



Interim Price Review: What can the CAR contribute? What can the aviation industry contribute?

Commission for Aviation Regulation,
GSH, Dublin Airport
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Some regulatory principles:

- Regulator not to be expected to decide a Capex plan
- Regulation is only one constituent in a regulated business
- Agreement between users and airport should be maximised

Some regulatory objectives:

- Maximum agreement between users and provider
- Capacity to keep pace with demand
- Service quality in line with user requirements
- Reasonable airport charges

Airport questions; does CIP ...

- ... **meet forecast capacity and service requirements?**
- ... sequence and scale projects appropriately?
- ... **consider sensible investment alternatives?**
- ... explain drivers of 2005 CIP to 2006 CIP changes?
- ... **relate to increased airline demands for capacity?**
- ... include clear evidence of genuine user consultation?
- ... **satisfy cost benchmarking?**
- ... plan for efficient delivery?
- ... acknowledge and mitigate the main risks attached to the traffic forecast & to other key assumptions?
- ... include robust tests of financeability?

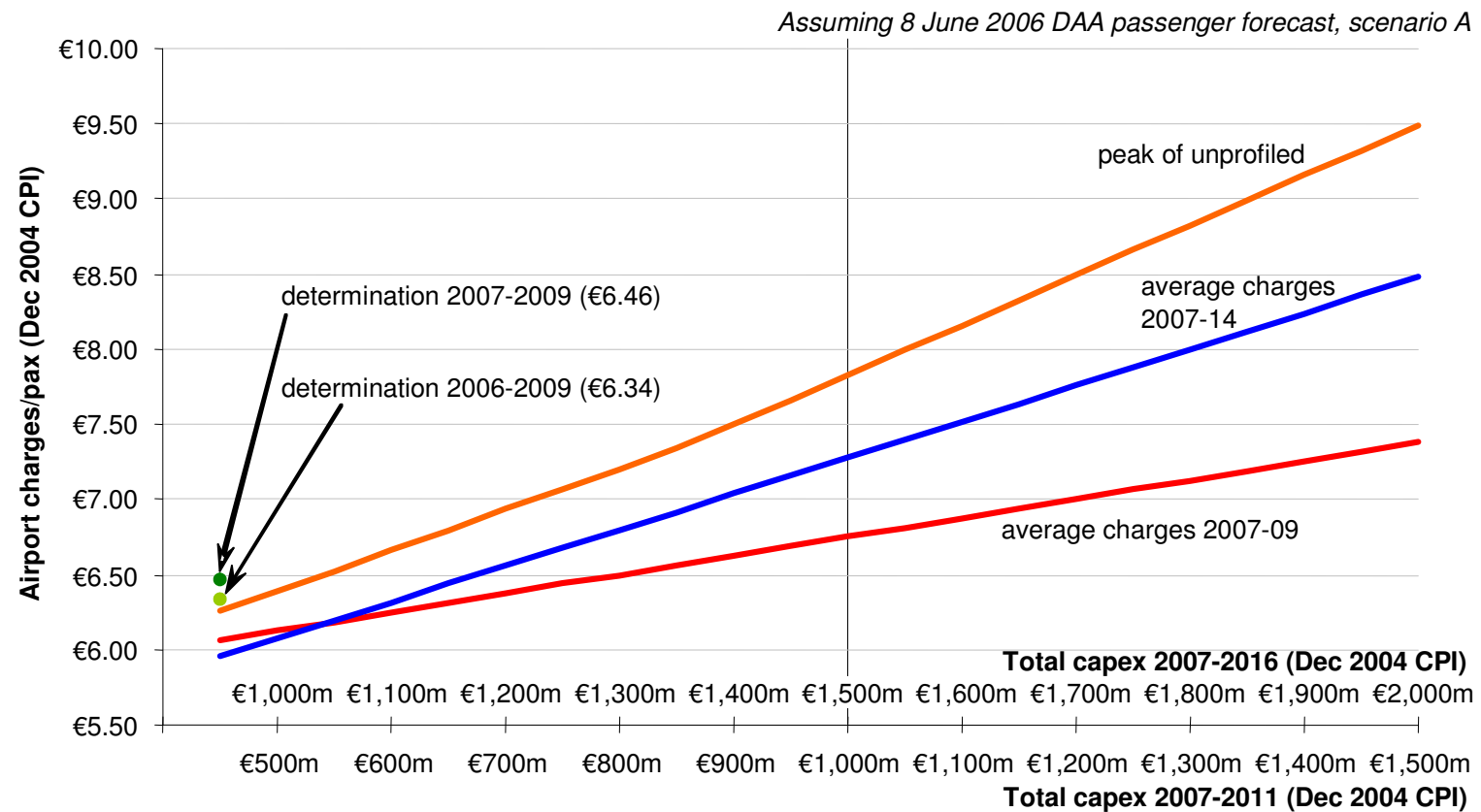
Has consultation on the 2006 CIP meant that ...

