however propose to give NERL an incentive to manage its use of radio spectrum to mitigate the effect on users by only allowing 80% of the variance to apply whether positive or negative. (The overall loss to NERL of this mitigation was limited to £5M.)

Quantification of claim as reported in NSA report

| Total costs exempt from cost-sharing claimed in respect of new cost items required by law | | | | | | |
|---|--------|--------|--------|--------|--------|--------|
| | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
| Total claimed in respect of new cost items required by law (RT 3.10) | | | | 67 | -460 | 0 |

Units GBP'000s

Justification of claim from NSA report

In order to give NERL an incentive to manage the quantum of spectrum that it requires it was decided that NERL should absorb 20% of any positive increase in costs up to a maximum loss to NERL of £5million. (In the event of a favourable variance 80 percent of the variance would be returned to users.)

Total costs exempt from cost-sharing claimed in respect of new cost items required by law - detailed data and calculations

In setting DCs for RP1, provision of £311,000 (2012,£) was included for 2012 spectrum costs in the NERL component of UK en route costs. (The provision for spectrum costs was £1,100k (2008/9,£) phased over the period 2011-2014. The amount included here is for a quarter of this figure uplifted from 2008/9 to outturn prices at RPI.)

| Spectrum costs (£000) | Price Base | | 2012 | 2013 |
|----------------------------------|------------|-------|-------|--------|
| Assumed for four years 2011-2014 | FY2008/9 | | 1100 | |
| Pro rata | | | 275 | 275 |
| RPI | | 214.8 | 242.7 | 250.1 |
| | Outturn | | 310.8 | 320.2 |
| Actual | Outturn | | 393.4 | -255.3 |
| Difference | Outturn | | 82.6 | -575.5 |
| Difference to be passed through | Outturn | 80% | 66.1 | -460.4 |

Assessment of claim

The change in costs reported in 2012 and 2013 were unforeseen.
The costs reported in 2012 and 2013 were genuinely incurred.

The change in costs incurred were for a cost item notified as uncontrollable at the time of RP1 NPP and as they resulted from a legislative requirement would be an uncontrollable cost under the SSC principles and legislation.

PRB assessment of claim

Based on the principles laid down in the SSC paper 14/53/23, the claim is eligible for exemption.

International agreement

Description of claim from NSA report

EUROCONTROL costs actually incurred are different to planned as a result of a difference in allocation of costs from EUROCONTROL. The net effect is a reimbursement to airspace users for both 2012 and 2013 and planned for 2014.

Quantification of claim as reported in NSA report

Total costs exempt from cost-sharing claimed in respect of international agreements

| | 2012 D | 2013 D | 2014 D | 2012 A | 2013 A | 2014 F |
|--|--------|--------|--------|--------|--------|--------|
| Total claimed in respect of international agreements (RT 3.11) | | | | -3,697 | -321 | 0 |

Units GBP'000s

Justification of claim from NSA report

Total costs exempt from cost-sharing claimed in respect of international agreements - detailed data and calculations

| 2013 | NPP | Actual | Diff (%) |
|--|--------|--------|----------|
| Total Eurocontrol Cost Base (€m) | 506.5 | 501 | -1.10% |
| UK percentage share | 10.59 | 11.06 | 4.40% |
| UK share of Eurocontrol cost-base (€m) | 53.644 | 55.412 | 3.30% |
| Average exchange rate (€1 =) | 0.883 | 0.849 | -3.90% |
| UK share of cost-base in local currency (€m) | 47.368 | 47.046 | -0.70% |
| (Under)/over recovery carried forward to RP2 | | 321 | |

Following the example provided by the Commission in its SSC paper, changes to exchange rates, allocation keys and changes to the EUROCONTROL budget were assessed as uncontrollable for RP1.

Assessment of claim

The costs reported in 2012 and 2013 were unforeseen.
The costs reported in 2012 and 2013 were genuinely incurred.

Costs were lower than anticipated due to changes in the allocation of costs from EUROCONTROL and actual exchange rate. Using the SSC guidance example, this is considered an allowable justification for costs exempt, both these factors are considered as allowable justifications for costs exempt.

However, the basis of the calculation for 2012 should be provided and a reconciliation to the data provided in supporting table needs to be provided.

PRB's recommendation

Based on the principles provided by the Commission's SSC paper the claim is eligible for exemption subject to verification of information for 2012.

22.3 Summary recommendation to EC for United Kingdom

- 22.3.1 Costs relating to new costs item required by law are deemed to be eligible for both 2012 and 2013, subject to verification of data for 2012.
- 22.3.2 Costs relating to international agreements are deemed to be eligible for both 2012 and 2013.
- 22.3.3 The claim for pensions costs will require further investigation and will be reviewed in accordance with the guidance that will be developed by the SSC working group on economic questions.