

## **ANNEX A. REPORTING TABLES & ADDITIONAL INFORMATION (EN-ROUTE)**

***RP3 PP Revision of 13 July 2022***

### **1. Determined costs and unit costs**

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

Costs are distinguished in three broad categories:

- 1. ATS+CNS+AIS costs** which are associated with the Department of Civil Aviation of Cyprus (DCAC)-ANS Section. The DCAC is a State entity under the jurisdiction of the Ministry of Transport, Communications and Works. It is a certified ANSP, providing a bundle of services (ATS, and AIS) within Nicosia Flight Information Region (FIR). CNS are subcontracted by Cyta (the major telecoms provider in Cyprus). For the purposes of the RP3 Performance Plan, DCAC is accountable for the CNS services as well.

**These costs are reflected in the reporting tables as “ANSP” costs.** It should be noted that these costs include also the costs of various State entities supporting the ATS provider’s functions. Supporting costs include the provision of administrative services from several Public Sector Departments (e.g. HR department, Treasury, Legal Services etc.). These costs are included in the ANSP’s operating costs.

The ANSP’s costs are allocated to the different Air Navigation Services (ATM, CNS and AIS), based on the following criteria:

- functions, activities or tasks performed;
- the personnel employed;
- the assets allocated or belonging to the various Air Navigation Services.

- 2. MET costs** which are associated with the Department of Meteorological Services of Cyprus. This is a State entity, under the jurisdiction of the Ministry of Agriculture, Natural Resources and Environment. It provides MET services as a certified ANSP. The methodology used by the Meteorological Service for allocating costs of its services is based on the % of MET staff (FTEs) assigned to ANS tasks. This is reflected also in the Service Level Agreement (SLA) between the DCAC and the Department of Meteorological Services. See point (c) for further details.

- 3. State costs.** These are associated with a number of State entities associated mainly with the **oversight of ANS** as well as the provision of **Search and Rescue services**. The oversight function is performed by the **NSA**, which is a Unit established within DCAC, and the costs of The NSA costs are reported as “Supervisory Costs”. It should be noted that, although the NSA operates under the DCAC, it is functionally independent from the ANSP.

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The Search and Rescue Coordination Centre which provides SAR services is under the jurisdiction Ministry of Defence and 50% of its costs are allocated to the ANS costs (albeit, not entirely to the en-route service). This is considered a fair allocation since the Nicosia FIR is mostly high seas and is covering an area much larger than the national airspace.

**These costs are reflected in the reporting tables as “NSA” costs. It should be noted that EUROCONTROL costs are also included within the “NSA” tab.**

Finally, it is clarified that Nicosia FIR is one single charging zone.

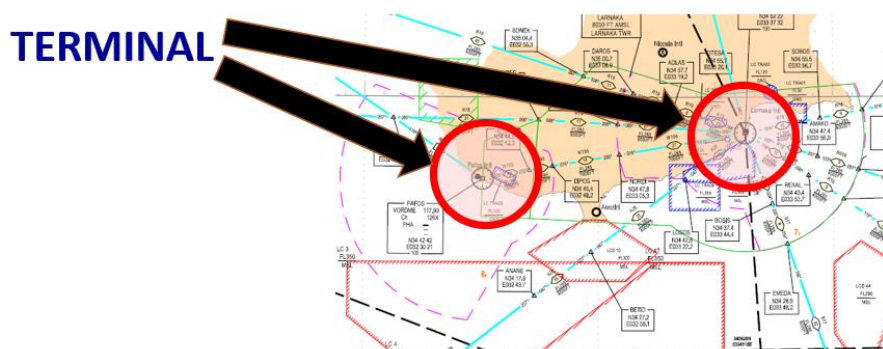
**b) Description of the methodology and assumptions used to establish the costs of air navigation services provided to VFR flights, when exemptions are granted for VFR flights in accordance with Article 31(3), 31(4) and 31(5);**

In effect, VFR flights are exempted from ANS charges. However, such flights are almost exclusively in the terminal sector. In this respect, their effect on en-route costs is negligible.

