



ÚDARÁS EITLÍOCHTA NA hÉIREANN
IRISH AVIATION AUTHORITY

Draft Determination on the Maximum Levels of Airport Charges at Dublin Airport for 2027-2031

14 July 2026



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1. Executive Summary

- 1.1 This year, we will make a new determination on the maximum level of Airport Charges at Dublin Airport (the 'price cap'). We will make a Final Determination by the end of the year. The 2026 Determination will cover a period of five years, running from 1 January 2027 to 31 December 2031 (inclusive).¹ This paper, together with supporting reports and materials, sets out our Draft Determination.
- 1.2 The price cap for each year is set in real prices, which means that it excludes inflation. All figures in this document, unless stated otherwise, are in March 2026 prices. Over the regulatory period, the price cap will be updated to reflect actual inflation.
- 1.3 We propose to set price caps which are closely linked to the progression of Dublin Airport's investment programme. We therefore propose to include pricing triggers linked to a total of 23 major capital projects, to ensure that the 2026 Determination remains fit-for-purpose both in a scenario where such projects are progressing, but also where they continue to be delayed. As shown in Table 1.1 below, this means that the average expected real price cap ranges between €7.60, if none of the new triggers activate, and €9.36, if all projects progress as per Dublin Airport's planned schedule.

Table 1.1: Proposed Price Cap per Passenger, March 2026 prices

	2027	2028	2029	2030	2031	Average
Base Price Cap* (€)	8.63	7.46	7.41	6.97	7.50	<u>7.60</u>
Annual Change (%)	-	-13.5	-0.7	-5.9	+7.6	
Triggered Price Cap (€)	8.63	8.35	8.76	10.01	11.05	<u>9.36</u>
Annual Change (%)	-	-3.3	+4.9	+14.3	+10.4	

Source: IAA

*Assuming expected capital investment triggers for this year are confirmed to be met

- 1.4 If the triggers for some investment projects activate, but others are delayed, then the price caps will likely be somewhere within this range. We estimate that the proposed regulatory settlements will allow Dublin Airport to collect €1.5bn from Airport Charges over the five years, or €2bn when forecast triggers are considered, and we estimate a further €2.6bn in commercial revenues.
- 1.5 Based on current inflation forecasts, we expect a price cap of approximately €8.85 in nominal terms for 2027, which is 15% lower than the expected price cap for this year of €10.39, although closer to the nominal price caps over 2023 to 2025 which ranged from €8.46 to €9.54.
- 1.6 Relative to the 2022 Review Decision, the price cap building blocks have changed considerably, leading to both upward and downward pressure on the real price caps but with more downward pressure overall. Passenger volumes are higher than was forecast in 2022, putting significant downward pressure on the price caps. We forecast total operating costs to increase, but operating costs per passenger to decrease somewhat, because some operating costs are relatively fixed. Commercial revenue per passenger has increased, and will continue to increase, which also puts downward pressure on the price caps. Conversely, capital costs are putting upward pressure on pricing. That is both because the level of capital expenditure is forecast to increase, and also because we estimate a cost of capital which is

¹ Draft Determination, Final Determination, 2026 Determination and 2022 Review Decision are defined in Section 3.

somewhat higher than we set in the 2022 Review Decision.

Approach to Regulation

- 1.7 As outlined in 2025, we do not propose to change the high-level approach to regulation. We continue to use a RAB based building blocks model, with most of the within-period risk allocated to Dublin Airport. The 2026 Determination will last for a five-year period, and we propose that it will provide for a single maximum level of average Airport Charges per passenger for each year, without any sub-caps.

Passenger Forecasts

- 1.8 We forecast annual passenger traffic to grow from 37.9m this year to 39.4m in 2027, and to continue to grow to 44.5m by 2031. This is an average annual growth rate of 3.24%. We propose to use a blended forecast in which Gross Domestic Product (GDP), Modified Gross National Income (GNI*), and EUROCONTROL air traffic forecasts for Ireland, are the key inputs. We have considered a range of evidence from stakeholders and other bodies, including Dublin Airport and airlines, IATA, ACI, and EUROCONTROL. We aim to generate a centreline traffic forecast where there is a broadly even balance between upside and downside risk.
- 1.9 Dublin Airport forecasts passenger traffic of 42.3m by 2031, with growth assumed to be limited by certain infrastructure constraints such as contact stands. As set out in Section 6, we do not propose to use an infrastructure-capacity constrained forecast, because we do not expect that such constraints will, in practice, prevent traffic growing to (or beyond) our demand-led forecast. We also do not propose to include any adjustment for what Dublin Airport claims to be 'asymmetric risk'.

Operating Expenditure

- 1.10 Our proposed target for operating expenditure (Opex) is €439.5m in 2027, increasing to €478.0m by 2031. The proposed allowance provides for some real growth in total Opex over the period, but would see Opex per passenger decline modestly.
- 1.11 We commissioned CEPA to support us in respect of Opex, through a, primarily, bottom-up efficiency assessment and forecast. This is a comprehensive study which aims to balance challenge with achievability, and we have worked closely with CEPA in relation to the forecast.
- 1.12 CEPA undertook a deep dive into certain categories, including in particular the security operation, which is forecast using a bottom-up operational model. The analysis of security is also supported by a deep-dive security operational efficiency and benchmarking analysis. This indicates that Dublin Airport's 2025 operation was largely efficient, and we expect a significant real increase in security costs over the coming period. However, our security forecast diverges from Dublin Airport's over the period, driven primarily by the treatment of resilience, and vehicle control post staffing levels. Other areas where we expect material real cost increases include retail, maintenance, IT, and services for passengers with reduced mobility (PRM).
- 1.13 We propose to apply an ongoing efficiency challenge to Opex where real wage or wage-linked cost growth is allowed for, provided that we have not already captured productivity improvement in the bottom-up assumptions. It is applied to all staff-related operating cost categories except for security, where efficiency potential was assessed bottom up, and also to selected non-staff categories.

- 1.14 Our forecast remains significantly below Dublin Airport's Regulatory Proposition in every year of the regulatory period. The difference is driven by a range of factors, including the treatment of proposed step changes, ongoing efficiency targets, and the extent to which trend-linked increases in future staffing and non-pay expenditure should be assumed.

Commercial Revenues

- 1.15 Our proposed target for Dublin Airport's commercial revenues is €482m in 2027, increasing to €573m by 2031. This growth is driven significantly by our forecast increase in passenger numbers, but we also forecast increases in yield per passenger.
- 1.16 We broadly continue to use an elasticity-based approach to forecast commercial revenues. In line with submissions received in response to the Issues Paper, we further disaggregate the forecast categories relative to the 2022 Review Decision. Where we expect it is likely to lead to an improved forecast, we construct fully bottom-up forecasts. This is the case where concession agreements are the primary source of commercial revenues. We also look to identify areas where we expect there is efficient scope to outperform historic elasticities, due to step changes. That includes areas such as retail, lounges, and FastTrack.
- 1.17 We forecast that recently completed or almost completed commercial projects, particularly the lounge and F&B transformation projects, as well as new commercial projects included in the investment programme for 2027-2031, will support commercial revenue growth. We take these projects into consideration by applying uplifts to our baseline forecasts.

Cost of Capital

- 1.18 We estimate the efficient real pre-tax cost of capital for Dublin Airport to be between 3.36% and 5.27%, with a point-estimate of 4.56%, which is an increase relative to the 2022 estimate of 4.35%.
- 1.19 We commissioned Europe Economics to provide support in estimating the cost of capital. Our proposed cost of capital differs from the 2022 Review Decision and the 2019 Determination in two main respects:
- The cost of equity has increased. Although the asset beta is lower than the 2022 estimate, the increase in the risk-free rate and the total market returns, and the use of a 15.5% tax rate, result in a relatively higher pre-tax cost of equity.
 - The cost of new debt has increased relative to the 2022 Review Decision, as corporate bond yields are now materially higher.
- 1.20 We do not propose to aim up the WACC generally, but we do propose to use a higher WACC estimate of 5.23% for the CIP27 triggered project allowances, based on a 100% new debt assumption.

Capital Costs and Expenditure

- 1.21 In total, before Capex-related triggers, we allow for capital costs of €314m in 2027, increasing to €440m by 2031. This is composed of depreciation (€180m increasing to €270m) and the return on capital (€135m increasing to €170m). If trigger projects progress in line with Dublin Airport's timeline, this will add a further €36m in 2028, growing to €158m by 2031.
- 1.22 We reconcile outturn expenditure over 2022-2026 against the allowances, in the manner described in the 2022 Review Decision, to generate the opening RAB for 2027. We then assess the new proposed project allowances in CIP27 from a number of perspectives:

- The Independent Fund Surveyor (IFS) has carried out an efficiency assessment of all proposed projects. We use the IFS's efficient estimates in our capital cost modelling.
- We commissioned To70 to simulate the future planned airport, from terminal airspace to kerb, after CIP27 projects are delivered. This allows us to independently validate whether the future airport should be able to handle increased passenger and aircraft volumes at an appropriate standard of service quality.
- We assess the need/merit of proposed projects with reference to our statutory objectives, taking account of the views of stakeholders, the evidence provided to us by Dublin Airport, and the evidence from the IFS and To70 analyses.
- We assess what regulatory treatment is appropriate in the case of each project, and also whether it should be triggered or untriggered (i.e. included in the base regulatory settlement).
- Finally, we consider the deliverability of the remaining untriggered investment programme as a whole, and whether the level of assumed investment is likely to be achievable.

1.23 Examples of projects include Pier 1 East (adding 14 new pier-served aircraft parking stands), a new Pier 5 extending from Terminal 2, a new US Preclearance facility, a larger check-in hall in Terminal 2, improvements to the road network in the vicinity of the airport, sustainability investments in terminal building infrastructure and solar power, as well as a range of projects in relation to asset care, security, commercial, and IT.

1.24 Overall, we consider that the investments proposed by Dublin Airport are to a large extent in the interests of Users, and the IFS and To70 analyses generally reflect positively on the programme. However, we anticipate that Dublin Airport is unlikely to deliver the full investment programme as per the timelines set out. On that basis, to bring capital costs more in line with centreline assumptions, we firstly trigger 23 projects as noted above. We also consider the deliverability of the remaining untriggered allowances by group level, having regard to both the proposed total level of expenditure, and the actual delivered annual expenditure on each group since 2023. On that basis, we propose to scale down the asset care, and commercial revenue, total group expenditure assumptions.

1.25 Taken together, all of this results in a proposed assumption of €2.6bn (nominal) in untriggered new Capex over 2027-2031, compared to Dublin Airport's untriggered proposal of €3.2bn. We then propose to allow for a total of €1.5bn in new triggered allowances, resulting in a total potential investment in new infrastructure of €4.1bn in the period.

Financing

1.26 We then assess Dublin Airport's ability to finance this development of the airport. We aim to strike a balance between, on the one hand, enabling Dublin Airport to generate sufficient cash flows from Airport Charges and to raise investment grade debt, and, on the other hand, protecting Users from unnecessary upward pressure on the price cap. We propose to apply the same tests as in 2022:

- In the base case, we assume that some adjustment is likely to be warranted if the building block outcome suggests that FFO/Net Debt is forecast to drop below 13%, or if Net Debt/EBITDA is forecast to exceed 6 times.
- To allow for reasonable downside scenarios, we firstly target FFO/Net Debt of at least 15% and Net Debt/EBITDA of no more than 5 times, while assuming that dividends would not be paid in such a downside scenario. This is to allow general headroom against downsides. We then test various specific downside scenarios to assess whether that level of headroom results in the Financial Risk Profile (FRP) remaining 'Intermediate' once the impact of each downside is factored in.

- 1.27 We propose to apply the above analysis to the building block outcome by testing a high-Capex 'Triggered Scenario', where all triggered projects are progressing in line with Dublin Airport's timelines, and an 'Untriggered Scenario', based on only untriggered projects.
- 1.28 Our analysis suggests that the Untriggered Scenario comfortably meets these tests. But if Dublin Airport were able to deliver investment at the level suggested under the Triggered Scenario, net debt would increase to a level which would place pressure on the FRP (in the absence of pre-funding). We facilitate such a high-investment scenario by providing for a significant degree of pre-funding of triggered projects, through pre-funding ('A') triggers. We calculate that the required degree of pre-funding would be 79% of the total capital costs of the triggered projects, starting from the year after the project commences construction.
- 1.29 However, pre-funding will only be required if total investment at the airport is much higher than in recent years, and significantly higher than the Untriggered Scenario. We therefore propose that, in addition to the project specific pre-funding conditions, i.e. that the project is on-site and has obtained full planning permission, the 'A' trigger will only activate if total Capex is trending at least 10% higher than the Untriggered Scenario. Based on the Draft Determination assumptions, that means that the pre-funding 'A' triggers would only activate if average annual efficient Capex is above €570m in the preceding years of the regulatory period.

