

Dr. Adrian Corcoran
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Commission for Aviation Regulation
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3 March 2017

Re: Draft Decision on the Interim Review of 2014 Determination

Dear Adrian,

We refer to the above Draft Decision with respect to the trigger mechanism relating to the construction the northern parallel runway.

Aer Lingus welcomes the general objective of the Draft Decision in so far as it represents a shift from the pre-funding approach inherent in the 25 mppa trigger contained in the 2014 Determination which we had consistently maintained was totally inappropriate. Furthermore, Aer Lingus supports the overriding principle contained in the Draft Decision as set out in Paragraph 1.4 of the Executive Summary that ‘users will only pay for the project when the benefits are available to be realised’.

While we accept this as a general principle, the specific triggers set out in Table 4.2 are not sufficient to ensure that benefits will actually be delivered to users. Indeed, we are concerned that the triggers as drafted could allow for recovery of costs even if completion of the new runway resulted in a negative outcome for users when compared with the existing infrastructure. Specifically, this may be the case if there are restrictions to the mode of runway operations, night movements or if there is an increase in cost without any significant increase to usable and required capacity.

Table 4.2 of the Draft Decision sets out the Evidence of Accomplishment which will trigger the relevant increases in airport charges. With regard to Milestone 2, which triggers 85% of the allowance, these Accomplishments include:

- ‘The North Runway is fully operational resulting in additional movement being available for slot allocation’; and
- ‘The North Runway is being used for revenue generating scheduled flights’.

These milestones are unclear, but appear wholly inadequate. For example, ‘available for slot allocation’ could refer to a slot allocation at times that are of no material benefits to users.

More importantly, these Accomplishments could be achieved without delivery of any tangible benefits to users. It is therefore essential that the Decision make any cost recovery conditional upon independent confirmation, following the results of a comprehensive business case, that the new runway will deliver substantial benefits to users compared to the maximum benefit which could be extracted from the current infrastructure. Moreover, it is essential that no new operating restrictions are imposed as would be the case under the current planning restrictions.

In addition, the Accomplishments should restate the CAR's requirement as stated in the 2014 Determination¹ 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.

As consistently stated, Aer Lingus is of the view that there is significant scope for delivering increases in the capacity using current runway configuration and by addressing other serious infrastructural weaknesses at Dublin Airport such as availability of stands and adequate taxiway infrastructure. Non-runway issues represent an immediate bottleneck and should be addressed as a matter of urgency. Consequently and in order to ensure that daa is incentivised to prioritise required works, the Accomplishments should include a pre-condition that the maximum economically viable capacity of the current runway infrastructure (including reasonable enhancements thereto) is realised in advance of triggering any increase in airport charges (including the €0.06 linked to M1).

In summary, Aer Lingus is supportive of the overall structure of the Draft Decision, but we believe that the 'Evidence of Accomplishment' for Milestone Number 2 is unclear, apparently insufficient and should be informed by an independent review to ensure that the timing of the cost recovery is aligned to the delivery of actual and substantial benefit to users.

We would request that you take the above matters into account when finalising your Decision and would be happy to discuss if helpful.

Yours sincerely,

Laurence Gourley
General Counsel

¹ See Paras 2.10 and Paras 7.65 – 7.68 of the 2014 Determination.