- ... you agree with the traffic forecasts that underlie the DAA 2006 CIP? If you hold an alternative view, on what assumptions is it based?
- ... you consider the DAA's overall approach to providing capacity to be reasonable?
- ... the 2006 CIP broadly identifies the correct projects to meet Dublin Airport's needs to 2015? If not, what needed projects are omitted (or vice versa)?
- ... you consider the project timings of the 2006 CIP to be appropriate?
- ... the 2006 CIP reflects your aspirations and priorities for service quality at Dublin Airport? If not, in what ways?

Consultation Process is Open

- ==== Process leading to a determination is open and transparent
- ==== Commission seeks to make a determination which best meets the requirements of the Act - only limitation on the Commission
- ==== Commission encourages engagement by all interested parties

Price impact of capex programmes



1 Traffic

Out-turn below forecast 2001-2003 but above forecast 2003-2006

2 Service quality

Deterioration as traffic growth above expectations & more rapid than capacity increases

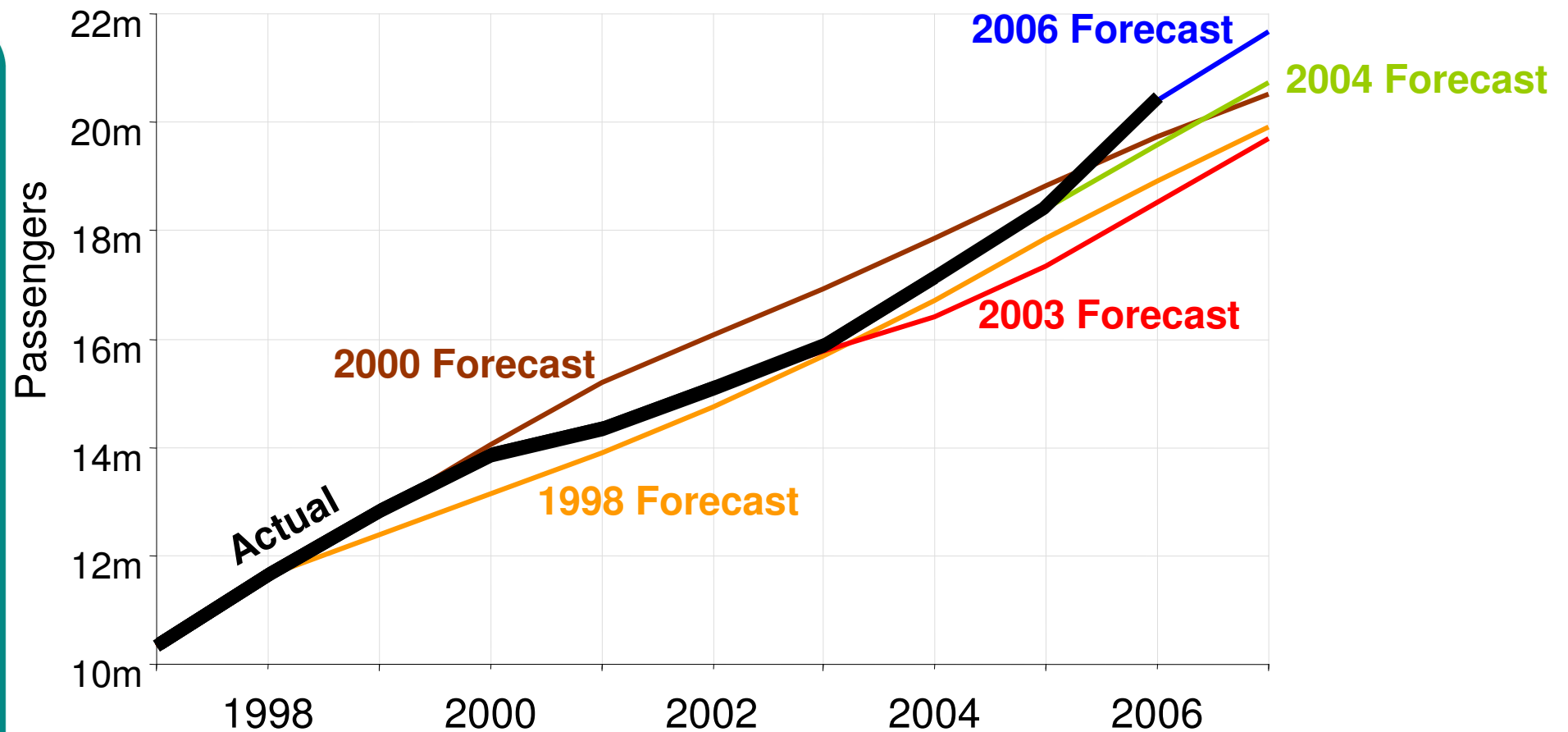
3 Investment budgets

Substantial investment allowance of €476m (2004 prices) in current price cap (€6.34)

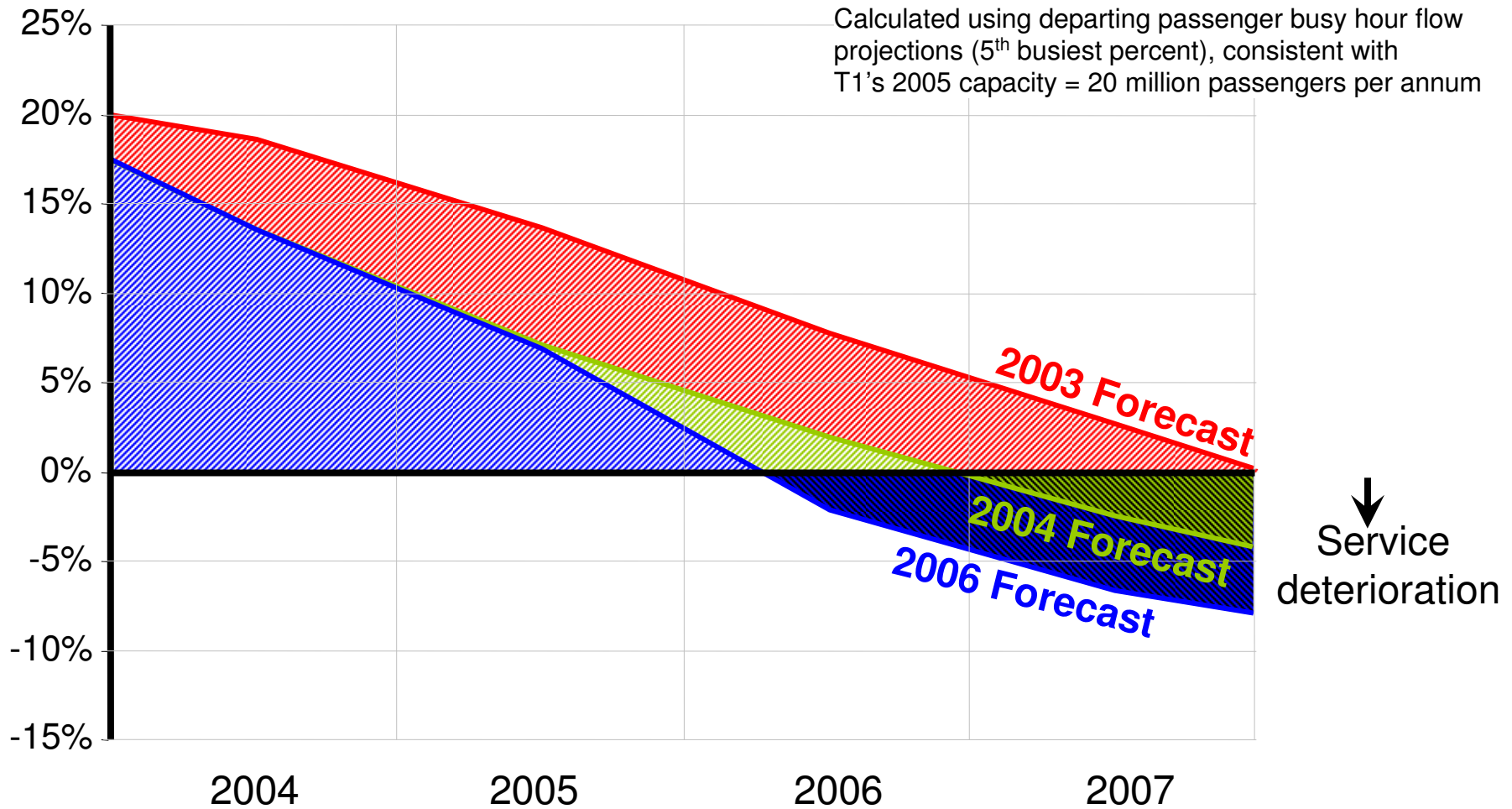
Larger and front-loaded (by 2010 rather than by 2015) investment budgets now contemplated

