APPROVED
by the Executive Board
of the Joint Stock Company LatRailNet
in a meeting held on 29 April 2019
min. No. JALP-1.2/31-2019
Riga

REGULATIONS

29 April 2019 No.JALP-7.6/01-2019

Amendments to the JSC LatRailNet regulations Nr.JALP-7.6/01-2017 of 30 June 2017 "The Charging Scheme"

1. Make amendments to the JSC LatRailNet regulations Nr.JALP-7.6/01-2017 "The Charging Scheme" of 30 June 2017 (hereinafter referred to as the Regulations) as follows:

1.1. express the legal basis of the Preamble to the Regulations as follows:

"Issued under the first, eighth and tenth part of Article 11, the third part of Article 13.[1]and Article 13.[2]of the Railway Law";

1.2. express Subparagraph 2.2. of the Regulations as follows:

"2.2. **assets register** – a register, developed and maintained by the infrastructure manager according to the fourth part of Article 10.[1] of the Railway Law, of its assets and the assets it is responsible for;";

1.3. express Subparagraph 2.7. of the Regulations as follows:

"2.7. **infrastructure charge differentiation tools** – the differentiation tools referred to in the fifth, sixth, ninth, tenth, eleventh, fourteenth and fifteenth chapters of this Scheme which provide a different charging level under different market conditions, depending on the railway infrastructure service quality, utilization rate and other features;";

1.4. express Subparagraph 2.9. of the Regulations as follows:

"2.9. **through rate offer** – transport services provided under uniform payment conditions throughout the respective logistic chain;";

1.5. supplement the Regulations with Subparagraph 2.9.[1] as follows:

"2.9.[1] **method of cost allocation** – the method developed by the infrastructure manager for allocating costs to various service categories provided to railway undertakings according to the provisions of the fifth part of Article 10.[1] of the Railway Law;";

1.6. express Subparagraph 2.20 of the Regulations as follows:

"2.20. **full costs** – the part of total infrastructure manager's costs that is attributed to the minimum access package and to the access to the railway infrastructure connecting service facilities in accordance with the method of cost allocation;";

1.7. supplement the Regulations with Subparagraph 2.25.[1] as follows:

"2.25.[1] **international 1520 traffic** – train traffic services related to freight transportation from or to the third countries where the railway network gauge is 1520 millimeters, in accordance with the exception provided by the ninth part of Article 11.[1] of the Railway Law;";

1.8. supplement the Regulations with Subparagraph 2.25.[2] as follows:

"2.25.[2] **network performance scheme** – JSC LatRailNet regulations No. JALP-7.6/03-2017 "The public-use railway infrastructure network performance scheme" of 30 June 2017;";

1.9. express Paragraph 6 of the Regulations as follows:

"6. The infrastructure manager, in accordance with the method of cost allocation, from its total costs allocates the full costs necessary to ensure common access rights throughout the railway infrastructure to the minimum access package and to the access to railway infrastructure connecting service facilities (hereinafter marked as **PI**)[1]. The infrastructure manager allocates PI to the following service groups $_{gr}$ using the cost drivers referred to in Annex 1:

6.1. $_{pas}$ – minimum access package for providing passenger traffic which includes the railway infrastructure that provides the acceptance, handling and dispatching of passenger trains;

6.2. $_{krav}$ – minimum access package for providing freight traffic which includes the railway infrastructure that provides the acceptance, handling and dispatching of freight trains, as well as an access to the railway infrastructure connecting service facilities where freight trains are assembled or disassembled and where rolling stock is transferred for loading, unloading or to the related sidings.[2]";

1.10. express Paragraph 10 of the Regulations as follows:

"10. The charging body for charging purposes uses documentation issued by the infrastructure manager in accordance with the second prim part of Article 5 of the Railway Law regarding the use of railway infrastructure which is publicly available on the infrastructure manager's website on the internet at the time of charging.";

1.11. express Subparagraph 14.3 of the Regulations as follows:

"14.3. the costs of risk management of activities that are not related to operating the train service (changes in external temperature above or below the forecasted values; cracks and defects in materials; natural corrosion, destruction of constructive materials or degradation by gravity), of unforecasted impacts of natural processes (earthquakes, landslides, water leaks, geological fractures, windstorms, snowstorms etc.), as well as of human factors (construction and operating staff errors, third parties' intentional or unintentional activity, etc.) are excluded from the composition of the full costs;";

[1] the method for designations used in this Scheme is provided in Annex 7

[2] payment conditions for the access to the railway infrastructure connecting service facilities where train suspension and wagon collection takes place according to the railway network performance scheme

1.12. express Subparagraph 16.1 of the Regulations as follows:

“16.1. a detailed description of the cost allocation method;”;

1.13. express Subparagraph 16.3 of the Regulations as follows:

“16.3. the forecasted full railway infrastructure maintenance costs in the programming period, following the structure of the cost groups referred to in Annex 1 to the Scheme and indicating the payments or allocated funds for the infrastructure services, for maintenance and renewal, as well as for dealing with existing maintenance and renewal backlogs foreseen in the contractual agreement (if any);”;

1.14. express Subparagraph 16.11.1. of the Regulations as follows:

“16.11.1. **rd** – actual infrastructure manager's average weighted long-term loan rate for the reference period;”;

1.15. express Subparagraph 16.11.2. of the Regulations as follows:

“16.11.2. **E** –the value of the equity at the end of the reference period;”;

1.16. express Subparagraph 16.11.3. of the Regulations as follows:

“16.11.3. **D** – the value of the borrowed capital at the end of the reference period;”;

1.17. express Subparagraph 17.9 of the Regulations as follows:

“17.9. the renting costs are lease payments for the railway infrastructure objects not owned by the infrastructure manager that are managed and used by the infrastructure manager to provide the services referred to in Paragraph 6 of the Scheme, except maintenance and renewal costs for the leased railway infrastructure objects. The costs of renting machinery and tools related to the maintenance and renewal of the railway infrastructure are attributed to the relevant activities;”;

1.18. express Subparagraph 17.10 of the Regulations as follows:

“17.10. the network-wide overhead costs are administrative costs of the infrastructure manager, which according to the method for cost allocation are attributed to the overhead costs of the services referred to in Paragraph 6 of the Scheme;”;

1.19. express Subparagraph 18.1 of the Regulations as follows:

“18.1. the information about the impact of the railway infrastructure management principles (provided by the contractual agreement) and the capacity-enhancement plan on applicants' costs, if the capacity allocation body has reported that a part of infrastructure is congested, and a relevant capacity-enhancement plan has been developed;”;

1.20. supplement the Regulations with Subparagraph 22.[1]. as follows:

"22.[1] The charging body determines the charges for performing the essential functions of the infrastructure manager and attributes these charges to the service of performing the essential functions provided for railway undertakings and applicants in accordance with the principles provided by Annex 8.";

1.21. express Paragraph 23 of the Regulations as follows:

"23. The charging body calculates average direct unit costs for freight traffic **TI** $_{\text{param krav}}$ as a combination of four parameters:

23.1. **TI** $_{\text{ceļ uztur krav}}$ – the average direct maintenance and train operating costs of the railway infrastructure providing the minimum access package for one train km travelled in the programming period within freight traffic:

TI $_{\text{ceļ uztur krav}}$ **= KTI** $_{\text{ceļ uztur krav}}$ **/ DR** $_{\text{ceļ uztur krav}}$, where

KTI $_{\text{ceļ uztur krav}}$ – the network-wide direct maintenance and train operating costs of the railway infrastructure providing the minimum access package in the programming period within freight traffic;

DR $_{\text{ceļ uztur krav}}$ – the performance indicator of the number of train km in the programming period within freight traffic.

23.2. **TI** $_{\text{mez uztur krav}}$ – the average direct maintenance and train operating costs of the railway infrastructure providing access to the railway infrastructure connecting service facilities for providing the railway transportation of one wagon within freight traffic:

TI $_{\text{mez uztur krav}}$ **= KTI** $_{\text{mez uztur krav}}$ **/ DR** $_{\text{mez uztur krav}}$, where

KTI $_{\text{mez uztur krav}}$ – the network-wide direct maintenance and train operating costs of the railway infrastructure providing access to the railway infrastructure connecting service facilities in the programming period within freight traffic;

DR $_{\text{mez uztur krav}}$ – the performance indicator of the number of wagons used in railway transportation in the programming period within freight traffic, including:

1) within international 1520 traffic: the number of wagons moved through stations Kārsava, Zilupe and Indra and accepted in the final processing station in transit traffic;

2) within domestic railway traffic in the territory of the Republic of Latvia: the total number of wagons registered in/as parts of collecting and pick-up train sets;

3) within the freight transportation from and to European Union countries crossing the territory of the Republic of Latvia: the number of wagons accepted in the final processing station in transit traffic;

23.3. **TI** $_{\text{atj krav}}$ – the average direct renewal costs of the railway infrastructure for one gross tonne km

travelled in the programming period within freight traffic:

$$\mathbf{TI}_{\text{atj krav}} = \mathbf{KTI}_{\text{atj krav}} / \mathbf{DR}_{\text{atj krav}}, \text{ where}$$

KTI $_{\text{atj krav}}$ – the network-wide direct renewal costs of the railway infrastructure in the programming period within freight traffic;

DR $_{\text{atj krav}}$ – the performance indicator of the number of gross tonne km in the programming period within freight traffic.

