



# **Dublin Airport Price Cap 2010-2014 Draft Determination – Media Briefing**

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***18 June 2009***

1. To set maximum **aeronautical charges** at Dublin Airport
2. To set maximum Irish Aviation Authority **terminal charges**
3. To monitor and regulate **slots assignment** at Dublin Airport
4. To license **travel trade operators**
5. To license **airlines** under EU rules
6. To approve airport **ground-handlers** under EU rules
7. To enforce certain **rights of air passengers** under EU rules

# What's Being Regulated

## Services covered by the price cap

- Landing/take-off
- Parking
- Aerobridge use
- Passenger processing



“Aeronautical services”

## Services not subject to the price cap

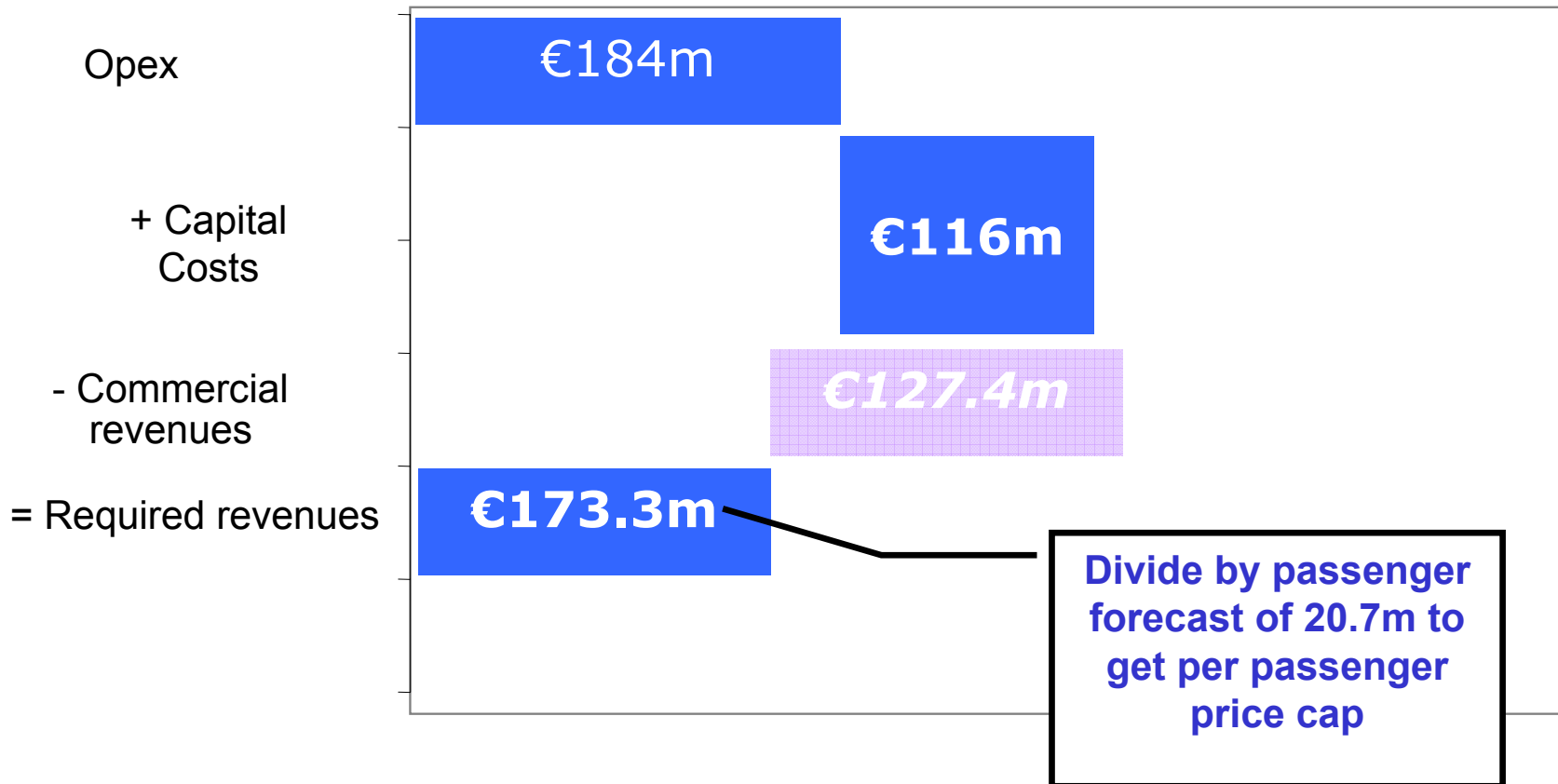
- Commercial activities
- Office rents
- Car parking
- Ground-handling services (for installations, e.g. check-in desks, regulator has a `pre-approval' role)

# CAR's statutory objectives

- Facilitate efficient and economic development of airport to meet requirements of current and prospective users
- Protect reasonable interests of current and prospective users
- Enable DAA to operate and develop airport in sustainable and financially viable manner