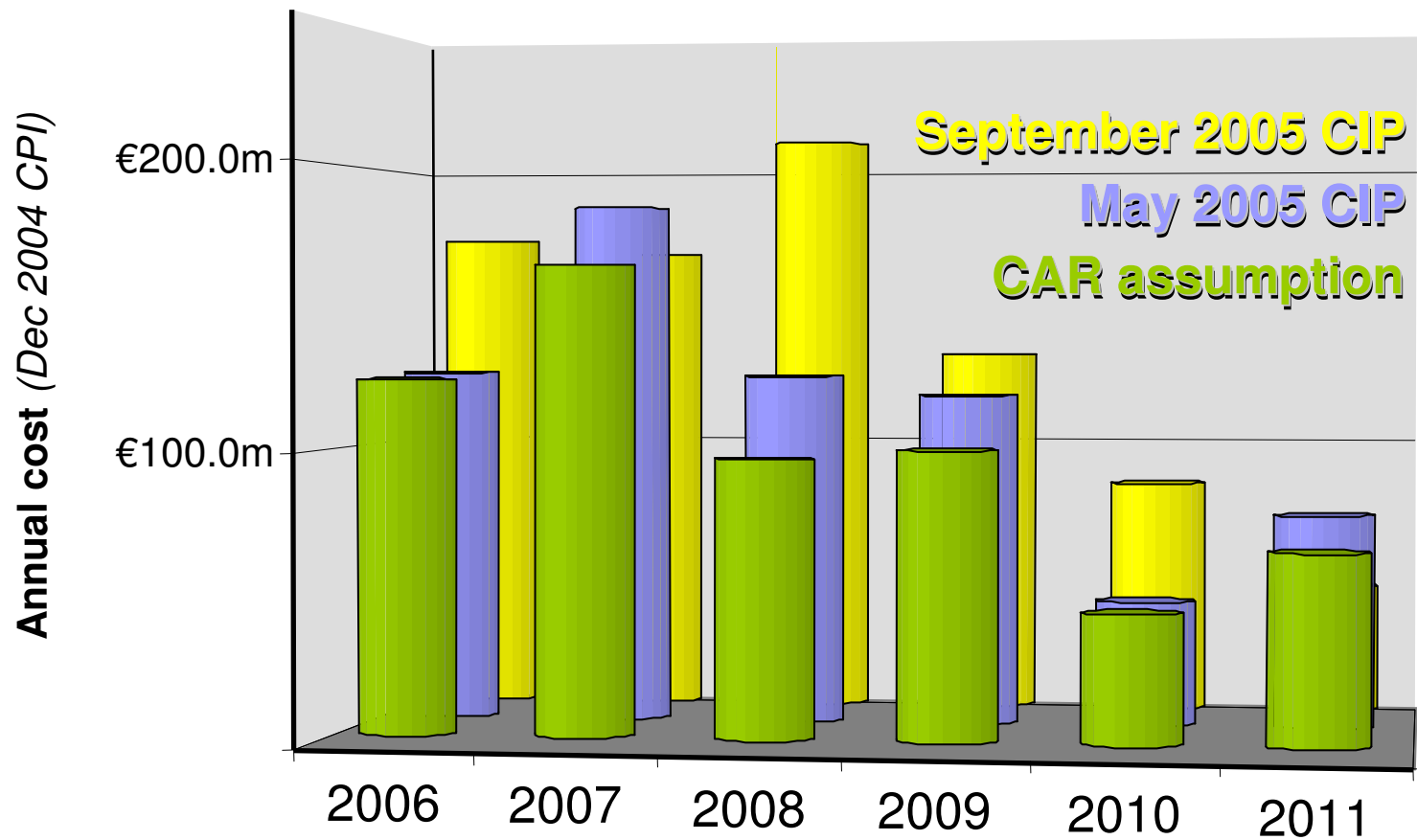
Price implications

History of traffic forecasts