Quality of Service

- 1.30 We propose to broadly retain, but make some adjustments to, the quality of service system. That system includes targets in relation to wait times at central security, wait times for passengers requiring additional assistance, passenger satisfaction survey scores across a wide range of metrics, and asset uptime and availability. If Dublin Airport does not meet certain targets, the price cap reduces, but if it achieves exceptional performance in relation to passenger satisfaction, the price cap can increase.
- 1.31 We propose to keep the current security queue target which provides that the daily maximum queue times for any person at central search should not exceed 30 minutes. We propose to replace the existing daily 20-minute target with a new monthly target of 95% of passengers passing through security in under 20 minutes. Together, these targets provide that the vast majority of passengers should be processed within 20 minutes, and that individual days where any passenger queues above 30 minutes should be avoided or limited. We also propose to introduce a queue time target in respect of staff search.
- 1.32 For asset availability, we maintain the same metrics but propose that they should apply on a monthly rather than quarterly basis.
- 1.33 We engaged with the Passenger Advisory Group (PAG) to provide input on service quality.² Based on the input of the PAG and an assessment of Dublin Airport's current performance, we propose to make several adjustments to the passenger satisfaction rebate and bonus thresholds, and to add seven new metrics to the scope of the scheme. We also propose to adjust the wait time targets for Passengers with Reduced Mobility, taking account of new higher standards which are now expected in terms of how quickly those passengers are assisted to and from the aircraft.

Dublin Airport's Regulatory Proposition

- 1.34 We received and published Dublin Airport's Regulatory Proposition and its proposed Capital

² <https://www.iaa.ie/about-us/passenger-advisory-group>

Investment Programme for 2027-2031 (CIP27) in March 2026. There is a significant difference between our proposed price caps and those proposed by Dublin Airport. On average across the period, Dublin Airport proposes a base price cap of €13.07, compared with our proposal of €7.60. When triggers are taken into account, Dublin Airport proposes a triggered average price cap of €13.96, compared with our proposal of €9.36.3

1.35 There are a number of elements driving this difference:

- Dublin Airport projects 7.5m fewer passengers across the five-year period.
- We forecast operating costs per passenger to decline consistently across the period, while Dublin Airport proposes a consistent increase.
- Our commercial revenue forecasts are higher than suggested by Dublin Airport, on both a total and a per passenger basis.
- We make various adjustments to the submitted Capex programme assumptions, as outlined above.
- Dublin Airport proposes a cost of capital of 5.78%, which is higher than our central WACC estimate of 4.56% (5.23% for triggered projects).
- Dublin Airport includes an 'Asymmetric Risk Adjustment' to its forecast of required revenues, which we do not include.

Conclusion

1.36 This is a consultation document. We invite submissions from stakeholders on all aspects of our proposals. Where opinions on our proposals differ, we encourage stakeholders to provide evidence in support of their position. We expect that various aspects of our proposed regulatory settlements will change ahead of the Final Determination based on the submissions we will receive, and as new information and evidence becomes available.

³ Dublin Airport's proposed price caps have been inflated from Dec'25 to Mar'26 prices for direct comparison. Dublin Airport assumes that 50% of triggered projects are progressing.

2. Notice of Making a Determination

- 2.1 In accordance with Section 32(7) of the Aviation Regulation Act, 2001, we hereby give notice of our intention to make a Determination specifying the maximum level of Airport Charges that daa may levy at Dublin Airport for the period 2027-2031.
- 2.2 Pursuant to the 2001 Act, we must allow a statutory consultation period of not less than one month. We allow for more than two months from the publication of this paper such that the deadline for receipt of representations is **Friday 18th September 2026**.
- 2.3 All interested parties should note that the deadline will be strictly applied without exception, and any requests for deadline extensions will not be entertained. The time of receipt of submissions shall be the time when we receive the submission to the relevant email address. If an interested party has not completed all intended elements of their submission in time, we advise that the partial submission is sent by the deadline, rather than attempting to make a late submission. Responses should be titled "Submission on 2026 Draft Determination" and sent by email to consultation@iaa.ie.
- 2.4 We may correspond or meet with interested parties who make submissions, seeking clarification or explanation of their submissions, or associated data or evidence. After the consultation deadline has closed, interested parties should not attempt to make further or new written submissions, such as through correspondence or written submissions in other forms. All submissions and associated evidence which interested parties want us to take into account ahead of the Final Determination must be provided by the consultation deadline.
- 2.5 Ordinarily, we place all submissions received on our website.⁴ We expect to do so shortly after the consultation period closes. We may include the information contained in submissions in reports and elsewhere as required. If a submission contains confidential material, it should be clearly marked as confidential and a redacted version suitable for publication should also be provided.
- 2.6 We do not ordinarily edit submissions. Any party making a submission has sole responsibility for its contents and indemnifies us in relation to any loss or damage of whatever nature and howsoever arising suffered by us as a result of publishing or disseminating the information contained within the submission.

⁴ While we endeavour to ensure that information on our website is up to date and accurate, we accept no responsibility in relation to the accuracy or completeness of our website and expressly exclude any warranty or representations as to its accuracy or completeness.

3. Introduction and Overview of Proposed Determination

- 3.1 This year, we will make a new determination on the maximum level of Airport Charges at Dublin Airport (the '2026 Determination'). In this section, we lay out our Draft Determination on the Maximum Level of Airport Charges that daa may levy at Dublin Airport for the period starting 1 January 2027 and ending on 31 December 2031 inclusive (the 'Draft Determination'). We will make our Final Determination (the 'Final Determination') later this year.
- 3.2 Airport Charges include, but are not limited to, charges for take-off, landing and aircraft parking, airbridge charges, arriving and departing passengers, and the transportation of cargo. Charges in respect of air navigation and aeronautical communication services are not within the scope of the determination, but are separately established through the Single European Sky regulatory framework.⁵
- 3.3 This section provides background and then an overview of the price cap proposals, drawing together all of the analysis set out in subsequent sections and supporting reports and models.

Background

- 3.4 Up to and including 30 April 2023, the Commission for Aviation Regulation (CAR) was responsible for the regulation of Airport Charges. The Air Navigation and Transport Act 2022 (the 'ANTA') provided for the dissolution of CAR and the transfer of its responsibilities, functions, and staff to the IAA. For ease of reference, in this document, references to IAA decisions or documents which pre-date 1 May 2023 should be understood to include those of CAR. The 2026 Determination will be the first determination to be made by the IAA rather than CAR.
- 3.5 The current determination in respect of Dublin Airport was made in 2019 (the 'Original 2019 Determination'). It set the maximum level of Airport Charges at Dublin Airport for 2020-2024. Following the outbreak of the pandemic, this determination was reviewed (to varying degrees) on three separate occasions. In 2022, we carried out the Third Interim Review of the Original 2019 Determination (the '2022 Review Decision'). The 2022 Review Decision reopened all of the assumptions and forecasts underpinning the Original 2019 Determination, with a new regulatory settlement and base price caps determined for 2023 and 2024. The determination period was also extended by two years, to the end of 2026.
- 3.6 In March 2025, we began our process of engagement with stakeholders in preparation for the 2026 Determination, with a public consultation on the proposed timeline.⁶ In July 2025, we published the 'Issues Paper'.⁷ The Issues Paper is a non-statutory consultation paper which sought the views and of stakeholders on how we should proceed, specifically requesting views on what regulatory policies we should adopt, the methodologies we should apply, and the data sources and time-periods we should use. The paper contained a historic overview of Dublin Airport's performance, a comparison of its performance relative to the forecasts from the 2022 Review Decision, and discussion of issues that may be relevant for the 2026 Determination. We received a number of responses to the Issues Paper consultation, all of which are published on the IAA website.⁸

⁵ <https://www.iaa.ie/commercial-aviation/economic-regulation/air-navigation-charges/performance-plan-for-rp4>

⁶ [2026-determination-timeline-consultation.pdf](#)

⁷ [2026-determination-on-airport-charges-at-dublin---issues-paper-consultation.pdf](#)

⁸ [2026 Determination](#)

3.7 In December 2025, we published our high-level conclusions on the responses to the Issues Paper.⁹ In summary, we noted that:

- We would continue to apply price cap regulation
- We would retain the building block approach to setting the price caps
- No further Market Power Assessment of Dublin Airport would be conducted ahead of the 2026 Determination
- We would retain the single regulatory till
- Sub-caps within the price caps would not be introduced
- We would retain the Regulated Asset Base (RAB) approach

Draft Determination

3.8 We propose setting an annual per passenger price cap, excluding all triggers, of €7.99 in 2027, declining to €6.83 in 2028, €6.80 in 2029, and €6.38 in 2030, before increasing then to €6.85 in 2031. Assuming that all pre-existing triggers which are expected to be met by the end of this year, are confirmed to be met, then the expected price cap ranges from €8.63 in 2027, and €7.50 in 2031. If Dublin Airport meets the planned investment timelines in relation to CIP27, then the price cap would instead increase to €11.05 by 2031.

3.9 Table 3.1 is the yield table. It shows the inputs under each building block which are used to arrive at the price cap in each year. It shows the proposed base price caps, and the price cap increases conditional on the progression/delivery of triggered projects. All figures are presented in March 2026 prices in Table 3.1, and throughout this report unless otherwise stated.

Table 3.1: Yield Table

	2027	2028	2029	2030	2031
Operating Costs (€m)	439.5	450.1	459.7	468.7	478.0
Commercial Revenues (€m)	482.1	507.6	526.3	548.1	572.6
Opening RAB* (€m)	3113.8	3397.3	3631.2	3816.1	3958.7
Closing RAB (€m)	2934.1	3192.9	3403.3	3568.9	3689.1
Standard Depreciation (€m)	179.7	204.4	227.9	247.3	269.6
Accelerated Depreciation (€m)	0	0	0	0	0
Return on Capital - Cost of Capital (€m)	134.7	146.8	156.7	164.5	170.3
Total Capital Costs (€m)	314.4	351.2	384.5	411.7	439.9
Adjustments (€m)	59.6	1.1	0	0	0
Clawbacks on 2023-2026	16.2	16.2	32.3	56.6	40.4
Required Revenues	315.2	278.6	285.5	275.8	304.8
Passengers (m)	39.4	40.8	42.0	43.2	44.5
Proposed Base Price Cap (€)	7.99	6.83	6.80	6.38	6.85
Possible Triggers 2027-2031 (€m)	0	36.2	56.5	131.4	157.9
Pre-Existing Triggers (€m)	25.1	25.8	25.8	25.8	28.7
Price Cap with Pre-Existing Triggers (€)	8.63	7.46	7.41	6.97	7.50
Price Cap with Pre-Existing and Forecast Triggers (€)	8.63	8.35	8.76	10.01	11.05

⁹ [2026-determination-on-airport-charges-at-dublin-airport---issues-paper-conclusion.pdf](#)

Source: IAA

*Including new allowances in-year

- 3.10 For information, Table 3.2 shows the forecast price caps in nominal terms, that is, adjusted for inflation based on our inflation forecasts. Our inflation forecasts are broadly stable across the period at around 2% per annum. If inflation were to be higher than our forecasts, the nominal price caps actually charged would be higher, and vice versa if actual inflation were to be lower.