23.4. **TI** $_{\text{bfv krav}}$ – the direct costs of performing the essential functions of the infrastructure manager for one assigned freight train path within freight traffic.";

1.22. express Paragraph 24 of the Regulations as follows:

"24. The charging body calculates the average direct unit costs for passenger traffic as a combination of four parameters:

24.1. **TI** $_{\text{ceļ uztur pas}}$ – the average direct maintenance and train operating costs of the railway infrastructure providing the minimum access package for one train km travelled in the programming period within passenger traffic:

$$\mathbf{TI}_{\text{ceļ uztur pas}} = \mathbf{KTI}_{\text{ceļ uztur pas}} / \mathbf{DR}_{\text{ceļ uztur pas}}, \text{ where}$$

KTI $_{\text{ceļ uztur pas}}$ – the network-wide direct maintenance and train operating costs of the railway infrastructure providing the minimum access package in the programming period within passenger traffic[3];

DR $_{\text{ceļ uztur pas}}$ – the performance indicator of the number of train km in the programming period within passenger traffic;

24.2. **TI** $_{\text{atj pas}}$ – the average direct renewal costs of the railway infrastructure for one gross tonne km travelled in the programming period within passenger traffic:

$$\mathbf{TI}_{\text{atj pas}} = \mathbf{KTI}_{\text{atj pas}} / \mathbf{DR}_{\text{atj pas}}, \text{ where}$$

KTI $_{\text{atj pas}}$ – the network-wide direct renewal costs of the railway infrastructure in the programming period within passenger traffic;

DR $_{\text{atj pas}}$ – the performance indicator of the number of gross tonne km in the programming period within passenger traffic;

24.3. **TI** $_{\text{bfv pas}}$ – the direct costs of performing the essential functions of the infrastructure manager for one assigned freight train path within passenger traffic;

24.4. **TI** $_{\text{elektr pas}}$ – the average direct operating, maintenance and renewal costs of traction electrical supply equipment of the railway infrastructure for one train km travelled in the programming period within passenger traffic (calculated only for passenger trains that use electric traction);

[3] in the value of **KTI** $_{\text{ceļ uztur pas}}$ including costs that are incurred by the passenger traffic in the sections of the railway lines where the access connecting infrastructure to the service facilities is provided

$$\mathbf{TI}_{\text{elektr pas}} = \mathbf{KTI}_{\text{elektr pas}} / \mathbf{DR}_{\text{elektr pas}}, \text{ where}$$

KTI $_{\text{elektr pas}}$ – the network-wide direct operating, maintenance and renewal costs of traction electrical supply equipment of the railway infrastructure in the programming period within passenger traffic;

DR $_{\text{elektr pas}}$ – the performance indicator of the train km in transportation with trains that use electric traction in the programming period within passenger traffic.";

1.23. express Paragraph 25 of the Regulations as follows:

"25. The network-wide direct costs of the railway infrastructure **KTI** $_{gr}$ are calculated as the difference between the full costs **PI** $_{\text{param gr}}$ of each parameter $_{param}$ of service groups $_{gr}$ referred to in Paragraph 6 of the Scheme and the costs **NI** $_{\text{param gr}}$ included in each **PI** $_{\text{param gr}}$ cost parameter, which according to the Implementing regulation are considered ineligible:

$$\mathbf{KTI}_{\text{ceļ uztur gr}} = \mathbf{PI}_{\text{ceļ uztur gr}} - \mathbf{NI}_{\text{ceļ uztur gr}};$$

$$\mathbf{KTI}_{\text{mez uztur krav}} = \mathbf{PI}_{\text{mez uztur krav}} - \mathbf{NI}_{\text{mez uztur krav}};$$

$$\mathbf{KTI}_{\text{atj gr}} = \mathbf{PI}_{\text{atj gr}} - \mathbf{NI}_{\text{atj gr}};$$

$$\mathbf{KTI}_{\text{elektr pas}} = \mathbf{PI}_{\text{elektr pas}} - \mathbf{NI}_{\text{elektr pas}}.";$$

1.24. express Paragraph 26 of the Regulations as follows:

"26. The direct costs of performing the essential functions of the infrastructure manager **TI** $_{\text{bfv gr}}$ are calculated as the increase of work intensity in order to assign an unplanned or unforeseen additional train path, and they are expressed as a percentage (not more than 200% in total) of the rate of pay and social insurance additions of particular employees of the capacity allocation body, according to the report on overtime work amount submitted by the capacity allocation body and observing the restrictions provided by the third part of Article 131 of the Railway Law:

$$\mathbf{TI}_{\text{bfv gr}} = \Delta\mathbf{PI}_{\text{bfv gr}} / \Delta\mathbf{DR}_{\text{bfv gr}}.";$$

1.25. express Paragraph 29 of the Regulations as follows:

"29. The scarcity charge **M** $_{\text{pārslodz param gr s}}$ for a particular part of the railway infrastructure during the period of congestion is determined in accordance with the following formula:

$$\mathbf{M}_{\text{pārslodz param gr s}} = \mathbf{M}_{\text{param gr s}} + (\Delta\mathbf{PI}_{\text{pārslodz param gr}} / \mathbf{DR}_{\text{pārslodz param gr}}), \text{ where}$$

M $_{\text{pārslodz param gr s}}$ – the scarcity charge for a particular part of the railway infrastructure for a specific charging parameter within a specific market segment of a relevant service group over the congestion period;

M $_{\text{param gr s}}$ – the value of the charge for a specific charging parameter within a specific market segment of a relevant service group;

Δ**PI** $_{\text{pārslodz param gr}}$ – changes in the full costs in the relevant programming period caused by the maintenance costs associated with the capacity-enhancement plan and the costs of attracting borrowed capital for long-term investments foreseen by the infrastructure

manager;

DR $_{\text{pārslodz param gr}}$ – the performance indicator for evaluating a particular cost parameter of a relevant service group for a particular part of the railway infrastructure over a congestion period.";

1.26. express Paragraph 31 of the Regulations as follows:

"31. The charging body applies mark-ups to the market segments indicated in the list of market segments included in Annex 5 to the Scheme.";

1.27. express Paragraph 32 of the Regulations as follows:

"32. The charging body evaluates the relevance of the mark-ups to the market segments specified in Article 11.[1] (2) of the Railway Law and also assesses the need for further distinguishing of market segments according to commodity or passengers transported, if:

32.1. applicants in the railway infrastructure capacity applications specify specific conditions of utilization of the railway infrastructure that allow them to adapt to the final customers' preferences (obtaining additional competitive advantages) or to their technological failures that causes the infrastructure manager costs which would otherwise be eliminated and not included in the services referred to in Paragraph 6 of the Scheme (the segmentation based on the impact of different types of utilization of the railway infrastructure on the cost of railway infrastructure);

32.2. based on criteria described in Annex 3 to the Scheme, it can be concluded that the infrastructure manager's services referred to in Paragraph 6 of the Scheme to improve the criteria of final customers' preferences compared to competing modes of transport and infrastructure networks (railway undertakings' productivity-based segmentation);

32.3. environmental, accident and infrastructure costs that are not paid by competing modes of transport can be observed and there is a decision of the Cabinet of Ministers referred to in the eleventh part of Article 11 of the Railway Law on the assignation of compensation, its value and payment conditions (state decision-based segmentation).";

1.28. express Paragraph 33 of the Regulations as follows:

"33. Applicants and the infrastructure manager by X-4 deadline may provide to the charging body evidence that:

33.1. within the current market segments, the criteria laid down in Annex 3 for the foreseen market conditions in the programming period are not equivalent for different types of utilization of the railway infrastructure;

33.2. the market cannot bear the existing charge (segmentation based on the charge impact to the competitiveness of the final services);

33.3. there are market segments in which railway undertakings are not currently operating but may provide services during the programming period.";

1.29. express Paragraph 34 of the Regulations as follows:

"34. The criteria for market segmentation based on efficient, transparent and non-discriminatory principles are laid down in Annex 3.

If, in accordance with Paragraphs 32 and 33 of the Scheme, the charging body determines that it is necessary to amend the list of market segments included in Annex 5 to the Scheme, the charging body publishes those amendments as well as the amendments to Annex 3 containing the quantitative criteria for the determination of mark-ups in particular market segments on its website by X-3 deadline and submits the information to the infrastructure manager for publication in the railway infrastructure network statement.";

1.30. Express Paragraph 35 of the Regulations as follows:

"35. The level of mark-up $\mathbf{MU}_{\text{param gr s}}$ within a specific market segment $_s$ is defined as the difference between each parameter's $_{\text{param}}$ adjusted full cost of providing the minimum access package as well as an access to the railway infrastructure connecting service facilities $\mathbf{PI}_{\text{param gr}}$ and the network-wide direct costs $\mathbf{KTI}_{\text{param gr}}$, divided by the relevant performance indicator $\mathbf{DR}_{\text{param gr}}$ and multiplying this division by the market valuation ratio $\boldsymbol{mcb}_s$:

$$\mathbf{MU}_{\text{param gr s}} = (\,(\,\mathbf{PI}_{\text{param gr}}\,' - \mathbf{KTI}_{\text{param gr}})\,/\,\mathbf{DR}_{\text{param gr}}\,) \times \boldsymbol{mcb}_s\,,\ \text{where}$$

$\mathbf{PI}_{\text{param gr}}\,'$ – the adjusted full cost value of a relevant service group for a specific cost parameter, where the infrastructure manager's financing costs are replaced with a reasonable profit margin in accordance with Sub-paragraph 35.1 of the Scheme

$\boldsymbol{mcb}_s$ – a ratio characterizing the allowable level of mark-ups in market conditions of a particular market segment;

35.1. the charging body, when setting the adjusted $\mathbf{PI}_{\text{param gr}}\,'$ value, replaces the infrastructure manager's financing costs $\mathbf{F}_{\text{param gr}}$ with reasonable profit margin $\mathbf{P}_{\text{param gr}}$ according to the following formula:

$$\mathbf{PI}_{\text{param gr}}\,' = \mathbf{PI}_{\text{param gr}} - \mathbf{F}_{\text{param gr}} + \mathbf{P}_{\text{param gr}},\ \text{where}$$

$\mathbf{F}_{\text{param gr}}$ – costs mentioned in Paragraph 17.11. of the Scheme;

$\mathbf{P}_{\text{param gr}}$ – the infrastructure manager's reasonable profit margin;

35.2. the valuation criteria and values of the ratio $\boldsymbol{mcb}_s$, that characterizes the allowable level of mark-ups in the given market situation in the particular market segment, are laid down in Annex 3, and the charging body, based on efficient, transparent and non-discriminatory principles, publishes them on its website two months before the decision on the charge level. The value of the ratio for a particular market segment is determined as the maximum value from the valuation criteria $\mathbf{C}_s$, $\mathbf{V}_s$ and $\mathbf{S}_s$, where

$\mathbf{C}_s$ – a valuation criteria characterizing the impact of different types of utilization of the railway infrastructure on the costs of railway infrastructure within a particular market segment;

$\mathbf{V}_s$ – a valuation criteria that characterizes the productivity achieved by railway undertakings within a particular market segment;

$\mathbf{S}_s$ – a valuation criteria that characterizes the optimal railway competitiveness within a particular market segment.";

1.31. express Paragraph 36 of the Regulations as follows:

"36. The infrastructure manager's reasonable profit margin which provides the infrastructure manager's income from investments made and interest on loans, is calculated in accordance with the following formula:

$$\mathbf{P}_{\text{param gr}} = \mathbf{RAB}_{\text{param gr}} \times \boldsymbol{wacc}, \text{ where}$$

