

Adrian Corcoran
Commission for Aviation Regulation
3rd Floor, Alexandra House
Earlsfort Terrace
Dublin
Email: info@aviationreg.ie

+353 1 886 2058
laurence.gourley@aerlingus.com

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Re: Supplementary comments in connection with the Draft Decision on the Interim Review of 2014 Determination

Dear Adrian,

I refer to our recent meeting and our previous submission with respect to the Draft Decision and the trigger mechanisms relating to the construction of the northern parallel runway.

In particular, we refer to the need to modify the Evidence of Accomplishment in respect of the three milestones which trigger remuneration. As previously stated, we strongly support the shift away from a prefunding approach but restate our position that the milestones as drafted do not achieve or guarantee that outcome.

The triggers should be refined to provide for the following:

- i) Certainty that construction of the new runway will not result in any material operating restrictions at the airport.
- ii) All non-runway infrastructure constraints such as availability of stands and adequate taxiway and airfield infrastructure must be adequately addressed.
- iii) The new runway is only relevant once the maximum economically viable capacity of the current two runway configuration (including reasonable enhancements thereto) is realised.

- iv) Remuneration for the new runway should only trigger once the annual passenger numbers exceed the number of passengers that could be handled once other infrastructure constraints are addressed and all of the reasonable capacity enhancements to the existing runway configuration (as referred to above) are delivered.

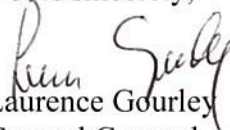
In relation to points (ii), (iii) and (iv) above, those milestones can be objectively determined in the course of the independent assessment of capacity at the airport due to be carried out by Helios whose terms of reference should be determined accordingly. Such an approach would be consistent with the Commission's observations at paragraph 4.12 of the Draft Decision where the requirement to emulate the conditions a competitive firm would experience is expressed and would align remuneration to the point in time when users realise actual benefit as was the case with T2 remuneration. The true measure of benefit is fundamentally and inherently linked to the number of passengers choosing Dublin Airport.

The Accomplishments as they are currently stated in the Draft Decision relate only to the existence of an operational new runway and not to the concept of benefit. Accordingly, we submit that the Evidence of Accomplishment for M1 should incorporate (i), (ii) and (iii) above, while M2 should incorporate (iv) above. Moreover as set out in our previous submission, the Accomplishments should expressly restate the CAR's requirement as stated in the 2014 Determination that the airport must continue to be capable of remaining open to arriving traffic in a manner permitted currently having regard to Runway 16-34.

In the absence of the inclusion of the Accomplishments set out above, there is a real risk that remuneration could be triggered even if there are adverse consequences on operations.

We have no comment on to make on M3. We appreciate your openness to our views and would be very happy to discuss further as may be required.

Yours sincerely,


Laurence Gourley
General Counsel