Table 3.2: Forecast Nominal Price Caps

	2027	2028	2029	2030	2031
Base Price Cap (no triggers) (€)	8.20	7.14	7.25	6.94	7.61
Price Cap with pre-existing and forecast triggers (€)	8.85	8.72	9.34	10.89	12.27

Source: IAA

Supporting Evidence

- 3.11 We commissioned external support to inform certain aspects of our proposals. Draft reports are published alongside this document and relate to:

- Forecasts of efficient operating costs, by CEPA, which further draws on supporting analysis on the efficiency assessment of Dublin Airport's security operation:
 - a. Dublin Airport Security Efficiency Study: Supporting Evidence for the 2026 Draft Determination.
 - b. Annex A: Security Efficiency Assessment – Technical Evidence Report.
 - c. Annex B: Airport Security Benchmarking.
 - d. Annex C: Dublin Airport Security Process Efficiency ConOps and Process Map.
- Advice on the efficient cost of capital, by Europe Economics.
- An efficiency assessment of the proposed Capital Investment Programme conducted by Steer in its role as the Independent Fund Surveyor (IFS).
- A high-level performance review using fast time simulations of the airside and terminal capacity projects in CIP27, prepared by To70.

- 3.12 These draft reports form part of the consultation process. The final reports will be published alongside our Final Determination. Those will be updated as appropriate to take into consideration and address any submissions from stakeholders on the contents of the draft reports.

- 3.13 The main financial model showing the calculation of the price caps, including the individual building blocks, is also published. We encourage stakeholders to review this model alongside this report, and to test the impact of changes they may wish to propose. We note that the model uses iterative calculations, which must be turned on in order for the model to function fully.

- 3.14 We have also received a number of other submissions from (and on behalf of) stakeholders, which we have considered in making this Draft Determination. These are also published.

Structure of the Report

- 3.15 Section 4 sets out the consideration of our statutory objectives and how we propose to give

effect to them. It also refers to various statutory factors to which we must have due regard, and our consideration of these factors. Section 5 then outlines the general approach to regulation we have followed in making this Draft Determination.

- 3.16 Sections 6, 7, 8, 9 and 10 address the standard regulatory building blocks of passenger forecasts, operating expenditure, commercial revenues, the cost of capital, and capital costs. In each case, we provide a historic overview of Dublin Airport's performance relative to the 2022 Review Decision forecasts, our considerations in making the Draft Determination, and the values we propose to allow for over the next five-year regulatory period.
- 3.17 Section 11 addresses the question of financing the determination. In Section 12, we outline the proposed quality-of-service standards. Section 13 discusses our proposals in relation to miscellaneous issues which do not fit in other sections.
- 3.18 We also include three appendices to this Draft Determination. Appendix 1 provides an overview and review of Dublin Airport's proposed Capital Investment Programme, and our proposed treatment of each project. Appendix 2 is a review of the methodology for cost allocation into the regulatory till for the Dublin Airport regulated entity. Appendix 3 provides details on econometric models used for forecasting passenger numbers and commercial revenues.

4. Legislation, Statutory Objectives, and Policies

- 4.1 In the Issues Paper, we outlined our statutory objectives when making a determination. We outlined the relevant policies and factors which we must take account of. We detailed our draft conclusions on our statutory mandate for the purpose of the 2026 Determination. We assessed that the essence of our statutory mandate is to promote economic efficiency and maximise the value provided to Users in the operation and development of Dublin Airport, through the implementation of the price cap based regulatory model.
- 4.2 As we explained in the 2022 Review Decision, and referenced in the 2025 Issues Paper, we considered that the revisions set out by the ANTA do not fundamentally change our mandate in this regard. We are required to carry out a balancing exercise, taking account of various and sometimes competing objectives, when making a determination.
- 4.3 We also noted that the policy statement which set out the revisions that were ultimately given effect in the ANTA framed those revisions as *“Building from a Position of Strength”*. This further supported the conclusion that the purpose of the revised statutory objectives is not to generate any fundamental change in the regulatory model to be applied, but rather provide for a refresh in certain respects to bring the objectives into line with developments in international practices, and to increase the required focus on certain topics, such as:
- Sustainability.
 - Encouraging airline competition at Dublin Airport to:
 - a. improve capacity,
 - b. provide choice on routes,
 - c. provide choice between airlines, and
 - d. improve international connectivity.
- 4.4 We concluded that promoting safety and security, particularly by including required costs associated with compliance, has always been considered implicit in the interests of Users. The ANTA has now made this an explicit objective. The efficient and economic development and operation of the airport such that high quality and cost-effective services are provided was unchanged by the ANTA, but made more explicit. Although the ANTA removed the statutory objective to enable daa to operate and develop Dublin Airport in a sustainable and financially viable manner, we assessed that it remains appropriate to assess the question of financing the determination.
- 4.5 We stated that we will continue to have due regard to the factors outlined in Section 33(2). In the Issues Paper, we considered that the new ‘due regard’ factor in relation to encouraging airline competition aligns closely with our other objectives. We stated that we will continue to have due regard to imposing the minimum restrictions on daa consistent with the functions of the IAA; in that regard, we expect to again impose only a single annual price cap, and not sub-caps or such other restrictions.

Issues Paper Responses on Policy and Statutory Objectives

- 4.6 Aer Lingus, IAG and Dublin Airport all state that they support the IAA’s commitment to align with revised statutory objectives. Aer Lingus and IAG note that they have no specific comments on the interpretations set out in the Issues Paper, but look forward to further engagement ahead of the determination.

- 4.7 In relation to what weight should be afforded to those aspects when making a determination, Dublin Airport believes that Section 33 of the 2001 Act should be read as meaning that cost efficiency is only one factor, and is not more weighty than the other Section 33 factors. Dublin Airport suggests that parts (a), (b), (c) and (d) have equal weight, and that the concepts of efficiency and cost-effectiveness in (c) and (d) are not synonymous with cost-cutting. Rather, they must be interpreted with emphasis on quality/value-for-money and from a longer-term perspective. Dublin Airport submits that the IAA's and Dublin Airport's statutory objectives are compatible in that regard. Dublin Airport submits that a quality-centric interpretation of 'efficient' is particularly important in respect of security, where it believes quality to be the hallmark of efficiency.
- 4.8 Ryanair states that the ANTA included clear changes to the statutory objectives which imply that we need to rebalance regulation in favour of Users, given that the principal objective is now to *"protect and promote the reasonable interests of current and prospective users of Dublin Airport"*. Ryanair suggests that the ANTA changes were intended to reflect the 2015 National Aviation Policy objectives to foster the competitiveness of the Irish aviation industry and to enhance Ireland's connectivity.
- 4.9 Ryanair further states that these are frustrated by setting airport charges at Dublin higher than they should be relative to *"the hypothetical competitive price which could be charged if it was operating efficiently in a competitive market"*, noting that one of the due regard factors under section 33(2) is the *"cost competitiveness of airport services at Dublin Airport"*. Ryanair refers to encouraging airline competition at Dublin Airport to increase choice, capacity and international connectivity. Ryanair states that this can best be achieved by ensuring that airport charges at Dublin Airport are set at the lowest practicable level.
- 4.10 Ryanair disagrees with the IAA regarding financial viability. Ryanair believes that this requirement was explicitly removed by the legislature, so it is not for the IAA to re-introduce it under a *"spurious justification"* linked to efficient and economic development of the airport.
- 4.11 Dublin Airport highlights that the IAA must take account of government policies on aviation, climate change, and sustainability, and that the regulatory model should enable progress on these fronts. It refers to the Government action plan on competitiveness and productivity, which was published in September 2025, and explains that this recommends the development of long-term strategy for Irish airports as part of a review of the National Aviation Policy.
- 4.12 Dublin Airport says that its policy compliance obligations are detailed in the Dublin Airport ESG Strategy 'A world to connect, a future to protect'. This sets out the roadmap and action plan for how Dublin Airport will achieve its obligations. Dublin Airport states that the three key pillars are focused on:
- Climate and Environment
 - Community and People
 - Good Practices
- 4.13 Dublin Airport submits that the Issues Paper correctly identified sustainability and growth as the key aspects of the relevant policies. In addition to the policies listed, Dublin Airport believes that consideration should be given to the following:

- Environmental and Climate Commitments: Ireland’s Climate Action Plans and the Pathfinder for Irish Aviation document,¹⁰ which Dublin Airport believes highlights the importance of sustainable aviation practices, including low-emission technologies and alternative fuels.
- EU Regulatory Frameworks: EU directives on airport charges, competition, and consumer protection should be integrated, especially where they influence market definitions or benchmarking against European peers.

4.14 Ryanair recognises that there are national level requirements to achieve net zero carbon emissions and sustainable development, but this does not mean an “*automatic pass-through*” of such costs. Stating that that airlines are already incurring significant costs to decarbonise their operations, Ryanair believes that any incremental costs should be carefully scrutinised to ensure that they are strictly required, and that they are not initiatives that are more appropriately financed from the public purse.

4.15 Dublin Airport Terminal 3 (DAT3) has made two submissions in the form of letters from Tim O’Keefe dated 20 April 2026 and 12 May 2026, and we also met with a representative of DAT3 on 5 May. Those submissions focus primarily on CIP27 and the masterplanning of Dublin Airport, in the context of our statutory objectives. It requests that we require daa to demonstrate how CIP27 is consistent with the Government’s 2005 notified policy on terminal capacity provision, and with the Future Capacity Needs Report from 2018.¹¹

4.16 In the letter of 12 May, Mr O’Keefe also asserts that “*an impression was conveyed*” by the IAA at the meeting of 5 May that questions of strategic direction, policy alignment, and competition are “*at the periphery of or outside [the IAA’s] function*”. Mr O’Keefe then claims that we indicated that we are “*no longer explicitly required to follow Government policy*”. DAT3 also criticises daa for having redacted elements of the Regulatory Proposition such as the passenger forecast, and for failing to publish or consult on a masterplan.

Ministerial Directions

4.17 In previous determinations on Airport Charges, we set out how the determination complied with Ministerial policy directions issued under Section 10 of the 2001 Act. That section, however, has been repealed by the ANTA, meaning that no further directions can be issued.

4.18 We note that it has been confirmed by the Minister to the IAA, by letter dated 30th July 2025, that for the avoidance of any potential doubt, all legacy ministerial directions, dating from 2014 and before, are in any event revoked.

Draft Conclusion on Statutory Objectives, Legislation & Mandate

4.19 We continue to adopt our proposed analysis, as laid out in detail the Issues Paper and summarised above, for the purposes of the Draft Determination. The responses to the Issues Paper show a significant degree of consensus regarding the focus of our statutory mandate, and the relevant provisions of key policies, albeit with Dublin Airport emphasising service quality and resilience, and Ryanair emphasising cost efficiency and low charges for Users. That difference in focus, however, goes more to the weight to be afforded to potentially competing objectives, rather than a disagreement over the essence of our statutory mandate.

4.20 We agree with Dublin Airport that efficiency and cost-effectiveness are not synonymous with cost-cutting, but rather with value for money. Furthermore, we agree that the statutory

¹⁰ Pathfinder for Irish Aviation- [Link](#)

¹¹ <https://www.gov.ie/en/department-of-transport/publications/independent-review-of-capacity-needs-of-irelands-state-airports/>

objectives require a longer-term perspective. We also agree with Ryanair that airline competition will be most effectively encouraged by maximising the value which Dublin Airport provides to current and future Users, ensuring that Airport Charges are not excessive relative to costs, but are sufficient to facilitating the cost-effective development and operation of the airport.

