



Consultation on Actual Air Navigation Services costs 2024

9 July 2025

1. About this Consultation

- 1.1 In this document, we are consulting on:
- the actual costs incurred in 2024 associated with the provision of En Route services, and Terminal air navigation services in Ireland at the state airports Dublin, Cork, and Shannon;
 - the costs exempt from the cost risk sharing mechanism relating to 2024.
- 1.2 This consultation is being held alongside the consultation on the revised draft Performance Plan for RP4. The draft Unit Rates for 2026 depend on the revised draft Performance Plan and are set out in that consultation document. An online consultation meeting on both topics will be held on 29th July at 1000 Irish Time. The deadline for submissions is **5pm, Friday 1 August**. Submissions should be sent to consultation@iaa.ie.
- 1.3 We may correspond with those who make submissions, seeking clarification or explanation of their submissions. Ordinarily we place all submissions received on our website. If a submission contains confidential material, it should be clearly marked as confidential and a redacted version suitable for publication must also be provided.
- 1.4 We do not ordinarily edit submissions. Any party making a submission has sole responsibility for its contents and indemnifies us in relation to any loss or damage of whatever nature and howsoever arising suffered by us as a result of publishing or disseminating the information contained within the submission.
- 1.5 In preparing this consultation, we:
- obtained from all relevant parties the actual 2024 detail cost data which allows us to compare actual costs with determined costs for the 2024 regulatory period.
 - assessed the drivers of any differences between determined and actual costs for 2024.
 - verified the correct application of the cost risk sharing mechanism during 2024.
- 1.6 Following this consultation, the 'Costs Exempt' submission will be provided to the European Commission. The final Unit Rates and Determined Costs tables will then be submitted to the Central Route Charges Office (CRCO) ahead of the Enlarged Committee on Route Charges in November.

2. Background

- 2.1 In November 2020, in response to the impact of COVID-19 on Air Navigation Provision, Commission Implementing Regulation (EU) 2020/1627 was passed. This legislation contained exceptional measures in response to the impact of COVID-19 and a revised timeline for the submission of updated RP3 performance plans. It also determined that:
- Cost efficiency targets should cover determined costs for 2020 and 2021 as a single period.
 - Unit rate adjustments from 2020-2021 arising from the late adoption of Performance Plans should be spread over a period of 5 calendar years, though NSAs may extend this to 7 calendar years where necessary to avoid a disproportionate effect of the carry-overs on the Unit Rates.
 - Incentive schemes shall cover only the calendar years 2022 to 2024.
- 2.2 Revised Business Plans and investment plans were thus developed by the regulated entities in the first half of 2021. A cost submission in relation to the proposed NSA costs was also provided. These were assessed by the NSA, which then published a consultation on a proposed revised Performance Plan in July 2021.
- 2.3 Following conclusion of the consultation period, the revised RP3 Performance Plan was submitted in October 2021. Following a further adjustment to the Environment KPA targets, in April 2022 the European Commission assessed that the Performance Plan was consistent with the Union-wide targets.
- 2.4 The Performance Plan targets align with the Union-wide targets for the Environment KPA. They also align with the Union-wide targets in the Capacity KPA, which has targets of 0.01 ATFM delay minutes per flight in 2021 and 0.03 in 2022 to 2024 for En Route, and targets of 0.25 minutes in 2021 and 0.20 in 2022 to 2024 for Terminal.
- 2.5 The Performance Plan outperforms the Union-wide targets for Cost efficiency. The weighted average (WA) En Route Determined Unit Cost (DUC) for RP3 is 1.9% lower than the equivalent value implied by the En Route Union-wide DUC target. The Performance Plan also aligns with the Safety KPA targets in each year of the period. The Final Performance Plan was adopted by the Member State in May 2022.
- 2.6 As part of the consultation on updating the Performance Plan, the NSA decided that:
- The Unit Rate adjustments for 2020-2021 would be spread over 7 years rather than 5.
 - Allowable changes in actual capital costs of investments compared to



determined costs would be adjusted for on a net basis through the RP4 Performance Plan, rather than on an n+2 basis. Updates on the progress of the AirNav Ireland investment programme would be published biannually¹.

