



STUDY ON PASSENGER REPRESENTATION IN AIRPORT CHARGE DETERMINATIONS AT DUBLIN AIRPORT

COMMISSION FOR AVIATION REGULATION (CAR)

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FINAL REPORT

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ACRONYMS

ACI	Airports Council International
AER	Australian Energy Regulator
CAA	Civil Aviation Authority
CAA CP	CAA Consumer Panel
CAR	Commission for Aviation Regulation
CCB	Consumer Challenge Board
CCPC	Competition and Consumer Protection Commission
CEAP	Consumer Engagement Advisory Panel
CER	Commission for Energy Regulation
CCGs	Customer Challenge Groups
CEPA	Cambridge Economic Policy Associates
ComReg	Commission for Communications Regulation
DNO	Distribution Network Operator
ECCI	European Consumer Centre Ireland
ESC	Essential Services Commission
FCA	Financial Conduct Authority
FSCP	Financial Services Consumer Panel
H7	The next price review for Heathrow Airport
HAL	Heathrow Airport Ltd.
IAP2	International Association of Public Participation
LSB	Legal Service Board
LSCP	Legal Services Consumer Panel
NDA	National Disability Authority
NIE	Northern Ireland Electricity
Ofcom CCP	Ofcom Communications Consumer Panel
ORR	Office of Rail and Road
PR14/PR19	The previous and upcoming price reviews for the UK water sector by Ofwat
PREMO	Performance, Risk, Engagement, Management and Outcomes
RIIO	Revenue = Incentives + Innovation + Outputs
UKWIR	UK Water Industry Research
UR	Utility Regulator
WICS	Water Industry Commission for Scotland
WICS CF	WICS Customer Forum
WPD	Western Power Distribution
WTP	Willingness to Pay

EXECUTIVE SUMMARY

The Commission for Aviation Regulation (the Commission) commissioned Cambridge Economic Policy Associates (CEPA) to review other regulators' approaches to consumer engagement, assess the costs and benefits of the different approaches and, depending on the results of the analysis, develop recommendations on what approach the the Commision should apply for Dublin Airport.

The study focused on three main sources of evidence:

- A review of the current approach to passenger representation within the CAR's regulatory framework, to understand what, if any, gaps exist.
- A desk-review of the approaches to consumer engagement used by other regulators; we then conducted follow-up consultations with selected regulators to understand more about the impact of their different consumer engagement regimes.
- Feedback from stakeholders during a two-day workshop attended by: groups representing different types of passengers (e.g. disability groups, international tourist passengers, business travellers, and the wider consumer interest), Dublin Airport and some of the airlines that serve Dublin Airport. The workshop was held roughly half-way into our study, so stakeholders were able to comment on our interim findings.

We briefly outline the main findings from each of these three sources of evidence.

Review of the status quo

Our review of the Commisison's current consumer engagement model found that, overall, the Commisison does not receive sufficient evidence directly from passengers when it is making its determinations. This may reflect a lack of passenger engagement, but also reflects the fact that the consultation responses/submissions made to the Commission do not show clearly that they are based on sufficient passenger research.

Review of other regulators' approaches

Our review of the approaches used by other regulators had two distinct aims:

1. To understand which approaches other regulators have used.
2. To obtain evidence, through desk-review and consultations, of the positive (or negative) impact of the different approaches.

What approaches have regulators used?

We considered the approaches used in Ireland and also completed case studies of 12 regulators in the UK and Australia. Through this we identified three main techniques that have been used by regulators to develop their consumer engagement models:

1. Some regulators have **published guidance** to explain their expectations with regards to good quality engagement, and to explain how the regulator will interpret the results of the company's engagement activities.
2. In a few cases (e.g. Ofgem, Ofwat, and Australia's Essential Services Commission (ESC)) the regulator has introduced **financial incentive mechanisms** to reward and/or penalise regulated companies for their quality of consumer engagement and research. **Non-financial incentive mechanisms** have also been used, for example where the regulator states that the quality of engagement will be a determining factor in whether it is willing to allow certain investments by the regulated company.
3. In all but one of the case studies the regulators have **established some form of consumer panel** as part of their consumer engagement model. The role of the panels varies, but they are typically responsible for providing advice and scrutinising the quality of engagement carried out by the regulator or in some cases the regulated company.

We adopted these three approaches as options for the Commission to consider. The remainder of the study evaluated the evidence on the potential for these options to yield beneficial outcomes.

What is the evidence of achieving beneficial outcomes?

The key question that needs to be considered when developing consumer engagement models is whether they have the scope to deliver real benefits to consumers, or just lead to additional reports and meetings (i.e. costs) that produce no benefit to consumers. We have relied on a qualitative assessment because of a lack of existing quantitative evidence of the impact.

An important point to note is that the clear trend from across the 12 regulators that we have reviewed is that they have all introduced approaches to improve consumer engagement in recent years. Furthermore, in recent years the regulators have been seeking to do more rather than less on engagement - the regulators that introduced engagement mechanisms in previous price controls (e.g. the Civil Aviation Authority (CAA) and Ofwat) are currently focusing on how they can strengthen their existing consumer models rather than reverting back to a 'do nothing' situation.

In relation to the three options, the evidence from the other sectors is as follows:

- Option 1: Guidance. None of the regulators has relied on publishing guidance alone to achieve an improved quality of consumer engagement. Therefore, whilst it is possible that guidance alone may be effective at improving the quality of engagement, we cannot say for sure using the examples from other regulated sectors.
- Option 2: Incentives. The evidence that financial incentives can improve the level of consumer engagement is fairly strong. The clearest use of incentives to improve consumer engagement has been in the UK energy sector. Ofgem's reviews have found

that their use of incentives helped to achieve a level of stakeholder engagement which “represents a significant improvement on previous price controls”.¹ Ofgem also found that their incentives delivered better outcomes for consumers. In particular, the incentives are thought to have made the companies more customer-focused, which coincided with rising scores for engagement and consumer satisfaction.

However, there has been criticism that the use of incentives has rewarded companies for work that they should have been doing anyway. Therefore, there are question marks about the cost-effectiveness of the way that regulators have used incentives for consumer engagement to date.

- Option 3: Panel. We have studied a range of panels which differ in composition and role, and found fairly strong evidence that they increase the quality of engagement. For example, an independent review of Ofwat’s Consumer Challenge Groups (CCGs) found ‘unanimous’ feedback that the process had helped to achieve a big step forward in the industry’s efforts to engage customers in the price review process. There are, however, examples of panels that are thought to have been less effective, for instance panels comprised of members of the public are thought to have been less successful in providing feedback that could be used to help improve decision making – although they can be an important source of information on consumers’ priorities.

Feedback from stakeholders

Stakeholders provided feedback on whether the Commission should maintain the existing status quo or adopt one of the three broad options during a two-day workshop and we also received several written submissions. The main points from the feedback are as follows:

- Do nothing. The airlines supported maintaining the existing status quo, but all the other stakeholder groups gave feedback that the Commission should adopt one of the three options, as long as the focus was to achieve better outcomes for consumers.
- Option 1: Guidance. Received more positive feedback than the other options – one of the stakeholders was specific in its request for greater clarity on the Commission’s expectations and interpretation. Although airlines generally preferred the option of retaining the status quo, they were less averse to the concept of issuing guidance than to the other options.
- Option 2: Incentives. Received little support from stakeholders. There was a general concern that incentivising processes (i.e. engagement) rather than outcomes would lead to excessive or poorly-targeted engagement: described by some stakeholders as a “box-ticking exercise”.
- Option 3: Panel. Feedback generally did not support establishing a panel. Passenger representative groups reported that they would probably lack the capacity to

¹ Ofgem (2013). Assessment of the RIIO-ED1 business plans.

participate in a panel, whilst some of the airlines opposed the option on the grounds that they are the best representatives of passenger interests. All stakeholders warned against establishing a “talking-shop” without a strong prospect of achieving real benefits.

Recommendations and way forward

Based on the three sources of evidence that we have reviewed, we recommend that **guidance is issued as a minimum**. Alongside the guidance, the Commission should consider whether to introduce **an incentive, and / or make use of a panel**.

Issuing guidance as a minimum next step

The publication of guidance would give Dublin Airport more clarity about how to use its existing consumer engagement activities to inform its business plans, which should presumably help Dublin Airport to develop better quality investment plans that are more closely aligned to the needs of consumers. It would also enable the Commission to define how it expects the views of different passenger groups to be incorporated within the price determination process. Improved understanding of the needs of different consumer groups should ensure that the Commission’s regulatory decisions take more account of their needs. Issuing guidance can thus potentially address the main gaps within the Commission’s existing engagement framework.

Potential use of an incentive to ensure that the guidance is followed

The evidence that we have reviewed as part of this report does not provide any clear steer on what form the incentive could take - apart from ensuring that it does not simply reward Dublin Airport for doing things that it should have already been doing, nor lead to excessive time and expenditure on engagement simply to meet the regulator’s requirements rather than for the purpose of improving passenger outcomes.

The Commission could consider the use of a **non-financial incentive**; that is, stating clearly in the guidance that effective consumer engagement will be a key determinant in how Dublin Airport’s proposals are considered, with the potential for fast-tracking certain decisions depending on the quality of the consumer-related evidence that supports it. The Commission could also consider using a **financial incentive**, which provides financial rewards or penalties for Dublin Airport based on the quality of engagement.

Making use of a panel to monitor compliance with the guidance

The evidence from this study also presents mixed evidence regarding the role for a potential panel. Apart from a desire to limit the cost of any panel, there were divergent views on the potential composition of a panel. Some stakeholders supported the establishment of a **panel of experts** to play a larger role in providing advice on behalf of passengers during the price determination process. This could be based around the Consumer Challenge Board model recently introduced by the CAA.

In contrast, there was support from other stakeholders for developing a more **informal panel** that is focused on obtaining the views of all types of passenger to help improve the quality of the CAR's decision-making processes. This could follow a model similar to the Commission for Energy Regulation's Consumer Stakeholder Group. Both of these options could help to address the gaps within the existing engagement framework and so should be subject to consultation.

1. INTRODUCTION

Cambridge Economic Policy Associates (CEPA) was retained by the Commission for Aviation Regulation (the Commission) to complete a study reviewing the techniques used by other regulators to engage consumers, and to provide recommendations on the most effective mechanism for passenger representation and engagement, within the context of the forthcoming 2019 charge determination for Dublin Airport and any future determinations.

1.1. Purpose of this report

The aim of this report is: to examine techniques used by other regulators to ensure that consumer interests are represented in their regulatory decisions; to assess the evidence on how different approaches have worked in practice; and to recommend the most effective approach for airport charge determinations for Dublin Airport.

We discuss the current situation with respect to passenger representation at Dublin Airport, develop some simple criteria to assess which approaches have worked well, assess the costs and benefits of each option informed by our review of other regulators' approaches and stakeholder feedback, and present our recommendations.

The findings of this report have also been summarised in a shorter, more reader-friendly version intended to be published alongside the CAR's consultation on the recommended option(s).

1.2. Approach to completing the study

Our approach to completing the project has included the following distinct elements:

- Desk-based research, to identify and then develop case studies of the different approaches used by regulators in Ireland, the United Kingdom and in other regulated sectors. In addition, we completed more detailed evaluations of some of the consumer engagement models.
- Consultations with selected regulators/ stakeholders that have been involved with the implementation of the different consumer engagement models, to develop our understanding of the beneficial outcomes and costs associated with the different models.
- Stakeholder engagement event. As part of the project the Commission organised a two-day stakeholder event, which involved airlines, Dublin Airport, and a range of consumer and other stakeholder groups. At this event CEPA presented our interim findings from the study and sought feedback from the attendees. This is discussed in more detail in Section 5.

1.3. Key definitions

1.3.1. What is passenger engagement?

For the purposes of this report we use a definition adapted from the International Association of Public Participation (IAP2) to describe passenger engagement as *any process that involves passengers in problem-solving or decision-making or uses passenger input to make better decisions.*² These processes can include the use of consumer panels, advisory forums, independent representative bodies, financial or reputational incentives for good engagement, and different techniques for gathering consumer-related intelligence.

The IAP2 defines engagement as a process which can occur across a *spectrum* of levels of participation. At one end of the spectrum, engagement is one-way and involves the provision of information by an agency to consumers; at the other end decision-making rests in the hands of consumers. Between these two extremes, engagement can entail consulting and collaborating with passengers. As engagement moves from one end of the spectrum to the other, the likely impact a consumer could have on a final decision increases.

Figure 1.1 outlines the basic principle of the passenger engagement spectrum.

Figure 1.1: The spectrum of passenger engagement (adapted from IAP2, 2007)

		<i>Increasing passengers' influence over decisions</i> →			
		Inform	Consult	Collaborate	Empower
Goal		To assist passengers' balanced and objective understanding of the issues that affect them	To understand passengers' views on the issues that affect them	To work with passengers on some or all stages of a process shaping the issues that affect them	To give passengers direct control over some or all stages of a process shaping the issues that affect them
Example		"We will keep you informed"	"We will keep you informed, seek your views, and provide feedback on how they influenced our decisions"	"We will work with you to formulate solutions, incorporate your advice, and provide feedback on how it influenced our decisions"	"We will implement what you decide"

1.4. Structure of this report

The rest of this report is arranged as follows:

² International Association of Public Participation. (2007). *Public Participation Spectrum*. Wollongong, NSW, Australia: International Association for Public Participation: <https://www.iap2.org.au/resources/public-participation-spectrum>

- Section 2 describes **the current situation** - that is, the ways in which passenger interests are currently represented in charge determinations for Dublin Airport.
- Section 3 defines a set of **options available to the Commission** for improving passenger representation - based on our review of other regulators' approaches and a set of high-level criteria.
- Section 4 presents five **detailed case studies** to demonstrate how different options have been deployed in practice.
- Section 5 summarises the **findings from a two-day stakeholder workshop** held to discuss our interim findings.
- Section 6 presents our **assessment of the options** - based on our review of other regulators' approaches and feedback received from stakeholders.
- Section 7 sets out our **recommendation** for the Commission.
- ANNEX A suggests a form of guidance that the Commission could issue to Dublin Airport, which the CAR could adapt and/or consult on.
- ANNEX B lists the organisations and individuals that were consulted to inform this study.

In an Appendix to this report we provide an overview of other regulators' approaches to consumer engagement and a series of case studies on 12 regulators and three regulated companies.

2. THE EXISTING CONSUMER ENGAGEMENT FRAMEWORK

This section summarises the current approaches to passenger representation taken by the Commission, Dublin Airport, airlines, and by other regulators in Ireland; and discusses which organisations might potentially play a role in representing passengers.

The section concludes by presenting an overview of the current status quo with regards to the use of consumer engagement for the Commission's regulation of Dublin Airport, which helps to clarify any gaps in the existing framework.