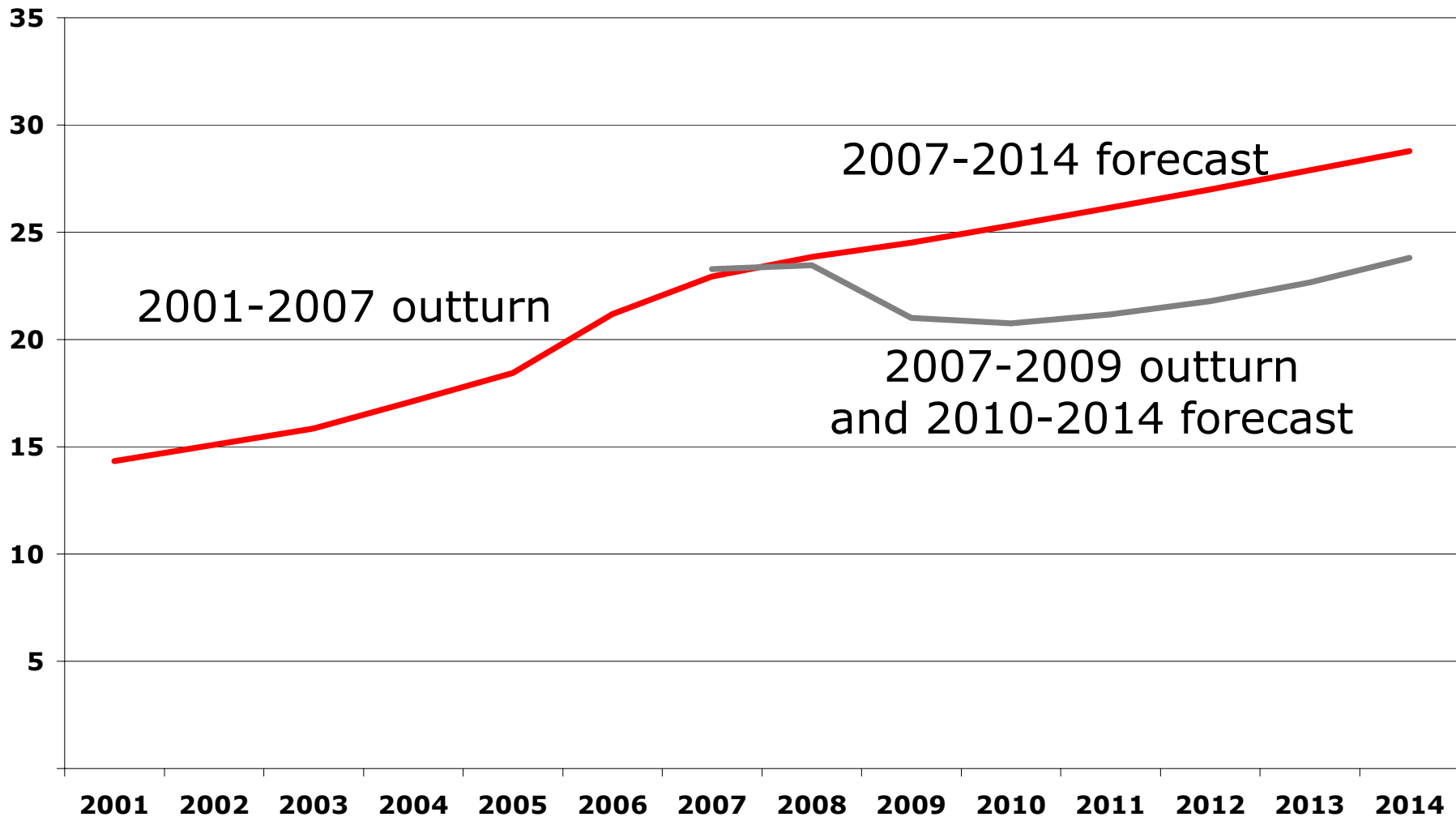
<b>October 2008</b>	<b>Issues Paper on 2010-2014 Airport Charges</b>
<b>Spring 2009</b>	<b>Capex consultation – CAR/DAA/Users</b>
<b>June 2009</b>	<b>Draft Decision</b>
<b>October 2009</b>	<b>Final decision on 2010-2014 Price Cap</b>

# Calculating the 2010 price cap



- 1. Downturn in general economy over the past 18 months**
  - Effect on passenger throughput
  - Effect on CAR consideration of allowed return (cost of capital)
- 2. The opening of a second terminal**
  - Uncertainty regarding identity of operator
  - Uncertainty regarding scope of operations contract
  - Uncertainty regarding contract price

# Passenger forecasting





## 1. Existing (2009) price cap of €7.39

- Set in 2005 based on annual increases of **CPI+4%**

## 2. Proposed 2010 price cap of €8.35

- Cap of €8.37 after opening of T2 plus allowance for impact of opening of T2 on operating costs
- Impact of opening of T2 on airport operating costs not currently known – will depend in part on result of expected tender for T2 operations

- 1. The Commission identified 10% efficiencies versus 2008 opex which will be phased in over 3 years**
- 2. Commission has assumed that real wages at the DAA will not grow during the regulatory period.**
- 3. Continuing uncertainty regarding T2**

⑩ **Up to 4% of DAA revenues at risk if service levels deteriorate below certain standards set out in draft**

## **2. Service quality means:**

- **Security queuing**
- **Baggage hall queuing**
- **Availability of aircraft stands**
- **Ease of way-finding and availability of information**
- **Cleanliness, comfort, and staff courtesy**
- **Availability communications facilities**
- **Overall airport satisfaction levels**

- 1. The DAA sought €747m in new capex to be allowed for the forthcoming price cap period**
- 2. Consultation meetings held during the spring between CAR, DAA and Users**
- 3. Price cap proposals**
  - **Unconditional allowance of €198m**
  - **€338 subject to demand 'triggers' – only included in charges if traffic reaches certain levels**
  - **€211 excluded as did not meet the reasonable needs of current and prospective users**

<b>18 June 2009</b>	<b>Publication of draft determination – commencement of industry consultation</b>
<b>7 August 2009</b>	<b>End of consultation period – responses due from stakeholders</b>
<b>October 2009</b>	<b>Publication of Determination</b>
<b>1 January 2010</b>	<b>New Determination takes effect</b>