2.7 All of this material is available on the IAA website².

¹ <https://www.iaa.ie/commercial-aviation/economic-regulation/air-navigation-charges/regulatory-reporting-1>

² <https://www.iaa.ie/commercial-aviation/economic-regulation/air-navigation-charges>

3. Actual Costs Incurred in 2024

- 3.1 In this section, we outline the actual costs of air navigation services incurred in 2024 and the difference between the final actual and the Determined Costs contained in the RP3 Performance Plan.³ This is required under Article 24(3) of the 2019 Regulation.
- 3.2 We have verified the eligibility of the cost categories included for En Route and Terminal services. These are aligned with the categories used for the Determined Costs in the Performance Plan. En Route services cover air navigation in the Shannon Flight Information and Upper Information Regions (FIR/UIR) and exclude the Shanwick Oceanic airspace. Terminal services cover air navigation during approach, landing, take-off and departure provided at Dublin, Cork and Shannon airports.
- 3.3 Below, we lay out the En Route and Terminal costs by entity.

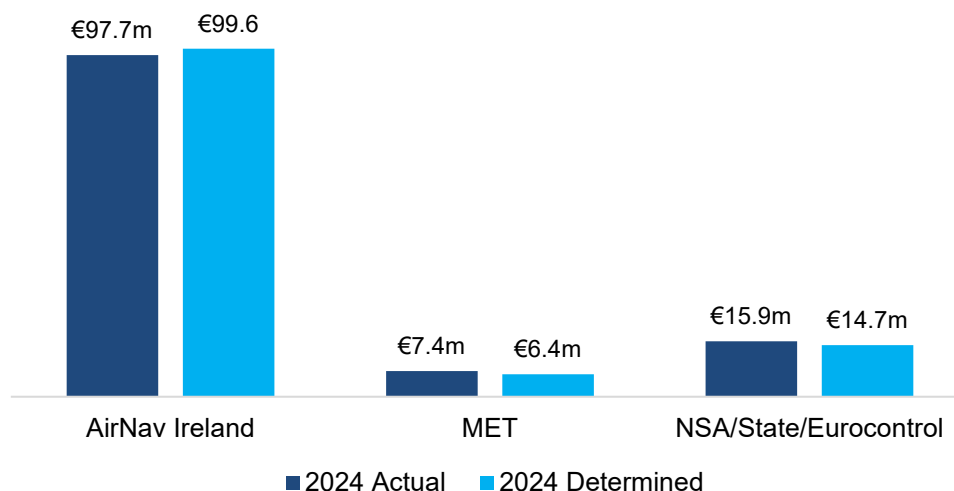
En Route Costs

- 3.4 In nominal terms, total actual En Route costs in 2024 were €140.3m, which is +8.1% (€10.6m) more than Determined Costs of €129.7m. We note that the nominal Determined Costs within the Performance Plan for 2024 are based on an inflation index forecast of 109.4 (base 100 in 2017); the actual inflation index in 2024 was 119.9 (i.e. 9.5% higher). This will be adjusted for in future unit rates as provided for in the 2019 Regulation.
- 3.5 Consequently, in real terms (2017 prices) which normalises for the inflation being much higher than was forecast⁴, the total actual En Route costs in 2024 were almost exactly in line with RP3 determined costs (actual costs being 0.2% higher than determined). Figure 3.1 shows the actual and determined costs by entity in real terms.

³ Article 2 of the Regulation defines actual cost as “a cost actually incurred in a calendar year for the provision of air navigation services which are subject to certified accounts or, in the absence of such certified accounts, subject to a final audit”. Determined costs are the cost base for en route and terminal charges established according to the Regulation prior to the start of each reference period, as part of the performance plans.