2.1. The Commission's current approach to passenger representation

2.1.1. Requirements on Dublin Airport

Since 2001, the Commission has required Dublin Airport to **undertake consultations** on its capital expenditure proposals prior to submission, stating that it would be unlikely to include Regulatory Asset Base allowances for projects if it concludes that the airport has failed to consult effectively with the airlines on its proposals. For example, in the Commission's December 2016 decision on supplementary capex allowances, it ruled that Dublin Airport *"must consult with users on a range of issues... including the need for project, timelines for delivery and detailed cost information"*, and that *"the Commission will review the level of consultation carried out by Dublin Airport to ensure that full information sharing has taken place"*.³

Since 2009, the Commission has also applied a **quality of service term** to Dublin Airport's price cap formula, which directly links the allowed airport charge to the views of a representative sample of passengers. In the 2014 determination, up to 4.5% of the Airport's maximum allowed average revenue was conditional upon achieving its quality of service targets.

2.1.2. The Commission's passenger-related intelligence

The Commission regularly invites **responses to its consultations and draft determinations** from all stakeholders as part of the determination process. The Commission's consultations are public and open to all stakeholders. However, the experience to date has been that ordinary passengers have not been well represented in this process.

For example, consultations on the Commission's 2014 determination received responses from business groups, Fáilte Ireland and Tourism Ireland, but did not receive any responses from groups representing 'the general passenger', passengers with reduced mobility, or other less-able groups of passengers.

In the absence of direct consultation responses, the Commission's main source of passenger-related intelligence has been the feedback that it has received from the quality of service survey.

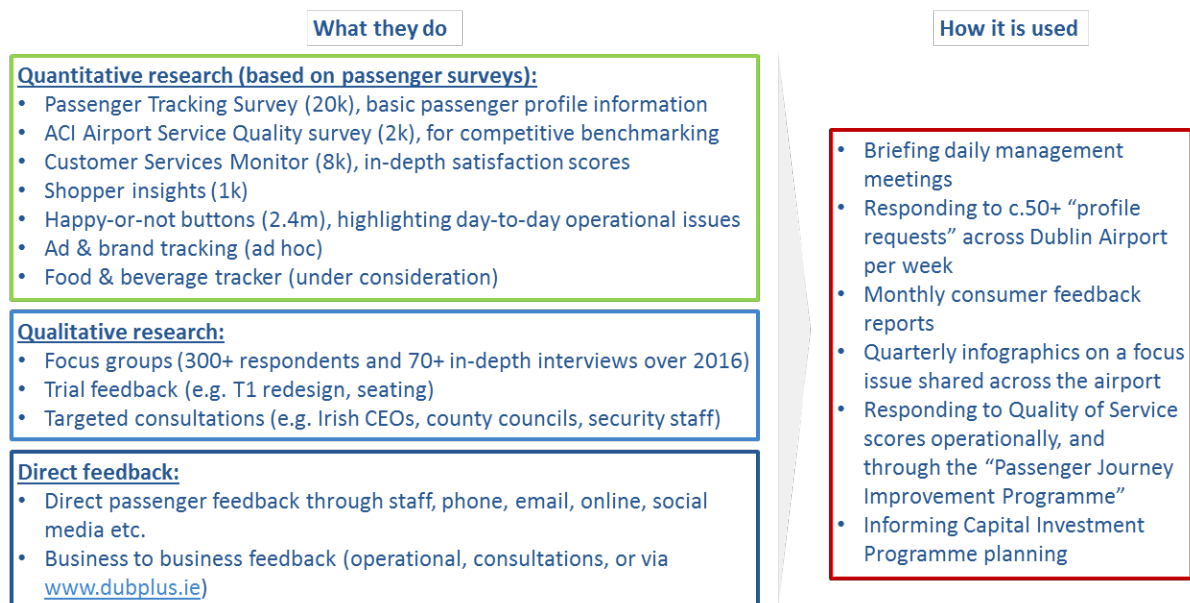
³ Commission Paper 7/2016: Decision process for consideration of a supplementary capex allowance

Outside of the price determination process, the Commission’s main activity with respect to customer-related intelligence is the collection of **complaints data** relating to flight-delay compensation and passengers with reduced mobility, which it publishes in an annual summary.⁴

2.2. Dublin Airport’s approach to passenger representation

During this study, we met with Dublin Airport’s Insights & Planning team to understand what passenger research and engagement activities they currently carry out, and how this information is used. Figure 2.1 summarises our understanding of their approach.

Figure 2.1: Our understanding of the passenger research and engagement carried out by Dublin Airport

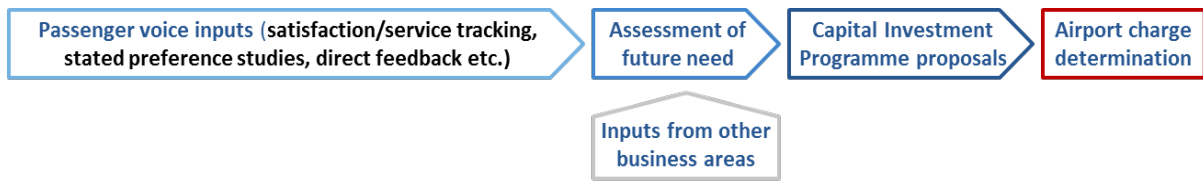


The Insights team reported that it had considered establishing a standing panel of passengers the previous year (2016), but decided against it - preferring to seek inputs on a case by case basis as required.

Our understanding is that the information gathered from these processes is used for a mixture of operational and longer-term planning purposes. With respect to charge determinations in particular, our understanding (based on an email correspondence dated 29th June 2017) is that the Insights & Planning team engages with planning and preparation of the Airport’s Capital Investment Programme by providing inputs to characterise the “passenger voice”. Figure 2.2 summarises this process.

⁴ <http://www.aviationreg.ie/air-passenger-rights/statistics-reports.317.html>

Figure 2.2: How passenger research is used to inform Dublin Airport’s Capital Investment Programme



Overall, our view is that Dublin Airport is already carrying out passenger research and engagement to inform its day-to-day operations and, to a lesser extent, its longer-term planning decisions. However, it has not been effective at conveying how it is using passenger research to inform its regulatory submissions to the Commission.

The Willingness to Pay study on the proposed redevelopment of Terminal 1⁵ submitted in support of the Airport’s 2014 regulatory proposition, is a good example of the failings of Dublin Airport’s current approach: we understand that there was no opportunity for the Commission, passenger representatives, or an independent body to collaborate or exercise oversight during the design of the study (which is standard practice for a Willingness to Pay study). Furthermore, the study was shared with the Commission fairly late in the determination process with little forewarning.

Overall, there is scope for Dublin Airport to make better use of existing consumer research to inform its strategic investment decisions, and a need to give the Commission better visibility about the way in which the Airport uses consumer engagement to develop its business plans.

2.3. The Airlines’ approaches to passenger representation

Airlines contribute to the charge determination process by engaging with Dublin Airport on its proposals and making submissions to the Commission’s consultations on its draft determinations (as well as day-to-day engagement with the Airport to raise any operational issues). During the stakeholder workshop, some of the airlines argued that they understand the interests of their passengers and are best-placed to engage with the airport and the Commission on their behalf – making the need for additional consumer engagement mechanisms unnecessary. We discuss this issue in Box 2.1 below.

Box 2.1: Role of the airlines in passenger engagement

An argument that airlines have proposed in both Ireland and elsewhere is that they represent the views of their passengers and, as such, are best placed to provide input on behalf of their passengers. Our interpretation of this argument is that airlines have:

- a commercial rationale for ensuring that the needs of passengers are met with charges as low as possible, as passengers have choice and will exercise that choice if necessary (which could involve choosing another airline, airport, mode of transport or choosing not to travel at all);
- the resources to interact in an informed and comprehensive manner; and
- the long-term view given the investment in developing routes, infrastructure etc.

⁵ http://www.aviationreg.ie/_fileupload/2014ddresponses/2014-07-31%20DAA%20Redacted.pdf

While it is undoubtedly true that airlines do have good commercial reasons for ensuring that their current and future passenger needs are met, two questions need to be considered:

1. Are the views of all passengers represented?
2. Are passengers represented on all issues, for example, both their short- and long-term needs?

Each of these is addressed in turn below.

Are the views of all passengers represented?

Airlines need to represent the views of a range of passenger types – leisure and business, domestic and international, visitors and residents etc. In addition, airlines may naturally appeal to certain categories of passenger – while the distinction between low-cost/budget and full fare airlines is now less pronounced, there is still a distinction. How successfully an airline can represent a range of views is a key point – especially if the airline is seen to focus on a specific part of the market.

Are passengers' short- and long-term needs represented?

With respect to the time horizon for representation there is a possible difference between airlines. Airlines for whom an airport is a hub are likely to have a long-term focus on passenger needs, as while they may be able to alter growth plans etc. they are unlikely to be able to fully exit an airport. Non-hub airlines may be more footloose and able to exit an airport if it does not provide the services that the airline's passengers want at an affordable price. Consequently, it is not clear that all airlines represent both short and long-term views of passengers.

Furthermore, there is an issue about the incentives faced by the hub-airlines in supporting expansion when capacity constraints become an issue, and potentially increased competition, in the airport. The case study of the issues faced around the expansion of Wellington Airport presented in the Appendix provides an example of this. In addition, a recent paper commissioned by the Airports Council International found that when airports have insufficient capacity, airlines are able to charge higher air fares, which may mean that the airlines face a disincentive to support capacity expansion.⁶

Additional considerations include the fact that:

- Regulators, such as the CAA, have clearly placed significant weight on the proxy role of airlines at periodic reviews through the use of constructive engagement (although this has not always been as successful as regulators would like – see for example the findings of the Cotterill Review).⁷
- Airlines change over time –the two biggest airlines at Dublin have undergone some changes which could have long-term implications for the way in which different passengers are represented. For example, Aer Lingus is seen to have transitioned from a full-service airline to a low-cost carrier and is now positioned as a value hybrid airline.⁸

Taken together these considerations, in our opinion, mean that:

- Airlines do have an important role to play in representing passengers.
- Constructive engagement offers a key route for airline representation of passengers, however it might not always work/ bring about a clear answer and it does not clearly address the issue of directly incorporating the views of ordinary passengers.

⁶ SEO Amsterdam Economics (2017). The impact of airport capacity constraints on air fares.

⁷ Supporting paper IX, Review of BAA's Compliance with Annex 4 of CAA's Decision of February 2003, December 2006.

⁸ O'Connell, John Francis; Connolly, David (2016). The strategic evolution of Aer Lingus from a full-service airline to a low-cost carrier and finally positioning itself into a value hybrid airline. Tourism Economics.

- Alternative routes for engagement may be an appropriate way of helping inform both the airport and regulator about stakeholder views, potentially leading to a better decision by the regulator.

Approach to consumer engagement used by the airlines

One of the airlines described their approach to us, which is summarised briefly in Box 2.2.

Box 2.2: Example of passenger research carried out by an airline

Our understanding is that the airline's passenger research primarily consisted of two activities:

- **direct feedback** collected from passengers by staff around the airport, and conveyed to the Airport through daily troubleshooting and weekly meetings; and
- **feedback forms** issued to passengers (with a small prize draw incentive) covering the whole journey from check-in to leaving arrivals. Results are collated through an online tool and made available across the airline - allowing Dublin to be compared to other airports, and allowing the airline manager for Dublin to bring emerging issues to the Airport's attention.

To our knowledge, the airline had not carried out any research specifically relating to Dublin Airport's price determinations.

However, in general, the airlines reported to us that they are not willing (nor are they obligated to do so) to share the details of their approach to consumer engagement and how they make use of the evidence as part of their submissions to the Commission. Therefore, we cannot say definitively whether any consumer research carried out by the airlines could be of use to the Commission based on the limited information available to us.

2.4. Other regulators' approaches to consumer representation in Ireland

To understand the Commission's approach to passenger representation in context, we also note the arrangements already put in place by other Irish regulators:

- The **Commission for Communications Regulation (ComReg)** established a "*Consumer Advisory Panel*" in accordance with Section 12 of the Communications Act 2002 to advise on developments, innovations and areas of consumer concern relevant to the three main elements of ComReg's consumer policy: maximising consumer welfare, protecting consumers, and raising consumer awareness. The Panel consists of four members appointed by the Commission on the basis of their individual expertise, and meets around three times a year.

ComReg's Retail and Consumer Services division also has a dedicated "*Consumer Outreach Programme*" which promotes awareness of consumer rights and dispute resolution through leaflets and advertisements (though has no role in economic regulation).

- The **Commission for Energy Regulation (CER)** established a "*Consumer Stakeholder Group*" in 2014 to provide a voice for organisations or interest groups that act on behalf of consumers, and to engage them on areas which they might otherwise find

inaccessible. The Group meets quarterly and is open to all representative groups for consumers and small or medium business groups. Generally, the meetings are concerned with briefing the group on proposed policy changes, seeking feedback on policy or updates on projects of consumer interest e.g. Ireland's National Smart Metering Programme. Attendants include voluntary and community groups, environmental groups, consumer groups, groups representing disabled/vulnerable customers, a mix of agencies (CCPC, National Disability Authority (NDA) etc.), and NGOs (e.g. Energy Action). The CER also hosts a "*Public Water Forum*" which plays a similar role specifically for water-related topics.

It is interesting to note that the CER had previously decided against establishing a regular consultation discussion group consisting of industry participants and consumer representatives following a public consultation in 2008. This decision was based on: feedback questioning the usefulness of such a forum; its resource-intensive nature; the risk that it would benefit industry participants more than consumers; and concern that regular discussions might weaken the written consultation process.⁹

- The **Central Bank of Ireland**, in its capacity as financial services regulator, established a "*Consumer Advisory Group*" in accordance with the Central Bank Reform Act 2010. This replaced the previous model of two separate Financial Services Consultative Panels for Consumers and Industry respectively. The Group consists of five unpaid voluntary members, who initially met quarterly, but only convened once in 2016. The Group's formal role is to advise the Bank on its performance and decisions in relation to consumers of financial services. In practice, its input is mostly sought on the Bank's consumer protection role and in response to EU consultations. The Group's relevance may be limited given that the Bank is not an economic regulator in the same sense as the CAR.
- The **Commission for Rail Regulation**, which is focused on safety rather than economic regulation, has no equivalent bodies or processes. A Railway Safety Advisory Council was established in 2005, but is not involved in economic regulation and is not dedicated to consumer representation.

2.5. Consumer representatives

Some regulators have sought to establish formal representation from one or more professional consumer bodies on their standing advisory groups, while most others benefit from their inputs into consultations and/ or open forums. We list some organisations which might potentially be engaged to represent special interest groups such as business passengers and the disabled – noting that there may be resourcing issues for some of these groups with regards to participation in such a forum.

