

Adrian Corcoran

From: Sorcha O'Connor Dunne
Sent: 20 November 2015 16:09
To: Adrian Corcoran
Subject: FW: Response to CP1/2015

From: Martin Saxton [<mailto:Martin.Saxton@stobartair.com>]
Sent: 20 November 2015 14:51
To: Info <Info@aviationreg.ie>
Subject: Response to CP1/2015

Dear Sirs,

In response to CP1/2015 we note that the intention of the 2014 Determination was to provide for a declining price cap of 4.2% per annum. Dublin Airport was given flexibility in setting individual airport charges on condition that the overall price cap was complied with. It now seems, due to changes in the level of traffic and changes in the intensity of use of airport facilities, that Dublin Airport could increase prices in 2016 and still remain compliant with the price cap. However the Airport are proposing to keep prices flat in 2016, which would be preferable to us as opposed to the 4-10% price increases proposed without the amendment to the price cap formula they have requested.

We understand that providing for the under-recovery cap to be increased substantially from the current 5% or removed:

- would have no impact on the total allowed revenues for Dublin Airport over the regulatory period, only on the timing of when it is earned.
- Will not simply result in delaying the price increase, as the base price cap is falling by -4.2% per annum, so any under-recovery brought forward will be added to lower base price cap.

We do not believe that Dublin Airport, when they are prepared to keep price flat, should be encouraged to increase price due to inflexibility in the price cap formula under which they operate. Based on our understanding, as outlined above, of the impact on providing increased flexibility we believe that substantial grounds exist to review the price cap formula and to provide the flexibility in the under-recovery mechanism requested.

Best regards


Martin

Martin Saxton

Chief Commercial Officer

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