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**Re: Response to draft Decision Summer 2018 Declaration of Slot Parameters
(CP 10/17)**

Dear Catherine,

This submission is in response to the consultation on the CAR's draft Decision with respect to the Summer 2018 Declaration of Slot Coordination Parameters.

For the reasons outlined below, Aer Lingus is strongly opposed to any increase at this time in the runway coordination parameters during peak hours. It is acknowledged by the CAR that an increase in the declared capacity will lead to an increase in delays in various metrics (see Table 3.4 of draft Decision) and these increased delays will adversely impact airlines and their passengers. These harmful effects will disproportionately impact Aer Lingus and damage the reputation of Dublin Airport as a connecting hub.

In addition, Aer Lingus does not believe that the draft Decision complies with the EU Slot Regulation which requires the CAR to "take account of all relevant technical, operational and environmental constraints" when determining appropriate coordination parameters.¹ CAR's draft Decision fails to take these factors into account. In particular, CAR has failed to take the operational constraints at Dublin Airport into account such as those relating to bussing and towing as outlined further below. The CAR refers to these issues as 'operational planning' and 'operational inefficiencies' respectively but effectively disregards these significant constraints in the draft Decision.

¹ See Article 6 of Council Regulation (EEC) No. 95/93 as amended.

In relation to bussing, the CAR states in paragraph 3.15 of the draft Decision that its view “is to set parameters based on the capacity of the infrastructure without factoring in operational efficiencies.” However, as noted further below, the Helios report acknowledges that bussing operations are constrained due to runway congestion and this must therefore be considered as an operational constraint.

In relation to towing, CAR seems to take the view that coordination parameters can be increased regardless of the amount of towing which is required. While some of element of towing at an airport by base carriers can be expected, the CAR has taken an entirely theoretical approach and totally disregarded the operational constraint (see further below) which excessive towing can give rise to.

Similarly, at paragraph 2.9 of the draft Decision, the CAR refers to the fact that its draft Decision is based on the assumption that processing facilities such as security screening and immigration control will be fully staffed. In justification of this position, the CAR refers to the IATA World Slot Guidelines. However, the text in the IATA World Slot Guidelines to which the CAR refers relates to Demand and Capacity Analysis² and it is not appropriate to take this approach for the actual declaration of capacity which, under the terms of the EU Slot Regulation, must take account of operational constraints.

In disregarding the operational constraints outlined above, the draft Decision assumes that the additional cost or inefficiencies to which airlines would be subject are irrelevant when determining coordination parameters. Such a proposition, which defies economic reality, cannot be correct.

Finally, Aer Lingus also notes that the CAR is also obliged to take ‘environmental’ constraints into account. However, the CAR has not had any regard to such constraints. The CAR has ignored that increased towing and increased taxi delays will lead to increased aircraft and ground equipment emissions.

1. Current operational issues at Dublin Airport

The capacity impact modelling that CAR will rely on to reach its decision on Summer 2018 capacity declarations understates the overall operational impact because it ignores key factors. In any case, the modelled impact shows that flight delays will increase on average by 1.5 minutes and by 5 minutes in the peak. These delays will add to already unacceptable levels of approximately ■ minutes for Aer Lingus.

² Article 6.1.2 of the IATA World Slot Guidelines

Whilst in Summer 2017 Dublin has on average experienced improved operational performance, Aer Lingus has been adversely impacted in key areas of its operation and is already at a competitive disadvantage in areas such as delays, towing and taxi times. Capacity increases in Summer 2018 are therefore expected to further adversely impact the Aer Lingus operation.

Had there been an operational improvement for Aer Lingus in Summer 17 and if future infrastructure programmes proposed by the daa included investments sufficient to redress the competitive imbalance with other users, Aer Lingus would be in a position to support capacity increases.

Any decision to increase the coordination parameters must have regard to the operational difficulties being experienced by Aer Lingus at Dublin Airport. These difficulties are being experienced despite the fact that very significant investment has been made by Aer Lingus in terms of operating efficiencies, staff and equipment. However, Aer Lingus has now reached the point of diminishing returns and should not be required to commit further expenditure to prop up inadequate infrastructure.