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

Cost allocation criteria are in conformance with the requirements of (EU) 2019/317 - Article 22(5):  
The nature and volume of staff/assets/infrastructure allocated to en-route or terminal services  
The time period for which each type of service is provided to the airspace users.  
The airspace structure and classification.

In Cyprus, most instrument approaches commence at 16 NM miles from each airport. Therefore, terminal service is considered to be provided in the areas marked in red, as shown in the map below:



Considering the geography of Cyprus and the delineation of the Nicosia FIR, the cost allocation has been defined as: **80% en-route and 20% terminal.**

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The table below provides additional details of the allocation principles applied to the various types of costs:

COST CENTER		EN-ROUTE %	TERMINAL %
NSA (supervision costs)		80%	20%
ATS provider allocation			
ACC	70%	100%	
LARNACA TOWER	20%	67%	33%
PAFOS TOWER	10%	67%	33%
80% of the MET Dept. costs		80%	20%
50% of total SEARCH & RESCUE costs		80%	20%
1% of the costs of OTHER GOVERNMENTAL ENTITIES supporting ANS		90%	10%

It is noted that the table above applies to staff and operating costs only. Cost allocation of the various investments is calculated on a case-by-case basis depending on their type and location.

With regards to MET Services, **80% of the MET provider's costs are considered as Air Navigation Services**. The % allocation to aviation has been decided after considering the percentage of staff working in support of ANS versus the total number of staff in the MET Department (see table below).

In RP3, the MET Department is planning to employ 81 (70 full time MET employees + 11 seconded from other govt. departments). These employees are sub-divided in sections, as follows:

Section	Employed	Vacancies	Support to ANS	FTE
MET ANS section (Synoptic and Aeronautical Meteorology)	34	8	100%	42
Seconded support staff	9	0	100%	9
Climatology (CLI)	12	2	15%	2.1
Instruments and support (tech) (IS)	9	1	70%	7
IT staff	3	0	70%	2,1
Administration and Logistics (AL)	3	0	70%	2,1

Full time equivalent staff in MET ANS section		<b>64,3</b>
Percentage of the MET ANS personnel Vs total MET personnel	<b>79,4%</b>	
Total MET ANS personnel contributing to en-route costs (81 * 80% contribution to ANS * 80% (en-route/terminal) (as in PP, tab 3.4.3)	<b>52</b>	

**In this respect, the 80% allocation of MET to aviation is justified.**

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

Approximately 95% of the MET provider's costs are considered as "direct costs". The remaining 5% are "supporting costs".

MET supporting costs are essentially provided by other State entities and are reported within the operating costs. Such costs are approximately 20% of its total.

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

This does not apply to Cyprus – there is no allocation of meteorological costs to different charging zones.

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

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

<b>Entity: DCAC</b>																	
<b>1. Detail by nature (in nominal terms)</b>																	
1.1 Staff costs	<p>This includes: Staff's Salaries, Allowances, Overtime and employer's contributions.</p> <p>The year-to-year variation is as follows:</p> <table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th>Cost details</th> <th>2020</th> <th>2021</th> <th>2022</th> <th>2023</th> <th>2024</th> </tr> </thead> <tbody> <tr> <td>Staff</td> <td>-2%</td> <td>8%</td> <td>14%</td> <td>11%</td> <td>9%</td> </tr> </tbody> </table> <p>En-route ATCOs will increase in numbers, as indicated in tab. 3.3.1 of the PP. Additional support/managerial staff will be recruited in the years 2022 to 2024 to undertake essential tasks and/or functions which are mandated by the SES regulations.</p> <p>Higher overtime costs between 2022 and 2024 are due to the involvement of operational ATCOs in major investment projects and the new Approach Control Service with surveillance (APS).</p>					Cost details	2020	2021	2022	2023	2024	Staff	-2%	8%	14%	11%	9%
Cost details	2020	2021	2022	2023	2024												
Staff	-2%	8%	14%	11%	9%												
of which, pension costs	These are Included in the staff costs (under the employer's contribution).																
1.2 Other operating costs.	<p>These include: operating costs of other State entities which support the ATS provider (e.g. legal services, accounting services etc), office expenses, maintenance expenses, participation in trainings and conferences and contributions. Also, they include the CNS costs subcontracted by another ANSP (CYTA) (all costs, except investments). Finally, they include student ATCO related costs.</p> <p>All costs are included also in the State's public sector budget.</p> <p style="text-align: center;"><i>&lt;intentionally blank&gt;</i></p>																