⁹ www.cer.ie/docs/000308/cer08089.pdf, p.10

- *Consumers Association of Ireland* – an independent non-profit with registered charity status. Advises on consumer rights, including with respect to air travel, but does not appear to be engaged with regulatory processes. The Chief Executive Officer is presently a member of the ComReg Consumer Advisory Panel.
- *National Disability Authority (NDA)* – the independent state body providing expert advice on disability policy and practice to the government and the public sector. A representative currently sits on the ComReg Consumer Advisory Panel and works with the CER on consumer related matters.
- *Competition and Consumer Protection Commission (CCPC)* – the statutory body responsible for enforcing consumer protection and competition law in Ireland. Role includes representing consumer interests by responding to public consultations by regulators.
- *European Consumer Centre Ireland (ECC Ireland)* – a member of the European Consumer Centre Network which offers consumers advice on their rights when shopping in other European states.
- *Fáilte Ireland* – Ireland’s National Tourism Development Authority. Regularly contributes to the CAR’s consultations, discusses the strategic interests of Irish tourism directly with Dublin Airport, and conducts its own survey of tourists at Irish ports and airports. Potential representative for non-Irish tourist passengers.
- *Dublin Chamber of Commerce* – an association representing businesses in the greater Dublin area. Areas of advocacy include transport connectivity. Some familiarity with economic regulation through engagement with CER, Irish Water and the Commission. The Dublin Chamber may be conflicted as a representative for business passengers, as Dublin Airport is a member of the council.
- *Chambers Ireland* – an association acting as the Irish National Committee of the International Chamber of Commerce. Has made submissions to consultations on airport regulation on several occasions, including the Government’s Airport Charges Draft Decision Paper. Chambers Ireland may be conflicted as a representative for business passengers, as Dublin Airport is a corporate patron.

2.6. Overview of the current situation with regards to consumer engagement

We summarise below the current status quo with respect to consumer engagement.

- The Commission’s main source of engagement with passengers comes indirectly through the quality of service indicators and the interaction with Dublin Airport, the airlines, and representatives of business groups and business passengers during the price control determination process. To date ‘ordinary’ consumer groups/representatives have had little direct involvement in the process.

- There is scope for Dublin Airport to make better use of existing consumer research to inform its strategic investment decisions, and a need to give the Commission better visibility about the way in which the Airport uses engagement to develop its business plans.
- The airlines may, or may not, have made use of consumer engagement to support their consultation responses to the Commission, but there is currently little or no visibility on the type of research that they carry out or how they use it to shape their feedback. It is obviously difficult for the Commission to accept that the airlines' submissions reflect the evidence drawn from engagement with all types of passenger groups if the Commission does not have any visibility of the underlying evidence.

Overall, the Commission does not receive evidence directly from passengers when it is making its determinations. This may reflect a lack of passenger engagement, but also reflects the fact that the consultation responses and submissions made do not clearly show that they are based on sufficient passenger research.

This section has identified some of the gaps in the existing framework. The remainder of the report focuses on the options available to address these gaps; and the extent to which there is evidence that engagement has led to improved regulatory outcomes for consumers.

3. OPTIONS AVAILABLE

This section identifies a set of options available to address the gaps in the existing passenger engagement framework, based on our review of other regulators' approaches and a set of high-level criteria that address the parameters of the Commission and Dublin Airport. The different approaches are summarised below, with further detail provided in the Appendix. Evidence on the outcomes associated with the different approaches is discussed in Section 4.

3.1. Approaches used by other regulators

This sub-section summarises the main findings from our review of the different approaches to passenger engagement used by 12 regulators and three regulated companies. Based on our review the main questions that regulators have considered when establishing and developing their approach are the following:

- Should a panel be established to take a defined role on consumer engagement? If the regulator decides to establish a panel(s) there are a range of follow-on questions, for example:
 - What role should the panel have?
 - What decision-making powers/ legal powers should it have?
 - What individuals/ institutions should be involved on the panel?
- In addition to, or in place of, establishing a panel, regulators have also published guidance to define the expected levels of engagement by regulated companies and in some instances made use of incentives (positive and/ or negative) to facilitate increased passenger engagement.

3.1.1. Establishing a panel

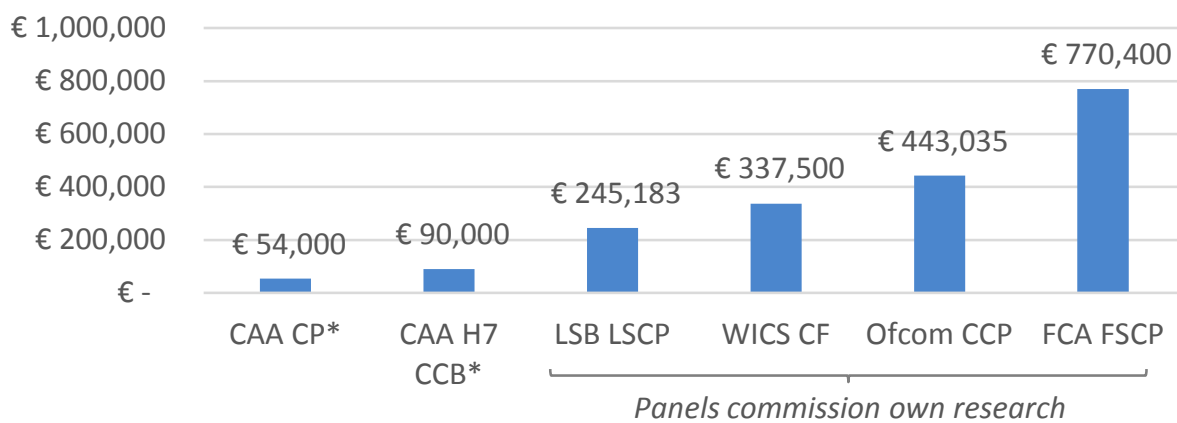
Our review found that in all but one of the case studies the regulators have established some form of panel as part of their approach to consumer engagement.

- Out of the ten examples in which consumer panels have been established, nine have established **panels to scrutinise and/or advise the regulator** itself with the panel acting "as a critical friend" to the regulator. Typically, these panels are formed because the regulator considers that it lacks the internal skills and experience to manage the consumer engagement process effectively.
- Three of the UK regulators established (or required regulated companies to establish) **independent panels to scrutinise the regulated company**, its business plan and its approach to consumer research and engagement from a consumer perspective. In addition HAL established its own panel, although it was not required to by the CAA.
- The Water Industry Commission for Scotland (WICS) and the CAA (alongside its other panels) have followed a **partnership approach**, under which the regulator collaborates

with the regulated company and an organisation representing consumers to oversee consumer research and engagement, or even to play a role in business plan negotiations.

The **costs involved in setting up a panel** like those described above can vary widely depending on its size, responsibilities and ability to commission research. For example, the CAA’s consumer panel costs around €54,000, whereas the Financial Conduct Authority (FCA) Financial Services Consumer Panel (FSCP) has reported annual expenditure close to a million Euros in some years (though the remit of this panel is substantially larger than for the CAA panels shown in Figure 3.1). The Figure presents the approximate annual cost of six consumer panels for which full or partial budget information is available. For the purposes of this study, the CAA’s Consumer Challenge Board is probably the most relevant comparator to the type of panel that the Commission might establish.

Figure 3.1: Consumer panel annual budget / actual expenditure (most recent financial year; 1.2 €/£)



* Annual budget / expenditure estimated from partial information.¹⁰

Incentive mechanisms

In a smaller number of cases, regulators have introduced **financial incentive mechanisms** to reward and/or penalise regulated companies for high or low standards of consumer engagement and research.

For instance, Ofgem, the energy regulator for the UK, introduced a twin-track approach to incentivising better consumer engagement by network companies in its most recent round of price controls. Their approach is evaluated in Section 4.2.

In addition, Australia’s Essential Services Commission (ESC) has proposed to introduce a positive incentive mechanism at its 2018 price review for water, which links the regulated

¹⁰ CAA Consumer Challenge Board (CCB) - Four members are paid £450 per day for two days’ work per month. Chair and secretariat remuneration unknown. CAA Consumer Panel - Chair and member fees in FY15/16 amounted to £36,000. CAA also provides Secretariat services up to 0.5 FTEs, which we estimate at an additional £19,000. Amounts reported for WICS Customer Forum (CF) and FCA FSCP are budgeted expenditure. Amounts reported for LSB Legal Services Consumer Panel (LSCP) and Ofcom Communications Consumer Panel (CCP) are actual expenditure.

companies' return on equity in part to the effectiveness of their customer engagement, as well as for four other criteria.

The CAA has not used this kind of financial incentive to date, but has stated that it wishes “to explore further the options for a financial incentive for a high quality business plan” for Heathrow’s upcoming determination and has invited stakeholder views on the subject.¹¹

Various forms of **non-financial incentive mechanisms** have also been applied. The Australian Energy Regulator (AER), for example, does not specify a formal incentive mechanism, but states more generally that the quality of a service provider’s consumer engagement “will be a factor in how we assess expenditure proposals”¹². The AER also threatens to “publicly comment on any shortcomings that we identify from an expenditure proposal that reflect weaknesses in consumer engagement in our determination”.

Issuing guidance

Some regulators have **published guidance** to regulated companies on what would constitute good-practice consumer engagement. The form of guidance is fairly standard, typically setting out: a short list of principles that the company should follow; a description of the relative responsibilities of the company, regulator, and any panels or other bodies; and how the regulator will interpret the results of the company’s findings.

There is a risk that guidance might be ignored without some form of incentive or obligation to enforce it. Of the examples in which guidance has been published, all have been in conjunction with another panel or incentive mechanism (e.g. CAA’s Consumer Challenge Board¹³; Ofgem’s financial incentives¹⁴; Ofwat’s Consumer Challenge Groups¹⁵; and the AER’s Consumer Challenge Panel¹⁶).

3.2. Criteria to identify a short-list of options

The approaches applied by other regulators are on the face of it quite similar. However, there is a lot of nuance in the way that seemingly similar options are applied in practice. Therefore, at this stage it is useful to narrow down the set of options.

Based on the terms of reference for this assignment, our initial discussions with the Commission, and our own judgement, we have developed a set of options using the following key parameters:

¹¹ Civil Aviation Authority (2017), *Guidance for Heathrow Airport Limited in preparing its business plans for the H7 price control* - CAP 1540

¹² Australian Energy Regulator (2013), *Consumer Engagement Guideline for Network Service Providers*

¹³ Civil Aviation Authority (2017), *Guidance for Heathrow Airport Limited in preparing its business plans for the H7 price control* - CAP 1540

¹⁴ Ofgem (2010), *Handbook for implementing the RIIO model* - Section 3: Stakeholder engagement during the price control review

¹⁵ Ofwat (2016), *Ofwat’s customer engagement policy statement and expectations for PR19*

¹⁶ Australian Energy Regulator (2013), *Consumer Engagement Guideline for Network Service Providers*

- **Consistency with existing legal framework.** The terms of reference for this study are clear that any recommendations should be developed on the assumption that they would be implemented within the Commission’s existing legal framework (i.e. not requiring new statutory obligations).
- **Must provide substantial advantages over the current situation.** Options should only include mechanisms with the prospect of providing substantial advantages over the current level / form of passenger representation. The terms of reference for this study list examples of advantages that could be considered ‘substantial’, including: better appraisal and prioritisation of capital projects; more targeted investment; contribution to oversight of project delivery; and attainment of a more suitable quality of service for passengers.
- **A preference for lower cost options.** The Commission wishes to develop an approach that is cost effective and proportionate relative to any benefits. Although the Commission does not rule out higher cost approaches, these would need to be supported by strong evidence of the benefits.
- **Transparency.** The terms of reference for this study state that it should be possible to implement any recommended mechanism in a transparent way.
- **Representation of ‘real’ passengers.** The Commission has stressed the importance of improving the representation of real passengers. This has implications for the membership of a prospective consumer panel and, hence, its role.

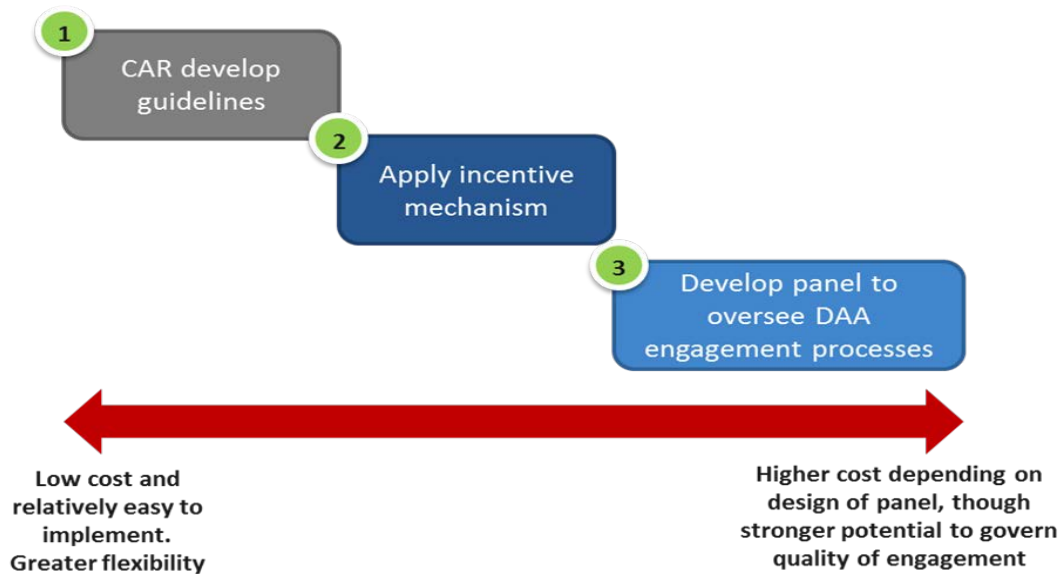
3.3. Options for passenger engagement mechanism

In light of our review of other regulators’ approaches - and informed by our discussions with the various stakeholders, we developed three broad options for further developing passenger representation in the regulatory processes for Dublin Airport (relative to the status quo):

- **Option 1. Guidance around the expected level of engagement.** The Commission could provide detailed guidance on its expectations of Dublin Airport’s level of engagement, and factor its judgement of the quality of engagement into its regulatory determination.
- **Option 2. Guidance + incentive mechanism.** In addition to publishing guidance, there could be a mechanism to provide Dublin Airport with a clear incentive to follow the required engagement processes.
- **Option 3. Guidance + panel (+/-) incentive mechanism.** In addition to issuing guidance and potentially using an incentive mechanism, the Commission could establish a panel responsible for reviewing and/or providing oversight on the quality of Dublin Airport’s passenger engagement activities, and assessing the extent to which outputs from the engagement process are reflected in its business plan.