RAB $_{\text{param gr}}$ – the value of asset register at the end of the reference period[4];

Wacc – the percentage of weighted average cost of capital.";

1.32. express Paragraph 37 of the Regulations as follows:

"37. Weighted average cost of capital is calculated in accordance with the following formula:

$$\boldsymbol{wacc} = re \times E / (E + D) + r_d \times D / (E + D), \text{ where}$$

wacc – weighted average cost of capital;

$\mathbf{r_e}$ – return on equity, which consists of two components ($r_f + r_c$), where

$\mathbf{r_f}$ – risk-free rate – the average arithmetic interest rate of government long-term securities of the highest credit rating countries of the Organization for Economic Co-operation and Development (OECD), using the latest OECD report on government long-term bond rates;

$\mathbf{r_c}$ – pure premium, which includes a risk assessment of the country and of the industry. The country's risk is assessed as the difference between the latest 10-year bonds of the Republic of Latvia and the risk-free rate. If the actual weighted average long-term loan rates of the infrastructure manager in the reference period does not exceed the latest 10-year Latvian government bond rate, the industry's risk assessment values are not included in the calculation;

$\mathbf{r_d}$ – the actual weighted average long-term loan rates of the infrastructure manager;

E – the value of the equity at the end of the reference period;

D – the value of the borrowed capital at the end of the reference period.";

1.33. Express the title of Chapter VIII of the Regulations as follows:

"VIII. Charges for international 1520 traffic";

1.34. express Paragraph 38 of the Regulations as follows:

"38. In order to obtain full cost recovery of the costs incurred, the charging body sets higher charges **M** $_{\text{param 1520}}$ relevant to services within international 1520 traffic. Charging rules and conditions within international 1520 traffic are included in Annex 6.";

[4] to allocate **RAB** $_{\text{param gr}}$ to service groups, performance indicator of the relevant parameter is taken into account

1.35. express Paragraph 40 of the Regulations as follows:

“40. Project charges $M_{infpr\ param\ gr\ s}$ are determined based on efficient, transparent and non-discriminatory principles, criteria of which the charging body publishes on its website within three months from the moment when the decision to start a particular investment project is taken, and calculates according to the following formula:

$$M_{infpr\ param\ gr\ s} = M_{param\ gr\ s} + \Delta PI_{infpr\ param\ gr} / DR_{infpr\ param\ gr}$$, where

$M_{infpr\ param\ gr\ s}$ – the project charge regarding specific investment project for a particular part of the railway infrastructure for a specific charging parameter within a specific market segment of a relevant service group;

$M_{param\ gr\ s}$ – the value of the charge for a specific charging parameter within a specific market segment of a relevant service group;

$\Delta PI_{infpr\ param\ gr}$ – the changes in the full costs caused by the specific investment project (e.g. the amortization of the part of the long-term investment in the programming period that does not exceed the efficiency of the applicant's savings);

$DR_{infpr\ param\ gr}$ – the performance indicator for evaluating a particular cost parameter in the relevant service group for a given part of the railway infrastructure where the specific investment project is executed.”;

1.36. express Paragraph 45 of the Regulations as follows:

“45. Charges are not applied to infrastructure manager's designated trains and rolling stock that are not involved in freight or passenger transportation by rail, but are related to the prevention or elimination of the consequences of disruption, the maintenance of the railway infrastructure, the performance of all repair operations, if the provisions of the scheme for the allocation of railway infrastructure capacity regarding maintenance notices are complied, or otherwise the conditions are applied according to the railway network performance scheme.”;

1.37. express Paragraph 47 of the Regulations as follows:

“47. The charging body determines the charge $M_{rezer\ bfv\ gr}$ for the part of the railway infrastructure capacity that is allocated in the capacity allocation plan, inclusive of that which is not used (reservation charge) at the level of the full unit cost of performing the essential functions of the infrastructure manager:

$$M_{rezer\ bfv\ krav} = PI_{bfv\ krav} / DR_{bfv\ krav}$$, where

$PI_{bfv\ krav}$ – the full unit cost of performing the essential functions of the infrastructure manager in the programming period within freight traffic;

$DR_{bfv\ krav}$ – the number of assigned train paths in the capacity allocation plan in the capacity allocation centers of Riga, Daugavpils and Jelgava regions in every direction in the programming period in freight traffic.

$$M_{rezer\ bfv\ pas} = PI_{bfv\ pas} / DR_{bfv\ pas}$$, where

PI $_{bfv\ pas}$ – the full unit cost of performing the essential functions of the infrastructure manager in the programming period within passenger traffic;

DR $_{bfv\ pas}$ – the performance indicator of the number of assigned trains in the capacity allocation plan in every route in the programming period in passenger traffic.";

1.38. express Paragraph 48 of the Regulations as follows:

"48. If market segments are separated based on the through rate offer criteria mentioned in Annex 3 to the Scheme or on the volume elasticity for valuation of value $\mathbf{J_s}$ declared by applicants, the charging body may determine a railway infrastructure capacity assurance charges ($\mathbf{M}_{rezer\ param\ gr\ integr\ pied}$ or $\mathbf{M}_{rezer\ param\ gr\ s}$) in each of these market segments at the level of the charge $\mathbf{M}_{param\ gr\ s}$.";

1.39. express Paragraph 49 of the Regulations as follows:

"49. If the charging body cooperates with another railway infrastructure manager, to coordinate the charging for the operation of train services which cross more than one infrastructure network of the railway system within the European Union, it publishes related information on the website which is jointly established by the respective charging bodies (infrastructure managers).";

1.40. express Paragraph 49 of the Regulations as follows:

"54. The charging body publishes the Scheme on its website and submits it to the infrastructure manager for inclusion in the railway infrastructure network statement. The charging body publishes Annex 6 to the Scheme regarding the charge calculation and payment conditions within international 1520 traffic on its website on the Internet at least two months before the corresponding infrastructure charge enters force and it is not included in the railway infrastructure network statement.";

1.41. express Annex 1 to the Regulations as follows:

"Annex 1

Cost drivers used for the allocation of activity costs to the service groups

Cost centers, cost elements and costs of the infrastructure objects that are related to a specific service group primarily are allocated to the relevant service and activity group according to the method of cost allocation; however, in the other cases, according to the cost driver defined in the table. Overhead costs related to a specific activity are driven to the specific activity according to the method of cost allocation, however, in the other cases, according to the cost driver defined in the table. Determination of cost group borders for the points of splitting, switching and stopping is based on technological documents, for example, station technical activity acts (TAA).

The activity cost groups and the relevant cost drivers for the allocation of costs to the service groups are listed in the tables:

No.	Activity cost groups	Cost drivers used for the allocation of activity costs to the service groups
1.	**$PI_{cel\ uztur}$ – full railway infrastructure maintenance and overhead costs**	–
1.1.	maintenance and train operating costs of railway infrastructure that provides a minimum access package	–
1.1.1.	maintenance of tracks, civil infrastructure and related fixed installations and security objects used for train acceptance, handling and dispatching	gross tonne km (in general), train km (for railway tracks of accepting and dispatching in stations serving mixed traffic)
1.1.2.	maintenance of electrical supply cable lines and electricity distribution equipment for providing train acceptance, handling and dispatching	train km
1.1.3.	maintenance of fixed installations of automatic train control systems used for train acceptance, handling and dispatching	train km
1.1.4.	maintenance of fixed installations used for the transmission of information and communication in the train acceptance, handling and dispatching process	train km
1.1.5.	Provision of train and traction vehicle movement organization and coordination process	train km
1.1.6.	Maintenance of buildings and structures used for the activities that provide a minimum access package	train km
1.1.7.	Maintenance and train operating overhead costs of railway infrastructure that provide a minimum access package	train km
1.2.	overhead costs	–
1.2.1.	Eligible costs for the administration of the sector according to legislation	train km or other unit according to legislation
1.2.2.	Infrastructure manager's costs related to the implementation of the decision of the regulatory body referred to in part eight of Article7.[1] of the Railway Law	train km or other unit according to legislation
1.2.3.	The part of total infrastructure manager's overhead costs that is attributed to a minimum access package and to an access to the railway infrastructure connecting service facilities in accordance with the method of cost allocation to the various categories of services	train km

No.	Activity cost groups	Cost drivers used for the allocation of activity costs to the service groups
2.	**$PI_{mez\ uztur}$ – maintenance and train operating costs of railway infrastructure that provides access to the railway infrastructure connecting service facilities**	–
2.1.	maintenance of tracks, civil infrastructure and related fixed installations and security objects where freight train sets are assembled/disassembles as well as the rolling stock is transferred for loading, unloading or to related sidings	for freight services
2.2.	maintenance of electrical supply cable lines and electricity distribution equipment for providing assembling and disassembling of freight trains as well as transferring the rolling stock for loading, and unloading or to related sidings	for freight services
2.3.	maintenance of fixed installations of automatic train control systems used in objects where freight train sets are assembled/disassembled as well as the rolling stock is transferred for loading, unloading or to related sidings	for freight services
2.4.	maintenance of fixed installations used for the transmission of information and communication during the process where trainsets are assembled/disassembled as well as the rolling stock is transferred for loading, unloading or to related sidings	for freight services
2.5.	maintenance of buildings and structures used for the activities where freight train sets are assembled/disassembled as well as the rolling stock is transferred for loading, unloading or to related sidings	for freight services
2.6.	maintenance of buildings and structures used for the activities where freight train sets are assembled/disassembled as well as the rolling stock is transferred for lo0ading, unloading or to related sidings	for freight services
3.	**PI_{atj} – renewal costs of railway infrastructure that provides a minimum access package and an access to the railway infrastructure connecting service facilities**	–
3.1.	renewal of tracks, civil infrastructure and related fixed installations and security objects	**$KTI_{atj\ gr}$** – gross tonne km **$NI_{atj\ gr}$** – train km
3.2.	renewal of electrical supply cable lines and electricity distribution equipment	train km
3.3.	renewal of fixed installations of automatic train control systems	train km
3.4.	renewal of fixed installations of automatic train control systems used in objects where freight train sets are assembled/disassembled as well as the rolling stock is transferred for loading, unloading or to related sidings	for freight services
3.5.	renewal of fixed installations used for the transmission of information and communication in the train traffic	train km
3.6.	renewal of buildings and structures that provide a minimum access package and an access to the railway infrastructure connecting service facilities	train km
4.	**PI_{elektr} – traction electrical supply equipment costs ($_{elektr}$)**	–
4.1.	traction electrical supply equipment maintenance costs	for trains using electric traction
4.2.	traction electrical supply equipment renewal costs	for trains using electric traction

1.42. express Annex 3 to the Regulations as follows:

"Annex 3

Market segmentation and mark-up determination criteria for the programming period after 1 July 2019

I. The segmentation and criteria based on the impact of different types of utilization of the railway infrastructure on the cost of railway infrastructure

The charging body sets valuation criteria that characterize the impact of different types of utilization of the railway infrastructure on the cost of railway infrastructure in a specific market segment - C_s, taking into account the significance of the deviations from the full costs of services, comparing scenarios where one of the existing market segments is divided into smaller segments or the same market segment is not divided:

$C_s = 0$, in cases where different influence of the criterion cannot be observed, or

$C_s = \Delta PI_{param\ gr\ s'} / \Delta PI_{param\ gr\ s''}$, where

$\Delta PI_{param\ gr\ s'}$ and $\Delta PI_{param\ gr\ s''}$ – the difference between the two potential costs, if it is divided into market segments.