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The year-to-year variation is as follows:					
Cost details	2020	2021	2022	2023	2024
Operating costs	12%	8%	24%	15%	1%
<p>The variations are mainly due to the following:</p> <p><b>For the year 2020</b></p> <ul style="list-style-type: none"> <li>the “reallocation” of the cost of supporting services to the ATS provider. In RP2, these were reported incorrectly as “NSA costs”. This is considered as an accounting correction and the “<b>reallocation</b>” is <b>cost-neutral to the airspace users</b>.</li> <li>the enhancement of the CNS provider with additional human resources.</li> </ul> <p><b>For the year 2021</b></p> <ul style="list-style-type: none"> <li>the enhancement of the CNS provider with additional human resources (senior engineers).</li> </ul> <p><b>For the year 2022</b></p> <ul style="list-style-type: none"> <li>preparation for the operation of the new ACC.</li> <li>Additional maintenance costs for the new ACC</li> <li>subscription costs for datalink services</li> </ul> <p><b>For the year 2023 and 2024</b></p> <ul style="list-style-type: none"> <li>This is associated with training costs for ATCOs who are expected to work at the new ACC with the new ATM system.</li> <li>subscription costs for datalink services</li> </ul> <p style="text-align: center;"><i>&lt;intentionally blank&gt;</i></p>					

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1.3 Depreciation	<p>The year-to-year variation is as follows:</p> <table border="1" data-bbox="416 405 1474 555"> <thead> <tr> <th>Cost details</th> <th>2020</th> <th>2021</th> <th>2022</th> <th>2023</th> <th>2024</th> </tr> </thead> <tbody> <tr> <td>Depreciation</td> <td>-28%</td> <td>-31%</td> <td>91%</td> <td>47%</td> <td>14%</td> </tr> </tbody> </table> <p>The abrupt increase in depreciation costs in the first two years of RP3 is due to the fact that in 2020 and 2021 a number of RP1 projects will be fully depreciated whilst in 2022 and 2023 some new major projects are going to be implemented (e.g. new ATM system and new ACC building).</p> <p>It should be noted that, as soon as the asset is in operation, it is depreciated in accordance with its expected operating life, using the straight-line method. In this respect, the variation is directly related to the timeframes of implementation of each investment.</p>	Cost details	2020	2021	2022	2023	2024	Depreciation	-28%	-31%	91%	47%	14%
Cost details	2020	2021	2022	2023	2024								
Depreciation	-28%	-31%	91%	47%	14%								
1.4 Cost of capital	<p>The year-to-year variation is as follows:</p> <table border="1" data-bbox="416 1137 1474 1288"> <thead> <tr> <th>Cost details</th> <th>2020</th> <th>2021</th> <th>2022</th> <th>2023</th> <th>2024</th> </tr> </thead> <tbody> <tr> <td>Cost of capital</td> <td>-74%</td> <td>85%</td> <td>45%</td> <td>20%</td> <td>6%</td> </tr> </tbody> </table> <p>The variations are due to the same reasons mentioned in para. 1.3 above.</p> <p>The latest methodology review and update from PRB (September 2021) has been adopted.</p>	Cost details	2020	2021	2022	2023	2024	Cost of capital	-74%	85%	45%	20%	6%
Cost details	2020	2021	2022	2023	2024								
Cost of capital	-74%	85%	45%	20%	6%								
1.5 Exceptional items	N/A												
<b>2. Detail by service (in nominal terms)</b>													
2.1 Air Traffic Mangnt	Costs are borne by entity "DCAC", in accordance with pt. (f)1 above.												
2.2 Communication	Service is provided by a certified CNSp (Cyta) however its costs are counted as <b>DCAC (ATSp/AISp) operating costs</b> , in accordance with a formal agreement between the two entities.												
2.3 Navigation													
2.4 Surveillance													
2.5 Search and rescue	N/A												
2.6 Aeronautical Information	Costs are borne by entity "DCAC", in accordance with pt. (f)1 above.												