- 4.21 With regards to Ryanair's belief that overarching weight should be afforded to prioritising cost-competitiveness of Dublin Airport, should Ryanair or another respondent consider that any of the proposed decisions underpinning the draft regulatory settlements are not appropriately weighted, having regard to the prioritisation of our objectives, we will consider any specific points ahead of the Final Determination.
- 4.22 In response to Ryanair's view regarding financial viability, we are not "*reintroducing*" that objective. We agree that financing a large investment programme is not a standalone objective in itself. However, if the programme is in the interests of Users, then failing to assess financing could mean that it would not be delivered, which could be contrary to interests of Users. We refer to page 13 of the policy statement, which states that a commercially viable airport is "*intrinsic*" in the primary objectives of the interests of current and future users.
- 4.23 The ANTA defines our primary objective as the protection and promotion of the reasonable interests of current and prospective users of Dublin Airport. We therefore seek to continue to maximise the value which the airport will provide to current and future users, allowing for investment necessary for Dublin Airport to optimally meet reasonably foreseeable demand, facilitating competition between airlines and more choice for passengers. We also provide for price caps set at a level that will enable Dublin Airport to operate the airport in a manner which is in the interests of Users.
- 4.24 We acknowledge the Government Action Plan on Competitiveness and Productivity¹² published in September of 2025, which we have reviewed. We note that the 'Pathfinder for aviation' report referred to by Dublin Airport is a private consultant report. We also note that the review of the National Development plan 2021-2030¹³ was published in July 2025, which consists of an interim progress report. We note that Renewable Energy Directive (RED) III¹⁴ has now been transposed into Irish law through the European Union (Planning and Development) (Renewable Energy) Regulations 2025¹⁵ (S.I 274 of 2025), with majority of the provisions in effect since the August 2025, and specific provisions related to environmental impact assessments coming into force on 1st May 2026.
- 4.25 To facilitate the efficient and economic development and operation of Dublin Airport, we will set price caps which remunerates the airport for forecast efficient Opex and capital costs, as described in the relevant sections. We propose to allow for a significant level of capital investment to meet the needs of current and prospective Users, having regard to safety and security requirements, service standards, passenger traffic demand forecasts, and commercial activities. Our assessment of the CIP is informed by the views of current Users, and analysis of the ability of the planned infrastructure to serve a higher volume of passengers traffic in the future.
- 4.26 As set out in Section 10, Dublin Airport is afforded flexibility on Capex to the extent that we

¹² Action Plan on Competitiveness and Productivity 2025- [Link](#)

¹³ National Development Plan Review 2025- [Link](#)

¹⁴ Renewable Energy Directive (RED) III- [Link](#)

¹⁵ European Union (Planning and Development) (Renewable Energy) Regulations 2025- [Link](#)

consider proportionate, having regard to our other objectives, in particular protecting the interests of Users.

- 4.27 We propose to set comprehensive service quality targets to promote the provision of high-quality airport services, while also providing for the recovery of efficient costs of providing the airport services. In our cost forecasts, we are seeking to balance challenge with achievability, thereby promoting cost-effective airport services. We also include a resilience uplift to our security forecast to take account of queue risk at specific pinch points.
- 4.28 With regard to promoting safety and security at Dublin Airport, we meet this objective primarily by facilitating Dublin Airport in efficiently incurring safety and security related costs. Examples of this include Capex projects such as the airfield safety projects, security operations systems and equipment project, airfield lighting, and airfield pavement rehabilitation. Additionally, we include Opex for the security business unit, airport police, and fire service.
- 4.29 In respect of the DAT3 submissions, we note that Mr O’Keefe has purported to convey an “impression” from a meeting which he did not attend, and has provided an incomplete and inaccurate overview of the meeting. The IAA’s understanding of its statutory mandate is as set in the Issues Paper. Our role does not include designing the airport, or setting or enforcing overarching policy in that regard. We agree that our role does include taking account of policies that may reflect associated general or specific objectives. For example, where the National Aviation Policy outlines an objective to develop Dublin Airport as a hub airport, that weighs in favour of providing remuneration for projects necessary to develop such a hub, in particular the south apron developments in CIP27.
- 4.30 At the meeting with DAT3, we explained that the ANTA now requires us to take account of a broader range of policies, regardless of whether we have also been formally notified of a particular policy pursuant to Section 33(2)(f). This is distinct from the historic requirement to comply with Ministerial Directions, the provision for which has been removed. Contrary to what is asserted by DAT3, there was/is no requirement to “follow” notified policy, but rather to have due regard to it. As explained in the Issues Paper, a ‘due regard’ obligation is quite different from a requirement to “follow” or comply with a particular instrument.
- 4.31 We agree with DAT3 that Dublin Airport should not redact the passenger forecasts it submits for the determination process, and we have published those forecasts in this report. The letters address various points of detail in respect of the CIP, which we therefore consider in Section 10 of this paper.
- 4.32 In overall conclusion, there is a range of reasonable pricing levels within which a competent regulator would set the price cap, balancing, on the one hand, sufficient revenues to operate and develop the airport in an efficient manner with, on the other hand, ensuring that pricing is not excessive relative to the likely efficient costs of operating and developing the airport. We consider that the primary way to protect and promote the reasonable interests of current and prospective Users is by aiming to set pricing levels at the optimal point within that range, based on the evidence and submissions before us. The methodologies underlying the 2026 Determination should be directed towards collectively identifying an optimal pricing level. Further, as outlined in Section 4, the regulatory settlement should generate incentives for Dublin Airport to continue to improve the value it provides over time.

The Appeal Process

- 4.33 Dublin Airport notes that the IAA has set out what it believes to be the correct legal test for an appeal to the High Court under Section 39A, while acknowledging that the test is not

specified in the legislation nor is there precedent on this point. Dublin Airport does not comment on our views on this test, as Dublin Airport does not see this matter as one that is suitable for consultation, nor does it view the forum to be appropriate.

- 4.34 According to Ryanair, the IAA claims that parties are “*not permitted to raise new points or adduce further evidence*” as part of any Section 39A appeal. Ryanair rejects this, and submits that Users must retain their “*right*” to add further evidence to any points raised previously. Furthermore, in the view of Ryanair, to the extent that we might vary the final determination from that consulted on, such as was the case in the last determination in relation to forward looking inflation, there must be a right of appeal on such points.
- 4.35 Ryanair submits that the approach to an appeal must be consistent with the ultimate right to challenge something that is unlawful.

IAA Response

- 4.36 We agree with Dublin Airport that the nature of the S39A appeal will not be determined through this process, and we note that Dublin Airport has decided not to make any comment on the IAA’s view in that regard. We nonetheless considered it appropriate to set out our view at an early stage, with a view to potential appellants avoiding what, in the IAA’s view, may be wasteful expenditure of cost and/or time.
- 4.37 Relatedly, noting Ryanair’s submission, the IAA’s view is that any appellant should not be permitted to make new arguments or adduce new evidence which it could have made to the IAA but did not, and in particular must not be permitted to rely on any *ex post* developments subsequent to the impugned decision. *Ex post* developments, if significant enough, may constitute a basis to amend the determination pursuant to Article 32(14), but cannot form a basis to impugn the earlier decision. This is fundamental to the correct application of the incentive based regulatory model and the allocation of risk, and is consistent with the position previously adopted by Ryanair itself in respect of the Section 39A appeal.

5. Approach to Regulation

- 5.1 As set out in December, the intended approach to regulation for the 2026 Determination remains broadly in line with that followed in 2022, and as outlined in the Issues Paper.

Conclusions from the 2025 Issues Paper

- 5.2 In December 2025, we published a paper which outlined our conclusions on several high-level topics which were raised in the Issues Paper (the 'Conclusions Paper').¹⁶ We have not changed our position on those issues relative to what we proposed in December 2025. A summary recap of those issues and how we arrived at our approach is outlined below.

Table 5.1: High Level Approach to 2026 Determination

Topic	Approach
Form of the Price Cap	Maximum average revenue per passenger
Building Blocks (BB)	Retain BB approach
Market Power Assessment (MPA)	No further MPA ahead of 2026 Determination
Duration	5 years
Till Structure	Single Till
Independent Reporter	Considered not necessary
Sub-Caps	Sub-caps will likely not be introduced
RAB-Based	Retain RAB-based approach

Source: IAA

Form of the Cap

- 5.3 In the Issues Paper, we noted our intention to continue setting the price cap in the form of a maximum average level of Airport Charges revenue per passenger per year. This is broadly the approach that we have followed since 2001.¹⁷ A single price cap is set for each year, at a level which is based on the regulated entity recovering a level of revenue which is estimated to be sufficient to cover efficiently incurred costs. Rather than having an incentive to become more efficient than competitors, the regulated firm's incentive is to outperform the assumptions and targets set by the regulator.
- 5.4 Aer Lingus, Dublin Airport, IAG, IATA and Ryanair all support the continued use of a single maximum permitted average charge per passenger for each year of the regulatory period.
- 5.5 In the Conclusions Paper, we acknowledged stakeholders' preference for the consistency and transparency of maintaining the existing approach and proposed to set a single maximum level of airport charges per passenger which can be collected by Dublin Airport, for each year of the 2026 Determination.

Building Blocks Approach

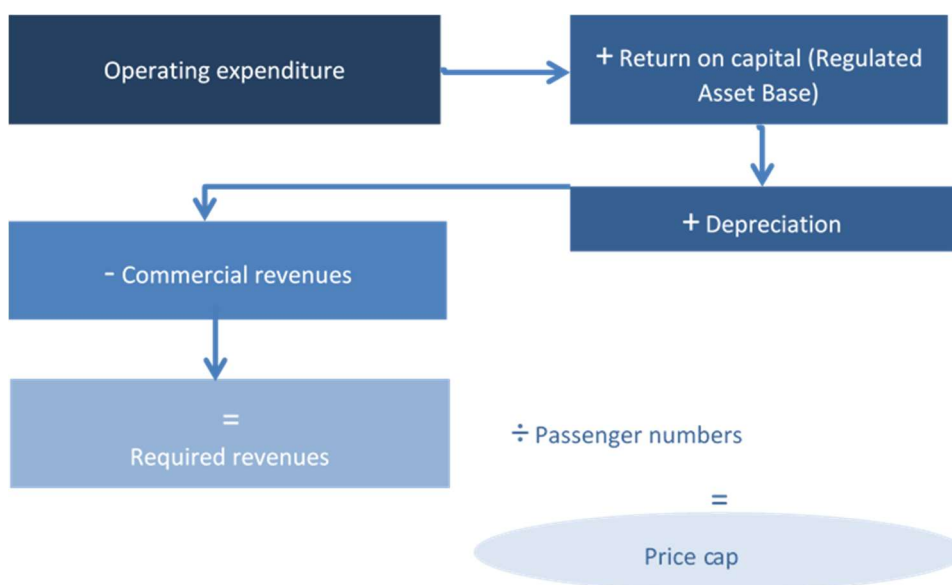
- 5.6 The building blocks approach involves estimating Opex, Capex, commercial revenues and passenger forecasts for each year of the regulatory period, together with estimating a cost of capital. We aim to set up a 'fair bet' such that if Dublin Airport operates efficiently, it can earn the reasonable level of profit implied by the cost of capital. If Dublin Airport outperforms

¹⁶ [Conclusions on High Level Issues](#)

¹⁷ The only exception to this was in 2020 when we set sub-caps on the level of revenues per individual airport charge, within 2020 only, in response to the Covid-19 pandemic.

expectations, it can earn additional profit, and where it is inefficient or downside risk materialises, it may earn less profit.

Figure 5.1: The Building Blocks Approach



Source: IAA

- 5.7 Each of the stakeholders who responded to the Issues Paper supports our proposal to maintain the building blocks methodology. Referring to what they consider to be a pattern of “*conservative forecasting*” by Dublin Airport, the IAG airlines emphasise the importance of a forecasting approach that is both “*challenging and achievable*”. Ryanair similarly points to Dublin Airport’s recent outperformance of certain forecasts, and highlights the importance of setting up a “*fair bet*” so as not to allow Dublin Airport what Ryanair describes as “*a margin for failure*”.
- 5.8 We have thus arrived at the annual maximum level of airport charges per passenger by estimating efficient allowances for operating and capital costs, forecasting commercial revenues and passenger volumes, for each year of the regulatory period.

Duration of Regulatory Period

- 5.9 In previous determinations, we considered that a five-year regulatory period struck an appropriate balance between medium term clarity over pricing, and limiting the forecasting risk involved in a multi-year determination. In the Issues Paper, we suggested that any argument in favour of moving away from the five-year regulatory period would need to be comprehensive in laying out the implications of a shorter/longer period on the building blocks.
- 5.10 Each of the airlines who responded to the Issues Paper, and also IATA, support a five-year regulatory period. While Dublin Airport suggests moving toward a 6-7 year period in the future, it accepts the “*merit and balance*” of maintaining a 5-year determination period.
- 5.11 As set out in Conclusions Paper and in line with User submissions, the 2026 Determination will cover the five-year period from 2027 to 2031.

