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Re: Review of 2014 Determination

Dear Adrian,

We refer to our recent meeting and the decision of the Commission to conduct an interim review of the 2014 Determination with respect to the trigger mechanism relating to the construction the northern parallel runway.

While we welcome the CAR's decision to review this aspect of the Determination which we have consistently maintained was inappropriate, we believe that other interrelated elements of the Determination should be reconsidered as part of this review together with all aspects of the CAR's approach to triggers and the other runway movement related triggers.

As a preliminary matter, we believe that having regard to the complexity and the cost associated with the new runway project, the CAR should engage the services of an independent consultant to review the daa's proposals and the related business case (which users have yet to see). You will recall that the CAR adopted a similar approach in the context of its interim review relating to the recovery of costs associated with the construction of Terminal 2 when it engaged an independent consultant to review the costs proposed by the daa and an assessment of the size of T2 having regard to the likely ranges for airport demand going forward. This ultimately led to the two-box trigger approach which the CAR adopted in relation to the recovery of capex associated with T2. The CAR should again have the benefit of such an independent review (which would consider all aspect of the runway (including length, cost and associated

infrastructure) to enable it to reach an informed conclusion on the quantum of the costs to be allowed and an appropriate trigger mechanism for cost recovery.

Any review of the trigger mechanisms for a new runway must also necessarily consider the overall infrastructure at Dublin airport and how the daa can be incentivised to respond to the current and future needs of users. In this regard, and as pointed out at our recent meeting, any trigger mechanism should prioritise capital projects which are necessary in the short-term to optimise the current runway infrastructure and address capacity constraints (particularly in relation to stands and taxi-ways) before the costs of a new runway can be recovered. Such a review would have regard to the new growth opportunities created by Aer Lingus becoming part of the IAG Group and the stated objective in the National Aviation Policy to develop Dublin as a hub airport which will be impeded if the current infrastructural constraints are not addressed. To the extent that the capital allowances contained in the 2014 Determination are insufficient to cover such projects, Aer Lingus will engage constructively with the CAR and daa to ensure that appropriate trigger mechanisms are put in place.

We would request that you take the above matters into account when finalising the scope of the proposed review and would be happy to discuss if helpful.

Yours sincerely,

Laurence Gourley
Director of Legal