Broadly speaking, we expect that Option 1 would be easiest to implement and involve the lowest costs. However, Options 2 and 3 have greater potential to promote effective change, depending on the size and nature of incentives and choice of panel design, as Figure 3.2 illustrates.

Figure 3.2: Options for consideration



These three options are, of course, simplifications. They capture the main distinctions within the full range of possible variations, but each option could be implemented in one of several ways. We provide more discussion on each option below while Section 4 provides a more detailed review of how the options have been applied in practice.

Guidance

Each of the three options includes issuing guidance. The form of guidance to be issued under any of the Options would be for the Commission to determine, subject to consultation. ANNEX A presents an illustrative example loosely based on guidance published by the CAA, Ofgem, Ofwat and the AER. The example includes a set of principles of good engagement which the Commission could use to convey its expectations.

Guidance can be purely advisory, but depending on the precise wording, guidance alone can constitute an incentive for Dublin Airport to improve engagement by clarifying how the Commission would respond to evidence of passenger engagement in its regulatory decision-making processes.

Incentive mechanisms

There are a range of different ways in which the Commission can make use of incentives under Option 2. In each case the incentive could be applied as a positive and/ or negative incentive:

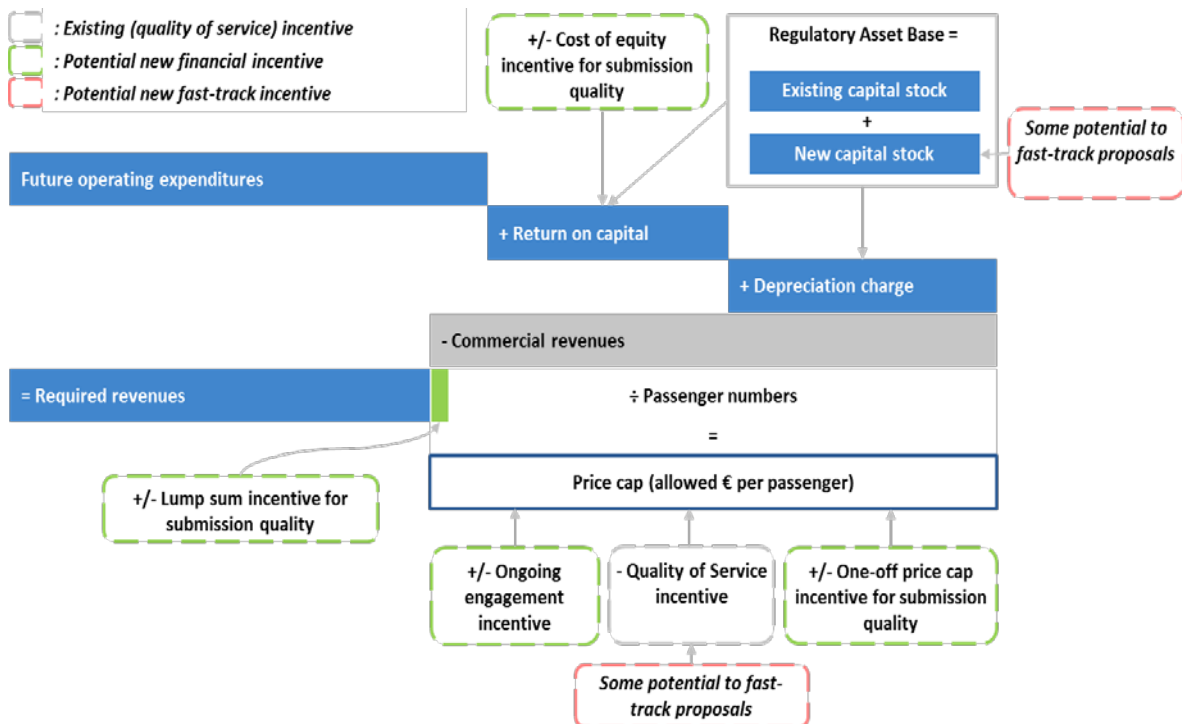
1. By applying an **ongoing incentive** for Dublin Airport to undertake good passenger engagement as a continuous activity - making a proportion of allowed annual charges

per passenger conditional on the quality of passenger engagement, in addition to indicators already included in the Quality of Service incentive.

2. A **one-off incentive** for Dublin Airport to submit a high-quality business plan which is supported by evidence from passenger research and engagement through:
 - a. a **proportion of allowed charges** per passenger;
 - b. a **financial sum**, which could be designed to reflect the costs incurred by Dublin Airport in carrying out consumer engagement, with those costs at risk if the airport does not carry out engagement of sufficient quality;
 - c. an opportunity to **fast-track** certain aspects of Dublin Airport’s regulatory proposals (e.g. specific investment proposals with clear evidence of being supported by consumer-related research); or
 - d. an adjustment to the allowed **cost of equity**, by making evidence of passenger research and engagement one of the factors taken into account when reaching a judgement on the final point estimate within the Commission’s determined cost of equity range (consistent with other aspects of the regulatory framework and risk environment).

Figure 3.3 illustrates how the different incentives might influence Dublin Airport’s overall per-passenger allowance in terms of the building blocks of the charge determination.

Figure 3.3: How incentives could affect the building blocks of the per-passenger charge allowance



With the exception of the lump sum incentive, each of these approaches has been deployed by other regulators, albeit in settings where the regulator is able to compare and contrast

performance across companies. We note that the CAA has invited views on whether it should make a fixed financial sum available to reward a high-quality business plan.¹⁷

Clearly the introduction of any new incentive would require detailed consideration of the size of the incentive, how it would be administered, whether it is phrased as a reward or a penalty, and how (if at all) this amount should be compensated in the wider allowance.

Oversight / review panel

The precise form of panel implemented under Option 3 would be for the Commission to determine, subject to consultation. It could, for example, be developed along the lines of the CAA's CCB: tasked with monitoring Dublin Airport's engagement around the charge determination and applying a reputational incentive through a "comply or explain" role. Alternatively, it could be established to review submissions to the prospective incentive scheme, either on an ongoing basis or at each determination.

¹⁷ Civil Aviation Authority (2017), *Guidance for Heathrow Airport Limited in preparing its business plans for the H7 price control* - CAP 1540

4. DETAILED CASE STUDIES

In addition to a set of case studies presented in an Appendix to this report, we have looked in more detail at the following examples of other regulators' approaches to consumer engagement, which were chosen for their similarity to the options we defined in Section 3:

- AER – guidance (Option 1) published as part of a framework including the use of consumer panels to oversee consumer engagement work. We did not find any examples in which the regulator has relied on publishing guidance alone without any other incentives or obligations to improve consumer engagement.
- Ofgem – we review the way in which Ofgem has used fast-track and ongoing financial incentives (Option 2) and the Consumer First Panel, which includes representatives from the customer base of the companies and could be an approach for Option 3.
- CAA – in particular to understand more about the thinking behind the establishment of the CCB, given its similarities to establishing a panel (Option 3).
- Ofwat – focusing on the role played by the CCGs in scrutinising the companies' approach to consumer engagement, given its similarities to Option 3.
- Northern Ireland Utility Regulator – focusing on its partnership approach to overseeing consumer research carried out by Northern Ireland Electricity Networks at its latest price review, as an example of an alternative approach under Option 3.

To develop these detailed case studies, we carried out some additional desk-research and consultations with individuals that had been involved with establishing the respective regimes (names reported in ANNEX B).

4.1. Use of guidance - AER policy statements on customer engagement

In the case of the AER, its guidance sits alongside the work of the Consumer Challenge Panel which has a remit to advise the AER on the quality of customer engagement undertaken by companies when completing their business plans. However, the AER example is useful for consideration of Option 1 because they do not make use of incentives as part of their regulatory determination to encourage companies to increase engagement and there is no formal way to link the quality of the companies' engagement to the final decisions made by AER. Instead, there is more of an expectation that companies should be carrying out engagement activities as part of the requirement to develop effective business plans.

Our consultation on the AER model suggested that a combination of the underlying network obligation to operate in the long-term interests of the consumer alongside 'reputational incentives' were expected to be the key drivers of companies' level of consumer engagement.

4.1.1. Content of the AER guidance

The AER guidance¹⁸ seeks to clearly define the regulator's expectations regarding the level of engagement, without being overly prescriptive. It contains the following sections:

- *Principles.* The guidance defines principles of good consumer engagement: clear, accessible and inclusive, transparent and measurable.
- *Priorities.* The company is meant to define which consumer cohorts it will target, outline their engagement objectives and explain how they will achieve the objectives.
- *Delivery.* The guidance explains how companies should go about their engagement, emphasising the need for buy-in from the company's senior leadership.
- *Results.* The companies are meant to provide evidence of the results of their activities and explain how they have been used to shape their business plans.
- *Evaluation and review.* The guidance states that it expects the companies to periodically evaluate and review their engagement strategy and processes.
- *AER's expectations around consumer engagement.* AER state that the quality of engagement will be a factor that they consider when making decisions without being explicit about how they will do so.

4.1.2. Outcomes: costs and benefits of the guidance

As noted above, the AER guidance is part of a consumer engagement framework that includes a Consumer Challenge Panel with a mandate to challenge the companies' level of engagement. Thus it is not possible to isolate the impact of guidance on the companies' engagement, nor on the quality of their business plans.

The Consumer Challenge Panel wrote a letter to the AER which gave its assessment of the level of engagement taking place during the last price control. Their overall assessment was that the level of engagement was not as high as they had expected, noting that the companies hadn't made enough effort to involve and collaborate with consumers as they developed their business plans. Furthermore, the Panel raised concerns that the companies were not providing clear information on cost and price implications when seeking views on willingness to pay for different investments.

Overall, the Consumer Challenge Panel assessment suggested that the progress made towards improved engagement during the last price review was at best mixed amongst the electricity and gas companies.¹⁹ Our consultation suggested that some of the companies made good progress in their approach to engagement, and that this occurred mainly when

¹⁸ AER (2013). Consumer engagement guideline for network service providers.

¹⁹ Based on our consultation with one of the members of the Consumer Challenge Panel and letters written by the panel to the AER (July and October 2014).

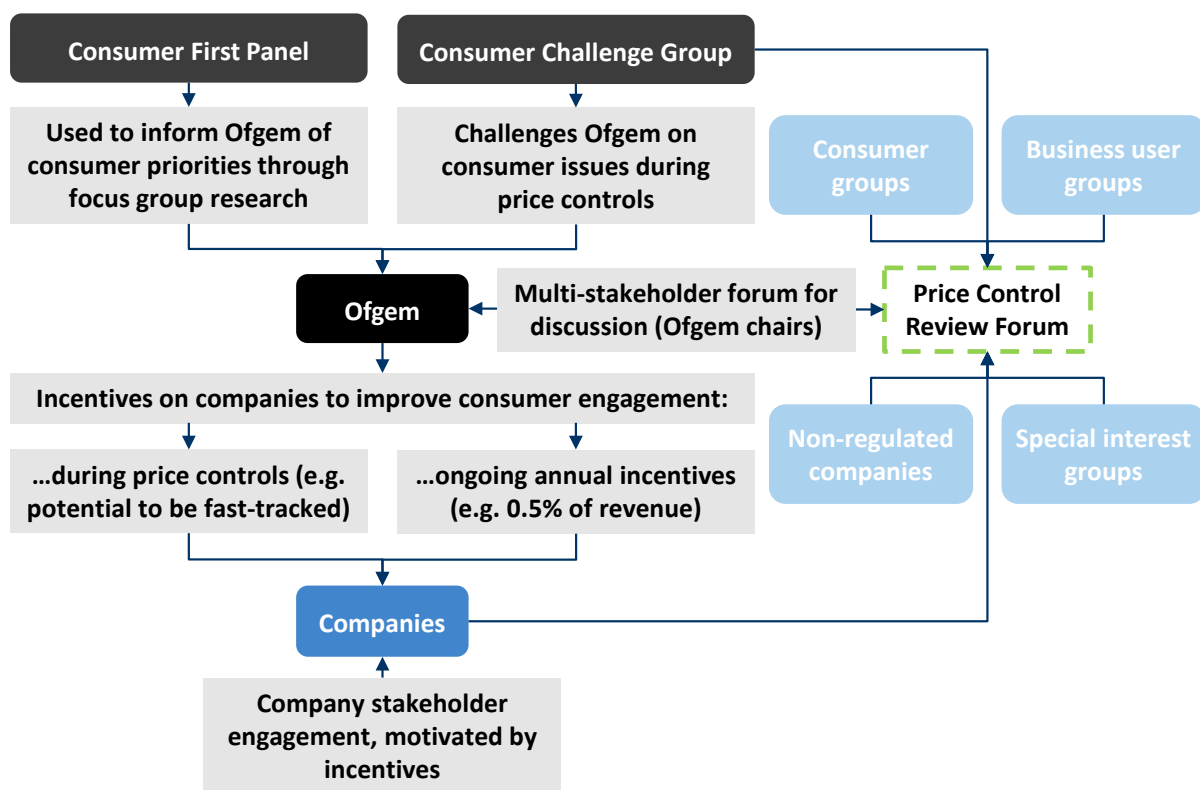
senior management saw the benefit of carrying out engagement and recognised its value for understanding how to better serve its customers.

One of the potential explanations for the overall lack of progress is the absence of a specific incentive, though the Nous Group’s review of the Consumer Challenge Panel’s work suggested that limited progress could also be attributable to a lack of clarity around how the panel and evidence from consumer engagement affects decisions made by AER.²⁰

4.2. Use of guidance, incentives and various panels - Ofgem

As illustrated in Figure 4.1 below, there were several elements to Ofgem’s consumer engagement regime during the RIIO price controls:

Figure 4.1: Overview of Ofgem’s consumer engagement regime



We focus on two elements in particular:

- Ofgem’s **Consumer First Panel**, as an example of a panel (Option 3) of 100 or so ‘real’ representative consumers - as opposed to expert individuals - which was used to inform Ofgem’s policy development alongside conventional willingness to pay and other forms of consumer research; and
- **Incentives for companies** to improve their own approaches to consumer and stakeholder engagement (Option 2), both during price reviews (with effective engagement rewarded by the potential to be fast-tracked) and on an ongoing basis

²⁰ Nous Group (2016). Review of the Consumer Challenge Panel.

(through an annual incentive for effective engagement and consumer satisfaction scores). In response, all companies established some form of consumer / stakeholder panel.

4.2.1. Why did Ofgem strengthen its approach to consumer engagement at RIIO-1?

In 2008 Ofgem initiated a major review (RPI-X@20) to look, after 20 years, at how its approach to price controls should evolve to respond to the challenges facing the energy sector, including the move to a low carbon energy system and its expected impact on network charges. Out of that review came the RIIO framework (Revenue = Incentives + Innovation + Outputs). One of the aims of RIIO was that the companies would focus more on their consumers and the outcomes they value, rather than just on the regulator.