Till Structure

- 5.12 We currently use a single till structure, with the potential to till exit certain developments. A single till means that all costs and revenues at the airport, including the costs and revenues associated with commercial activities such as retail and carparking, are collectively taken into account when setting the level of Airport Charges. A dual till approach involves estimating a split in the costs driven by aeronautical versus commercial activities, and setting Airport Charges based solely on the aeronautical cost base.
- 5.13 In the Issues Paper, we addressed Dublin Airport's suggestion to examine the till structure ahead of the 2026 Determination. We explained why we think the current till structure aligns with our statutory objectives. We confirmed that there was, in any case, insufficient time to undertake such a study ahead of this determination, and if any party was in favour of making such a change to the regulatory till, then they should propose this well in advance of the next determination period, rather than when the present determination was already underway.
- 5.14 The airlines, IAG and IATA responded to the Issues Paper supporting the retention of a single till structure. The airlines referred to the role of the single till in generating charges which reflect a competitive market and how it can allow airlines to benefit from Dublin Airport's strong commercial revenues.
- 5.15 We acknowledge Dublin Airport's proposal for a review of the current regulatory framework, including the till structure, in 2027. We would review any such application as might be provided by Dublin Airport at that time, with regard to our statutory objectives under the ANTA.

Market Power Assessment

- 5.16 In April 2025, Dublin Airport also asked us to conduct a Market Power Assessment (MPA) ahead of the 2026 Determination. In the Issues Paper, we similarly noted there would not be sufficient time to conduct such an assessment ahead of the 2026 Determination, and such requests need to be made well in advance of and not during an ongoing determination process.
- 5.17 The 2026 Determination is in fact the first new determination made since the ANTA was enacted in 2022, based on the last MPA which was carried out on behalf of the Department of Transport. The ANTA amended the 2001 Act to allow the IAA to, *"from time to time carry out a review to assess the market power held by an airport authority in a relevant market"*. Should Dublin Airport think that an MPA is warranted, it such make an associated evidence-based submission early in the 2026 Determination period (e.g. in 2027).

Approach to Risk

Allocation of Risk

- 5.18 Historically, the majority of risk has been allocated to Dublin Airport on the basis that it is the party best placed to control its performance, and to respond to unfolding circumstances within the regulatory period. Should Dublin Airport outperform our forecasts on a net basis (thereby earning additional EBITDA), then it retains the additional returns, while if it underperforms it bears the lower return. This creates appropriate incentives for Dublin Airport to maximise its performance relative to the targets we set. For this reason, in general, the building block inputs are not adjusted *ex post* to compensate either Dublin Airport or Users for outturn performance. The current risk approach does include price cap adjustments

to de-risk Dublin Airport in respect of inflation, and also to pass through changes in certain Opex categories considered to be largely outside of Dublin Airport's control.

- 5.19 In the Issues Paper, we reflected on Dublin Airport's historic performance, including its ability to limit costs when traffic underperformed during the 2009 Determination, and conversely the ability to manage additional passenger numbers and maximise commercial revenue during the 2014 Determination.¹⁸ Our analysis illustrated that in 'normal times', Dublin Airport has been able to consistently outperform the regulatory settlements, with outperformance ranging from modest (such as during the traffic downside over 2010-2014) to significant (such as during the traffic upsides from 2015-2019 and 2023-2024). We noted that a major downside, such as Covid-19, is best dealt with through considering an interim review of the determination. We found that over the 15 years, including the Covid-19 impacted period, an *ex post* review suggests that the regulatory model has been successful in setting up a 'fair bet' over time.
- 5.20 We outlined our position that the existing approach to risk allocation (inclusive of the risk sharing adjustments described above) would likely be appropriate for the 2026 Determination also. We consider that our key objectives, aligned with the interests of Users, are overall fair pricing, and generating the correct incentives. The introduction of any further mechanisms may lead to a risk of these objectives being lost or occluded in the pursuit of complexity or false precision. We emphasised in the Issues Paper that any addition to the current risk sharing structure would need to be supported by strong evidence (such as a cost-benefit analysis) and a comprehensive proposal.¹⁹
- 5.21 Further discussion of the z factor (inflation) is contained in Section 13 and submissions on the Opex passthrough mechanism are covered in Section 7. Our approach to balancing flexibility and efficiency through capital expenditure allowances, including StageGate, grouped allowances and the designation of triggers for projects which are a delivery-risk, is detailed in Section 10.

Responses on Risk Allocation

- 5.22 Aer Lingus, British Airways, IAG and Iberia support Opex risk remaining fully with the airport operator, other than for genuinely uncontrollable passthrough costs, noting that Dublin Airport remains best placed to manage its own expenditure. Aer Lingus supports the retention of the Opex passthrough mechanism.
- 5.23 Dublin Airport asserts that the existing approach to risk allocation has supported financial viability while maintaining service quality. Dublin Airport states that any change to the approach to risk allocation should continue to support Dublin Airport's ability to raise debt at competitive rates. It contends that, if allocating a large proportion of risk to Dublin Airport remains in the interest of Users, this should be reflected in the cost of capital.
- 5.24 Dublin Airport believes that the Opex passthrough mechanism should be extended to include other cost lines that, according to Dublin Airport, are largely outside its control, including regulatory compliance costs relating to security upgrades or sustainability mandates, insurance premiums, and utility costs subject to market volatility.
- 5.25 IATA believes that Dublin Airport should bear both the traffic and cost risk, noting that if Dublin Airport did not face the cost risk, it would not be incentivised to outperform the

¹⁸ Charts 4.4 and 4.5 of the 2025 Issues Paper

¹⁹ Paragraphs 4.62, 4.63 of the Issues Paper

targets set by the IAA.

- 5.26 Ryanair suggests that in practice, Dublin Airport does not fully hold the volume risk because, it states, the existing risk sharing and pass-through mechanisms favour Dublin Airport at the expense of Users. Ryanair states such mechanisms should therefore be reduced in scope.
- 5.27 As in previous determinations, Ryanair resists any suggestion of further risk sharing mechanisms being introduced, which it says disproportionately transfer the burden of risk from Dublin Airport to Users. Similar to the IAG airlines, it states that Dublin Airport is the entity best placed to manage risk, including traffic risk.

IAA Response

- 5.28 We acknowledge Dublin Airport's position that "*continuing the existing approach to risk allocation appears reasonable*". We address further its proposed amendments to the current risk sharing mechanisms in the relevant sections of this paper.
- 5.29 In response to Ryanair, while Dublin Airport may reap the benefits within period, Users ultimately gain from Dublin Airport's outperformance, when the targets are reset to reflect Dublin Airport's improved efficiency and commercial revenue performance. This is not just a theoretical prospect, but has materialised in practice in the form of improved value for Users in both the 2015-2019 period, and again over 2023-2026 (leading to the reduction in pricing reflected in this Draft Determination).
- 5.30 We note that Ryanair opposes any additional risk sharing mechanism, and we see no support from other users for any substantial change to the system of risk allocation.

Conclusions

- 5.31 Overall, in line with the general lack of support for any extensive changes to risk allocation from all stakeholders, we are proposing an approach which is mostly in line with that followed in the 2022 Review Decision, as suggested in the Issues Paper.

6. Passenger Forecast

- 6.1 We forecast that passenger numbers will grow from 37.9 million in 2026 to 44.5 million in 2031, an average annual growth rate of 3.24% over the period. This is slightly above the growth rate we had forecast in the Original 2019 Determination, but below the rate forecast in the 2022 Review Decision. Our forecast is higher than the forecast in Dublin Airport's Regulatory Proposition.

Summary

Table 6.1: Passenger Forecast 2026-2031

	2025a	2026f	2027f	2028f	2029f	2030f	2031f
Passengers (m)	36.4	37.9	39.4	40.8	42.0	43.2	44.5
Annual Change (%)		4.1	4.0	3.4	3.0	3.0	2.8

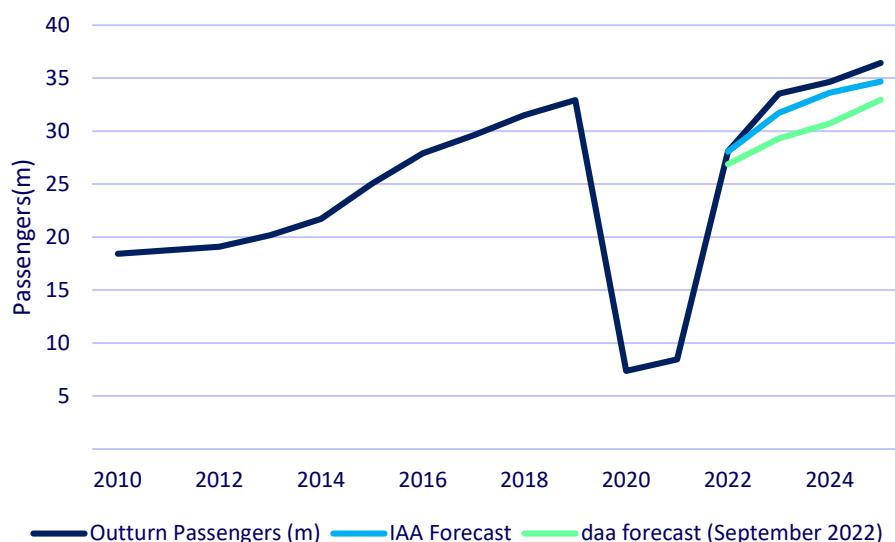
Source: IAA

- 6.2 To generate our draft forecast, we have reviewed a wide range of evidence, considered recent outturn passenger numbers up to end May 2026, considered submissions on the medium-term plans of the two airlines with the largest operations at Dublin Airport, and the most recent long-term industry growth expectations. We ultimately arrive at a demand-led traffic forecast which anticipates that Dublin Airport will serve a combined total of 210 million passengers between 2027-2031.

Review of Outturns and Previous Forecasts

- 6.3 Figure 6.1 illustrates the consistent year on year growth in passenger numbers in the 10 years preceding the Covid-19 pandemic. The impact of the pandemic was reflected in passenger numbers over 2020-2022 which fell to 22%, 26% and 85% of their pre-pandemic levels respectively. However, as we noted in the 2025 Issues Paper, outturn traffic in the period following the pandemic exceeded our expectations from 2022, and even further surpassed Dublin Airport's forecast. By 2023, traffic had exceeded 2019 levels, and in 2024 and 2025 Dublin Airport recorded passenger numbers which were 5% and 11% above 2019.

Figure 6.1 Outturn Passenger Numbers 2010-2025, 2022 Review Decision Forecast



Source: 2022 Review Decision, Dublin Airport

- 6.4 Also evident from Figure 6.1 is Dublin Airport's under-estimation of passenger numbers. Over the period 2023-2025, Dublin Airport's forecast was on average 11% below outturn. Over the same period, the IAA's forecast was on average 4% below outturn.

Overview of 2025 Issues Paper Responses

- 6.5 Aer Lingus, British Airways, IATA, Iberia Express and Vueling all support the proposal that we develop our own independent passenger forecast. The IAG airlines noted the importance of setting the forecast based on the principle of a 'fair bet', based on range of robust evidence which, they submit, should include bottom-up forecasts provided by airlines.
- 6.6 Dublin Airport believes that a "*bottom-up approach*" is required. Dublin Airport's preferred forecasting approach is to use a multivariate model, blended with a passenger-to-population elasticity and industry forecasts. This, it asserts, would account for various scenarios, by using a variety of inputs instead of relying on a single input. The model would be fully transparent and replicable, with all sources being publicly available.
- 6.7 IATA suggests that we combine a 'top down' (statistical analysis) approach for the medium term, with a 'bottom-up' (i.e. airline inputs) approach for adjusting the earlier years of the forecast.
- 6.8 Ryanair submits that previous forecasts were understated, resulting in a price cap which was too high. Ryanair requests that an 'airport charges' term is included in any multivariate model.

Overview of the 2019 and 2022 Approaches

2019 & Previous

- 6.9 The 2009 and 2014 determinations, and the Original 2019 Determination, all used a simple causal forecast to estimate passenger traffic volumes, based on a single explanatory variable (changes in Irish GDP) and time-series trends. After estimating the elasticity of the historical relationship between passenger numbers at Dublin Airport and Irish GDP, we combined that elasticity with forecast GDP growth from the most recent IMF publication. This approach is used widely in other European airports and has proven to be historically accurate for Dublin Airport, subject to the accuracy of the GDP forecast itself. The GDP forecast has, in the past, been the main source of forecasting error within this model.

