

29 March 2018

Commission for Aviation Regulation
3rd Floor Alexandra House,
Earlsfort Terrace
Dublin 2
D02 W773

RE: Response to Draft Decision on the Interim Review of the 2014 Determination.

Dear Sir / Madam,

We refer to the Draft Decision on the Interim Review of the 2014 Determination issued on 20th February 2018. The Aer Lingus response, which has been discussed in advance with daa, is set out in this letter.

The 2015 National Aviation Policy has influenced and underpins Aer Lingus' future growth strategy by recognising the opportunity to develop Dublin Airport as a vibrant hub, competing effectively with UK and other European airports. This has been further recognised in the recent National Development Plan, recognising the international Hub ambition for Dublin Airport.

The National Aviation Policy recognises the development of a Dublin Hub as a significant engine of economic growth providing connectivity for Ireland and having a significant positive impact on Irish GDP. However, Dublin Airport is not yet functioning as a Hub and is not designed as such.

Aer Lingus has outlined to both daa and the CAR its real concerns on future infrastructure development at Dublin Airport as set out in daa's development plans. It is our view that plans to date have not adequately reflected either the National Aviation Policy aspirations for Dublin Airport as a Hub airport or the optimisation of current infrastructure and the proposals within the Draft Decision are (on a stand-alone basis) unaligned with the strategic ambitions and user requirements of Dublin's home based Hub carrier and anchor tenant at Terminal 2 – Aer Lingus.

Whilst Aer Lingus is supportive of the delivery of the projects within PACE, Aer Lingus does not believe that they go far enough to address the severe capacity constraints prior to the delivery of the new runway. In Aer Lingus' view, the focus within the current PACE proposals on development of the West and North Aprons does not meet the Hub requirements of Aer Lingus and other airlines that wish to connect through Dublin Airport. Dublin Airport is currently lacking the appropriate infrastructure development and investment plans to address capacity constraints, particularly around stands, runway efficiencies, CBP and optimisation of hub operations to facilitate connecting traffic creating the risk that growth at

the airport could grind to a halt as early as 2019/20 as illustrated by capacity simulations undertaken by Aer Lingus. These capacity simulations have been provided to daa to assist in their evaluation of additional infrastructure requirements.

Hub Infrastructure

Aer Lingus has, since November 2017, had constructive discussions with daa and the IAA, in its role as ANSP, regarding the development and implementation of Hub infrastructure investment plans at Dublin Airport.

These discussions have proactively identified a series of recommendations which can address the Hub infrastructure deficit and allow Aer Lingus to realise its growth ambitions through utilisation of the Dublin Hub and therefore deliver for both point to point and hub operations.

Future capacity has been forecasted using reasonable assumptions which illustrate that Hub operations will increase both connecting traffic and point to point traffic as they allow ‘thin’ routes to be made economically viable. It is estimated that the growth in connecting traffic through Terminal 2 is unlikely to be greater than 30% of the total given the stimulation of additional point to point traffic by Hub operations. Aer Lingus’ growth will also stimulate future growth from other airlines wishing to connect through Dublin Airport.

Aer Lingus would like to see the outcome of its recent engagement process with daa being appropriately referenced in the Draft Decision by a recognition that there is a further requirement for additional Hub infrastructure development to be delivered on an urgent basis.

The current timing of the CAR processes will not deliver the Hub infrastructure improvements by 2022. The consequences of not addressing the Hub infrastructure deficit at Dublin in an urgent manner, are that the growth opportunity currently planned by Aer Lingus will need to be revisited and the fleet currently earmarked for the growth will have to be deployed outside of Ireland.

The output of the recent Hub infrastructure engagement process identified a number of key development recommendations which have the support of both Aer Lingus and daa. The recommendations that should be appropriately referenced in the Draft Decision for future development and delivery on an urgent basis are:

Dual Taxiway Access

Aer Lingus welcomes the inclusion of the Dual Code E taxiway project in the Draft Decision but is concerned that the planned delivery date is too slow as this needs to be in place by 2020 and all other infrastructure improvements to facilitate Hub operations need to be in place by 2022. It is the contribution of the CAR in daa’s consultation process that facilitated the inclusion of the Dual Code E taxiway project in the revised PACE document and its approval in the Draft Decision.