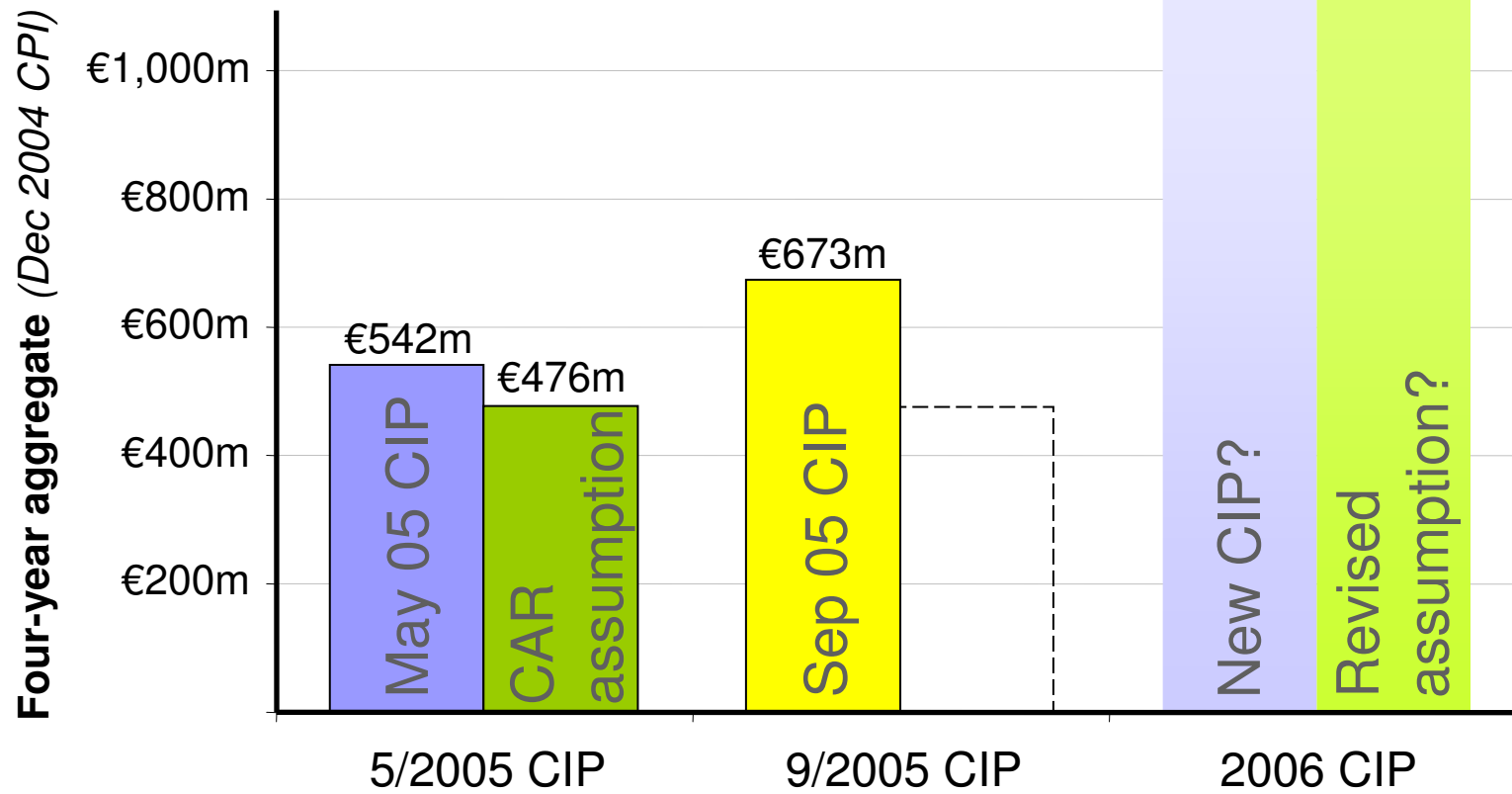


QoS: headroom in 'busy hour'