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2.7 MET services	N/A												
2.8 Supervision costs	N/A												
2.9 Other State costs	The costs are associated with various State entities which provide supporting services to the ANSP.												
<b>Adjustments beyond the provisions of the International Financial Reporting Standards adopted by the Union pursuant to Regulation (EC) No 1126/2008</b>													
None													
<b>Entity: MET</b>													
<b>1. Detail by nature (in nominal terms)</b>													
1.1 Staff costs	<p>This includes staff's Salaries, allowances, overtime and employer's contributions.</p> <p>Staff costs in general are expected to increase by approximately 4% in each year of RP3, mainly due to anticipated increases in gross salaries (e.g. due to promotions) and higher employer contributions (e.g. new National Health System). Furthermore, the staff numbers are expected to increase during RP3 as follows:</p> <ul style="list-style-type: none"> <li>• 5 new MET officers in 2022</li> <li>• 3 new MET officers in 2023</li> <li>• 3 new MET officers in 2024</li> </ul> <p>NOTE: in 2022 there will also be 3 retirements.</p>												
of which, pension costs	These are included in the staff costs (under the employer's contribution).												
1.2 Other operating costs	<p>Operating costs comprise rental expenses, maintenance expenses for MET equipment (currently outsourced), participation in trainings and meetings, procurement of MET radar data.</p> <p>The year-to-year variation is as follows:</p> <table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th>Cost details</th> <th>2020</th> <th>2021</th> <th>2022</th> <th>2023</th> <th>2024</th> </tr> </thead> <tbody> <tr> <td>Other operating costs</td> <td>17%</td> <td>14%</td> <td>12%</td> <td>12%</td> <td>4%</td> </tr> </tbody> </table> <p>Operating costs are expected to increase in RP3 mainly due to increases in rental, maintenance and travel expenses.</p>	Cost details	2020	2021	2022	2023	2024	Other operating costs	17%	14%	12%	12%	4%
Cost details	2020	2021	2022	2023	2024								
Other operating costs	17%	14%	12%	12%	4%								



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1.3 Depreciation	The year-to-year variation is as follows:					
	<b>Cost details</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
	Depreciation	-12%	95%	27%	53%	9%
	As soon as the asset is in operation, it is depreciated in accordance with its expected operating life, using the straight-line method. In this respect, the variation is directly related to the timeframes of implementation of each investment. In 2021 a marked increase is noted due to the replacement of the ageing AWOS.					
1.4 Cost of capital	The year-to-year variation is as follows:					
	<b>Cost details</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
	Cost of capital	-74%	189%	8%	49%	1%
	The variations are due to the same reasons mentioned in para. 1.3 above.  The latest methodology review and update from PRB (September 2021) has been adopted.					
1.5 Exceptional items	Exceptional items are essentially “negative costs” which have been estimated in order to reflect the actual results of service providers noted in 2020 and 2021. These “negative costs” are reported in the cost calculation of 2024.					
<b>2. Detail by service (in nominal terms)</b>						
2.1 Air Traffic Management	N/A					
2.2 Communication	N/A					
2.3 Navigation						
2.4 Surveillance						
2.5 Search and rescue	N/A					
2.6 Aeronautical Information	N/A					
2.7 Meteorological services	MET costs cover the provision of meteorological forecasts and observations as well as any other meteorological information and data provided to airspace users.					