As part of the RIIO framework Ofgem published a paper²¹ that advocated a twin track approach:

- Part of the RIIO philosophy was to seek a cultural change among network companies by encouraging them to engage with consumers on an ongoing basis. Ofgem rewarded companies with an annual incentive equal to a proportion of revenue (e.g. 0.5% for National Grid) based on their consumer satisfaction / stakeholder engagement performance.
- Improving consumer engagement during price reviews by including consumer / stakeholder engagement among the criteria for fast-tracking companies' business plans, and by establishing a Price Control Review Forum to bring a wider set of stakeholders into the process.

The Consumer First Panel and Consumer Challenge Group were both in existence before RIIO. One of the main rationales for the group was to introduce a strong voice challenging Ofgem from a consumer perspective to 'balance' against company representatives. The Panel was established as part of a wider cross-organisational initiative.

4.2.2. Outcomes: Costs and benefits

Three price reviews have been completed using the consumer engagement framework established under the RIIO process. Ofgem has stated that in each case the business plans that it received from companies were of a much higher quality and had been informed by a much greater degree of stakeholder engagement. Ofgem assessed each of the companies' plans using a traffic light system; all companies across all three reviews scored green against Ofgem's stakeholder engagement criterion suggesting that in each case a good level of engagement had occurred.

²¹ Jan 2010 Emerging Thinking - Enhanced Engagement

Following the RIIO-1 price controls Ofgem published a report looking at the lessons learned and including comparisons with other regimes.²² This section draws on its findings and our consultations with the author to highlight costs and benefits of the Consumer First Panel and the two incentive mechanisms.

Consumer First Panel

Ofgem sought to use the Consumer First Panel to help it understand priorities, views and experiences of consumers through direct discussion. In practice, it found the discussions useful for understanding why certain people held particular views, which helped Ofgem to understand better the priorities of different types of consumers for the price control. The discussions themselves had to be fairly general (e.g. concerning what consumers value), and could not be taken very far. All discussions had to be preceded by presentations explaining the relevant background to give the panel members a better understanding of the regulatory process.

Ofgem's view at RIIO - that consumers are not always best placed to inform thinking about their interests - was informed by research with the Consumer First Panel who felt that in general price controls were too complex for consumers to engage with (although there were areas such as customer service and social issues where they could contribute).²³

The Panel's costs were fairly high due to the number of members and level of support involved. We understand that each of the 100 panellists were given £200 for every session they attended, and sessions were held three or four times a year. This required a budget of up to £80,000 per annum, on top of payments to the external providers commissioned to select and run the Panel. Meaningful payments were required to attract and retain a representative group. The cost of operating the panel could be reduced if the number of attendees was smaller or if the meetings were less frequent.

We note that some of the limitations of Ofgem's Panel may be less of an issue for the airport sector, because the average person can generally understand more about airports because they have more experience of using the actual service, and the trade-off between cost and quality of service is easier to comprehend.

Incentives – Fast track incentive

In response to the two incentives for consumer engagement at RIIO-1 all the companies established some form of consumer / stakeholder panel. We heard that vulnerable consumers have been very well represented in these groups. However, the feedback also suggests that the panels found it difficult to engage with general consumers.

The value of the panels set up by different companies has varied, but we have heard anecdotal evidence of them adding value in the consumer interest. In one example, the Consumer

²² Maxine Frerk (2016), Consumer engagement in the RIIO Price Control Process - Review

²³ www.ofgem.gov.uk/sites/default/files/docs/2009/10/panelsummary3rdworkshop%28external%29.pdf

Group for Northern Powergrid challenged the message of a simple Willingness to Pay study the company had carried out, and convinced it to redo the study. Overall the sense was that the increased stakeholder engagement has been very valuable, as Ofgem commented in its assessment of the business plans:²⁴

"We consider that the level of stakeholder engagement undertaken as part of RIIO Electricity Distribution one (ED1) price control represents a significant improvement on previous price controls... We consider that improvements in stakeholder engagement have had a significant impact on the quality and transparency of DNOs' business plans. Stakeholder feedback is generally positive..."

Incentives – Ongoing incentive

Beyond the 'fast-track' incentive that can be applied during the price control, the **ongoing engagement incentive** has been attributed with achieving a "culture change" towards companies being more consumer-focused, and has seen engagement and consumer satisfaction scores generally rising over time. The consumer satisfaction part of the scoring mechanism is based on standard questions used by the Institute for Customer Service which allows comparison outside the sector. Some of the top-performing distribution companies are now securing satisfaction ratings on a par with some of the best known high street brands, and winning awards for their performance. Our consultations suggested that competition between companies has been almost as important as the financial incentive in encouraging improvements. Companies themselves appear to have benefitted by building closer relationships with stakeholders, including outside of price review contexts, and by demonstrating where consumers felt strongly that a project should go ahead.

In its decision on the 2015/16 stakeholder engagement incentive for gas distribution networks, a five-person panel established by Ofgem to review company submissions reported that there was *"evidence that the feedback GDNs have received is influencing projects"* and that they *"had showcased some brilliant ideas and approaches to stakeholder engagement"* - though they did not elaborate on what these ideas or evidence were.²⁵

From our own review of the submissions, we found that companies were generally not good at tying specific activities to specific outcomes, and often discussed their activities in general rather than the subject of engagement / consumer representation itself. One company, Northern Gas Networks, provided a table summarising *"135 substantial outcomes"* from its engagement along with improvements identified, monetary costs and non-monetary benefits. The links between activities and outcomes were not always clear to us, though they may have been clarified during the panel's interview stage.²⁶ The four companies were awarded scores between 5.75 and 6.90, and financial rewards between £0.82m and £5.35m.

²⁴ Ofgem (2013). Assessment of the RIIO-ED1 business plans.

²⁵ Ofgem (2016). Decision on the Stakeholder Engagement Incentive 2015-16: Gas distribution.

²⁶ Northern Gas Networks (2016). 2015-16 Stakeholder Engagement Incentive Scheme.

It could prove challenging to implement a similar scheme in a single-company context without the ability to compare and contrast the submissions made by the regulated companies.

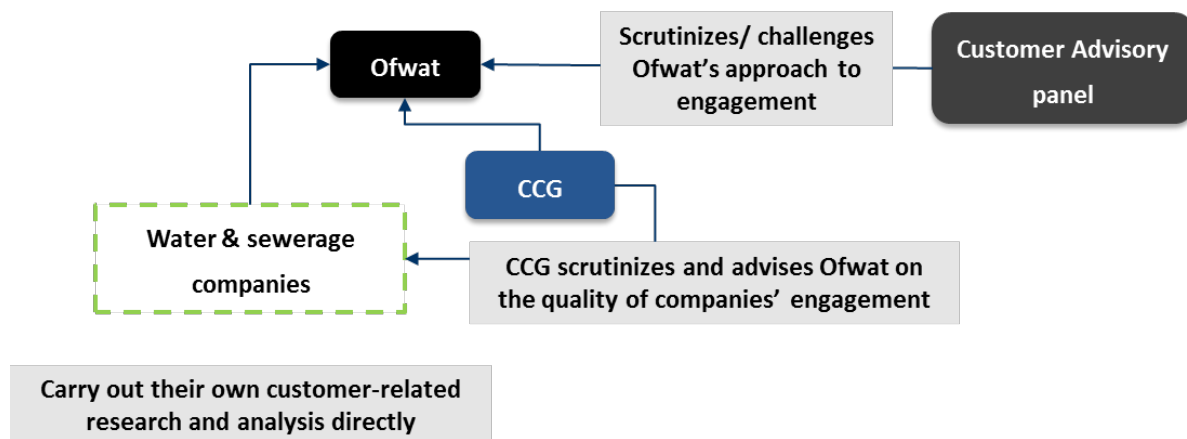
Overall, we have had positive feedback about the results of company-led engagement, though it is not possible to measure this against the costs of the financial rewards paid as a result, and therefore whether Ofgem’s regime ultimately provides value for money for consumers.

4.3. Use of guidance, consumer panels and a non-financial incentive - Ofgem

One of the main innovations in Ofgem’s 2014 price control review was the increased focus on customer engagement. Ofgem’s Customer Challenge Groups (CCGs) played an important role in the process; and have been given an enhanced role in the 2019 price review. This case study presents some evidence on the benefits and costs associated with the use of CCGs in the 2014 review, using the Consumer Council for Water review (2014) as a starting point.²⁷

The overall regime adopted by Ofgem is presented in Figure 4.2 below.

Figure 4.2: Overview of Ofgem’s consumer engagement regime



4.3.1. Why were the CCGs introduced?

The CCGs were formed following the success of the ‘Quadripartite Groups and Wales 2009 Forum’, which negotiated with water companies on behalf of the consumer during the 2009 price review. The Quadripartite Groups / Forum were thought to have played an important role in facilitating improved discussion between water companies and stakeholders. They were introduced to provide an independent challenge to companies and act as an independent assurance to Ofgem on the quality of engagement, the extent to which it affected the company’s decision-making, and the extent to which the company’s business plan changed as a result.

²⁷ Consumer Council for Water (2014). Customer challenge group process: review of lessons learned. Qualitative Research Report.

4.3.2. Outcomes: review of the experience with CCGs for Ofwat's 2014 price control

Overall the CCG approach was viewed as having success in encouraging the companies to increase their level of engagement with customers, but according to the available evidence the experience with the CCGs was quite varied across the 18 different water and sewerage companies. This was in part because the companies were responsible for developing their own CCGs, subject to guidance provided by Ofwat which was not particularly detailed, giving them a lot of latitude in the design of arrangements. Some of the companies developed highly formal CCG arrangements whilst others enabled their CCGs to operate in a much less structured way.

As a result, the effectiveness of the CCGs varied greatly between companies. During their initial review of the companies' business plans Ofwat determined that in nine out of 18 cases the CCGs had failed to ensure sufficient levels of customer engagement by the company. Ofwat also concluded that not all the CCGs had sufficient independence from the companies nor had the level of expertise required to provide effective challenge.

Ofwat received some criticism for not providing enough detail in the guidance and for not being active enough in ensuring that the CCGs were carrying out the expected role during the price control process – Ofwat had adopted a hands-off approach because it wanted the CCGs to be driven by the companies and focused on consumer-company engagement rather than on reporting requirements to the regulator.

However, some of the CCGs are reported to have played a key role in securing positive outcomes for the price control review. Ofwat's reflections on the 2014 price control process noted that there had been a greater focus on customers by companies, which translated into higher quality business plans²⁸ (as defined by Ofwat²⁹). Furthermore, a review conducted by the Consumer Council for Water praised the way in which consumer research had been carried out and used by the companies.³⁰

Another benefit highlighted from the use of CCGs was that it brought together stakeholders from the environment and water quality regulators, customer representative groups and NGOs active on issues related to the environment. By getting these groups to work together during the price review it reportedly helped to make the companies' business plans more well-rounded, capturing the trade-offs more effectively.

Although the Consumer Council for Water's feedback on outcomes achieved through the CCGs was mixed, Ofwat's view is that the CCGs "*played an extremely valuable role in PR14*", albeit with scope for refining the approach.³¹ Ofwat has confirmed its intention to retain CCGs

²⁸ Ofwat (2015). Reflections on the price review – learning from PR14.

²⁹ Ofwat (2014). Setting price controls for 2015-20 – decisions on enhanced companies and next steps.

³⁰ Consumer Council for Water (2014). Customer Challenge Group process: Review of lessons learned.

³¹ Ofwat (2015). Towards Water 2020 – policy issues: customer engagement and outcomes.

for its forthcoming PR19 review, suggesting that it considers their introduction to have been worthwhile.³²

4.3.3. UK Water Industry Research (UKWIR) report on the experience with customer engagement in PR14

In addition to the Ofwat report, UKWIR commissioned an independent review of the impact of the CCGs during the PR14 process.³³ The study consulted over 50 stakeholders to understand their experience of the CCG mechanism during the PR14 process. The main findings were as follows:

- There was ‘unanimous’ feedback that the CCG process had helped to achieve a big step forward in the industry’s efforts to engage customers in the price review process.
- Similar to the Ofwat review, UKWIR found that there was confusion with the remit of the CCGs during the price control process, and a belief that Ofwat should have provided more clarity earlier - in particular around the range of issues that the CCG should be covering.
- Many of the remaining findings focused on ways to enhance the impact of the CCGs in the next price control. For instance, the findings considered how Ofwat could improve the design of the CCGs, such as options to clarify the role of the CCGs in the 2019 price review.

Specific benefits arising from the CCG process were noted. Some of the CCGs were able to provide examples of supporting local innovation and variation in the water and sewerage company’s practice that came as a result of the better understanding of customer preferences. This included:

- variations in the approach to social tariffs;
- leakage levels; and
- greater emphasis on the use of demand-management solutions to water scarcity as opposed to using engineering-led solutions.

In addition to these ‘hard benefits’ the stakeholders also identified that there were a number of subtle benefits arising from the development of the CCG model:

- The CCG process enabled the companies to have a better conversation with customers about the range of investment options that they might undertake and the related impact on bills.

³² Ofwat (2016). CCG Chair workshop 3 February 2016.

³³ UKWIR (2015). The future role of customer and stakeholder engagement in the water industry

- The companies were able to get a better understanding of a range of customers; CCGs assisted companies in accessing the 'hard to reach' customers and to think about the different geographies within their regions.
- The requirement to talk to and explain elements of the business plan in lay-terms reportedly improved the quality of thinking about the practicality of parts of the plan.
- Greater ownership of the business plan by the company and improved relationship with customers.

Overall, engagement initiated by the CCG process was seen to have stimulated a culture change within a number of the water and sewerage companies.

4.3.4. Reports by the CCGs

A number of the CCGs also provided quite detailed accounts of their role within the price control process. For instance, South West Water's CCG - WaterFuture - published a comprehensive report.³⁴ The report detailed that WaterFuture had carried out the following types of consumer research during the price review:

- Priorities testing – using focus groups and a quantitative survey to understand different consumers' priorities for investment on the network.
- Willingness to Pay surveys and a two-stage valuation study.
- Development of a customer engagement tool, which was an online tool that allowed customers to provide feedback on the proposals, and associated bill impact, presented in the business plan.
- Acceptability testing, customer focus groups and feedback was used to assess the level of acceptability for the business plan at draft and final draft stages.

The report identifies a number of areas where WaterFuture had an impact on South West Water's business plan. For example, the feedback from the acceptability testing found that consumers did not accept the increase in bills presented in the draft business plan. This reportedly played a role in South West Water finding an additional £24 per customer of efficiency savings.