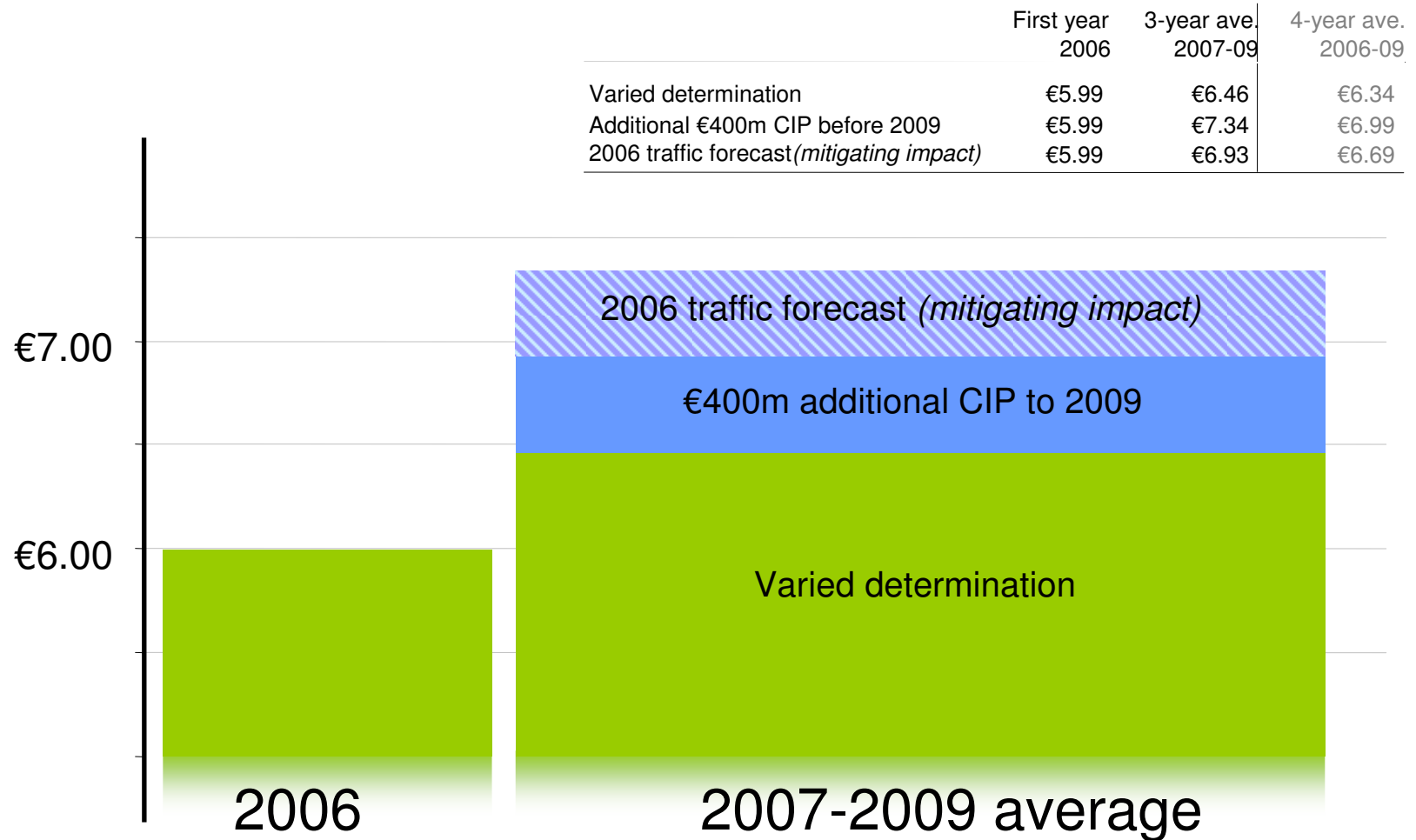


Capital expenditure 2006-09



Outlook for prices to 2009

Airport charges per passenger (Dec 2004 CPI)



Indicative timeline

<i>Stage</i>	<i>Activity</i>	<i>Dates</i>
1	Commission Paper (CP6/2006) published; consultation starts	4 September 2006
2	Responses to CP6 due	28 September 2006
3	DAA Capital Investment Plan due	October 2006 ?
4	Key Issues CP and consultation	(if necessary)
5	Draft Determination	approx + 6 months after CIP received
6	Consultation on draft Determination	+ 1 month
7	Final Determination & Report	approx + 1 month

Conclusions & Next Steps

- Industry responses to CP6 by 28 September
- Evidence-based responses taking account of Commission statute will be most effective
- Commission and its advisors available for engagement with airport users on Review proper
- Bear in mind the appropriate role for different actors in a regulated business:
 - DAA (& DAA shareholder) roles
 - Industry role
 - CAR role