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2.8 Supervision costs	N/A												
2.9 Other State costs	N/A												
<b>Adjustments beyond the provisions of the International Financial Reporting Standards adopted by the Union pursuant to Regulation (EC) No 1126/2008</b>													
None													
<b>Entity: NSA (includes also SAR costs + International Agreements)</b>													
<b>1. Detail by nature (in nominal terms)</b>													
1.1 Staff costs	<p>This includes: Staff's Salaries, Allowances, Overtime and employer's contributions.</p> <p>The year-to-year variation is as follows:</p> <table border="1"> <thead> <tr> <th>Cost details</th> <th>2020</th> <th>2021</th> <th>2022</th> <th>2023</th> <th>2024</th> </tr> </thead> <tbody> <tr> <td>Staff</td> <td>-52%</td> <td>9%</td> <td>1%</td> <td>5%</td> <td>8%</td> </tr> </tbody> </table> <p>In 2020, staff costs will be lower due to some retirements in the SAR domain. In the following years, a modest increase of approximately 4% in each year of RP3, is estimated (mainly due to foreseen increases in gross salaries (e.g. due to promotions) and higher employer contributions (e.g. new National Health System)).</p>	Cost details	2020	2021	2022	2023	2024	Staff	-52%	9%	1%	5%	8%
Cost details	2020	2021	2022	2023	2024								
Staff	-52%	9%	1%	5%	8%								
of which, pension costs	These are Included in the staff costs (under the employer's contribution).												
1.2 Other operating costs	<p>These include operating costs of other State entities supporting SAR and the NSA, office expenses, maintenance expenses, participation in trainings and conferences.</p> <p>The year-to-year variation is as follows:</p> <table border="1"> <thead> <tr> <th>Cost details</th> <th>2020</th> <th>2021</th> <th>2022</th> <th>2023</th> <th>2024</th> </tr> </thead> <tbody> <tr> <td>Other Operating Costs</td> <td>-1%</td> <td>7%</td> <td>11%</td> <td>4%</td> <td>4%</td> </tr> </tbody> </table>	Cost details	2020	2021	2022	2023	2024	Other Operating Costs	-1%	7%	11%	4%	4%
Cost details	2020	2021	2022	2023	2024								
Other Operating Costs	-1%	7%	11%	4%	4%								

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<p>1.3 Depreciation</p>	<p>These are associated with the investments planned for RP3, as well as existing investments which were implemented towards the end of RP2 (mainly in the SAR domain).</p> <p>The year-to-year variation is as follows:</p> <table border="1" data-bbox="427 562 1490 712"> <thead> <tr> <th>Cost details</th> <th>2020</th> <th>2021</th> <th>2022</th> <th>2023</th> <th>2024</th> </tr> </thead> <tbody> <tr> <td>Depreciation</td> <td>-92%</td> <td>-3%</td> <td>-3%</td> <td>-2%</td> <td>0%</td> </tr> </tbody> </table> <p>Due to the major investments made towards the end of RP2, very few new procurements are foreseen in RP3. Hence, the depreciation costs are generally lower in RP3.</p>	Cost details	2020	2021	2022	2023	2024	Depreciation	-92%	-3%	-3%	-2%	0%
Cost details	2020	2021	2022	2023	2024								
Depreciation	-92%	-3%	-3%	-2%	0%								
<p>1.4 Cost of capital</p>	<p>The year-to-year variation is as follows:</p> <table border="1" data-bbox="427 949 1490 1133"> <thead> <tr> <th>Cost details</th> <th>2020</th> <th>2021</th> <th>2022</th> <th>2023</th> <th>2024</th> </tr> </thead> <tbody> <tr> <td>Cost of Capital</td> <td>-58%</td> <td>-3%</td> <td>-4%</td> <td>-0.5%</td> <td>1%</td> </tr> </tbody> </table> <p>The variations are due to the same reasons mentioned in para. 1.3 above.</p> <p>The latest methodology review and update from PRB (September 2021) has been adopted.</p>	Cost details	2020	2021	2022	2023	2024	Cost of Capital	-58%	-3%	-4%	-0.5%	1%
Cost details	2020	2021	2022	2023	2024								
Cost of Capital	-58%	-3%	-4%	-0.5%	1%								
<p>1.5 Exceptional items</p>	<p>N/A</p>												
<p><b>2. Detail by service (in nominal terms)</b></p>													
<p>2.1 Air Traffic Management</p>	<p>N/A</p>												
<p>2.2 Communication</p>	<p>N/A</p>												
<p>2.3 Navigation</p>													
<p>2.4 Surveillance</p>													