⁴ Noting that, as per the Regulation, capital costs are not converted to real prices.

Figure 3.1: Actual and Determined En Route Total Costs, 2024



Source: Reported costs in real terms (2017 prices) based on financial data from AirNav Ireland, IAA, and Met Éireann.

AirNav Ireland

- 3.6 In nominal terms, the actual AirNav Ireland costs of €115.7m represent 82.5% of the total actual costs and were +7.1% (€7.6m) higher than Determined Costs. This is predominantly driven by higher staff costs due to increased wages and overtime; total staff costs of €76.9m were +15.0% (€10.1m) higher than determined costs during 2024. Higher than forecast nominal wage increases were related to high inflation during RP3.
- 3.7 Actual Other Operating costs were marginally higher than Determined Costs by +2.5% (€0.8m); overall, AirNav Ireland operating costs (staff and Other Operating costs) were +11.2% (€10.8m) higher than determined.
- 3.8 Depreciation costs were -27.8% (€2.2m) lower than determined. AirNav Ireland states that this was due to delays in completion dates for projects caused by resource availability shortages, and consequently a focus on operations over capex. Similarly, the actual cost of capital is -30.8% (€1m) lower than the determined figure, also due to delays in project completions.

Met Éireann Air Services Division (Met ASD)

- 3.9 Met ASD actual costs of €8.7m represent 6.2% of total ANS actual costs and were +25.5% (€1.8m) higher than Determined Costs. This was driven primarily by actual staff costs in 2024 being +34.1% (€1.1m) higher than Determined Costs. Anticipated reductions in staff levels were not realised due to limitations of the weather observing system and a consequent need to retain human observers to supervise output, according to Met ASD.

- 3.10 It should also be noted that actual Other Operating costs were 32.9% (€0.7m) greater than determined. As part of the RP4 process, the IAA noted methodological discrepancies which had resulted in Met ASD understating its 2023 actual costs and its costs forecasts reported as part of the RP4 decision making process. As part of this consultation, the 2024 actuals methodology has been assessed by the IAA and is in line with reporting expectations. Exceptional items costs were close to determined figures, with a variance of +0.5% (€0.01m) above determined costs; the variation in cost is due to increased subscription costs for EUMETSAT.

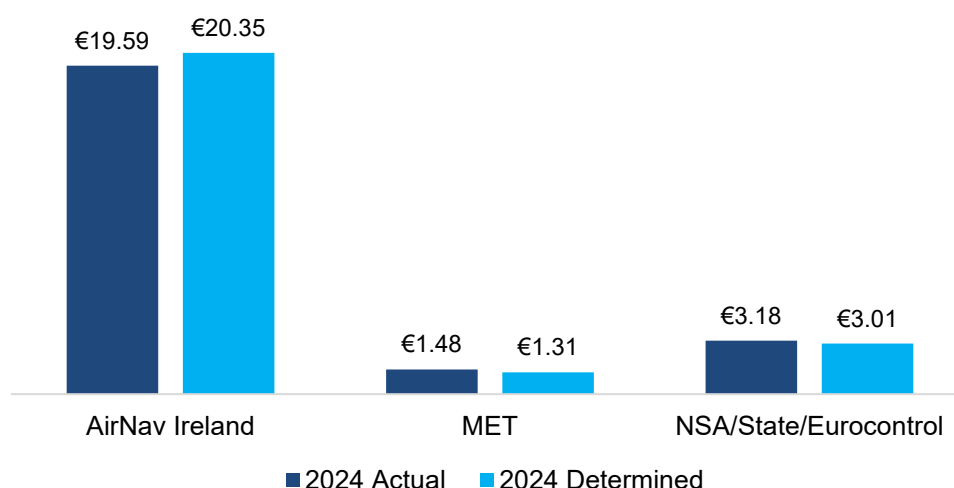
NSA/State/EUROCONTROL

- 3.11 The actual NSA/State/EUROCONTROL costs of €15.9m represent 11.3% of the total actual costs and were +7.9% higher than determined costs. This was primarily driven by Other Operating costs being +11.9% (€1.4m) higher than determined, €0.5m of which was due to increased EUROCONTROL costs.
- 3.12 Supervision costs were +56.3% (€1.9m) higher than determined costs. This is primarily due to certain costs listed as State costs in the Performance Plan being reallocated to Supervision costs. This was also noted in last year's consultation.