Criterion	**Designation of the criterion**	**evaluated pair of services**		**determined value of the criterion**
		justification of valuation of the criterion		
Impact on specialized infrastructure	spec infra	utilization of specialized railway infrastructure for specific type of services	utilization of specialized railway infrastructure for specific type of different services	$C_{spec\ infra\ s} = 0$
		the increase of maintenance, renewal or operating costs of the infrastructure manager		no specialized infrastructure
Impact on annual working timetable	vilc kust	combined transportation	direct train traffic	$C_{vilc\ kust\ s} = 0$
		specific departure or arrival times within combined transportation increase train operating costs		no registered coordination procedures
impact on railway infrastructure	tehnisk norm	technical specifications of trains correspond to the specifications indicated in the railway infrastructure network statement	technical specifications of trains do not correspond to the specifications indicated in the railway infrastructure network statement	$C_{tehnisk\ norm\ s} = 0$
		technical specifications are different from those indicated in the railway infrastructure network statement and increase / decrease maintenance, renewal or operating costs of the infrastructure manager		the different technical specifications of trains are taken into account in cost allocation
impact on environment	vide	trains that transport dangerous cargo	other freight trains	$C_{vide\ s} = 0$
		as a result of applicants' transportation, differing environment protection and safety costs are incurred		distinctive environment protection and safety costs are not observed
impact on traffic	tehnol norm	trains transporting all wagons from one point to one destination	trains that consist of wagons that are separate freight units and are coupled and uncoupled en route	$C_{tehnol\ norm\ s} = 0$
		technical specifications are different from those indicated in the railway infrastructure network statement and increase / decrease maintenance, renewal or operating costs of the infrastructure manager		no applications submitted with differing technological specifications

II. The segmentation and criteria based on the increase of the productivity achieved by railway undertakings

The charging body sets the valuation criterion that characterizes the increase of the productivity achieved by railway undertakings in a specific market segment – $\mathbf{V}_s$, taking into account the significance of the changes of the applicant's income fluctuations, that are incurred by differing quality of infrastructure services, comparing scenarios where one of the existing market segments is divided into smaller segments or the same market segment is not divided:

$\mathbf{V}_s = \mathbf{0}$, in cases where different influence of the criterion cannot be observed, or

$\mathbf{V}_s = \Delta \mathbf{I}_s' / \Delta \mathbf{I}_s''$, where

$\Delta \mathbf{I}_s'$ un $\Delta \mathbf{I}_s''$ – the changes of the applicant's income using the two potential services, if it is divided into market segments.

Criterion	Designation of the criterion	the evaluated pair of services the justification of valuation of the criterion		the determined value of the criterion
train priority	prior	domestic transportation	international transportation	$\mathbf{V}_{prior\ s} = 0$
		priority given to a transportation service improves the provided service in comparison with competing transport modes		no registered train coordination procedures
service consumer density	intens	urban or regional passenger transportation	interurban passenger transportation	$\mathbf{V}_{intens\ s} = 0$
		train crosses railway infrastructure sections with differing service consumer density (population or loading/unloading volume)		increase in productivity is not established/confirmed
through rate offer	integr pied	regular train traffic services	irregular train traffic services	$\mathbf{V}_{integr\ pied\ s} = 0$
		transportation services are provided in accordance with uniform payment conditions throughout the logistics chain		no agreement on uniform charging schemes

III. The segmentation and criteria based on the impact of the allowable markup value on the competitiveness of the final services

The charging body sets valuation criteria for optimal railway competitiveness in a specific market segment – $\mathbf{S}_s$, choosing from values $\mathbf{R}_s$ and $\mathbf{J}_s$, in accordance with the planning document referred to in Paragraph 8 of the Scheme and the goals of the State Transport Policy, as well as experts' assessment based on the following procedure:

1. the charging body establishes, by an order, an expert group, which includes at least three independent experts (eg. representatives of the relevant industry associations or competent scientific institutions) for every existing market segment and market segments concerning which applicants or the infrastructure manager have provided evidence in accordance with the provisions of Paragraph 33 of the Scheme;

2. the charging body requires from the experts:

2.1. the forecasts necessary for assessment of the value $\mathbf{J}_s$ – the potential transportation volume in a given market segment, expressed in gross tonne km;

2.2. the forecasts necessary for assessment of the value $\mathbf{R}_s$ for the following competitiveness factors:

2.2.1. in market segments of the service group referred to in Subparagraph 6.1 of the Scheme:

total population of the inhabited stopping points on the route;

- administrative significance of the inhabited stopping points on the route;
- passengers' purchasing power;
- railway transportation prices compared to other railway undertakings on the route;
- quality of the railway transportation service compared to the transportation price;
- competition within the industry;
- compatibility with other modes of transport and/or access to the destination of passengers;
- marketing activities of other transport service operators;
- other factors indicated by railway undertakings or the infrastructure manager in their evidence;

2.2.2. in market segments of the service group referred to in Subparagraph 6.2 of the Scheme:

- total costs of cargo recipients (offering to assess the route as a whole, including other members of the supply chain (costs of foreign railways and connected inland modes of transport, port tariffs and maritime costs));
- transportation time;
- competition within the industry;
- competition among modes of transport;
- cooperation among logistic chain members;
- world demand on transported cargo;
- political relations;
- marketing activities of other transport service operators
- other factors indicated by railway undertakings or the infrastructure manager in their evidence

2.3. The experts assess competitiveness factors $\mathbf{R}_s$ on the grounds of two attributes – reference and programming periods:

2.3.1. The valuation of the significance of a competitiveness factor v_{ij} (j- expert's i-valuation of the criterion significance) from 0 to 1 in terms of the potential volume forecasted by the experts referred to in Subparagraph 2.1:

valuation of the significance of a market segment competitiveness factor		**Explanation**
0,0	insignificant factor	The factor does not affect the conditions of the transport services market in the relevant market segment
0,1 to 0,9	significant factor	The factor influences transport services market conditions in the relevant market segment - the higher the rating, the more significant impact
1,0	direct correlation	The factor directly affects the market conditions of transport services in the relevant market segment

2.3.2. The valuation of the development of a competitiveness factor k_{ij} (j- expert's i-valuation of the criterion development) from 0 to 1 in terms of the potential volume forecasted by the experts referred to in Subparagraph 2.1:

valuation of the development of a market segment competitiveness factor	Explanation
0,0	factor development in the relevant market sector is assessed as maximum
0,1 to 0,9	factor development in the relevant market sector is comparable with competing modes of transport and transport corridors - the higher the assessment, the more positive factor development is expected
1,0	expected factor development in the relevant market sector is assessed as maximum positive

3. the charging body summarizes the expert assessment and performs the evaluation of the reliability of the data, as well as determines if an expert's assessment of criteria listed in Subparagraphs 2.1. or 2.2 of Annex 3 to this Scheme is significantly different from the point of view of other experts, then the expert is requested to justify their opinion. The charging body may exclude qualitatively or statistically unfounded expert's opinion;

4. having validated experts' assessments according to Paragraph 3 of Annex 3 to the Scheme, the remaining assessments are multiplied by the normalized valuation of the significance of the relevant factor and the average normalized values are obtained for reference and programming periods:

$$R_{pārskat\ s} = ANP\ v_{ij\ pārskat\ s} \times \overline{k}_{ij\ pārskat\ s} / m_{s}\ ,\ \text{where}$$

$ANP_{v\ ij\ pārskat\ s}$ – normalized average j-expert's i-valuation of criterion significance for a specific market segment in the reference period;

$\overline{k}_{ij\ pārskat\ s}$ – average j-expert's valuation of i-criterion for a specific segment in the reference period;

$$R_{plān\ s} = ANP_{v\ ij\ plān\ s} \times \overline{k}_{ij\ plān\ s} / m_{s}\ ,\ \text{where}$$

$ANP_{v\ ij\ plān\ s}$ – normalized average j-expert's i-valuation of criterion significance for a specific market segment in the programming period;

$\overline{k}_{ij\ plān\ s}$ – average j-expert's valuation of i-criterion for a specific segment in the programming period;

5. the value of valuation criterion R_s, that characterizes the impact of the allowable railway infrastructure charge markup value on the competitiveness of the final services is obtained as a ratio between the programming and reference periods and it is indicated in Paragraph 9 of this Annex;

6. in cases if the experts indicate potential increase of value J_s in any of the segments, then the charging body sends a request to evaluate the elasticity of transportation volume in the specific market segment in relation to the total payment of potentially determined railway infrastructure charges for one train km according to the assumptions of the charging body about the technical specifications of trains, informing them about experts' considerations:

Planned transportation volume in relation to the determined railway infrastructure charges	**$M_s 1 = TI_s$**	**$M_s 2 = \ldots$**	**$M_s 3 = \ldots$**	**$M_s 4 = \ldots$**	**$M_s 5 = PI_s$**
	charge at the level of direct cost	intermediate values	intermediate values	intermediate values	charge at the level of full cost
$DR_{param\ gr\ s}$	*applicant's elasticity valuation*	*applicant's elasticity valuation*	*applicant's elasticity valuation*	*applicant's elasticity valuation*	*applicant's elasticity valuation*

7. the value of $\mathbf{J_s}$ is obtained by choosing it in accordance with the maximum value of the multiplication of potential transportation volume and the charge determined for a specific market segment ($\mathbf{DR_{param\ gr\ s} \times M_s}$);

8. the values of criteria $\mathbf{R_s}$ un $\mathbf{J_s}$ are expressed in decimal numbers and rounded to 2 decimal places, decreasing them to 1, if higher.