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<p>2.5 Search and rescue</p>	<p>The costs are associated with a State entity (Joint Rescue Coordination Centre - JRCC). In order for the Joint Rescue Coordination Centre to achieve its mission and fulfil its obligations in accordance with ICAO Annex 12, and, more specifically, to meet the minimum response time requirements, it relies on the availability of ancillary services provided by other Governmental Departments and Services, included in the National Search and Rescue Plans “Nearchos” and “Tefkros”. The SAR and the ancillary services should be available on a 24hr basis and should cover the whole of Nicosia FIR, which comprises mainly of high seas. These 24-hour availability costs are charged to the SAR Service as outsourcing services and are allocated to Aviation and Maritime at 50% each.</p> <p>Details of the SAR plans referred to in the RP3 PP can be found here:  <a href="http://www.mod.gov.cy/mod/cjrcc.nsf/cjrcc24_en/cjrcc24_en?opendocument">http://www.mod.gov.cy/mod/cjrcc.nsf/cjrcc24_en/cjrcc24_en?opendocument</a></p> <p>Considering the level and nature of involvement of each entity participating in these Plans, the 50-50 allocation between Aviation and Maritime is considered fair.</p> <p>A notable decrease in SAR costs is noted in RP3 (as compared to 2019) due to a change to the cost assumptions associated with the State entities participating in the national SAR plans mentioned above. This change was done following consultations with both the JRCC and the Airspace Users.</p> <p>Additionally, due to the fact that some SAR related investments were made towards the end of RP2, very few new procurements are foreseen in RP3. Hence, the depreciation costs are generally lower in RP3. This is another reason for the general reduction in SAR costs.</p>
<p>2.6 Aeronaut. Inform.</p>	<p>N/A</p>
<p>2.7 MET services</p>	<p>N/A</p>
<p>2.8 Supervision costs</p>	<p>All costs are associated with the NSA, a supervisory section within DCAC.</p>
<p>2.9 Other State costs</p>	<p>These refer to Eurocontrol costs</p>
<p><b>Adjustments beyond the provisions of the International Financial Reporting Standards adopted by the Union pursuant to Regulation (EC) No 1126/2008</b></p>	
<p>None</p>	

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### **Pension costs**

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

<b>Entity: DCAC / MET / NSA</b>
<b>Assumptions underlying the determined pension costs and expected evolution over Reference Period 3</b>
See the PP, section 3.4.3

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

Assets are depreciated in accordance with their expected operating life, using the straight-line method. The expected operating life of assets complies with the EUROCONTROL Principles and the European Union Regulation.

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

<b>Entity: DCAC</b>	
<b>Costs of new and existing investments (see also performance plan item 2)</b>	
3.10 Depreciation	Covered in item f) above
3.11 Cost of capital	The latest methodology update from PRB (September 2021) has been adopted.
3.12 Cost of leasing	N/A

<b>Entity: MET</b>	
<b>Costs of new and existing investments (see also performance plan item 2)</b>	
3.10 Depreciation	Covered in item f) above.
3.11 Cost of capital	The latest methodology update from PRB (September 2021) has been adopted.
3.12 Cost of leasing	N/A

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Entity: NSA + JRCC	
<b>Costs of new and existing investments (see also performance plan item 2)</b>	
3.10 Depreciation	Covered in item f) above.
3.11 Cost of capital	The latest methodology update from PRB (September 2021) has been adopted.
3.12 Cost of leasing	N/A
<b>Eurocontrol costs</b>	
3.13 Eurocontrol costs (Euro)	The cost is based on the most recently available Agency cost estimates.
3.14 Exchange rate (if applicable)	N/A

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

According to the article 22(4) of the Implementing Regulation (EU) No 2019/317 the cost of capital is equal to the product of the **regulated** asset base and the weighted average cost of capital (WACC).

a) The **regulated asset base** for any given year is defined as the sum of the average net book value of fixed assets (and possible adjustments determined by the NSA) used by the ANSP and of the average value of net current assets that are required for the provision of Air Navigation Services.