An increase in declared capacity can only serve to exacerbate what is already an unacceptable situation and would effectively reward daa despite the fact that it has failed to make the necessary investment in infrastructure to meet the requirements of its key customers. During Summer 2017, Aer Lingus has experienced an overall decline in its operational performance which continues to put it at a distinct competitive disadvantage in comparison with other carriers.

daa and IAA reported to the CAR that there has been airport-wide improvement in operational performance in Summer 2017. This is completely at odds with Aer Lingus' experience of a significant decline in performance in many operational areas such as aircraft delays, taxi times, towing, bussing, CBP and the processing of transfer bags. Examples of the disruption most impacting Aer Lingus in 2017 are as follows:

- An increase in the number (■■■%) and duration (■■■%) of Long Haul delays due to airport facilities.
- An increase in the number (■■■%) and duration (■■■%) of Short Haul delays due to airport facilities.
- An increase in the number (■■■%) and duration (■■■%) of delays due to CBP facilities.
- An increase in the number (■■■%) of tows (taking June as a sample month).
- An increase in taxi times in (■■■%).
- An increase in the rate of short shipped bags (■■■%).
- An increase in bussing (■■■%).

Aer Lingus has been and continues to be supportive of prudent increases in capacity but cannot support a decision to increase capacity when it will inevitably cause harm to an individual carrier. It is clear that Aer Lingus will suffer the most significant consequences of any increase in capacity due to:

- Disproportional impact from towing - Aer Lingus towing is ■% of its total movements compared to ■% for all other airlines.
- Disproportional impact from bussing to Aer Lingus and its key connecting product partner, i.e. Stobart Air.
- Disproportional impact from peak delays (i.e. as a base carrier who operates at peak times so as to increase aircraft utilisation).
- Disproportional impact of forced remote rather than contact stands usage.
- Aer Lingus' operational expenditure (over and above other airlines) is required in order to keep Dublin Airport's operation performance standards high.
- Taxi times out on Piers 3 and 4 are on average higher than rest of the airport.

It is incumbent on CAR to ensure that its actions do not give rise to or exacerbate a distortion in competition.

2. Lack of Infrastructure

In the draft Decision (see, for example at paragraph 3.2 and 3.19), the CAR refers to the availability of stands being a greater constraint than any constraint associated with runway capacity. It is undisputed that Dublin Airport is deficient in terms of stand availability. Aer Lingus is strongly supportive of growth at Dublin Airport and has significant growth plans, but growth cannot happen unless there is adequate investment in appropriate infrastructure. CAR recognises in its draft Decision (see paragraph 3.22) that there have been '*no major changes in airport infrastructure or operating procedures*'.

As a result, the current airport infrastructure is being utilised to process more than 5 million passengers in excess of the number for which it was originally envisaged.³ It is therefore inappropriate for the CAR to endorse any increase in declared capacity without imposing conditions relating to improved infrastructure. While we understand that the CAR cannot direct the daa to make any particular investment, a refusal to agree to daa's proposal to declare increased capacity would send a clear signal to daa of the need for improvements to infrastructure. In particular, the following should occur before any increase in peak capacity could be justified:

³ The capex allowed in the 2014 Determination assumed passenger numbers would not exceed 24.8 million by 2019.

1. Additional infrastructure on, and redesign of, the South Apron that addresses the competitive imbalance which Aer Lingus is subject to – this should include additional stands, wider taxiways, enlarged holding areas and more line-up points. The current Stand Allocation Rules should also be revised to facilitate an efficient hub model.
2. Increase in the capacity of CBP facilities as the existing facility is unable to cope during peak times – this requires a redesign with increased automation to handle increased demand.
3. Development of the baggage handling system to avoid systematic failures and reduce the levels of short shipped bags – this requires, for example, the introduction of a robust process for transferring bags between flights and between terminals.
4. Improvement in the transfer product to make Dublin Airport a genuine hub airport – there are many airports across Europe that have developed an airport hub that helps rather than hinders economic growth driven by the base hub carrier.

We have clearly set out the investment priorities we see for the daa and are actively working on detailed proposals to improve the efficiency of Dublin as an airport hub. We are ready to work with CAR and the daa to develop a long term vision and Masterplan for Dublin Airport that delivers significant economic benefits for all stakeholders.