9. the valuation and the procedure of valuation of criterion $\mathbf{R_s}$, that characterizes the impact of the allowable railway infrastructure charge markup value on the competitiveness of the final services, in reference and programming periods is presented in the tables:

Comparable parameters		Competitiveness factors							
		Total population of the inhabited stopping points on the route	Administrative significance of the inhabited stopping points on the route	– Passengers' purchasing power	Railway transportation prices compared to other operators on the route	Quality of the railway transportation service compared to the transportation price	The competition within the industry	Compatibility with other modes of transport and/or access to the destination of passengers	Marketing activities of other transport service operators
Passenger transportation services within the framework of the public service contract									
normalized significance valuation	2018	0,17	0,09	0,15	0,15	0,15	0,09	0,15	0,05
	2019	0,16	0,09	0,14	0,15	0,15	0,08	0,16	0,06
development valuation	2018	0,60	0,43	0,52	0,77	0,50	0,27	0,48	0,35
	2019	0,57	0,43	0,57	0,48	0,75	0,38	0,73	0,47
R = 0,52	2018	0,10	0,04	0,08	0,12	0,07	0,02	0,07	0,02
R = 0,57	2019	0,09	0,04	0,08	0,07	0,11	0,03	0,12	0,03
$R_{sab\ pak\ pas}$ = 1,10									
Other passenger transportation services (t.i. commercial domestic and international transportation)									
normalized significance valuation	2018	0,16	0,09	0,15	0,16	0,16	0,10	0,11	0,09
	2019	0,15	0,09	0,14	0,17	0,15	0,09	0,11	0,09
development valuation	2018	0,63	0,46	0,61	0,61	0,49	0,30	0,56	0,33
	2019	0,59	0,46	0,61	0,64	0,53	0,36	0,73	0,41
R = 0,52	2018	0,10	0,04	0,09	0,10	0,08	0,03	0,06	0,03
R = 0,56	2019	0,09	0,04	0,09	0,11	0,08	0,03	0,08	0,04
$R_{citi\ pas}$ = 1,08									

Comparable parameters		Competitiveness factors							
		Total costs of cargo recipients	Transportation time	Competition within the industry	Competition among the modes of transport	Cooperation among the logic chain members	World demand on transported cargo	Political relations	Marketing activities of other transport service operators
Domestic freight transportation with collecting trains and pick-up trains									
normalized significance valuation	2018	0,18	0,12	0,09	0,15	0,13	0,15	0,09	0,08
	2019	0,17	0,12	0,10	0,15	0,14	0,15	0,09	0,08
development valuation	2018	0,42	0,37	0,33	0,35	0,50	0,47	0,70	0,40
	2019	0,50	0,43	0,40	0,43	0,55	0,52	0,67	0,42
R = 0,44	2018	0,08	0,04	0,03	0,05	0,06	0,07	0,07	0,03
R = 0,49	2019	0,09	0,05	0,04	0,06	0,08	0,08	0,06	0,03
$R_{sviv\ krav}$ = 1,11									
Domestic freight transportation with collecting trains and pick-up trains: regular transportation / irregular transportation									
normalized significance valuation	regular	0,17	0,13	0,10	0,14	0,15	0,16	0,09	0,07
	irregular	0,18	0,11	0,10	0,15	0,13	0,16	0,09	0,08
development valuation	regular	0,55	0,42	0,37	0,40	0,60	0,57	0,68	0,40
	irregular	0,50	0,47	0,47	0,43	0,53	0,52	0,62	0,40
R = 0,50	regular	0,09	0,05	0,03	0,06	0,09	0,09	0,06	0,03
R = 0,49	irregular	0,09	0,05	0,05	0,06	0,07	0,08	0,05	0,03
$R_{reg\ sviv\ krav}$ = 1,14 **$R_{nereg\ sviv\ krav}$ = 1,11**									
Other freight transportation, excluding international 1520 traffic (t.i. domestic freight transportation and within European Economic Area)									
normalized significance valuation	2018	0,18	0,12	0,11	0,13	0,15	0,13	0,09	0,09
	2019	0,18	0,13	0,11	0,12	0,15	0,13	0,08	0,09
development valuation	2018	0,48	0,40	0,42	0,42	0,55	0,52	0,57	0,40
	2019	0,50	0,43	0,48	0,45	0,55	0,53	0,58	0,40
R = 0,47	2018	0,09	0,05	0,05	0,05	0,08	0,07	0,05	0,04
R = 0,49	2019	0,09	0,05	0,06	0,06	0,08	0,07	0,05	0,04
$R_{citi\ krav}$ = 1,04									
Other freight transportation, excluding international 1520 traffic: regular transportation / irregular transportation									
normalized significance valuation	regular	0,18	0,15	0,12	0,10	0,15	0,14	0,08	0,09
	irregular	0,19	0,13	0,12	0,12	0,15	0,13	0,08	0,09
development valuation	regular	0,53	0,47	0,45	0,37	0,53	0,57	0,55	0,33
	irregular	0,48	0,43	0,45	0,45	0,53	0,52	0,58	0,38
R = 0,49	regular	0,10	0,07	0,05	0,04	0,08	0,08	0,04	0,03
R = 0,48	irregular	0,09	0,06	0,05	0,05	0,08	0,07	0,05	0,03
$R_{reg\ citi\ krav}$ = 1,04 **$R_{nereg\ citi\ krav}$ = 1,02**									

1.43. express Annex 5 to the Regulations as follows:

“Annex 5

List of railway transportation market segments

No.	Name of market segment	Market segment s designation
1.	passenger transportation services within the framework of a public service contract	sab pak pas
2.	other passenger transportation services	citi pas
3.	regular traffic domestic freight transportation with collecting and pick-up trains using pre-assigned train paths	reg sviv krav
4.	irregular traffic domestic freight transportation with collecting and pick-up trains	nereg sviv krav
5.	domestic container freight transportation and within European Economic Area using pre-assigned train paths	kontein krav
6.	other freight transportation, excluding international 1520 traffic, using pre-assigned train paths	citi krav

1.44. express Annex 6 to the Regulations as follows:

"Annex 6

Charging and payment conditions within international 1520 traffic

1. The charging body calculates average direct unit costs $\mathbf{TI}_{1520}$ within international 1520 traffic as a combination of three parameters:

1.1. $\mathbf{TI}_{\text{ceļ uztur 1520}}$ – the average direct maintenance, renewal and train operating costs of the railway infrastructure providing the minimum access package for one train km travelled in the programming period within international 1520 traffic:

$$\mathbf{TI}_{\text{ceļ uztur 1520}} = (\mathbf{KTI}_{\text{ceļ uztur 1520}} + \mathbf{KTI}_{\text{atj 1520}}) / \mathbf{DR}_{\text{ceļ uztur 1520}},$$ where:

$\mathbf{KTI}_{\text{ceļ uztur 1520}}$ – the network-wide direct maintenance and train operating costs of the railway infrastructure providing the minimum access package in the programming period within international 1520 traffic;

$\mathbf{KTI}_{\text{atj krav 1520}}$ – the network-wide direct renewal costs of the railway infrastructure in the programming period within international 1520 traffic;

$\mathbf{DR}_{\text{ceļ uztur 1520}}$ – the performance indicator or the number of train km in the programming period within international 1520 traffic;

1.2. $\mathbf{TI}_{\text{mez uztur 1520}}$ – the average direct maintenance and train operating costs of the railway infrastructure providing access to the railway infrastructure connecting service facilities for providing transportation of one train in the programming period within international 1520 traffic:

$$\mathbf{TI}_{\text{mez uztur 1520}} = \mathbf{KTI}_{\text{mez uztur 1520}} / \mathbf{DR}_{\text{mez uztur 1520}},$$ where:

$\mathbf{KTI}_{\text{mez uztur 1520}}$ – the network-wide direct maintenance and train operating costs of the railway infrastructure providing access to the railway infrastructure connecting service facilities in the programming period within international 1520 traffic;

$\mathbf{DR}_{\text{mez uztur 1520}}$ – the performance indicator of the doubled number (for transporting loaded and unloaded wagons) of dispatched trains from the places crossing the national border[5] and of the number of actually accepted trains in the final processing station in the programming period within international 1520 traffic;

1.3. the direct costs of performing the essential functions of the infrastructure manager for one train path within international 1520 traffic $\mathbf{TI}_{\text{bfv 1520}}$ are determined at the amount of the value $\mathbf{TI}_{\text{bfv krav}}$ according to the provisions of Paragraph 26 of the Scheme.

2. The charging body calculates the network-wide direct costs of railway infrastructure $\mathbf{KTI}_{\text{param 1520}}$ in the programming period within international 1520 traffic for every cost parameter $_{\text{ceļ uztur}}$, $_{\text{mez uztur}}$ and $_{\text{atj}}$ it is calculates as a multiplication of the average direct cost of these parameters with the relevant performance indicator of train km, number of wagons and gross tonne km within international 1520 traffic:

$$\mathbf{KTI}_{\text{ceļ uztur 1520}} = \mathbf{TI}_{\text{ceļ uztur krav}} \times \mathbf{DR}_{\text{ceļ uztur 1520}};$$

$$\mathbf{KTI}_{\text{mez uztur 1520}} = \mathbf{TI}_{\text{mez uztur}} \times \mathbf{DR}_{\text{param 1520}};$$

[5] according to Paragraph 3.2.7. of the railway infrastructure network statement of 2019/2020, the places crossing the national border are Rezekne freight station on the national border with the Russian Federation and Daugavpils freight station on the national border with the Republic of Belarus (regarding only the commodities transported in a freight train)

$$KTI_{atj\ 1520} = TI_{atj\ krav} \times DR_{atj\ 1520}\ .$$

3. Applicants and the infrastructure manager not later than four month before the deadline of the publication of the railway infrastructure charges within international 1520 traffic, can submit the evidence to the charging body; and the charging body accordingly assesses the necessity for the division of the international 1520 traffic services into smaller market segments in line with the criteria listed in Annex 3 to the Scheme, taking into account the following considerations:

3.1. in existing market segments in the market conditions forecasted for the programming period the criteria listed in Annex 3 are not equal for different kinds of railway infrastructure utilization;

3.2. the market conditions do not provide for covering the existing infrastructure charges;

3.3. specific market segments exist where railway undertakings are not operating at the given moment but can provide services in the programming period.