Real Unit Cost

- 3.13 Figure 3.2 shows the real actual and determined En Route unit costs in 2024.

Figure 3.2: Actual and Determined En route Unit Costs, 2024



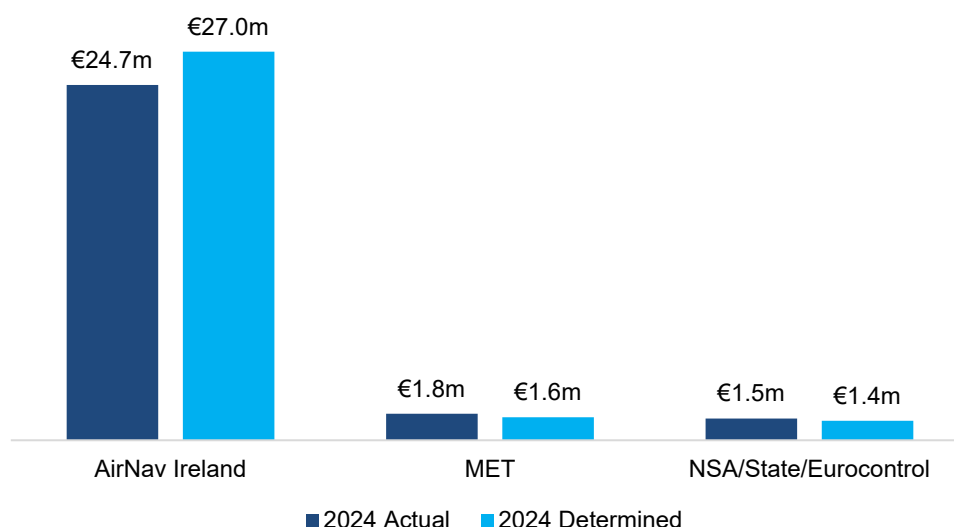
Source: Reported costs in real terms (2017 prices) based on financial data from AirNav Ireland, IAA, and Met Éireann.

- 3.14 The actual 2024 unit cost, in real terms, was €24.25, which is 1.7% (€0.42) lower than the determined unit costs. Unit costs were lower because actual service units of 4.99m were 1.9% higher than the forecast service units for 2024 of 4.89m, while the costs were in line with the forecast.

Terminal Costs

- 3.15 In nominal terms, total Terminal costs in 2024 were €31.8m, which is in line with the 2024 Determined Costs of €31.7m. As noted above, nominal Determined Costs within the Performance Plan for 2024 are based on an inflation index forecast of 109.4 in 2024 (base 100 in 2017); the actual inflation index in 2024 was 119.9 (i.e. 9.5% higher). This will be adjusted for in future unit rates as provided for in the Regulation.
- 3.16 Consequently, in real terms which normalises for the inflation being much higher than was forecast, the total actual Terminal costs in 2024 were 6.4% lower than RP3 determined costs for 2024. Figure 3.3 shows the actual and determined costs in real terms.

Figure 3.3: Actual and Determined Terminal Total Costs, 2024



Source: Reported costs in real terms (2017 prices) based on financial data from AirNav Ireland, IAA, and Met Éireann.