Hub Facility

This project will see the development of new Pier 5 in the South Apron (located perpendicular to Pier 4 and requiring the relocation of cargo and services operations). Pier 5 will accommodate up to 4 wide-body aircraft / 8 narrow-body equivalent contact stands. In addition 9 narrow-body remote stands should be built opposite the new Pier 5 to ensure appropriate capacity. These new stands will be situated within a re-designed South Apron that allows sufficient space for aircraft to manoeuvre in a safe and efficient manner.

Aer Lingus requests that, although the necessary engagement to complete terminal and pier requirements is on-going, that there is an appropriate reference to this project in the Draft Decision recognising the requirement for the future development and delivery of this project on an urgent basis (by 2022).

CBP

CBP is a key capacity constraint recognised by Aer Lingus and daa. However, the Draft Decision does not address this issue. Arising from the recent Hub infrastructure engagement process, Aer Lingus and daa identified that a new centralised CBP facility with increased peak processing capacity of 75-100% needs to be developed to support CBP processed flights from each of piers 3, 4 and the new Pier 5 (referenced above).

Aer Lingus requests that, although the necessary engagement to complete the CBP requirements is on-going, that there is an appropriate reference to this project in the Draft Decision recognising the requirement for the future development and delivery of this project on an urgent basis (by 2020).

Optimisation of runway capacity

As part of the recent engagement process outlined above, the IAA, acting in its role as the ANSP, provided an informed view on the potential maximum capacity achievable on a single runway operation and have identified the assumptions underlying this potential maximum.

Included in the initiatives that can support increasing runway capacity is the use of an Additional Rapid Exit Taxiway (RET) on Runway 28.

Aer Lingus requests that, although the necessary feasibility study and delivery programme is on-going, that there is an appropriate reference to this project in the Draft Decision, recognising the requirement for the future development and delivery of this project on an urgent basis (by 2021).

Enhanced baggage transfer capability

Both Aer Lingus and daa recognise that an Early Bag Store facility should form part of Hub infrastructure development. Aer Lingus proposed that the terminal baggage transfer belt within the existing compliance project be progressed on basis of a 2020 target delivery.

Aer Lingus requests that, although the necessary engagement to complete Early Bag Store and transfer belt requirements is on-going, that there is an appropriate reference to this project in

the Draft Decision recognising the requirement for the future development and delivery of this project on an urgent basis (by 2021).

Summary

Both Aer Lingus and daa recognise the critical requirement for an implementation framework to be urgently established in order to progress each of the above recommendations. daa has established an implementation programme to deliver such a framework and ensure accelerated provision of implementation projects.

Aer Lingus believes that if implemented successfully, the South Apron Hub recommendations and the associated Hub infrastructure is the minimum required to support the hub objectives of the National Aviation Policy and present Aer Lingus, and other airlines who wish to connect through Dublin to North America, with the opportunity to realise their growth ambitions.

As noted above, Aer Lingus believes that these projects should be appropriately referenced in the Draft Decision.

It was CAR that promoted within the initial PACE consultation process the ‘place holder’ approach, particularly in respect of the Dual Code E Taxiway access, in advance of regulatory approval being in place.

It is clear that with respect to the additional Hub infrastructure projects identified, there is key stakeholder support and that whilst further work is required to get to the stage to enable wider consultation, Aer Lingus believes that the Draft Decision should appropriately reference these additional projects for future development and delivery on an urgent basis.

In summary, whilst Aer Lingus supports the delivery of the projects within PACE, on their own they are insufficient to address the severe capacity constraints identified. We are encouraged by the progress made with daa in our discussions regarding the Hub infrastructure development. We believe that it is critical that a method is identified that ensures the timely approval and implementation of the additional Hub infrastructure projects summarised above to ensure that all projects are implemented by 2022.

Aer Lingus is available to discuss any of the issues that have been highlighted above in order to find a satisfactory outcome with respect to the Hub infrastructure investment requirements at Dublin Airport. In this regard we would welcome an opportunity for both Aer Lingus and daa to jointly meet CAR to explain the hub development progress in detail.

Yours sincerely,



Donal Moriarty
Chief Corporate Affairs Officer