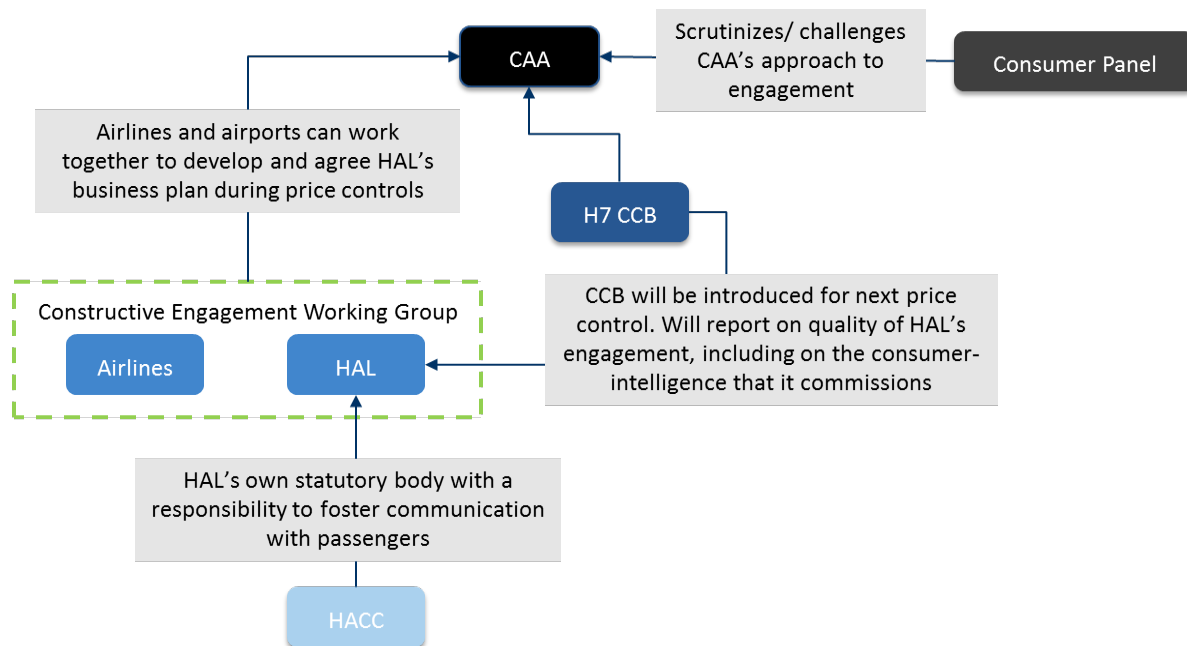
4.4. Use of guidance and the consumer panels - CAA

The CAA regime for customer engagement for Heathrow Airport Ltd (HAL) is well developed and includes the use of panels that oversee the work of the CAA (Consumer Panel) and HAL (Consumer Challenge Board (CCB)). HAL also has developed its own internal panel. The

³⁴ WaterFuture Customer Panel (2013). Report to Ofwat on South West Water's PR14 (2015 – 2020) Business Plan.

‘constructive engagement’ model is in place to encourage the airlines and airport to work together to secure agreement on the business plan. Figure 4.3 illustrates the regime.

Figure 4.3: Overview of the CAA passenger engagement regime



We are interested in the role that the CCB is expected to play in the next price control for HAL.

4.4.1. Why was the CCB introduced?

The main driver behind the introduction of the CCB was the implementation of legislation in 2012 (Civil Aviation Act) that changed the CAA’s primary duty to focus on achieving outcomes for *passengers* – which was a change from their previous focus on *airport users*. As a result of this legislation CAA thought it necessary to refine its approach. In previous price control reviews its working assumption had been that the airlines were sufficient to represent the views of passengers; with the change in their focus they could not continue to rely on that assumption.

Further, they recognised the potential on certain issues for the views of passengers and airlines to diverge. For instance, airlines potentially have a stronger focus on the experience that passengers have in arrivals, compared to their support for departing passengers. The CAA also believed that the airlines were not effectively representing passengers’ views with respect to the extension of runway capacity.

This led to the development of the CCB approach, drawing on the experience of Ofwat’s CCGs. The CCB has the role of providing HAL with an independent challenge on its business plan from a consumer perspective (focussed on passengers rather than other types of air traffic consumers) for the next price review of HAL (in place from 31 December 2018). It will provide the CAA with advice about the extent to which the business plan has been informed by high

quality consumer engagement and whether the outcomes in the plan reflect the needs of consumers as demonstrated by the engagement.

The CAA's consultation document for the design of the CCB states that the panel will provide expert, independent advice on the extent to which HAL's business plan is consumer focused.³⁵

4.4.2. Issues raised by parties during design of the CCB

Based on a review of the consultation documents, the following were key issues raised during the process of designing the CCB.

Airlines

The airlines were concerned primarily about the risk that the independence of the CCB would eventually become compromised through its need to work so closely with HAL. To address this, the CCA applied the following measures:

- The airlines and HAL were offered an equal say in the appointment of the CCB Chair and an independent search consultancy to find candidates. The Chair then identified the members of the Board.
- The CCB is designed to act in a transparent manner including the timely publication of agendas, minutes of meetings and a log of meetings that have taken place.
- All the contractual matters relating to the CCB, including remuneration, will be managed by the CAA, although the costs are later recovered from HAL.

The airlines also made the point that they are best placed to represent the needs of passengers (an argument also made by airlines in the case of Dublin Airport). To address this point, the CAA acknowledges the role that airlines should play in engagement and states that it is HAL's responsibility to make sure that the relevant consumer-related intelligence held by the airlines is integrated into its business planning processes. The CCB would then look for evidence that this is occurring.

Role of CCB in between price controls

Another issue identified was the view of stakeholders that the CCB was not best-placed to oversee the engagement processes that need to take place between HAL and passengers in between price controls. Therefore, it was decided that the initial period of appointment for the CCB would be for the duration of the next price review, with any role for the CCB beyond that to be considered following a review of the CCB's effectiveness.

³⁵ CAA (2016). Consultation on the Terms of Reference for the H7 (HAL's next price review) Consumer Challenge Forum (CCF).

4.4.3. Outcomes: expected costs and benefits of the CCB

The expected costs and benefits of the CCB have not been defined in any report, but following research and consultations with the CAA the following factors are assumed to be relevant:

Costs

Our lower-bound estimate of the costs of remuneration for the CCB Chair and panel members is approximately £75,000 per annum - not including the additional time costs incurred by the various stakeholders required to interact with them, or the administration costs involved in its operations (though presumably the CCB will replace some of the activities that the regulator would have otherwise carried out itself so not all the 'interaction' costs will be relevant).

Benefits

The main benefits expected to occur as a result of the introduction of the CCB include:

- Both the use and interpretation of consumer intelligence techniques requires a different range of skills and experience that the CAA does not have internally – for example, on the appropriate methodology for implementing a Willingness to Pay survey and how to interpret the results in a sensible way. Without having these skills available, it would be more difficult to make effective use of any increased consumer intelligence within the final regulatory decision-making processes. Therefore the CCB provides the CAA with expertise on consumer-engagement and on approaches to carrying out consumer research that CAA currently doesn't have; importantly it would cost more for CAA to develop these skills internally by recruiting individuals with the required competences.
- Confidentiality/ independence of CCB potentially provides vehicle through which airlines can share their intelligence on passengers. This could help to ensure that existing work on passenger intelligence is used more effectively, reducing the need to duplicate existing efforts.
- Provides a vehicle through which improved understanding and therefore representation of all types of passenger can occur and be fed into the business plan.
- Additional scrutiny of business plan from the perspective of securing consumer-focused outcomes.

4.5. Use of a consumer panel - Northern Ireland Utility Regulator

The Utility Regulator makes use of what it calls a 'collaborative partnership approach' during price reviews, whereby it collaborates with other key organisations to steer and oversee consumer research and engagement undertaken by the regulated company.

For the Utility Regulator’s most recent price review of Northern Ireland Electricity (NIE) Networks it formed a Consumer Engagement Advisory Panel (CEAP). The panel oversaw NIE’s research and integrated household and business customer views into the determination process.³⁶ The CEAP included NIE, the Utility Regulator, the Department for the Economy, and the Consumer Council for Northern Ireland.

The Utility Regulator took a similar approach at its last price review of Northern Ireland Water, where it formed a ‘Consumer Engagement Oversight Group’ with Northern Ireland Water, the Department for Infrastructure, and the Consumer Council for Northern Ireland.³⁷ The Group carried out consumer research to inform investment priorities and decisions for the price determination, with a working group for consumer measures and customer satisfaction continuing to meet after the determination for the rest of the price control period.

In both cases, if any party no longer wished to participate in the partnership they were free to leave the group and commission their own research.

4.5.1. Why does the Utility Regulator take a partnership approach to engagement?

Our consultations suggested that the Utility Regulator adopted a partnership approach to avoid a situation in which several different parties separately undertake their own research or engagement which the other parties do not trust or accept. The experience of Bristol Water during its last price control was offered as an example of the regulator, company and Competition Commission each undertaking their own willingness to pay research – with each study providing significantly different results. Given the small size of the Northern Ireland market, cost-savings from avoiding duplication of effort were an important factor.

4.5.2. Outcomes

Costs

Given that the partnerships formed by the Utility Regulator only included a small number of public organisations (and the regulated company) which each had a stake in the process, no external costs were incurred other than for market research. The resource costs to the organisations involved were reportedly high however, as the process was fairly intensive and required a substantial time commitment.

Collaboration was also reported to have pooled the limited specialist skillsets within the regulator, government, consumer representative and regulated company.

We are not aware of any clear costs to a collaborative approach, but there are reasons to suspect that it may not be as successful in the context of Dublin Airport:

³⁶ Consumer Engagement Advisory Panel (2016), Empowering consumers - Beginning a conversation on consumer priorities for the Northern Ireland Electricity Network.

³⁷ Consumer Engagement Oversight Group (2014), Connecting with consumers - A report on consumers’ priorities for water and sewerage services.

- the Consumer Council’s involvement was crucial for bringing consumer interests to the group, whereas no equivalent institution exists in Ireland;
- membership of such a panel (which is subject to debate in the Northern Ireland case) is potentially controversial; and
- coordinating a cooperative partnership to oversee the regulated company’s research and engagement programme requires management and time (e.g. approximately 2 years prior to business plan submission in the Northern Ireland case), and so may not fit with timelines for the 2019 determination.

Benefits

Research conducted under the CEAP’s oversight included a mix of focus groups with businesses and households, and more quantitative surveys. CEAP found business-user focus groups helpful for raising concerns which the regulator was previously unaware of (e.g. around connections for large-scale water users) and casting doubt over some of the regulated company’s claims concerning their customer service levels. Household consultations were less productive, as attendants often lacked expertise, but broader market research highlighted the demand for more information among households which motivated the Utility Regulator to include an allowance for household education within the price control.

The willingness to pay research overseen through the partnership model received buy-in from CEAP’s members. In the water context, the study demonstrated little need for service improvements at the margin (i.e. beyond basic EU requirements). In the electricity case, collaborative research indicated a mix of consumer experiences, but drew no clear lessons in relation to optional capex investments - which could be considered a useful finding in itself.

4.6. Summarising the evidence on outcomes achieved across the different options

This section has presented a more detailed discussion of selected case-studies in order to present more evidence about the outcomes achieved through implementation of different consumer engagement regimes.

It is worth noting that overall evidence is quite limited. Apart from the Ofgem and Ofwat examples, there are few independent reviews of the different regimes and even in those cases much of the focus is on how to improve implementation for the next price review rather than on identifying, let alone trying to quantify in a robust manner, the outcomes.

However, we summarise the evidence on the outcomes associated with the options in Table 4.1 below, noting that we have to rely on a qualitative assessment given the issues with attribution and causality that are not possible to disentangle.

Table 4.1: Summary of the evidence to demonstrate positive outcomes associated with the options

Option 1 - Set guidelines around expected level of engagement	Option 2 - Guidelines + incentive mechanism	Option 3 - Guidelines + incentive mechanism + panel
Evidence that it led to increased engagement?		
<p>No evidence that guidance alone increases engagement. Experience from AER and Ofwat suggests that use of guidance led to a mixed response; consultations suggested that it was the companies' leadership and associated reputational incentives rather than guidance alone that stimulated increased engagement.</p> <p>Rather than increasing engagement per se, guidance may improve relevance of engagement by clarifying expectations.</p>	<p>Ofgem's use of incentives alongside its various panels is seen as playing a significant role in increasing the level of engagement during the three completed RIIO reviews.</p>	<p>An independent review found unanimous support for the notion that Ofwat's use of CCGs had helped to increase the level of engagement. In addition, evidence from Ofgem and AER suggest that their panels have played a role in facilitating increased consumer engagement.</p>
Evidence of leading to beneficial outcomes?		
<p>Experience from sectors; e.g. Ofgem suggests that the flexibility provided by guidance allowed regulated companies to tailor their approach to meet the needs of their own consumers, as well as providing some clarity about the way in which the regulator would interpret the outputs of customer intelligence during the price control process. However, it is not clear from the case studies that the publication of guidance alone is sufficient to stimulate increased engagement, let alone deliver improved consumer outcomes.</p>	<p>There is mixed evidence that the approach led to some beneficial outcomes. For instance, Ofgem were of the view that the quality of business plans improved and that increased engagement has led to a culture change within a number of the regulated companies.</p> <p>The extent to which better quality business plans and culture changes amount to delivery of more cost-effective investments that benefit customers is another – unproven – question. It is also unclear whether Ofgem's use of incentives represented value-for-money. However, there is evidence that consumer satisfaction scores in the sector have been increasing, and it is not unreasonable to suppose causation.</p>	<p>Case studies present several examples of how panels, alongside guidance and different types of incentive mechanism, have helped facilitate an increase in engagement and played at least some role in supporting improved consumer outcomes.</p> <p>A key benefit of panels is providing expertise that has helped improve the way companies carry out and use consumer research: particularly Willingness to Pay studies.</p> <p>Questions of attribution and value for money are unanswerable, but it is notable that for regulators which have developed panels the discussion is focused on how to improve design and implementation for upcoming controls rather than considering their removal.</p>

5. STAKEHOLDER FEEDBACK

We discussed our initial findings (including the three broad options) with stakeholders at a workshop held at the Commission's offices from 30-31st May, attended by: groups representing different types of passengers (e.g. disability groups, international tourist passengers, business travellers, and the wider consumer interest); airlines; Dublin Airport and the Airports Council International. A full list of organisations and individuals consulted is provided in ANNEX B. We have also received written submissions from the Competition and Consumer Protection Commission and Ryanair.

This section summarises the views communicated to us during the feedback process.

Passenger representatives (Competition and Consumer Protection Commission (CCPC); Disability Stakeholders Group; European Consumer Centre Ireland (ECCI); National Disability Authority)

Overall, they were positive about the initiative to improve passenger representation, but emphasised that any mechanism should be cost-effective and justified on the basis of its ability to deliver beneficial outcomes; that is, there was no interest in consultation for its own sake.