AirNav Ireland

- 3.17 The actual AirNav Ireland costs of €28.1m represent 88.4% of the total ANS actual costs and were, overall, 1.8% (€0.5m) lower than the Determined Costs, with lower capital costs outweighing higher Opex.
- 3.18 The main drivers of lower actual costs was lower than determined depreciation and cost of capital, which will be refunded to airspace users during RP4. Depreciation costs across the period were 29.9% (€1.7m) lower than



determined due to project delays, a prioritisation of ongoing operations over planned capital projects, and changes in the regulatory environment. The cost of capital was 17.2% (€0.7m) lower than determined costs for the same reasons. The IAA has decided that the underspend in RP3 Terminal capital costs will be returned to airspace users over 2025-2029.

- 3.19 Staff costs and Other Operating costs were both higher than determined in 2024. Staff costs of €13.4m were +10.4% (€1.3m) higher than determined due to wage increases driven by high inflation across RP3, and higher overtime costs due to a lower-than-planned headcount. Other Operating costs were +8.8% (€0.6m) higher than determined in 2024.

MET ASD

- 3.20 The actual cost of Met ASD of €2.2m represents 6.8% of total actual ANS costs, and was 25.5% (€0.4m) higher than Determined Costs.
- 3.21 Staff costs were +34.2% (€0.3m) higher than determined in 2024, for the same reason as En Route (a need to retain human observers due to limitations in the weather observing system affecting its ability to reduce staff numbers). Other Operating costs were 32.9% (€0.2m) higher than determined in 2024.

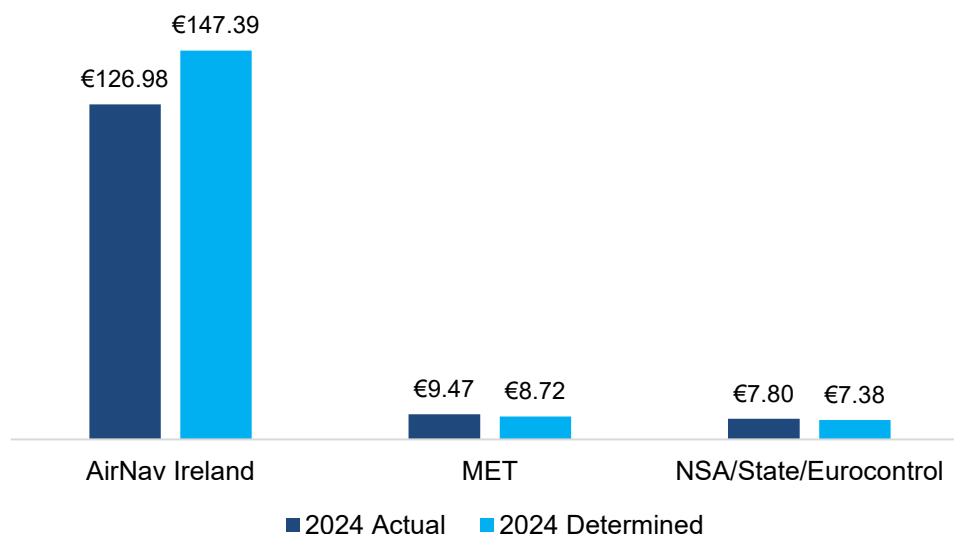
NSA/State Costs

- 3.22 The actual NSA and State costs of €1.5m represent 4.8% of the Terminal ANS costs and were +12.2% (€0.16) higher than determined figures. This is mostly driven by Other Operating costs being +26.1% (€0.2m) higher due to higher Other Operating costs of the IAA. Other Operating costs represents 62.7% of the total Terminal NSA/State costs.
- 3.23 Depreciation was 66.6% (€0.03m) lower than determined due to a later-than-anticipated capitalisation of a software platform (MY SRS).

Real Unit Cost

- 3.24 The actual 2024 unit cost, in real terms, of €144.25, was 11.8% (€19.24) lower than the 2024 determined unit cost of €163.49, driven by the combination of lower than forecast real costs and higher than forecast service units.