2022 Review Decision

- 6.10 In 2022, we acknowledged that the previous approach would not be suitable, given that the relationship between Irish GDP and passenger numbers at Dublin Airport had been severed due to Covid-19. Instead, we took the following approach:
- To establish the baseline for 2022, we used outturn passenger numbers from January-November and used operated capacity in 2022 and scheduled capacity for the remainder of December to estimate that total seat capacity for the year would reach 90% of 2019 levels.
 - The forecast passenger numbers for 2023 and 2024 were based on the respective EUROCONTROL 'base' scenario Terminal Navigation Service Unit (TNSU) forecasts, and an assumption of load factors reverting to 2019 levels. We used the October 2022 Base TNSU forecast to estimate the projected growth rate between 2019, and 2023 and 2024.
 - For 2025 and 2026, we reverted to the approach followed in the Original 2019 Determination (and prior to that), modelling passenger traffic growth as a function of Irish GDP.

- 6.11 As part of our analysis for the 2022 Review Decision, we also estimated 2023 passenger numbers based on scheduled seat capacity. We assessed the historic link between scheduled seats at initial coordination relative to seats actually operated. We used that trend in combination with scheduled seats up to the end of Summer 2023, the recent summer/winter split, and a forecast (stable) annual load factor. That approach produced an estimate of 33.6m passengers for 2023, which ultimately proved to be the most accurate forecast.
- 6.12 The traffic forecast which Dublin Airport developed ahead of the 2022 Review Decision also used EUROCONTROL's October 2021 TNSU forecasts for Ireland as its capacity variable. It assessed upper and lower bounds for load factor performance for each year up to and including 2026, and then applied a Monte Carlo simulation analysis to produce an annual passenger traffic forecast.

Methodologies and Forecasts Considered

- 6.13 In the 2025 Issues Paper, we proposed to assess all forecasts and evidence available to us, including EUROCONTROL TNSU forecasts, slot filings, load factors, GDP projections, airline and industry forecasts. We expressed a preference for an independently developed, simple and transparent forecast. In response to this proposal, stakeholders made the following comments:
- Dublin Airport stated that its preferred approach is a blended model using historic passenger growth, GDP/GNI* (for Ireland) elasticities by regions, population growth, and industry forecasts. It suggested that some weight should be afforded to industry forecasts, such as the EUROCONTROL TNSUs, ACI and IATA forecasts.
 - The IAG airlines proposed to develop and share their own passenger forecasts with us. Aer Lingus noted that its bottom-up estimate would make use of internal network planning insights, fleet plans, market dynamics, economic and industry outlook, historic benchmarks and route development.
 - IATA also stated its intention to share its traffic forecast with us ahead of the Draft Determination.
 - Ryanair responded that third party forecasts are not a substitute for robust forecasting. Ryanair also considers that as EUROCONTROL forecasts aircraft movements, it may not be suitable to use for forecasting passenger traffic.

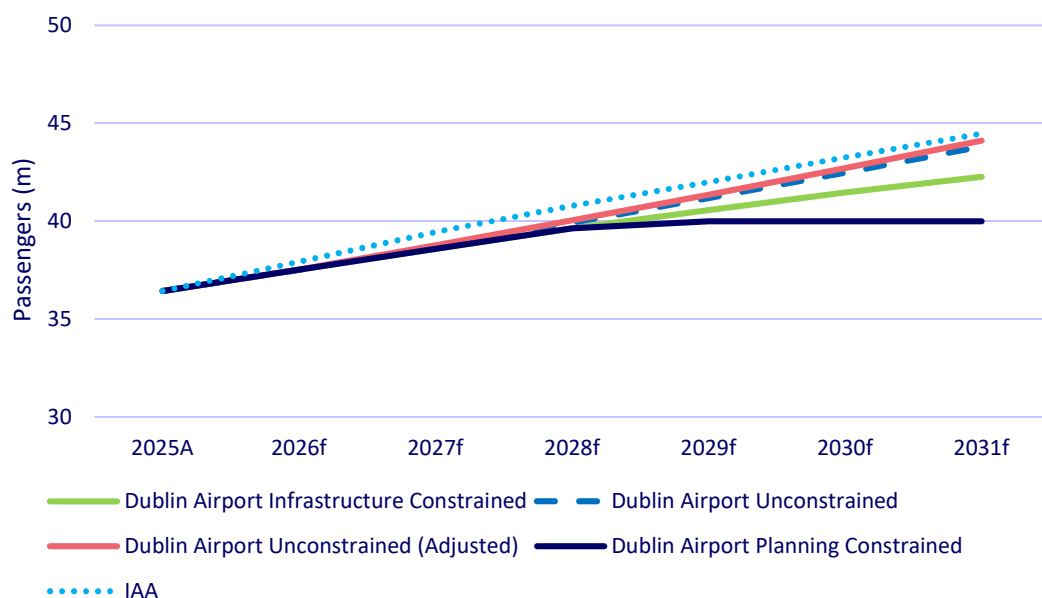
Dublin Airport's Regulatory Proposition

- 6.14 Dublin Airport developed three passenger forecasts, which are shown in Figure 6.2 below. First, it estimated an unconstrained forecast in which passenger traffic would grow to almost 44m by 2031. It then estimated a 'Planning Constrained' forecast, in which passenger volumes would be limited to 40mppa for the whole regulatory period. It also estimated an 'Infrastructure Constrained' forecast, in which it assumed that such constraints would limit passenger growth to 42.3m by 2031. Its Regulatory Proposition is based on the 'Infrastructure Constrained' forecast.
- 6.15 As more recent updates are now available in respect of some of Dublin Airport's inputs, we have also updated Dublin Airport's unconstrained forecast, shown as *Dublin Airport Unconstrained (Adjusted)* below. This forecast updates Dublin Airport's unconstrained forecast in the following ways:

- Replacing the GNI* forecast (and outturn for 2025) with the forecast from March 2026 CBI Quarterly Bulletin.²⁰
- Replacing the EUROCONTROL October 2025 TNSU forecast with the March 2026 TNSU forecast.
- Replacing the ACI global CAGR forecast with the ACI World Airport Traffic Forecasts (WATF) 2025–2054 CAGR for Dublin.²¹
- Replacing the IATA forecast Europe CAGR from the 2024–2044 forecast with the CAGR for Ireland from the 2024–2050 forecast from February 2026.

6.16 The above are the only changes we make to Dublin Airport’s unconstrained model to arrive at the adjusted unconstrained forecast. By making such adjustments, Dublin Airport’s unconstrained forecast shows a 2026–2031 CAGR of 3.29%. Each of these forecasts, together with our draft forecast for comparison, are shown below.

Figure 6.2: Dublin Airport's Regulatory Proposition Passenger Forecasts



Source: Dublin Airport, IAA Calculations

Dublin Airport’s Unconstrained Forecast

6.17 Dublin Airport states that it does not agree with the use of a univariate model, but it can be a good starting point from which to develop a more complex model. Its unconstrained forecast, which results in 206 million passengers across 2027–2031, is developed using a blended model. The model weights different components as outlined in Table 6.2.

²⁰ Note that we did not substitute our GNI* CAGR for 2029–2031, we retained DAP’s values. If we did, the forecast pax would be higher.

²¹ The CAGR for Dublin was estimated by using a sharing key of 85% for DUB from the traffic estimation for Ireland (including DUB, ORK, SNN, NOC).

Table 6.2: Dublin Airport's Unconstrained Model

Input	Description	Weight
Multivariate GNI*/GDP growth model	Dublin Airport estimates the elasticity between passenger numbers and GDP/GNI*, for four different regions, of originating passengers between 2000-2025.	40%
	The elasticity is multiplied by that region's GDP/GNI* forecast growth rate for each year.	
	A weight is assigned to each region based on its share in total O&D passengers at Dublin Airport in 2025: 59% Ireland, 14% UK, 5% US, 22% EU.	
Historic Point to Point Passenger growth	6-year CAGR of passenger numbers, beginning in 2019.	15%
Population	Population-to-passenger numbers regression 2000-2025. Elasticity is applied to CSO population growth forecast.	15%
Industry Forecasts	ACI World, IATA, and EUROCONTROL TNSU forecasts. ²²	30% (10% each)

Source: Dublin Airport Regulatory Proposition

- 6.18 The blended model results in a CAGR across 2026-2031 of 3.15%. As referenced above, we have also updated Dublin Airport's model with inputs that have become available since the Regulatory Proposition was finalised.

Infrastructure Constrained

- 6.19 The forecast which Dublin Airport proposes to use for the 2026 Determination is the Infrastructure Constrained forecast, which Dublin Airport says accounts for capacity constraints associated with the current infrastructure. This forecast results in a 2026-2031 CAGR of 2.4%, with 202.5m passengers over the regulatory period.
- 6.20 The Infrastructure Constrained forecast was developed using a 'busy day' total number of passengers, based on a forecast flight schedule, and then calculating an annual-to-busy-day ratio of passenger traffic, and considering how this might be expected to evolve. Dublin Airport then identified new activity within the forecast schedule which would not be accommodated due to capacity limitations it had identified, such as parking stands and US Preclearance.

Planning Constrained

- 6.21 Dublin Airport also provides a traffic forecast which is capped at 40 million passengers per year from 2029-2031. This forecast, according to Dublin Airport, addresses the scenario in which its 40mppa Infrastructure Application is approved but there is an effective annual cap of 40 million passengers in place.
- 6.22 Dublin Airport is proposing an Asymmetric Risk Adjustment (ARA) to compensate for, among other things, what it sees as *"the shortfall between what passenger numbers would have been absent a cap and what they actually become due to the cap"*. We note that Dublin Airport is proposing such an adjustment despite also forecasting passenger levels to exceed 40m. We address the ARA proposal in full below.

Other Forecasts

- 6.23 We have considered forecasts from Airports Council International (ACI), EUROCONTROL

²² Dublin Airport estimates the elasticity between passenger numbers and historic TNSUs which is then applied to the forecast TNSUs to determine a passenger growth rate. The elasticity is determined by using outturn TNSUs from 2019-2025 and using dummy variables for 2020-2022.

(STATFOR), International Air Transport Association (IATA), and Skylark Consulting Group on behalf of Aer Lingus/IAG. As explained below, in some cases we have combined these forecasts with other assumptions to make them applicable to passenger volumes at Dublin Airport.

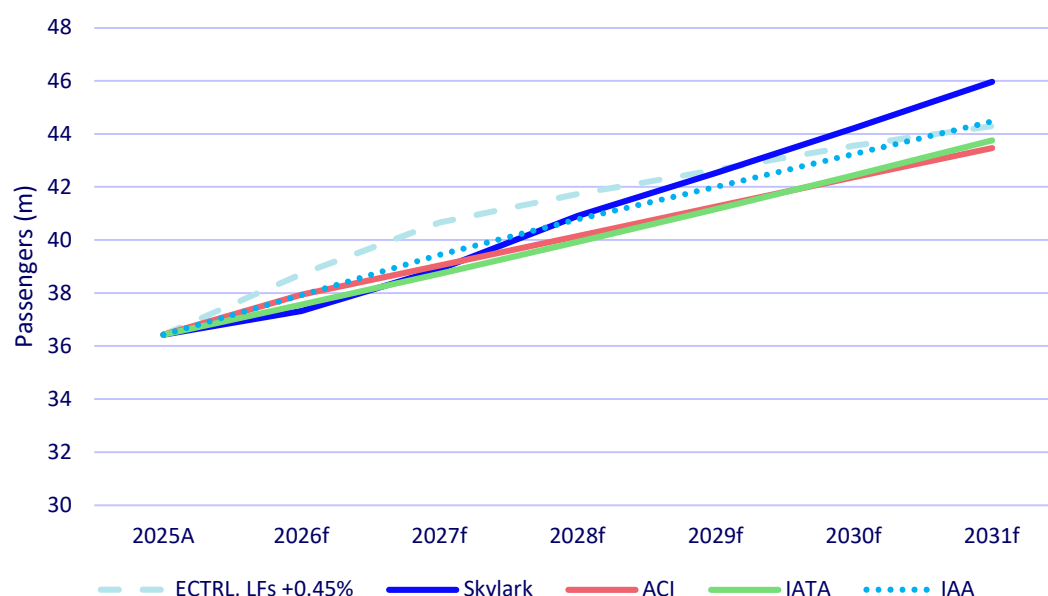
Table 6.3: Overview of Forecasts

Source	Description	Date
ACI	ACI World Airport Traffic Forecasts (WATF) 2025–2054 ²³ Traffic forecast for Ireland (DUB, ORK, SNN, NOC). Sharing key for DUB based on 2025 share of traffic.	January 2026
ECTRL, LFs+0.45% ²⁴	EUROCONTROL STATFOR forecast of Terminal Service Units for Ireland, Dublin Airport's forecast of load factor growth.	March 2026
IATA	IATA Long-Term Air Transport Passenger Demand Projections 2025 to 2050 ²⁵ . Passenger growth forecast using a 3.1% CAGR for Ireland 2027-2031.	February 2026
Skylark	Prepared for Aer Lingus for the purpose of this process.	May 2026

Source, ACI, Dublin Airport, Eurocontrol, IATA, Skylark, IAA calculations

6.24 These forecasts are displayed in Figure 6.3 below, again with reference to our draft forecast for comparison, and then discussed further below.