4. The level of mark-up in international 1520 traffic $MU_{param\ 1520\ s}$ within a specific market segment $_s$ is defined as the difference between each parameter's $_{param}$ adjusted full cost value of a specific parameter within international 1520 traffic $PI_{param\ 1520}$, where the infrastructure manager's financing costs are replaced with a reasonable profit margin as provided by Sub-paragraph 35.1 of the Scheme, and the network-wide direct costs $KTI_{param\ 1520}$, divided by the relevant performance indicator within international 1520 traffic $DR_{param\ 1520}$ and multiplying this division by the market valuation ratio $mcb_{1520\ s}$ criteria of which the charging body publishes on its website on the internet two months before the decision on the railway infrastructure charging within international 1520 traffic is taken:

$$MP_{param\ 1520\ s} = ((PI_{param\ 1520}' - KTI_{param\ 1520}) / DR_{param\ 1520}) \times mcb_{1520\ s}\ ,$$ where:

$PI_{param\ 1520}'$ – the adjusted cost value of a specific cost parameter within international 1520 traffic, where financing costs of the infrastructure manager are substituted by a reasonable profit margin following the principle stated in the Subparagraph 35.1. of the Scheme;

$mcb_{1520\ s}$ – a ratio characterizing the allowable level of mark-ups in the given market situation in the specific market segment within international 1520 traffic, which is determined as the maximum value from the valuation criteria C_s, V_s and S_s, where

$C_{1520\ s}$ – a valuation criteria characterizing the impact of different types of utilization of the railway infrastructure on the costs of railway infrastructure within a specific market segment;

$V_{1520\ s}$ – a valuation criteria that characterizes the increase of productivity achieved by railway undertakings within a specific market segment;

$S_{1520\ s}$ – a valuation criteria that characterizes the optimal railway competitiveness within a specific market segment.

5. The charging body calculates the charges for every cost parameter $_{param}$ in a specific market segment $_s$ within international 1520 traffic by adding markups of every parameter in a specific market segment $_s$ to the average direct cost value:

$$M_{ceļ\ uztur\ 1520\ s} = TI_{ceļ\ uztur\ 1520} + MP_{ceļ\ uztur\ 1520\ s}\ ;$$

$$M_{mez\ uztur\ 1520\ s} = TI_{mez\ uztur\ 1520} + MP_{mez\ uztur\ 1520\ s}\ .$$

6. The amount of charge $M_{mez\ uztur\ 1520\ s}$ is divided between the railway undertaking performing transportation in border regions (national border – Zilupe – Rezekne, national border – Karsava –

Rezekne, national border – Indra – Daugavpils) and the first railway undertaking that continues the movement from stations Rezekne and Daugavpils, observing the proportion which is calculated as a ratio between the total number of train km in these border regions in the reference period and the total number of train km in the other parts of the railway infrastructure network within international 1520 traffic in the reference period.

7. The charging body sets charge $\mathbf{M}_{\text{rezer bfv 1520}}$ for the part of the railway infrastructure, that is allocated in the capacity allocation plan, including that which is not used (reservation charge), at the amount of the value $\mathbf{M}_{\text{rezer bfv krav}}$ according to the provisions of Paragraph 47 of the Scheme.

8. The criteria for market segmentation and determining markups for the programming period after 1 July 2019:

8.1. the segmentation criteria based on the impact of different types of utilization of the railway infrastructure on the cost of railway infrastructure:

The charging body sets valuation criteria that characterize the impact of different types of utilization of the railway infrastructure on the cost of railway infrastructure in a specific market segment - $\mathbf{C}_{s}$, taking into account the significance of the deviations from the full costs of services, comparing scenarios where one of the existing market segments is divided into smaller segments or the same market segment is not divided:

$\mathbf{C}_{s} = \mathbf{0}$, in cases where different influence of the criterion cannot be observed, or

$$\mathbf{C}_{s} = \Delta\mathbf{PI}_{\text{param 1520 s}'} / \Delta\mathbf{PI}_{\text{param 1520 s}''}, \text{ where}$$

$\Delta\mathbf{PI}_{\text{param 1520 s}'}$ un $\Delta\mathbf{PI}_{\text{param 1520 s}''}$ – the changes of full costs of the two potential services, if it is divided into market segments

Criterion	**Designation of the criterion**	**evaluated pair of services** **justification of valuation of the criterion**		**determined value of the criterion**
Impact on specialized infrastructure	spec infra	utilization of specialized railway infrastructure for specific type of services	utilization of specialized railway infrastructure for specific type of different services	$\mathbf{C}_{\text{spec infra s}} = \mathbf{0}$
		the increase of maintenance, renewal or operating costs of the infrastructure manager		no specialized infrastructure
Impact on annual working timetable	vilc kust	combined transportation	direct train traffic	$\mathbf{C}_{\text{vilc kust s}} = \mathbf{0}$
		specific departure or arrival times within combined transportation increase train operating costs		coordination procedures are not registered
impact on railway infrastructure	tehnisk norm	technical specifications of trains correspond to the specifications indicated in the railway infrastructure network statement	technical specifications of trains do not correspond to the specifications indicated in the railway infrastructure network statement	$\mathbf{C}_{\text{tehnisk norm s}} = \mathbf{0}$
		technical specifications are different from those indicated in the railway infrastructure network statement and increase / decrease maintenance, renewal or operating costs of the infrastructure manager		the different technical specifications of trains are taken into account in cost allocation
impact on environment	vide	trains that transport dangerous cargo	other freight trains	$\mathbf{C}_{\text{vide s}} = \mathbf{0}$
		as a result of applicants' transportation, differing environment protection and safety costs are incurred		distinctive environment protection and safety costs are not observed
impact on traffic	tehnol norm	trains transporting all wagons from one point to one destination	trains that consist of wagons that are separate freight units and are coupled and uncoupled en route	$\mathbf{C}_{\text{tehnol norm s}} = \mathbf{0}$
		technical specifications are different from those indicated in the railway infrastructure network statement and increase /		no applications submitted with differing

		decrease maintenance, renewal or operating costs of the infrastructure manager	technological specifications

8.2. The segmentation criteria based on the increase of the productivity achieved by railway undertakings:

The charging body sets the valuation criterion that characterizes the increase of the productivity achieved by railway undertakings in a specific market segment – $\mathbf{V_s}$, taking into account the significance of the changes of the applicant's income fluctuations, that are incurred by differing quality of infrastructure services, comparing scenarios where one of the existing market segments is divided into smaller segments or the same market segment is not divided:

$\mathbf{V_s = 0}$, in cases where different influence of the criterion cannot be observed, or

$\mathbf{V_s = \Delta I_s' / \Delta I_s''}$, where:

$\Delta I_s'$ un $\Delta I_s''$ – the changes of the applicant's income using the two potential services, if it is divided into market segments.

Criterion	**Designation of the criterion**	**the evaluated pair of services**		**the determined value of the criterion**
		the justification of valuation of the criterion		
through rate offer	integr pied	regular train traffic services	irregular train traffic services	$\mathbf{V_{integr\ pied\ s} = 0}$
		transportation services are provided in accordance with uniform payment conditions throughout the logistics chain		no agreement on uniform charging schemes

8.3. The values of segmentation criteria based on the impact of markup value on the competitiveness of the final services:

Comparable parameters		Competitiveness factors							
		Total costs of cargo recipients	Transportation time	Competition within the industry	Competition among the modes of transport	Cooperation among the logic chain members	World demand on transported cargo	Political relations	Marketing activities of other transport
International 1520 traffic									
normalized significance valuation	2018	0,16	0,12	0,10	0,10	0,14	0,14	0,16	0,08
	2019	0,16	0,12	0,11	0,10	0,14	0,14	0,15	0,08
development valuation	2018	0,78	0,58	0,62	0,65	0,75	0,67	0,68	0,57
	2019	0,78	0,60	0,67	0,67	0,75	0,72	0,75	0,57
R = 0,68	2018	0,13	0,07	0,06	0,07	0,10	0,10	0,11	0,04
R = 0,70	2019	0,12	0,07	0,07	0,07	0,11	0,10	0,11	0,04
R_{1520} = 1,03									
International 1520 traffic: Regular transportation/irregular transportation/lightweight transportation									
normalized significance valuation	regular	0,16	0,13	0,10	0,11	0,14	0,14	0,14	0,08
	irregular	0,14	0,12	0,11	0,10	0,14	0,15	0,17	0,07
	lightweight	0,16	0,13	0,10	0,10	0,14	0,14	0,15	0,08
development valuation	regular	0,77	0,70	0,65	0,65	0,77	0,75	0,73	0,53
	irregular	0,75	0,57	0,67	0,67	0,70	0,70	0,73	0,50
	lightweight	0,73	0,57	0,60	0,60	0,70	0,68	0,72	0,50
R = 0,71	regular	0,12	0,09	0,07	0,07	0,11	0,10	0,10	0,04
R = 0,68	irregular	0,11	0,07	0,07	0,07	0,09	0,11	0,12	0,03
R = 0,65	lightweight	0,11	0,07	0,06	0,06	0,10	0,09	0,11	0,04
$R_{reg\ 1520}$ = 1,04 $R_{nereg\ 1520}$ = 1,00 $R_{vieglsv\ 1520}$ = 0,96									

9. The charging body applies markups **$MP_{param\ 1520\ s}$** within international 1520 traffic in the following market segments:

No.	Name of market segment	Market segment $_s$ designation
1.	Regular traffic freight transportation within international 1520 traffic using pre-assigned train paths	$_{reg\ 1520}$
2.	Other freight transportation services within international 1520 traffic	$_{citi\ 1520}$

10. The charging body has identified a potential market segment (lightweight freight transportation services within international 1520 traffic using pre-assigned train paths - $_{vieglsv\ 1520}$)[6] within international 1520 traffic $_{citi\ 1520}$ in a market segment with a different value of the competitiveness valuation criterion a **R_s**, where a different markup amount may be determined, if the capacity allocation body receives applicant's request for assigning two-way train paths and accordingly the valuation of criteria **C_s** un **V_s** is performed; until then, such services remain as a component $_{citi\ 1520}$ market segment and, therefore, the amount of markup **$MP_{param\ 1520\ citi\ 1520}$** is determined by $_{citi\ 1520}$.

[6] Full train sets (at least 54 wagons), where the neto weight of every wagon does not exceed 23 tonnes

11. In general, the payment conditions within international 1520 traffic are applied as provided by the Collection Scheme, replacing the tertiary indexes $_{krav}$ or $_{gr}$ for railway undertakings', applicants' and performers of individual technological processes' payment amount indicators with index $_{1520}$, except the payment referred to in Paragraph 6 of the Charging Scheme which is defined according to Paragraph 12 of Annex 6 to the Scheme.