Passenger representatives expressed several concerns with the establishment of a panel. They were of the view that real passengers would find it very difficult to provide useful feedback for most topics relating to airport charge determinations. Instead, passenger representatives or experts representing their views could advise on discrete aspects of the review - such as the quality of service incentive scheme - if asked to respond to clear, specific questions.

Some of the organisations provided feedback that they would probably have little capacity to engage with a consumer panel that was not directly relevant to their respective remits. Disability groups also emphasised that their time and technical capacity were both constrained, so they would be unlikely to engage without a realistic prospect of their involvement achieving meaningful benefits in terms of more appropriate services or improved affordability.

With respect to disability issues in particular, stakeholders suggested that Dublin Airport could make more use of non-consultative inputs, such as engaging disability groups to test ease of way-finding and advise on new infrastructure proposals at the design stage.

Business and tourism groups (IDA Ireland; Fáilte Ireland)

The business and tourism bodies we consulted both felt that Dublin Airport had been highly responsive to their views and to business user interests. Both organisations had also submitted responses to consultations for the 2014 charge determination.

Both organisations felt that additional representation of business interests would be unnecessary, and reported that they can and do arrange meetings with the Airport to discuss the needs of business customers and that the Airport typically acts on their requests.

With respect to establishing a panel, some stakeholders felt that a small, light-touch, panel established on a trial basis could be appropriate for the 2019 determination; but that a more targeted case-by-case response might be more suitable than a panel with a wider remit.

Airport (Dublin Airport; Airports Council International (ACI))

One of the stakeholders was open to the idea of improving passenger representation around capital investment planning and quality of service, but would wish to see a strong justification for any high-burden, high-cost intervention. They were also cautious about the need to establish a standing panel unless it would have sufficient understanding to engage effectively with the price determination process.

The stakeholders also expressed a desire to receive guidance from the Commission on its expectations, and clarity on when passengers should be consulted, to help it apply resources efficiently.

One of the stakeholders welcomed the initiative to introduce a passenger representative voice to counter dominant airlines at capacity-constrained airports or where passengers have little choice, citing their recent paper: *“How airport capacity impacts air fares”* (2017).

Airlines (Aer Lingus; Etihad Airways; Ryanair)

Overall the airlines were not supportive of any of the three options put forward and were of the view that the current status quo should be maintained. However, one of the airlines was relatively more open to the concept of the Commission intervening to improve passenger representation as long as it could demonstrate that the benefits justified the costs, either by bringing about lower airport charges and/or improving service levels for passengers.

In general, the airlines’ view was that there is no need to establish additional approaches to improve the level of consumer engagement, because they (the airlines) already fulfil the role of representing all consumers during the price determination process. They suggested that introducing new arrangements would be a distraction and would be a source of inefficiency.

The airlines’ specific feedback on the three options was as follows:

- Option 1 Guidance. They were not supportive, but acknowledged that the additional costs with this approach would be minimal if implemented correctly. Further, they noted that the guidance could provide more flexibility to avoid unnecessary duplication of passenger research.
- Option 2 Incentives (with guidance). They were of the view that the use of financial incentives for engagement would risk creating a tick-box exercise which incentivised processes rather than outcomes. There was a general view that an incentive phrased

as a reward would not be well received, and one view that a reputational incentive would be sufficient.

- Option 3 Panel (with guidance and potentially a panel). The airlines were not supportive of establishing a panel, although one of them acknowledged that if the panel could act in a genuinely independent manner, it could play an ‘honest broker’ role between the airlines and Dublin Airport during the price determination process. It also noted that the extent to which it would trust such a panel would depend on its ability to demonstrate objectivity, transparency, and that it was presenting a robust challenge to the airport’s plans.

6. EVALUATION OF THE OPTIONS

This section presents an evaluation of the three broad options under consideration. It is worth restating the point made in Section 4, that there is limited information available that provides concrete evidence on the positive and negative outcomes associated with different approaches to consumer engagement. Further, we have found no examples where there has been an attempt to quantify the costs and benefits associated with the different options.

As a result, we have based our assessment on the following three main sources of evidence:

1. our understanding of the current state of passenger representation at Dublin Airport (summarised in Section 2);
2. our review of approaches taken by other regulators (presented in an Appendix, with a detailed review of key examples in Section 4); and
3. stakeholder feedback received during a workshop held from 30-31st May, which we presented in Section 5.

6.1. Our assessment - by option

We provide a qualitative discussion of the options (including the 'do nothing' option) below, summarising the findings from the three sources of evidence. We then present an evaluation table in Section 6.2.

6.1.1. Do nothing

By definition, maintaining the status quo will not improve the quality of engagement or deliver improved outcomes – therefore leaving the issues identified in Section 2 of this report unaddressed. Therefore, the test is whether there is enough evidence to suggest that the options will bring material benefits compared to the status quo, taking account of the associated costs.

It is important to emphasise that across the 12 regulated sectors that we have reviewed, all of the regulators have introduced different mechanisms to improve consumer engagement - including the CAA in the UK airport sector and also the UK energy sector in which consumers are indirect customers of the regulated companies.

Further, the clear trend amongst regulators is to do more rather than less regarding the issue of consumer engagement. The regulators that introduced engagement mechanisms in previous price controls (e.g. the CAA and Ofwat) are focusing on how they can strengthen or extend their engagement framework, rather than reverting back to a 'do nothing' situation.

The actions of other regulators do not mean that the Commission should take steps to increase engagement, but it does show that there is a clear view amongst economic regulators that there are positive benefits associated with engagement. The question that the

other regulators are grappling with is how to achieve effective engagement, rather than considering if they should be intervening to facilitate increased engagement.

6.1.2. Option 1 – The CAR publishes guidance

Evidence from review of other regulators

As noted in Section 4, there are no examples where the regulator has relied on publishing guidance alone to increase the level of consumer engagement. The examples of guidance (AER, CAA, Ofgem, Ofwat) that we have seen have all been implemented alongside an incentive mechanism and/ or the establishment of a panel. Therefore, whilst it is possible that guidance alone may be more effective at improving the quality of engagement, we cannot say for sure using the examples from other regulated sectors.

One other consideration is that the direct costs of producing guidance are not material. The indirect costs of encouraging Dublin Airport to change how its engagement approach would depend on how the guidance is worded and how Dublin Airport chooses to respond.

Stakeholder feedback

Introducing guidance received more positive feedback than the other options – Dublin Airport was specific in its request for greater clarity on the Commission’s expectations and interpretation. Although airlines generally preferred the “do nothing” option, they were less averse to the concept of issuing guidance than to the other options.

Addressing the gaps in the status quo

Our review of the status quo in Section 2 suggests that Dublin Airport is already carrying out a range of activities to engage with their passengers, but is perhaps not using the results to inform capital investment planning and regulatory determinations in a transparent manner. Therefore, the provision of clear guidance from the Commission that defines what it means by good engagement and how the evidence will be interpreted could help to shape Dublin Airport’s work as it develops its proposals for 2019.

6.1.3. Option 2 – The CAR introduces an incentive mechanism alongside guidance

Evidence from review of other regulators

The evidence that financial incentives can improve the level of consumer engagement is fairly strong across the different regulated sectors reviewed. The clearest use of incentives to improve consumer engagement has been in the UK energy sector. Ofgem’s reviews of

engagement found that their use of incentives³⁸ has helped to achieve a level of stakeholder engagement which “represents a significant improvement on previous price controls”.³⁹

The evidence that these incentives have led to beneficial outcomes is mixed, primarily because it is not possible to directly attribute improved outcomes to the use of incentives. However, again drawing on the findings of Ofgem’s review, they found that improvements in stakeholder engagement motivated by the fast-track incentive have had a significant impact on the quality and transparency of companies’ business plans. They also found that the use of incentives has been attributed with improving the companies’ levels of customer focus, coinciding with rising scores for engagement and consumer satisfaction.

There is therefore fairly clear evidence that incentives can lead to improved engagement, and some evidence that this has translated into improved outcomes. Whether the use of incentives has achieved these benefits in a cost-effective way is an open question.

Ofgem in particular has attracted criticism for the size of the incentives offered and for rewarding companies for carrying out what they should be doing anyway; stakeholder feedback received during this study echoed this perception. This objection could potentially be overcome by introducing penalties rather than rewards, in a similar way to the Commission’s Quality of Service incentives.

Stakeholder feedback

The use of incentives attracted little support from stakeholders. There was a general concern that incentivising processes (i.e. engagement) rather than outcomes would lead to excessive or poorly-targeted engagement, described by some stakeholders as a “box-ticking exercise”.

Addressing the gaps in the status quo

The question of whether incentives would be a proportionate response to the existing level of engagement within the Commission’s framework is an open one. However, the Commission would have to ensure that it could effectively define what is meant by good engagement (by defining it in the guidance) and then develop the capacity to monitor and determine whether Dublin Airport has achieved the required level of engagement.

6.1.4. Option 3 – Introduction of a consumer panel

Evidence from other regulated sectors

We have studied a range of panels which differ in their composition and role, and found fairly strong evidence that they can help to increase the level and quality of engagement. In Section 4 we discussed examples such as Ofwat’s Consumer Challenge Groups (CCGs). An

³⁸ I.e. The prospect of being fast-tracked through price reviews and an annual consumer satisfaction / engagement incentive.

³⁹ Ofgem (2013). Assessment of the RIIO-ED1 business plans.

independent review of the CCGs found ‘unanimous’ feedback that the process had helped to achieve a big step forward in the industry’s efforts to engage customers in the price review process. Ofwat’s own view is that the Groups “*played an extremely valuable role in PR14*”, and it has confirmed its intention to retain them for its forthcoming PR19 review.

There is also some evidence to suggest that consumer panels have improved outcomes. Ofwat’s CCGs are reported to have played a key role in securing positive outcomes during the 2014 price control review.

There are examples of panels that are thought to have been less effective. For instance Ofgem’s Consumer First Panel (comprised of members of the public) is thought to have been less successful in providing feedback that could be used to help shape Ofgem’s decision making. However, it has been a useful forum for providing information to consumers and for helping Ofgem to understand the priorities of different consumer groups for the price control.

Whilst the questions of attribution and value for money remain unanswerable, it is notable that for regulators which have developed consumer panels, the discussion is focused on developing new panels or considering how to improve existing panels rather than contemplating removing the panels. The most relevant example for the Commission is the CAA’s recently established Consumer Challenge Board for the 2019 charge review of Heathrow.

Stakeholder feedback

The stakeholder feedback generally did not support establishing a standing panel with a formal role in the charge determination. Passenger representatives reported that they would probably lack the capacity to engage in a regular and informed way. Some airlines opposed the Option (as for Options 1 and 2) on the grounds that they are the best representatives of passenger interests. All stakeholders warned against establishing a “talking-shop” without a strong prospect of achieving real benefits.

Addressing the gaps in the status quo

Dublin Airport was open to the suggestion in principle, but warned that a panel should bring a high level of expertise to add significant value (noting that it already seeks ad hoc feedback from focus groups on specific issues). An independent and appropriately qualified panel could help Dublin Airport to make more strategic use of its existing consumer engagement as part of the price determination process. However, it is not clear that a panel of experts is a cost-effective approach to achieving this outcome.

It is also possible that the Commission could use a panel in a more ad-hoc way to consult with passengers or their representatives on specific issues of passenger interest. This could be done at low-cost, but it is not clear that this would address the issues with Dublin Airport’s approach to engagement.

The need for the panels to fulfil a range of roles and responsibilities is the reason why a number of the regulators have established multiple consumer panels. For example, Ofgem has both the Consumer First Panel and the Consumer Advisory Group.

6.2. Summary assessment

We have evaluated each option against the following criteria:

- *Transparency* – scope for the option to provide clarity about the way in which engagement should be carried out within the Commission’s regulatory framework and how it will be interpreted as part of the decision-making process.
- *Cost effectiveness* – an assessment of the probable costs associated with each of the options.
- *Feedback from stakeholders* – an assessment of the feedback that we have received from stakeholders on the different options.
- *Scope to improve the quality of engagement* – consideration of the potential to improve the quality of engagement as a process (as opposed to outcomes).
- *Scope to deliver improved outcomes for passengers* – consideration of the strength of evidence that the approach has potential to deliver improved outcomes for passengers.

Table 6.1 (overleaf) summarises our assessment of each option against the criteria defined above using a red/amber/green ‘traffic-light’ system. Section 7 makes a recommendation based on this assessment.

Table 6.1: Evaluation of the options

Criterion	Do nothing	Option 1: Set guidelines around expected level of engagement	Option 2: Guidelines + incentive mechanism	Option 3: Guidelines + incentive mechanism + panel
Transparency	Would not provide additional clarity around how charge determinations are meeting passengers' interests.	Potential to improve stakeholder understanding and buy-in on the role engagement should play and how it affects determinations.	As per option 1, assuming that the incentive mechanism is applied in a transparent manner.	As per option 2.
Cost	No additional costs.	Costs of producing guidance are not material. Allowing companies to apply in a flexible manner should limit risk of incentivising excessive expenditure, with potential to make better use of existing engagement.	Potential to impose high costs ultimately borne by passengers (even with a penalty-incentive), depending on conditions and scale of the incentive.	Costs of developing a panel depend on its role and responsibility, size and composition. As shown in Figure 3.1 costs can vary from tens to the hundreds of thousands
Stakeholder feedback	Support from some airlines for the do-nothing option to minimise costs and prevent distraction. Wider stakeholder view was that some intervention to improve engagement and its role within charge reviews would be welcomed.	There seemed to be some support for this option and the flexibility it could provide. Dublin Airport welcomed greater clarity on the regulator's expectations. Most airlines consulted were not supportive, though perhaps less averse than for options 2 and 3.	Little support from stakeholders, some of whom did not appear to engage with the option. General concern that incentivising processes (engagement) rather than outcomes (proposals or decisions which better serve passengers' interests) would lead to excessive or poorly-targeted engagement. Some opposition to phrasing the incentive as a reward.	Little or no support. Potential panel members raised concern of heavy time burden without a clear prospect for value-add. Airport raised concerns that panel would require a high level of expertise to add value.
Improve the quality of engagement	No potential to improve the quality of engagement.	Evidence is mixed. No specific example of guidance increasing engagement alone, but may improve application by providing clarity and setting expectations.	Evidence from other sectors was relatively clear that formal incentives have led to improved engagement.	Fairly strong evidence that panels can motivate or enable improved engagement, but depends on the design.
Improve outcomes?	No potential to deliver improved passenger outcomes.	Evidence is mixed, but is thought to have played at least some role in improving outcomes.	Some evidence from other sectors that improved engagement in response to incentives has improved outcomes.	Some evidence that panels can lead to improved

Criterion	Do nothing	Option 1: Set guidelines around expected level of engagement	Option 2: Guidelines + incentive mechanism	Option 3: Guidelines + incentive mechanism + panel
				outcomes, though attribution is not possible.

