

29th July 2003

Mr. William Prasifka
Commission for Aviation Regulation
Alexandra House, 3rd Floor
Earlsfort Terrace
Dublin 2

Dear Bill,

Consultation on the Review of the Original Determination

In response to your letter of 14th July, 2003, the following are Ryanair's comments on Aer Rianta's submission regarding a possible review of the Original Determination.

- 1 Aer Rianta is seeking a review of the Determination in order to attempt again to justify its vastly inflated capex plan, which the CAR rightly rejected in the Original Determination. However, as noted in our letter of 4th July, despite the pretence of consultation, Aer Rianta continues to ignore the requirements of users and to propose gold plated facilities that are the polar opposite of what users require. Both Ryanair and Aer Lingus have consistently rejected Aer Rianta's proposals for Pier D, its plans to build an unnecessary and costly second runway in Dublin and the massively overpriced new terminal and ancillary facilities in Cork.
- 2 Aer Rianta's statement that "*the final option [for Pier D] was a two storey pier which met the requirements of airlines and regulatory authorities*" is false and both Ryanair and Aer Lingus have objected to the proposals. Aer Rianta completely ignored suggestions from Ryanair that would have made Pier D, as originally designed, i.e., single storey and costing one seventh of Aer Rianta's proposal, a cost effective option that actually meets the requirements of users.
- 3 We vigorously dispute Aer Rianta's growth forecasts, on which they base their justification of further millions in capex for gold plated facilities that do not meet the requirements of users. I attach a recent letter from Michael O'Leary to Mary Coveney of Aer Rianta, which demonstrates the fallacy of Aer Rianta's numbers (we waive confidentiality on this letter). Due to the escalating costs through the unwinding of previous discount schemes and the constant introduction by Aer Rianta of new and increased charges, we predict that growth will actually stagnate and possibly decline in the future.
- 4 Aer Rianta recently notified Ryanair by letter, with no consultation whatsoever, that they are now applying a new standard for calculating landing fees, which will

substantially increase our landing costs. I attach a copy of the letter from Aer Rianta announcing this latest price hike. This is clearly an abuse by Aer Rianta of its dominant position and was done in an effort to impose higher landing fees in anticipation of the competing second terminal, as users of the new facility would be forced to pay these inflated landing charges.

- 5 Aer Rianta also recently imposed a series of “miscellaneous charges” on airport users, some of these resulting in cost increases of over 200%. Attached is a letter to Aer Rianta detailing the extent of these charges (confidentiality is waived on this letter).

The above continuing abuses by Aer Rianta necessitate an urgent review of the Determination and the imposition by the CAR of more heavy handed regulation.

Yours sincerely,

Jim Callaghan
Head of Regulatory Affairs

Attachments