12. The infrastructure manager uses the following formula for applying the payment for the minimum access package for providing international 1520 traffic including all railway infrastructure for providing train acceptance, handling and dispatching, as well as the access to the railway infrastructure connecting service facilities where freight trains are assembled and disassembled, and rolling stock is transferred for loading, unloading or to related sidings:

$$KM_{1520\ s} = M_{ceļ\ uztur\ 1520\ s} \times DR_{ceļ\ uztur\ 1520\ s} + M_{mez\ uztur\ 1520\ s} \times DR_{mez\ uztur\ 1520\ s} + N$$, where:

$KM_{1520\ s}$ – the payment to be made by a railway undertaking for the railway infrastructure within international 1520 traffic in a specific market segment (*euro*);

$M_{ceļ\ uztur\ 1520\ s}$ – the charge amount of the railway infrastructure maintenance, renewal and train operating charge parameter for the minimum access package including all railway infrastructure for providing train acceptance, handling and dispatching, as well as the access to the railway infrastructure connecting service facilities where freight trains are assembled and disassembled, and rolling stock is transferred for loading, unloading or to related sidings in a specific market segment within international 1520 traffic determined by the charging body (*euro* per one train km, value added tax excluded);

$DR_{ceļ\ uztur\ 1520\ s}$ – the number of train km actually travelled by the railway undertaking's freight trains in a specific market segment within international 1520 traffic in the relevant billing period;

$M_{mez\ uztur\ 1520\ s}$ – the charge amount of the maintenance and train operating charge parameter for providing access to the railway infrastructure connecting service facilities where freight trains are assembled and disassembled, and rolling stock is transferred for loading, unloading to related sidings in a specific market segment within international 1520 traffic determined by the charging body (*euro* per one wagon, value added tax excluded);

$DR_{mez\ uztur\ 1520\ s}$ – the doubled number (for transporting loaded and unloaded wagons) of actually dispatched railway undertaking's freight trains from the places crossing the national border[7] and the number of actually accepted trains in the final processing station within international 1520 traffic in the relevant billing period;

N – fees and taxes to be paid by the railway undertaking in accordance with the legislation in force in the Republic of Latvia (*euro*).";

[7] according to Paragraph 3.2.7. of the railway infrastructure network statement of 2019/2020, the places crossing the national border are Rezekne freight station on the national border with the Russian Federation and Daugavpils freight station on the national border with the Republic of Belarus (regarding only the commodities transported in a freight train)

1.45. express Annex 7 to the regulations as follows:

“Annex 7

The method of designation used in the Scheme

1. For indicating costs and their deviations the following designations are used in the Scheme:

1.1. **PI** – the full costs of the infrastructure manager: the full costs of the railway infrastructure which are necessary to ensure common access rights throughout the railway infrastructure and which are allocated by the infrastructure manager in accordance with the cost allocation method from its total costs to different service categories provided to railway undertakings for the provision of the minimum access package and the access to railway infrastructure connecting service facilities;

1.2. **PI'** – the adjusted **PI** value, where the infrastructure manager's financing costs are replaced with a reasonable profit margin in accordance with Sub-paragraph 35.1 of the Scheme;

1.3. **ΔPI**– changes in the full costs in the relevant programming period caused by the application of a differentiation instrument or the division of a market segment;

1.4. **NI** – the ineligable costs of the infrastructure manager: the ineligable cost of the railway infrastructure within the meaning of Regulation considering the explanations in Paragraph 17.

1.5. **KTI**– the direct costs of the infrastructure manager: the network-wide direct costs of the railway infrastructure within the meaning of Regulation;

1.6. **TI** – the average direct unit costs;

1.7. **F** – the railway infrastructure financing costs or the actual costs of the infrastructure manager for attracting financial means (interest payments), as well as costs that are related to the losses due to currency fluctuations;

1.8. the designations of the costs and their deviations are elaborated by indices in the following order (see example 1):

1.8.1. the primary index indicates the designation of the applicable differentiation instrument (are indicated only for **ΔPI** marker):

pārslodz – differentiation instrument related to the capacity enhancement plan;

infpr – differentiation instrument related to a specific investment project;

the primary index is not applied to other cost markers;

1.8.2. the secondary index indicates the designation of a cost parameter according to the activities referred to in Annex 1 to the Scheme and the activity of the performer of the essential functions:

ceļ uztur – the maintenance and train operating of the railway infrastructure;

mez uztur – the maintenance and train operating of the railway infrastructure providing access to railway infrastructure connecting service facilities;

atj – the renewal of the railway infrastructure;

elektr – the maintenance and renewal of traction electrical supply equipment;

bfv – the performing of the infrastructure manager’s essential functions;

param – any of the above-mentioned cost parameters;

1.8.3. the tertiary index indicates the designation of the relevant service group referred to in Subparagraphs 6.1 and 6.2 of the Scheme or of the international 1520 traffic:

$_{pas}$ – provision of passenger traffic according to Subparagraph 6.1 of the Scheme;

$_{krav}$ – provision of freight transportation according to Subparagraph 6.2 of the Scheme;

$_{1520}$ – provision of international 1520 traffic;

$_{gr}$ – any of the above-mentioned service groups.

Example 1:

$NI_{ceļ\ uztur\ krav}$ – ineligible costs (NI) of maintenance and train operating of the railway infrastructure for providing freight transportation

$\Delta PI_{infpr\ ceļ\ uztur\ krav}$ – the changes of the direct maintenance and train operating costs of the railway infrastructure related to a specific investment project in freight traffic

2. For indicating performance indicators and their deviations the following designations are used in the Scheme:

2.1. **DR** – performance indicator;

2.2. ΔDR– the changes of the performance indicator that are caused by the application of a differentiation instrument;

2.3. the designations of the performance indicators and their deviations are elaborated by indices in the following order (see example 2):

2.3.1. the primary index indicates the designation of the applicable differentiation instrument causing the changes of performance indicator:

$_{pārslodz}$ – in a part of the railway infrastructure over the period of congestion;

$_{infpr}$ – in a part of the railway infrastructure where a specific investment project is being carried out;

$_{opt\ nosl}$ – as a result of the application of network the loading optimization discount

the primary index is not applied to other performance indicators;

2.3.2. the secondary index indicates the designation of the related cost parameter characterized by the relevant performance indicator according to the activities referred to in Annex 1 to the Scheme and the activity of the performer of the essential functions:

$_{ceļ\ uztur}$ – for driving the maintenance and train operating costs of the railway infrastructure for the performance indicator of train km;

$_{mez\ uztur}$ – for driving the maintenance and train operating costs of the railway infrastructure providing access to railway infrastructure connecting service facilities for the performance indicator of the number of wagons used in railway traffic;

$_{atj}$ – for driving the renewal costs of the railway infrastructure for the performance indicator of gross tonne km;

elektr – for driving the costs of using, maintenance and renewal of traction electrical supply equipment for the performance indicator of the train km for trains that use electric traction;

bfv – for driving the costs of performing the essential functions of the infrastructure manager for the performance indicator of the number of assigned train paths;

param – any of the above-mentioned indicators;

2.3.3. the tertiary index indicates the designation of the related service group referred to in Subparagraphs 6.1 and 6.2 of the Scheme or of the international 1520 traffic characterized by the relevant performance indicator:

pas – for provision of passenger traffic according to Subparagraph 6.1 of the Scheme;

krav – for provision of freight transportation according to Subparagraph 6.2 of the Scheme;

1520 – for provision of international 1520 traffic;

gr – for any of the above-mentioned service groups.

Example 2:

DR $_{\text{ceļ uztur krav}}$ – the performance indicator of train km for driving of the maintenance and train operating costs of the railway infrastructure within freight traffic

DR $_{\text{pārslodz ceļ uztur krav}}$ – the performance indicator of train km for driving of the maintenance and train operating costs of the railway infrastructure within freight traffic in a specific part of the railway infrastructure over the period of congestion

3. For indicating infrastructure charges, charge mark-ups, higher charges and differentiated charges the following designations are used in the Scheme:

3.1. **M** – the value of the charge set by the charging body;

3.2. **MU** – the value of the charge mark-up set by the charging body;

3.3. **MP** – the value of a higher charge within international 1520 traffic set by the charging body;

3.4. **A** – the amount of the discount set by the charging body;

3.5. the designations of infrastructure charges, charge mark-ups, higher charges and differentiated charges are elaborated by indices in the following order (see example 3):

3.5.1. the primary index indicates the designation of the applicable differentiation instrument causing the changes of the charge value, for example:

pārslodz – scarcity charge;

vide – environment charge;

infpr – project charge;

sankc/komp/prēm – penalties (for activities that disrupt the performance of the railway infrastructure), compensations and bonuses (charge reductions to applicants) within the meaning of the Network Performance Scheme;

tehpr – charge for the capacity used for providing technological processes;

rezer – charge for the part of the railway infrastructure that is allocated in the capacity allocation plan even if it is not used (reservation charge);

apj – volume discount;

opt nosl – network loading optimization discount;

the primary index is not applied to other infrastructure charges, charge mark-ups, higher charges and differentiated charges;

3.5.2. the secondary index indicates the designation of the related cost parameter characterized by the relevant infrastructure charges, charge mark-ups, higher charges or differentiated charges according to the activities referred to in Annex 1 to the Scheme and the activity of the performer of the essential functions:

ceļ uztur – for charges, charge mark-ups, higher charges or differentiated charges for the maintenance and train operating of the railway infrastructure;

mez uztur – for charges, charge mark-ups, higher charges or differentiated charges for the maintenance and train operating of the railway infrastructure providing access to railway infrastructure connecting service facilities;

atj – for charges, charge mark-ups, higher charges or differentiated charges for the renewal of the railway infrastructure;

elektr – for charges, charge mark-ups or differentiated charges for the use, maintenance and renewal of traction electrical supply equipment;

bfv – for charges or differentiated charges for performing the essential functions of the infrastructure manager;

param – for charges, charge mark-ups, higher charges or differentiated charges of any of the above-mentioned parameters;

3.5.3. the tertiary index indicates the designation of the related service group referred to in Subparagraphs 6.1 and 6.2 of the Scheme or of the international 1520 traffic relevant to the respective infrastructure charges, charge mark-ups, higher charges or differentiated charges:

pas – for provision of passenger traffic according to Subparagraph 6.1 of the Scheme;

krav – for provision of freight transportation according to Subparagraph 6.2 of the Scheme;

1520 – for provision of international 1520 traffic;

gr – for any of the above-mentioned service groups.