Figure 6.3: Other Forecasts



Source: EUROCONTROL, Aer Lingus/Skylark, ACI World, IATA, IAA Calculations

6.25 In addition to the forecasts discussed below, a range of airlines, collectively representing a large majority of the traffic at Dublin Airport, have also provided us with forecasts of their own traffic at Dublin. Collectively, these forecasts show a similar picture to that presented by Aer Lingus/Skylark. We note however that such forecasts should also be viewed with some circumspection, similar to Dublin Airport's forecast. Where Dublin Airport may have an incentive to underestimate likely centreline traffic growth, airlines may have an incentive to overestimate it.

²³ <https://store.aci.aero/product/aci-world-airport-traffic-forecast-watf-2025-2054/>

²⁴ The ECTRL, LFs +0.45% methodology forecasts passenger numbers based on forecast operated seat capacity and assuming load factors grow at +0.45% per year within the period, as stated in Dublin Airport's Regulatory Proposition.

²⁵ <https://www.iata.org/en/publications/reports/iata-long-term-air-transport-passenger-demand-projections/>

Airports Council International (ACI) World Airport Traffic Forecast 2025-2054 (WATF)

- 6.26 ACI World published its World Airport Traffic Forecasts (WATF) 2025–2054 in January 2026. The WATF forecasts commercial traffic growth at the country level, which for Ireland includes Dublin, Cork, Shannon, and Knock airports. We applied a traffic sharing key of 85% Dublin, based on outturn traffic levels in 2025.²⁶ We note that Dublin Airport uses the ACI growth forecast as an input to its unconstrained forecast model, though it uses a global CAGR of 3.4% rather than an Ireland specific growth rate.

EUROCONTROL (STATFOR)

- 6.27 EUROCONTROL is a pan-European organisation, which provides operational, coordination and project implementation support in respect of air traffic management. STATFOR is EUROCONTROL's traffic forecasting service. STATFOR publishes bi-annual forecasts for three different air navigation related parameters: IFR movements, En-route service units (TSUs) and Terminal service units (TNSUs). For each parameter, STATFOR estimates a Low, Base, High and growth scenario. STATFOR defines the base scenario as follows: *"This 'most likely' scenario is characterised by moderate economic growth, with regulation reflecting environmental, social and economic concerns to address aviation sustainability. This scenario follows current trends and what are seen as the most likely trends in the future".*²⁷
- 6.28 TNSUs relate to terminal air navigation services, comprising aerodrome control and aerodrome flight information services and air traffic services related to approach and departure of aircraft.²⁸ The TNSU forecast has two components: a forecast of the aircraft weight coefficients, and a departures forecast which comes straight from the flight forecast. As we referenced in the 2022 Review Decision, STATFOR does not distinguish between the airports of Dublin, Cork, Shannon in its TNSU forecasts. As Dublin Airport accounts for the vast majority of flights at these airports, it is the main driver of the forecast.
- 6.29 The 'Base' scenario is generally used for 5-year Air Navigation Services Performance Plans established under the Single European Sky regulations.²⁹ The current Performance Plan for Ireland, which was developed by us in 2024, used the 'Base' scenario from March 2024.
- 6.30 Publication of the 2026 Spring forecast was delayed due to the geopolitical developments in the Gulf region and across the Middle East. In the report published alongside the traffic forecast, it states that *"2026 had been predicted to record growth rates nearing 2025 ones owing to the stronger economic outlook, and positive expectations from aircraft operators, particularly low-cost carriers – but following the escalation of the Middle East crisis at the end of February, the forecast has been revised downwards"*. It notes that the *"revision reflects increased geopolitical uncertainty, weaker demand assumptions, and operational disruptions, all of which are partly offset by still-solid underlying traffic momentum"*.³⁰
- 6.31 The latest STATFOR forecast reflects the developments in the Middle East in the following ways:
- The baseline uses Oxford Economics' latest assumptions (from March 2026), which already integrate a temporary logistical disruption (i.e. through the Strait of Hormuz), and treats airport closures as risks rather than the baseline.

²⁶ <https://aci.aero/2026/01/28/aci-world-releases-global-airport-traffic-forecasts-as-long-term-demand-growth-continues-to-reshape-aviation/>

²⁷ <https://www.eurocontrol.int/sites/default/files/2024-12/eurocontrol-aviation-long-term-outlook-flights-co2-forecast-2024-2050.pdf>

²⁸ <https://www.eurocontrol.int/ServiceUnits/Dashboard/TerminalUnitRatesInForce.html>

²⁹ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019R0317&from=EN>

³⁰ <https://www.eurocontrol.int/publication/eurocontrol-forecast-2026-2032>

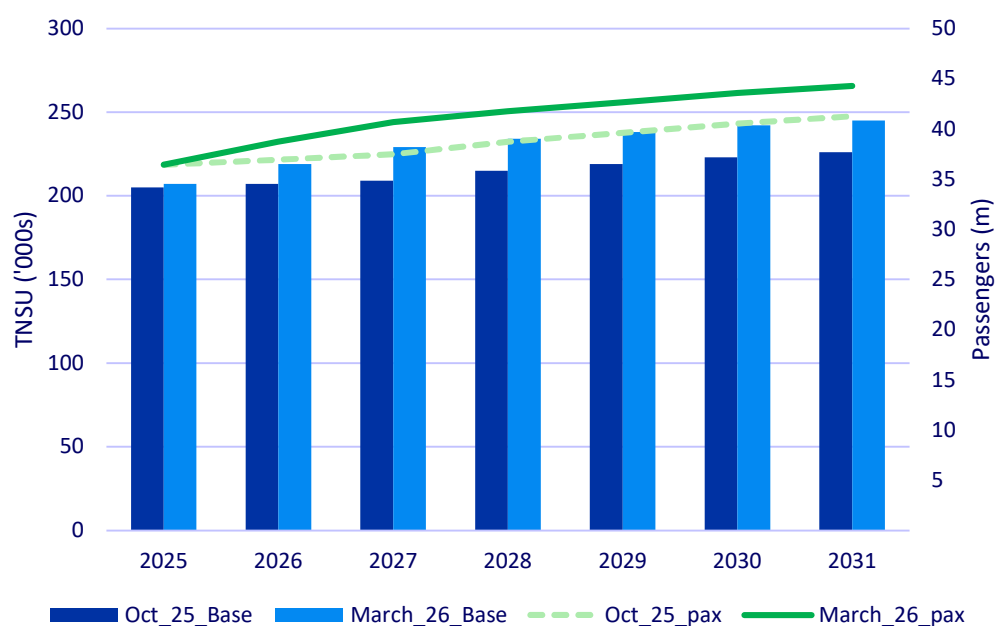
- STATFOR has applied a downward adjustment to traffic flows on the ECAC-Middle East/Israel corridors.³¹
- The 2026 inflation outlook has been revised slightly upwards, reflecting higher oil and gas prices.
- The forecast does not include any explicit assumptions regarding possible flight reductions linked to higher jet fuel prices.

6.32 Ultimately, STATFOR assessed that the macroeconomic impact of the Middle East crisis in Europe will be modest and reversed in 2027. In Figure 6.4 below, we combine the TNSU forecast (which provides the air traffic component) with Dublin Airport's forecast annual load factor growth of +0.45%, as follows:

- Calculate the projected growth rate in TNSUs between 2025 and 2026.
- Apply the growth rate to 2025 operated seats.
- Add 0.45% to the load factor for 2025 to estimate a 2026 load factor.
- Apply the 2026 assumed load factor to the estimated level of operated seats to estimate 2026 passengers.
- Repeat this process for each year of the determination.

6.33 Figure 6.4 illustrates the TNSU difference between the Autumn 2025 forecast (used by Dublin Airport) and the Spring 2026 forecast, and the corresponding difference in forecast passenger numbers. The solid green line represents the passenger numbers generated by the latest STATFOR forecast, estimating a CAGR of 2.73% between 2026-2031. While this is a lower overall CAGR than Dublin Airport's unconstrained forecast, we note that STATFOR's current forecast implies a much higher 2026 baseline of 38.7m relative to what Dublin Airport has estimated in its forecast (37.5m).

Figure 6.4: Forecast Level of TNSUs and Passengers 2026-2031



Source: STATFOR October 2025, March 2026, IAA Calculations, Regulatory Proposition

³¹ The European Civil Aviation Conference (ECAC) is an intergovernmental organization which was established by ICAO and the Council of Europe. ECAC now totals 44 members, including all 27 EU, 31 of the 32 European Aviation Safety Agency member states, and all 41 EUROCONTROL member states.

- 6.34 We expect another STATFOR publication in Autumn 2026, which we will review ahead of the Final Determination and update our assumptions accordingly. Given the most recent traffic developments, that forecast may indicate a lower level of TNSU's for 2026 than the March 2026 forecast. The updated STATFOR forecasts have previously shown relatively high levels of variation from the preceding forecast, and we will need to consider the impact of using the forecast in the Final Determination if the Autumn forecast represents a significant shift relative to the March forecast.

International Air Transport Association (IATA)

- 6.35 IATA published its long-term Air Transport Passenger Demand Projections, up to 2050, in February 2026. It estimates three growth scenarios: low, medium, high. In the mid-growth scenario, the global total Revenue Passenger Kilometres (RPK) is expected to grow at a CAGR of 3.1% over 2024-2050.
- 6.36 The most granular level of the IATA forecast is by country. IATA's projected CAGR for Ireland over 2027-2031 is 3.1%. IATA uses a dummy variable for the Covid-19 period, which varies by country. For Ireland, the Covid-19 period is treated as 2020-2021. The IATA forecast is based on demand drivers such as long-term economic outlook and population growth rate at country level, and supply side factors including flight movements and ticket prices. While IATA issues two such publications per year, we understand that the next update is likely to be available in November/December, which may be too late to consider ahead of the Final Determination.

Aer Lingus/Skylark

- 6.37 On behalf of Aer Lingus, Skylark's passenger forecast is developed by estimating the elasticity between passenger numbers at Dublin Airport over the period 1997-2025, and outturn i) GDP and ii) GNI*. Skylark applies those elasticities to GDP and GNI* forecasts from the Central Bank of Ireland's (CBI) Q1 Bulletin to generate two separate traffic forecasts, and proposes to use the average of the two. As the CBI only forecasts up to 2028, the growth rates for the last three years of the period are extrapolated based on the combined average growth rates between 2025-2028, 2.8% for GNI* and 3.6% for GDP.
- 6.38 Skylark's forecast is below our draft forecast at the beginning of the period, but then significantly exceeds it from 2028-2031, with 46m passengers forecast in 2031. Skylark forecasts a cumulative passenger total of 212.3m over 2027- 2031.