The asset base is composed of the following elements:

- (i) Both, assets in operation and under construction are taken into account when establishing the average net book value of fixed asset.
- (ii) Net current assets is the working capital of the ANSP (i.e. the operating liquidity used for day-to-day activities, and is calculated as the difference between current assets and current liabilities).

b) In the case of Cyprus, the WACC is simply the weighted average of the return on equity. This because the ANSP is a public sector entity and is financed 100% through equity (government funds). Cyprus has adopted the WACC rates based on the updated PRB methodology (September 2021) and is computed according to the CAPM (Capital Asset Pricing Model).

## ANNEX A. REPORTING TABLES & ADDITIONAL INFORMATION (EN-ROUTE)

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Based on the above and on the PRB latest methodology update (September 2021) Cyprus applies the following WACC rates:

YEAR/ ELEMENTS CONSIDERED	2020	2021	2022	2023	2024
<b>WACC</b>	4.7%	4.8%	5.0%	5.3%	5.7%
<b>Risk Free</b>	-1.0%	-0.5%	-0.2%	0.2%	0.4%
<b>Return on the Market</b>	6.6%	7.1%	7.4%	7.8%	8.0%
<b>Country Risk Premium</b>	2.9%	2.9%	2.9%	2.9%	2.9%
<b>Equity Risk Premium</b>	7.6%	7.6%	7.6%	7.6%	7.6%

The resulting calculations for the cost of capital are as follows:

DCAC					
<b>Average asset base</b>					
3.1 NBV fixed assets	<b>2020:</b> 10.836	<b>2021:</b> 23.138	<b>2022:</b> 33.462	<b>2023:</b> 37.879	<b>2024:</b> 36.964
3.2 Adjustments total assets	NIL				
3.3 Net current assets	<b>2020:</b> 4.949	<b>2021:</b> 5.504	<b>2022:</b> 6.509	<b>2023:</b> 7.316	<b>2024:</b> 7.749
<b>Cost of capital %</b>					
3.6 Return on equity	<b>2020:</b> <b>4.7%</b>	<b>2021:</b> <b>4.8%</b>	<b>2022:</b> <b>5.0%</b>	<b>2023:</b> <b>5.3%</b>	<b>2024:</b> <b>5.7%</b>
3.7 Average interest on debts	NIL				
3.8 Share of financing through equity	NIL				

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<b>MET (not subject to risk sharing)</b>					
<b>Average asset base</b>					
3.1 NBV fixed assets	<b>2020:</b> 235	<b>2021:</b> 1.564	<b>2022:</b> 1.744	<b>2023:</b> 2.687	<b>2024:</b> 2.426
3.2 Adjustments total assets	NIL				
3.3 Net current assets	<b>2020:</b> 592	<b>2021:</b> 778	<b>2022:</b> 684	<b>2023:</b> 723	<b>2024:</b> 783
<b>Cost of capital %</b>					
3.6 Return on equity	<b>2020:</b> <b>4.7%</b>	<b>2021:</b> <b>4.8%</b>	<b>2022:</b> <b>5.0%</b>	<b>2023:</b> <b>5.3%</b>	<b>2024:</b> <b>5.7%</b>
3.7 Average interest on debts	NIL				
3.8 Share of financing through equity	NIL				

<b>NSA (not subject to risk sharing)</b>					
<b>Average asset base</b>					
3.1 NBV fixed assets	<b>2020:</b> 13.343	<b>2021:</b> 12.354	<b>2022:</b> 11.397	<b>2023:</b> 10.464	<b>2024:</b> 9.538
3.2 Adjustments total assets	NIL				
3.3 Net current assets	<b>2020:</b> 2.376	<b>2021:</b> 2.630	<b>2022:</b> 2.384	<b>2023:</b> 2.485	<b>2024:</b> 2.599
<b>Cost of capital %</b>					
3.6 Return on equity	<b>2020:</b> <b>4.7%</b>	<b>2021:</b> <b>4.8%</b>	<b>2022:</b> <b>5.0%</b>	<b>2023:</b> <b>5.3%</b>	<b>2024:</b> <b>5.7%</b>
3.7 Average interest on debts	NIL				
3.8 Share of financing through equity	NIL				

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

Not applicable – no common projects are planned to be undertaken.