3.5.4. the quaternary index indicates the designation of the market segment referred to in Annex 5 to the Scheme relevant to the respective infrastructure charges, charge mark-ups, higher charges or differentiated charges:

sab pak pas – passenger transportation services within the framework of the public service contract;

citi pas – other passenger transportation services;

reg sviv krav – regular traffic domestic freight transportation with collecting and pick-up trains using pre-assigned train paths;

nereg sviv krav – irregular traffic domestic freight transportation with collecting and pick-up trains;

kontein krav – domestic container freight transportation and within European Economic Area, using pre-assigned train paths;

citi krav – other freight transportation, excluding international 1520 traffic, using pre-assigned train paths;

s 1520 – any of the segments within international 1520 traffic;

s – any of the above mentioned or new market segment.

Example 3:

M ceļ uztur krav s – the charge value set by the charging body of the charging parameter for maintenance and train operating in a specific market segment within freight traffic

A apj atj pas sab pak pas – the amount of volume discount set by the charging body for the charge of railway infrastructure renewal parameter within passenger traffic in the market segment of the services provided within the framework of the public service contract

4. For indicating the indicators intended for calculating the infrastructure manager's reasonable profit margin the following designations are used in the Scheme:

4.1. **P** – the infrastructure manager's reasonable profit margin;

4.2. **RAB** – the value of the infrastructure manager's assets register;

4.3. ***wacc*** – weighted average cost of infrastructure manager's capital as a percentage;

4.4. $\mathbf{r_e}$ – return on equity;

4.5. $\mathbf{r_f}$ – risk-free rate – the average arithmetic interest rate of government long-term securities of the highest credit rating countries of the Organization for Economic Co-operation and Development (OECD), using the latest OECD report on government long-term bond rates;

4.6. $\mathbf{r_c}$ – pure premium, which includes a risk assessment of the country and of the industry;

4.7. $\mathbf{r_d}$ – the actual weighted average long-term loan rate of the infrastructure manager

4.8. **E** – the value of the equity at the end of the reference period;

4.9. **D** – the value of the borrowed capital at the end of the reference period;

4.10. the designations of charges, mark-ups, increased charges and differentiated charges are elaborated by indices in the following order (see example 4):

4.10.1. the primary index indicates the designation of the cost parameter related to the applicable reasonable profit margin according to the activities referred to in Annex 1 to the Scheme and the activity of the performer of the essential functions:

ceļ uztur – for the infrastructure manager's reasonable profit margin for the cost parameter of maintenance and train operating of the railway infrastructure;

mez uztur – for the infrastructure manager's reasonable profit margin for the cost parameter of maintenance and train operating of the railway infrastructure providing access to railway infrastructure connecting service facilities;

atj – for the infrastructure manager's reasonable profit margin for the cost parameter of renewal of the railway infrastructure;

elektr – for the infrastructure manager's reasonable profit margin for the cost parameter of the using, maintenance and renewal of traction electrical supply equipment;

bfv – for the infrastructure manager's reasonable profit margin for the cost parameter of performing the essential functions of the infrastructure manager;

param – for the infrastructure manager's reasonable profit margin for any of the above-mentioned parameters;

4.10.2. the secondary index indicates the designation of the related service group referred to in Subparagraphs 6.1 and 6.2 of the Scheme or of the international 1520 traffic relevant to the respective infrastructure manager's reasonable profit margin:

pas – for provision of passenger traffic according to Subparagraph 6.1 of the Scheme;

krav – for provision of freight transportation according to Subparagraph 6.2 of the Scheme;

1520 – for provision of international 1520 traffic;

gr – for any of the above-mentioned service groups.

Example 4:

P ceļ uztur krav – the profit margin for the charging parameter of the maintenance and train operating of the railway infrastructure within freight traffic

5. For indicating the allowable level of mark-ups and higher charges in a market situation the following designations are used in the Scheme:

5.1. ***mcb*** – a ratio characterizing the allowable level of mark-ups or higher charges in market conditions of a specific market segment and which is determined as the maximum value of the value of the valuation criteria **C**, **V** and **S**;

5.2. **C** – a valuation criterion characterizing the impact of different types of utilization of the railway infrastructure on the costs of railway infrastructure within a specific market segment;

5.3. **V** – a valuation criterion that characterizes the productivity achieved by railway undertakings within a specific market segment;

5.4. **S** – a valuation criterion that characterizes the optimal railway competitiveness within a particular market segment which consists of criteria **J** and **R;**

5.5. **J** – a valuation criterion that characterizes the demand for the railway infrastructure capacity in a specific market segment;

5.6. **R** – a valuation criterion that characterizes the impact of the allowable level of mark-ups and higher charges on the competitiveness of the final service of a specific market segment

5.7. the indicators characterizing the allowable level of mark-ups and higher charges in a market situation are elaborated by indices in the following order:

5.7.1. the primary index, if necessary, indicates the reference or programming period relevant to the respective valuation criterion;

5.7.2. the secondary index indicates the designation of the valuation criterion of market segmentation according to Annex 3 to the Scheme:

spec infra – a valuation criterion that characterizes the impact on specialized infrastructure;

vilc kust – a valuation criterion that characterizes the impact on annual working timetable;

tehnisk norm – a valuation criterion that characterizes the impact on railway infrastructure;

vide – a valuation criterion that characterizes the impact on environment;

tehnol norm – a valuation criterion that characterizes the impact on traffic;

prior – a valuation criterion that characterizes train priority;

intens – a valuation criterion that characterizes consumer intensity;

integr pied – a valuation criterion that characterizes through rate offer;

5.7.3. the tertiary index indicates the designation of the market segment referred to in Annex 5 to the Scheme relevant to the respective valuation criterion:

sab pak pas – passenger transportation services within the framework of the public service contract;

citi pas – other passenger transportation services;

reg sviv krav – regular traffic domestic freight transportation with collecting and pick-up trains using pre-assigned train paths;

nereg sviv krav – irregular traffic domestic freight transportation with collecting and pick-up trains;

kontein krav – domestic container freight transportation and within European Economic Area, using pre-assigned train paths;

citi krav – other freight transportation, excluding international 1520 traffic, using pre-assigned train paths;

s 1520 – any of the segments within international 1520 traffic;

s – any of the above mentioned or new market segment.

6. The publication deadlines are indicated in the Scheme as a time deviation from the deadline of the publication of the railway network performance statement (see example 5) using the following designations:

6.1. **X** – the deadline of the publication of the railway network performance statement;

6.2. **± n m** – a deviation from the deadline of the publication of the railway network performance statement in months, where n is the number of months;

6.3. **± z d** – a deviation from the deadline of the publication of the railway network performance statement in days where z is the number of days.

Example 5:

X - 4m – four months before the deadline of the publication of the railway network performance statement

7. Other designations can be used in the Scheme if their legend is included in the base text.";

1.46. supplement the Regulations with Annex 8 as follows:

"Annex 8

Principles of the procedure of allocating the costs of performing the essential functions

1. The record of the costs of the performer of the essential functions of the infrastructure manager and their allocation to specific service groups referred to in Subparagraphs 6.1 or 6.2 is executed in the enterprise resource planning system (SAP).

2. The costs are recorded into cost centers and other cost accumulation objects in a way that allows the allocation of the costs to the service groups referred to in Subparagraphs 6.1 or 6.2.

3. The record of the costs is executed according to the requirements related to the direct and ineligable costs within the meaning of Regulation.

4. The costs of the services are calculated from the financial data in the budget of the performer of the essential functions of the infrastructure manager for the relevant programming period, as well as the information about the volume of the services requested by railway undertakings and applicants and the number of assigned and actually used train paths.

5. In order to allocate costs to the service groups referred to in Subparagraphs 6.1 or 6.2 the operating costs from the primary recording system are used that are divided into production and overall costs:

5.1. production costs include costs related to the provision of operation of the regional capacity allocation centers. Within the primary record of production costs, they are allocated to the freight traffic service group directly;

5.2. overall costs include costs related to the provision of the railway infrastructure capacity allocation process, as well as costs of making decisions on infrastructure charging and of analytical information necessary for making these decisions, administrative and other undivided costs.

6. The charging body adjusts the value of the full costs of performing the essential functions $\mathbf{PI}_{bfv}$ by adding a reasonable profit margin $\mathbf{P}_{bfv}$, that is calculated taking into account the ratio of the infrastructure manager's reasonable profit margin to the value of full costs of the service groups referred to in Subparagraphs 6.1 or 6.2 **PI**, and which covers the project financing costs of the performer of the essential functions and balances the fluctuations that may occur in the programming period due to the general financial and personnel management[8] decisions made by the concern.

7. Within the primary record overall costs are allocated to the service groups referred to in Subparagraphs 6.1 or 6.2 using the relevant cost driver - the number of assigned train paths in the programming period.

8. The direct unit costs of an additional train path that occur if the volume of the services planned in the programming period is exceeded (if the number of actually assigned train paths to applicant's

[8] within the meaning of Article 13. [1] of the Railway Law

trains in a specific service group during the capacity allocation period exceeds the planned number) are calculated in accordance with the following principles:

8.1. the costs of capacity allocation for an additional train path outside the capacity allocation plan include specific costs of wages of the employees of the capacity allocation body including social insurance payments that are determined in accordance with the amount of effort devoted and the increase of work intensity for allocating one unit of additional train path.

8.2. the increase of work intensity for allocating one additional train path is characterized by the amount of unplanned and unforeseen effort, which does not correspond to the determined wages of the specific employees of the performer of the essential functions of the infrastructure manager or the agreed workload, and which is determined as a percentage (not more than 200% in total) of the wage rate including social insurance payments of the specific employees based on the report on the amount of overtime related to the allocation of additional train paths filed by the capacity allocation director of the performer of the essential functions of the infrastructure manager.

9. The costs of performing the essential functions can be transferred once a calendar year or in cases when the decisions on infrastructure charges or the amendments to the Scheme, the Collection Scheme, network Performance Scheme or capacity Allocation Scheme are taken by the performer of the essential functions."

2. The charging body publishes these amendments on its website on the internet and submits information about it to the public-use railway infrastructure manager for inclusion in the railway infrastructure network statement.

3. These amendments enter into force upon their publication.

4. According to the twelfth part of Article 11 of the Railway Law, a complaint regarding these amendments can be submitted in State Railway Administration not later that one month after the day of the publication.

JSC LatRailNet
the Deputy of the Finance Director
for Charging Affairs M.Andiņš

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