3. The Helios Capacity Assessment is Fundamentally Flawed

In 2016, the CAR stated that it intended to carry out a full capacity study to assist in the determination of the coordination parameters beyond Summer 2017. Such a study has not been completed and a decision to increase coordination parameters should not be taken based on a partial assessment. The CAR has referred to the fact that it was not presented with an alternative modelling exercise or evidence by any other party.⁴ This does not absolve the CAR of the obligation to carry out such a study and the airlines were entitled to expect that a full capacity study would be carried out as had initially been indicated. In any event and in addition to being incomplete, the Helios capacity assessment is flawed in many respects as further described below.

Bussing has not been modelled as Helios concluded that this could be addressed by operational planning and did not consider the impact bussing will have on flight delays. In the assessment report Helios state: *'We understand that a bus which gets delayed due to a crossing aircraft may deliver passengers to the flight late, possibly causing late departure, however, this is an operational planning issue rather than airside capacity issue'*. It would have been possible for Helios to model the potential

⁴ See draft Decision, paragraph 1.5

impact they refer to. This omission is a fundamental weakness in the Helios assessment which means that the CAR is depending on an incomplete assessment of the delays that would result from the increased capacity being declared.

With respect to towing, it is clear from the Helios assessment that there will be a significant number of additional tows to be borne by the community. However, there is no adequate information in the Helios assessment to show which airlines will incur tows. In the absence of such information, the CAR is not in a position to and has not assessed the potential operational constraints which may occur. It is clear that Aer Lingus will incur the vast majority of all tows. Leaving aside the inevitable increase in costs, inconvenience and operational risk that this will give rise to, there is a practical limit to the number of tows that an airline can complete over a given period of time. Given that Aer Lingus' tows are the most frequent, the longest in terms of distance and go against the natural flow of traffic, Aer Lingus will be constrained in the amount of towing which it can accommodate. The Helios assessment has not taken this factor into account and accordingly this operational constraint has been disregarded in the draft Decision. In addition to the disproportional impact on Aer Lingus, towing is fundamentally inefficient (i.e. it is costly, creates additional emissions, increases airside risk and utilises valuable taxiway real estate which in itself contributes to taxiway congestion).

The Helios study is also flawed in the following respects:

- Baggage handling modelling assumptions do not consider the recent systematic failures together with inadequate transfer bag infrastructure.
- CBP facility, check-in and immigration modelling assumes all desks are open.
- A significant increase in transfer passengers has not been assumed in the modelling.
- Taxi times are already at unacceptably high levels.
- The design day modelled adds the Wishlist to Summer 2017 actual levels and does not consider a situation where all available slots are allocated.
- On day disruption is not adequately modelled.

4. Damage to the development of Dublin Airport as an international hub

The development of Dublin as a hub airport is a key objective in National Aviation Policy for Ireland as adopted by the Department of Transport Tourism and Sport.

Aer Lingus has grown transatlantic traffic by ■% between 2013 and 2016 and has been successful with its value carrier model that adopts many point-to-point Low Cost Carrier attributes into a network carrier model. Core to the Aer Lingus proposition is a seamless transfer product that includes pre-clearance, a 75 minute Minimum Connecting Time and efficient baggage transfers.

Aer Lingus' ambition to further grow its transatlantic routes is dependent on transfer traffic connecting from its short haul network. However, there are a number of capacity constraints at Dublin as outlined above that are already impacting the Aer Lingus transfer product and are not considered within the capacity assessment modelling by Helios.

An over-declaration of capacity risks causing significant operational disruption and hardship for passengers, particularly those using Dublin for transfers causing long-term damage to the development of Dublin as a hub airport.

Unlike pure point to point airlines, Aer Lingus and its partners must ensure that Dublin Airport can work effectively as a connecting hub airport, with maximum on-time performance standards and maximum efficiency. Aer Lingus is genuinely fearful that a season of poor performance could cause irrevocable reputational damage to Dublin as a hub airport. Connecting passengers have a real choice as to what hub they select in making their travel plans, therefore is it vital to protect the integrity of the hub by not declaring capacity without taking into account the practical operational constraints that exist.

In view of the above, we would request that the CAR review its draft Decision and conclude that the coordination parameters should not be increased as proposed. We expressly reserve our rights to challenge any decision to increase the declared capacity.

Yours sincerely,

Laurence Gourley
General Counsel