Figure 3.4: Actual and Determined Terminal unit costs, 2024



Source: Reported costs in real terms (2017 prices) based on financial data from AirNav Ireland, IAA, and Met Éireann

Costs Exempt and Unit Rate Adjustments

3.25 This section sets out further detail on potential costs exempt from risk sharing. This must be reported to the European Commission, and is ultimately reflected in the Unit Rates. These categories, reported in nominal terms below, are:

- Investments
- Pensions costs
- NSA/State/EUROCONTROL costs
- Interest Rates

3.26 Of these, the default position is that cost differences related to investment and NSA/State/EUROCONTROL are passed through to unit rates, whereas this would only be considered in exceptional circumstances in the other two areas.

Investments

3.27 For En Route, actual AirNav Ireland depreciation costs of €5.7m was 27.8% (€2.2m) lower than the determined depreciation costs of €7.9m. Actual cost of capital of €2.3m was -30.8% (€1.0m) lower than the determined Cost of Capital costs of €3.3m, because of the delays in project completions as discussed above.

3.28 For Terminal, actual AirNav Ireland depreciation costs of €3.9m were -29.9% (€1.7m) lower than determined costs of €5.6m. The principal reason for the variance is the later-than-expected completion of a new software platform and

the prioritisation of opex rather than capex. Actual cost of capital of €3.4m was -17.2% (€0.7m) lower than the determined costs of €4.1m. This was largely due to the same reason.

Table 3.1: AirNav Ireland actual vs determined Capital Costs for 2024

	Determined (€m)	Actual (€m)
En Route Depreciation	7.9	5.7
Terminal Depreciation	5.6	3.9
En Route Cost of Capital	3.3	2.3
Terminal Cost of Capital	4.1	3.4

Source: AirNav Ireland, IAA calculations

- 3.29 For En Route, MET ASD actual depreciation of €0.6m for 2024 was equal to determined costs. Similarly for Terminal, actual depreciation of €0.2m for 2024 was equal to determined costs. No cost of capital is charged in relation to MET ASD assets.

Table 3.2: MET ASD actual vs determined Capital Costs for 2024

	Determined (€m)	Actual (€m)
En Route Depreciation	0.6	0.6
Terminal Depreciation	0.2	0.2

Source: MET ASD, IAA calculations

Pensions Costs

- 3.30 Article 28(3)(c) provides that *‘unforeseen and significant changes in pension costs established in accordance with Article 22(4) resulting from unforeseeable changes in national pensions law, pensions accounting law or unforeseeable changes in financial market conditions.’*
- 3.31 No such changes have been reported for assessment by the NSA, thus no Unit Rate adjustment is included.
- 3.32 AirNav Ireland actual En Route pension costs were €13.2m, +9.4% (€1.13m) higher than the determined pension costs of €12.1m, which is consistent with overall staff costs being higher. Actual Terminal pension costs were €2.2m, +7.4% (€0.2m) higher than the determined pension costs of €2.0m.
- 3.33 Met ASD actual En Route pension costs were €0.5m, 82.9% (€0.2m) higher than the determined pension costs of €0.3m. Pension costs are higher due to the higher staffing level than forecast, as outlined above. Actual terminal pension costs were €0.13m, 82.5% (€0.06m) higher than the determined pension costs of €0.07m.

NSA/State/Eurocontrol Costs

- 3.34 En Route NSA/State/EUROCONTROL costs for 2024 are 7.9% (€1.2m) higher than forecast, due to other operating costs being higher than determined. This was somewhat offset by other staff costs being lower than planned. EUROCONTROL costs were 6.1% (€0.5m) higher than determined.

Interest Rate on loans

- 3.35 This is not applicable and no amounts have been proposed to the NSA for assessment.

Unit Rate Adjustments for 2026

- 3.36 Based on the above, the relevant adjustments have been applied to the Unit Rates proposed for 2026, as outlined in the RP4 draft Performance Plan consultation document, and financial model, published alongside this document. In addition, a financial penalty of €150k is applied to the Terminal Unit Rate for 2026, as a result of AirNav Ireland not meeting the arrival ATFM delay target for 2024.