## **ANNEX A. REPORTING TABLES & ADDITIONAL INFORMATION (EN-ROUTE)**

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### **2. Actual costs and unit costs**

This section is not applicable for the revised submission. The differences between actual costs for the years 2020+2021 Vs the corresponding determined costs in the latest draft RP3 Performance Plan will be provided in the context of the regular reporting process in November 2022.

**a) For each entity and for each cost item, a description of the reported actual costs and the difference between those costs and the determined costs, for each year of the reference period;**

This section is not applicable for the revised submission. The differences between actual costs for the years 2020+2021 Vs the corresponding determined costs in the latest draft RP3 Performance Plan will be provided in the context of the regular reporting process in November 2022.

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

This section is not applicable for the revised submission. The differences between actual costs for the years 2020+2021 Vs the corresponding determined costs in the latest draft RP3 Performance Plan will be provided in the context of the regular reporting process in November 2022.

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

Not applicable.

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

This section is not applicable for the revised submission. The differences between actual costs for the years 2020+2021 Vs the corresponding determined costs in the latest draft RP3 Performance Plan will be provided in the context of the regular reporting process in November 2022.

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

This section is not applicable for the revised submission. The differences between actual costs for the years 2020+2021 Vs the corresponding determined costs in the latest draft RP3 Performance Plan will be provided in the context of the regular reporting process in November 2022.

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## **ANNEX A. REPORTING TABLES & ADDITIONAL INFORMATION (EN-ROUTE)**

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

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

There is only one en-route charging zone in Cyprus (Nicosia FIR).

As far as terminal charging zone is concerned, the Commission has already been notified that, *given the fact that there are no airports in Cyprus with 80 000 IFR air transport movements (or more) per year, the Republic of Cyprus will not be applying the RP3 performance and charging regulation (EU) 2019/317 to the terminal Air Navigation Services.*

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

Cyprus policy on exemptions is in line with the provisions of (EU) 2019/317 Article 31 and it is published in the AIP Section GEN 4.2, para. 2.2:

No charge shall be payable in respect of:

- a. State aircraft as they are determined by EUROCONTROL;
- b. Military aircraft exempted by the Republic of Cyprus;
- c. Training aircraft;
- d. Aircraft used for the purpose of search and rescue;
- e. Circular flights i.e. aircraft departing and landing at same airport without intermediate landing.

In effect, VFR flights are exempted from charges however such flights are almost exclusively in the terminal sector. In this respect, their effect on en-route services is negligible and therefore no deductions are calculated.

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

Not applicable for this submission – will be based on the combined year 2020-2021 after the adoption of the RP3 performance plan as per regulation (EU) 2019/317 - Article 16 and regulation (EU) 2020/1627, Article 5(1) and (2)].

## **ANNEX A. REPORTING TABLES & ADDITIONAL INFORMATION (EN-ROUTE)**

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

Not applicable for this submission – will be based on the combined year 2020-2021 after the adoption of the RP3 performance plan as per regulation (EU) 2019/317 - Article 16 and regulation (EU) 2020/1627, Article 5(1) and (2)].

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

Not applicable for this submission – will be based on the combined year 2020-2021 after the adoption of the RP3 performance plan as per regulation (EU) 2019/317 - Article 16 and regulation (EU) 2020/1627, Article 5(1) and (2)].

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

None

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

#### ***Financial incentive schemes***

The description and justification of the parameters of the incentive scheme defined in accordance with Article 11(3) and 11(4) are provided in the body of the Performance Plan.

#### ***Modulation of charges***

Not applicable – see the body of the Performance Plan.

## **ANNEX A. REPORTING TABLES & ADDITIONAL INFORMATION (EN-ROUTE)**

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

Not applicable for this submission – will be based on the combined year 2020-2021 after the adoption of the RP3 performance plan as per regulation (EU) 2019/317 - Article 16 and regulation (EU) 2020/1627, Article 5(1) and (2)].

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

No cross-financing is applied.

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

Not applicable

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

Adjustments relating to previous reference periods impacting the unit rate calculation are reallocated to the years 2020-2024. For the breakdown, see details in tab T2 of the Reporting Tables.

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

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

Not applicable – no common projects are planned to be undertaken.