7. RECOMMENDATIONS AND NEXT STEPS

This section sets out our recommendations on the way forward based on the evaluation presented in Section 6.

We have shown that there are some important gaps in the Commission's current passenger engagement framework, which will require some action to address. Further, the clear trend across regulated sectors is to move towards more, rather than less, engagement. Thus, the question is how, rather than whether, it should take action.

The evaluation presented in the previous section shows that there are pros and cons associated with the different options that we have considered. The evidence does not indicate that any one option will clearly lead to a better set of outcomes than the others.

Overall, we therefore recommend that **guidance is issued as a minimum**. We have provided a purely illustrative example of what guidance might look like in ANNEX A. Alongside the guidance, it is appropriate that the Commission considers whether to introduce **an incentive and / or make use of a panel** to help deliver better quality engagement and improved consumer outcomes.

Issuing guidance as a minimum next step

The publication of guidance would give Dublin Airport more clarity about how it should use its existing consumer engagement activities to inform development of its Capital Investment Programme and Regulatory Proposition – this should presumably help Dublin Airport to develop better quality investment plans that are more closely aligned to the needs of consumers.

It would also enable the Commission to define how it expects the views of different passenger groups to be incorporated within the price determination process. Improved understanding of the needs of different consumer groups should ensure that regulatory decisions take more account of their needs. This would assist in addressing the main gaps within the Commission's existing engagement framework.

As we have stated in Sections 4 and 6, none of the regulators that we have reviewed have relied on publishing guidance alone to improve the quality of consumer engagement. Therefore, it is possible that relying on guidance alone will not achieve the desired improvement in consumer outcomes. The Commission should thus consult on whether to implement an incentive mechanism and/ or a panel. In all cases, an important additional consideration is whether it will need to build its internal capacity on issues related to passenger engagement to implement an incentive mechanism or a panel effectively.

Making use of an incentive mechanism to help ensure compliance with the guidance

The evidence that we have reviewed as part of this report does not provide any clear steer on what form the incentive could take - apart from ensuring that it does not simply reward Dublin

Airport for doing things that it should have already been doing, nor lead to excessive time and expenditure on engagement simply to meet the regulator's requirements rather than for the purpose of improving passenger outcomes.

We have described some options for the potential design of an incentive mechanism in Section 3.3. There is a need to consider whether to introduce a non-financial incentive, i.e. stating clearly in the guidance that effective consumer engagement will be a key determinant in how Dublin Airport's proposals are considered, with the potential for fast-tracking certain decisions depending on the quality of the consumer-related evidence that supports them.

The Commission could also consider using a formal financial incentive, which provides financial rewards or penalties for Dublin Airport based on the quality of engagement. Perhaps the simplest approach is to allow the airport's base costs to change to reflect the costs of carrying out additional engagement activity, with the potential for proportionate positive or negative increments based on the Commission's view on the quality of engagement.

A downside risk of a financial incentive is that it could lead to Dublin Airport carrying out excessive levels of engagement if it does not face the costs. There is also a risk that this could force the Commission into difficult decisions about what consumer engagement related expenditure it should allow.

Use of a panel to monitor compliance with the guidance

The evidence from this study also presents mixed evidence regarding the role for a potential panel. Overall, stakeholders were not supportive of the option for establishing a panel. However, if the Commission decided to do so, there were divergent views on the composition of the panel. Some stakeholders supported the establishment of a panel of experts to play a larger role in providing advice on behalf of passengers during the price determination process. In contrast, there was support from other stakeholders for developing a more informal panel that is focused on obtaining the views of all types of passenger to help improve the quality of the decision-making processes.

Both of these options could help to address the gaps within the existing engagement framework. An expert panel could help Dublin Airport to make more strategic and targeted use of the engagement work that it is already doing and also suggest additional areas where Dublin Airport should do more engagement. The informal panel model could be used to engage a wider range of passengers on the regulation of Dublin Airport.

Depending on whether there is some desire to establish a panel, the way forward would seem to be a consultation to gauge interest and feedback from a wider range of stakeholders to help identify which route is most appropriate. The recently created Consumer Challenge Board in the UK aviation sector would seem to be a good model to consider if the option of an expert panel is taken forward (the size of the Board would not have to be as big as that used by the CAA). The CER's Consumer Stakeholder Group also provides a good template for engaging with passengers that have not typically engaged with the regulatory processes.

ANNEX A EXAMPLE GUIDANCE FOR DUBLIN AIRPORT ON PASSENGER REPRESENTATION AT FUTURE CHARGE DETERMINATIONS

This document provides a purely illustrative example of the type of guidance that could be published by the CAR, to give stakeholders a clearer understanding of the type of information contained in a guidance document.

Introduction

This document sets out the Commission for Aviation Regulation's guidance for Dublin Airport on its approach to passenger representation for future charge determinations.

The Commission is issuing this guidance to:

- help improve the extent to which Dublin Airport's regulatory and capital expenditure proposals align with passengers' interests;
- improve the way that the outputs of passenger engagement and research are communicated to the Commission; and
- clarify how it will interpret those outputs.

The CAR's ultimate intention is that this guidance will help to make the outcomes of future airport charge determinations more favourable to the long-term interests of passengers.

The remainder of this document:

- explains the Commission's motivation for the provision of guidance;
- provides a set of principles that constitute the Commission's view of good passenger engagement;
- discusses some high-level guidance on the application of those principles; and
- states how Dublin Airport should expect the Commission to interpret the results of its engagement.

Motivation

This section explains motivation for issuing this guidance.

The Commission believes that passenger interests could be better represented in the charge determination process for Dublin Airport.

During previous determinations, the Commission required Dublin Airport to undertake consultations on its charge and capital expenditure proposals prior to submission, but these typically attracted few passenger responses - most of which represented business passengers. The Commission is therefore concerned that some passenger groups and their interests are being under-represented.

Dublin Airport does receive responses from airlines, which have argued that they represent the views of their passengers and are best placed to engage with the Airport and Commission on their behalf. Airlines do have an important role to play in representing passengers, especially as a proxy for their general passenger base when dealing with the Airport on operational issues. However, they may be less effective at conveying the interests of specific passenger groups or future passengers in relation to long-term infrastructure projects.

Passenger interests are diverse, but airlines do not always convey the complexity of these interests in their consultation submissions. Where there is disagreement between airlines and/or the Airport, the Commission may therefore have to make a decision based on two or more simplified viewpoints rather than a full understanding of passengers' interests.

Dublin Airport has previously carried out a range of passenger engagement and research activities (e.g. verbal and written feedback, surveys, focus groups, happy or not buttons, complaints analysis, quality of service monitoring, disability group consultation), but the Commission has seen little evidence of this in the Airport's submissions. What is lacking is the application of this activity to inform the charge determination process, and the effective use of findings to support relevant parts of the business case - helping the Commission to reach well-informed decisions.

These shortcomings could have a real effect on regulatory decisions and end-outcomes: either by leading to allowances for some expenditures which should not have taken place, or disallowing other expenditures which should have been accepted. Better passenger representation could help to avoid this, or to assist in other areas such as suggesting improvements to the 'quality of service' incentive mechanism.

The Commission does not wish to prescribe exactly how the Airport should engage with its passengers. However, both the Commission and the Airport may benefit from greater clarity on certain topics to maximise the relevance and effectiveness of its approaches – hence the guidance sets out the Commission's view on the principles of good engagement; describes the type of engagement approaches that should be carried out; and provides some discussion on how the outputs from engagement will be interpreted.

Principles of good passenger engagement

This section provides a set of principles of good passenger engagement which Dublin Airport's approach should adhere to.

The Commission expects Dublin Airport's regulatory and capital investment programme proposals to be informed by, and respond to, passengers' interests in a way which constitutes 'good passenger engagement'. For clarity, this document sets out the following set of **principles of good passenger engagement**, which the Commission expects Dublin Airport to adhere to:

1. **Responsibility.** Taking responsibility for: understanding passengers' interests; determining the form and degree of engagement most appropriate to different groups

and topics; and demonstrating how the results of engagement and/ or research are taken into account in relevant regulatory proposals.

2. **Inclusiveness.** Seeking to understand the views of all interested parties, including distinct categories of passenger likely to hold differing views and actively seeking the views of interested parties which would otherwise be unlikely to engage.
3. **Proportionality.** Allocating time and resources to passenger engagement in a proportionate manner; weighing costs against the prospect of improved regulatory outcomes; targeting engagement and research towards larger, more contentious issues where better understanding of passenger interests could prove genuinely useful; making better use of existing information where possible.
4. **Outcome-focused.** Using engagement as a means to an end: tailoring approaches to generate information, incentives and/or processes that are most likely to improve end-outcomes for passengers; and not engaging where there is no prospect of affecting final outcomes.
5. **Collaboration.** Working with the regulator and (where appropriate) other stakeholders to minimise the burden and maximise meaningful impact; giving the regulator foresight of elements likely to be especially significant for its regulatory determinations; and providing opportunities for the regulator to make genuine design changes to key pieces of technical passenger research - promoting neutral techniques and more reliable and informative results.
6. **Timeliness.** Seeking views suitably far in advance of regulatory submissions to meaningfully affect them, and not consulting after-the-fact if there is no longer any prospect of altering outcomes.
7. **Transparency.** Making information available to the regulator and (when appropriate) the public, concerning: what engagement the Airport has carried out in general and in relation to a specific topic; technical aspects of research relevant to interpreting its findings; the range of feedback received on specific proposals - both positive and negative; the shortcomings of chosen approaches to research or engagement; and how feedback has been incorporated into the Airport's regulatory proposals or, if not, why not.
8. **Additionality.** Being additional to, and not replacing, existing channels of consultation and engagement with other stakeholders.

Guidance on approaches

This section seeks to clarify specific issues concerning how the principles set out above should be interpreted.

The Commission has not, at present, set an expectation for the Airport to establish any sort of standing panel to govern, challenge or inform its engagement, but it is free to do so if it

believes that this would be effective, and subject to the principles of good engagement. In particular, the Airport may wish to seek views or oversight from a panel of experts or passenger representatives in relation to a very large capital investment for which other forms of engagement would be insufficient. This would provide greatest added value in situations where other airport users are likely to disagree, or where sub-groups of passengers are likely to be differently effected. The feedback and/or recommendations of such a panel would be interpreted more favourably if it was able to convincingly demonstrate independence from the Airport and had sufficient capacity to understand the relevant issues, subject to the principle of *proportionality*.

Quantitative and qualitative evidence can both have a role to play in informing parts of the Airport's regulatory submissions, and their relative suitability should be judged on a case-by-case basis. Where more than one type of evidence can be brought to bear (e.g. a focus group in support of a quantitative study) the Commission will give more credence to their results. Similarly, the Commission will expect the Airport to cross-check or 'triangulate' its findings against other insights in relation to more significant proposals, although this should not be expected as standard, having regard to the principle of *proportionality*.

With respect to key pieces of research which are potentially pivotal to the regulator's decision, the Commission makes the following observations:

- Although potentially very useful for informing decisions concerning the trade-off between cost and service levels, it is important for companies not to place sole or disproportionate reliance on single pieces of research (e.g. a willingness to pay study).
- Relative preference rankings will typically be interpreted with more confidence than absolute value estimates, all else being equal.
- Research based on passengers' revealed preferences are generally considered more credible than those based on stated preferences, all else being equal.
- Findings will be viewed more credibly if the Commission or an appropriate independent institution has had oversight of the study's early stages, with genuine opportunities to critique and alter its technical design.
- In line with the principles of transparency and timeliness, the Airport should give the Commission advanced notice of any studies which are likely to form a key element of its submission, with the findings shared at a suitable point of the review timeline.

The Commission encourages Dublin Airport to adopt new and innovative research approaches where it believes these could be effective, and having regard to the principles of good engagement.

How will the outputs from Dublin Airport's engagement be interpreted?

This section explains how the Commission will interpret the outputs of engagement, and how it would respond to proposals that are well-supported or unsupported by these outputs.

The Commission will take account of all relevant evidence resulting from passenger engagement and research presented to it in Dublin Airport's submissions, placing greater weight on evidence which aligns with the principles of good engagement. That is, it would place greater weight on evidence reflecting a balance of interests from a diverse and comprehensive range of passengers, presenting both positive and negative views, collected through a credible and transparent process where real opportunities for meaningful collaboration and/or oversight have been sought.

The Commission is minded to accept aspects of Dublin Airport's regulatory submissions which it considers have been convincingly demonstrated to be in the passenger interest or a reasonable balance of passenger interests. Where other stakeholders contest Dublin Airport's interpretation of the passenger interest, the Commission's view would be informed by the strength and completeness of evidence presented to it. Conversely, where an aspect of the Airport's regulatory submissions could benefit from passenger research and engagement but no such evidence is presented (e.g. for a capital expenditure proposal for which passenger interests are clearly material), the Commission may consider that no supporting evidence exists and adapt its decisions accordingly. It is Dublin Airport's responsibility to provide supporting evidence or to explain why this would not be appropriate - with reference to the principles of good passenger engagement.

The Commission does not wish engagement to be carried out unnecessarily, so will not give any undue weight to findings from engagement carried out "for the sake of it" without any real bearing on the proposal itself. In accordance with the principles of *proportionality* and being *outcome-focused*, the Airport should allocate resources for engagement according to the significance of the proposal and the potential for engagement to influence business planning and/or regulatory decision-making, but should not engage where there is no prospect of influencing final outcomes.

ANNEX B RECORD OF STAKEHOLDERS AND EXPERTS CONSULTED

This appendix lists the organisations and individuals that were consulted to inform this study.

Table B.1: Stakeholders and experts consulted

Organisation	Persons
Airport representatives	
Airports Council International	Michael Stanton-Geddes
Dublin Airport - Planning & Regulation	Simon Fagan
	Rachel Flynn
Dublin Airport - Insights & Planning	Jan Richards
	Catherine Abbey
Passenger representatives	
Competition and Consumer Protection Commission	Collete Crown
Disability Stakeholders Group	Brendan Lenon
	Donie O’Leary
	Elaine Howley
European Consumer Centre Ireland	Caroline Curneen
Fáilte Ireland	Caeman Wall
IDA Ireland	Bronwyn Gallagher
National Disability Authority	Niamh Fawl
Airline representatives	
Aer Lingus	Valerie Ní Fhaoláin
	Ken Millar
Etihad Airways	Robert Duff
Ryanair	Matthew Krasa
Regulators / other regulated entities	
Australian Competition and Consumer Commission	Anon.
Civil Aviation Authority (UK)	Beth Courbould
Ofgem (formerly)	Maxine Frerk
Sydney Airport	Dave Perring
Utility Regulator (Northern Ireland)	Caspar Swales
Wellington International Airport	Simon Draper