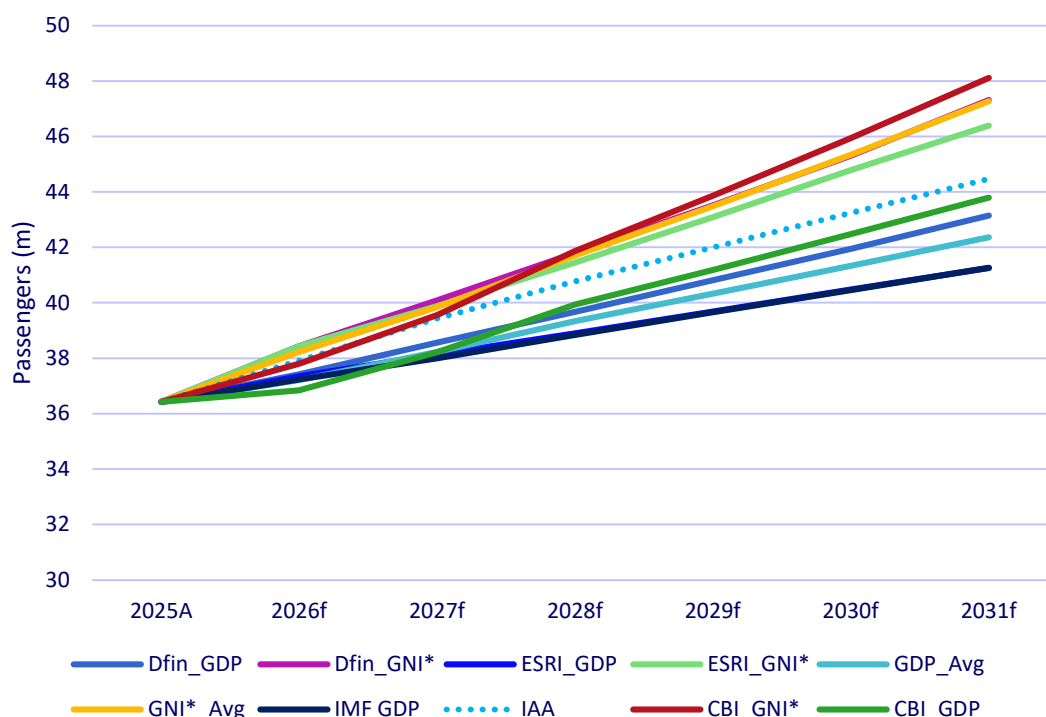
Choice of Macroeconomic Indicator

- 6.39 In response to the 2025 Issues Paper, stakeholders made the following submissions regarding the use of Irish GDP:
- Dublin Airport suggested the use of Modified Gross National Income (GNI*) instead of GDP, due to the growing divergence of GDP from Irish economic activity.³² It did, however, acknowledge that the limited availability of GNI* forecasts is a challenge.
 - Ryanair acknowledged the merit in placing more weight on domestic data sources such as the Central Bank of Ireland, Department of Finance and the ESRI in the short term, while also acknowledging that the IMF is currently the only source of long-term GDP forecasts.
 - Aer Lingus/Skylark also question the appropriateness of using GDP as the only driver of passenger growth.

³² GNI* differs from GDP by the net amount of incomes sent to or received from abroad, so it excludes the net profits of companies that have been sent abroad. <https://www.cso.ie/en/interactivezone/statisticsexplained/nationalaccountsexplained/modifiedgni/>

6.40 The passenger forecast in previous determinations has relied upon the IMF's forecast of Irish GDP as the single driver of passenger growth. We have previously explored using GNP as our growth variable, but ultimately did not find sufficient evidence to move away from the IMF GDP forecast.³³ In recent years, however, GNI* has emerged as a preferred indicator of the performance of the Irish domestic economy. Institutions such as CBI and the ESRI are now publishing forecasts of GNI*, which provides an alternative indicator to consider. Figure 6.5 illustrates passenger forecast series using various forecasts of macro-economic activity (both GDP and GNI*) in Ireland, again compared to our draft forecast for reference.

Figure 6.5: Passenger Forecasts Using Macro-Economic Variables



Source: CBI March 2026, Department of Finance April 2026, ESRI December 2025, IMF WEO April 2026, IAA Calculations

Stakeholder Views

6.41 Dublin Airport's passenger forecast uses GNI* as its measure of economic activity in Ireland. It estimates the historic relationship between GNI* in Ireland and passenger numbers at Dublin Airport as a proxy for future air travel demand. This variable receives the highest weighting (40%) in its blended model. Dublin Airport states that its use of GNI* for Ireland is driven by the widening gap between GDP and GNI*. It says that GDP "overstates the wealth of the Irish economy and its residents' income".

6.42 Aer Lingus/Skylark also use GNI* as an input to its passenger forecast model, stating that a large share of Irish GDP is driven by the activities of US and global multinational corporations that are based in Ireland, which artificially inflates Irish GDP. While it argues that GNI* is a better measure of domestic activity in Ireland, Skylark also notes that, econometrically, GDP has been shown to have a stronger relationship to passengers at Dublin. Essentially, unlike Dublin Airport, Skylark finds merit in giving weight to both GDP and GNI*.

6.43 We note that in response to the Issues Paper, Ryanair suggested placing more weight on

³³ See Original 2019 Determination.

domestic data sources insofar as they are available. It acknowledged that the IMF is currently the only source of long-term GDP forecasts.

Forecast Sources

6.44 In Table 6.4 we outline the various sources of GDP and GNI* which are currently available, and which we have considered in our analysis. Ahead of the Final Determination, we will consider any updated forecasts published by the below institutions.

Table 6.4: GDP, GNI* Forecasts 2026-2031

Institution	Publication	2026f	2027f	2028f	2029f	2030f	2031f
CBI GDP	QB1 March 2026 Forecast	1.3%	4.3%	5.2%	3.6%	3.6%	3.6%
CBI GNI*	QB1 March 2026 Forecast	2.2%	2.7%	3.4%	2.8%	2.8%	2.8%
Dfin GDP	Annual Progress Report April 2026	3.1%	3.5%	3.3%	3.3%	3.2%	3.3%
Dfin GNI*	Annual Progress Report April 2026	3.2%	2.5%	2.5%	2.4%	2.4%	2.6%
ESRI GDP	Ireland's Med term economic outlook (December 25)	2.9%	2.4%	2.3%	2.3%	2.3%	2.2%
ESRI GNI*	Ireland's Med term economic outlook (December 25)	3.2%	2.2%	2.3%	2.3%	2.3%	2.1%
IMF GDP	April 2026 WEO	2.5%	2.4%	2.6%	2.4%	2.3%	2.3%
GDP Average	IMF, ESRI, Dfin, CBI	2.5%	3.1%	3.3%	2.9%	2.9%	2.8%
GNI* Average	ESRI, Dfin, CBI	2.9%	2.5%	2.7%	2.5%	2.5%	2.5%

Sources: Central Bank of Ireland, Department of Finance, ESRI, IMF, IAA Calculations

2031 Values for Department of Finance are based on 2025-2030 CAGR, 2029-2031 values for CBI forecasts are based on 2025-2028 CAGR

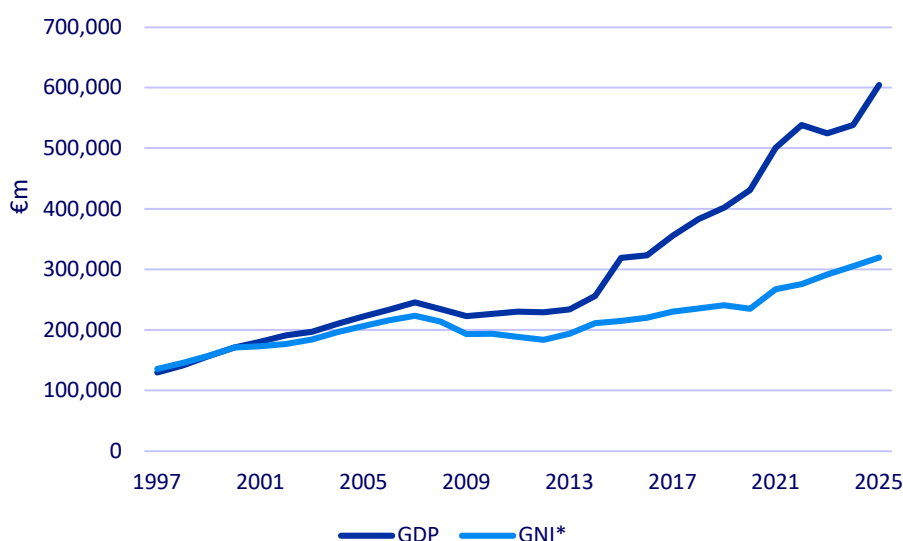
6.45 For previous determinations, the only source of GNI* forecasts was the CBI quarterly bulletins, which focussed on shorter term projections. Now, as shown in Table 6.4, both the Department of Finance and the ESRI have published GNI* forecasts up to 2030 and 2031 respectively.

IAA Proposed Approach

GDP versus GNI* Considerations

6.46 We think that there is merit in the arguments made by both Dublin Airport and Skylark on the challenges of relying solely on GDP as a measure of economic activity. The GDP forecasts for Ireland have consistently not predicted the large year-on-year fluctuations which have been observed, which has likely weakened the estimated elasticity. As Dublin Airport showed in its Regulatory Proposition, and as illustrated in Figure 6.6 below, the gap between GNI* and GDP has widened in the last 10 years and has been growing more pronounced in each year. A clear consensus emerges from across the stakeholder and other evidence that sole reliance on GDP would likely produce an understated demand-led forecast.

Figure 6.6: Difference Between GNI*, GDP 1997-2025



Source: cso.ie, IAA calculations

6.47 We have also investigated the econometric relationship between historic passenger numbers, and outturn GDP and GNI*. This is discussed in more detail in Appendix 3. Our analysis finds that for both time periods, 1997-2025 and 2000-2025, there is a stronger relationship between outturn GDP and passenger numbers in the scenario where dummy variables are included for 2020-2022. The standard errors are also lower in the GDP model.

Table 6.5: Regression Output: GDP, GNI*, Passenger Numbers³⁴

Period	Standard Error		R Sq	
	GNI*	GDP	GNI*	GDP
1995-2025	0.16	0.09	0.82	0.82
1997-2025	0.20	0.10	0.77	0.78
2000-2025	0.27	0.13	0.72	0.74

Source: cso.ie, Dublin Airport Regulatory Accounts, IAA Calculations

6.48 We note that Dublin Airport uses the time period 2000-2025 in its econometric analysis, stating that *“the inclusion of time periods very far distant in the past would no longer be a suitable reflection of the present and future”*. Skylark uses data from 1997-2025 in its analysis and refers to the strong passenger growth recorded over the period of 1997-2000.

6.49 We continue to use data from 1997-2025 to estimate the relationship between passenger numbers and a) Irish GDP and b) Irish GNI*. We do not agree with Dublin Airport that data pre-2000 is irrelevant to the present/future relationship, as no significant change to the operating conditions of the airport occurred at this time. As shown in Table 6.5, the models with the most data points have the lower standard errors and the higher R² values, which indicates a model with a better fit.

6.50 While there is merit in relying on the IMF as an independent, unbiased forecaster of Irish GDP, its recent projections for Ireland have largely understated actual growth.

³⁴ All models include dummy variables for data in years 2020-2022

GDP and GNI* Combinations

- 6.51 Having considered the above points, we think there is merit in affording weight to both GDP and GNI*, and also in drawing on the range of available forecasts of both indicators. As per Table 6.6 below, we use three sources for GNI* and four sources for GDP, all weighted equally.

Table 6.6: GDP, GNI* Average Forecast Values

Source		GNI*	GDP
IMF	N/A		Forecast available to end 2031
ESRI	Forecast available to end 2031		Forecast available to end 2031
Dfin	Forecast available to end 2030. Value for 2031 is derived from 2025-2030 CAGR		Forecast available to end 2030. Value for 2031 is derived from 2025-2030 CAGR
CBI	Forecast available to end 2028. Value for 2029-2031 is derived from 2025-2028 CAGR		Forecast available to end 2028. Value for 2029-2031 is derived from 2025-2028 CAGR

Sources: IMF, CBI, ESRI, Dfin, IAA calculations

Transparent Econometric Model

- 6.52 We have summarised Dublin Airport's methodology in estimating an unconstrained level of passenger numbers above. We note that this approach relies on several different inputs and judgement-based weightings, including different GDP forecasts for each region, a population forecast for Ireland and three different industry forecasts. We note that Dublin Airport's use of the STATFOR forecast is to estimate an elasticity between passenger numbers and historic TNSUs using 6 years of data, three of which are included as dummy variables.
- 6.53 In previous determinations, we have explored the use of more complex econometric models in place of a simple, transparent approach. As we have stated before, we are not convinced that a more complex model would significantly improve predictive power to the extent it justifies the added complexity. More complex models introduce more variables which are themselves uncertain. Historically, such models have not tended to perform better than a simple GDP based model, and Dublin Airport has not provided any forecasting accuracy review or any such evidence which would convince us on this point. In any case, our demand-led forecast produces a result which is relatively close to Dublin Airport's demand-led forecast, particularly when the latter is updated for the new versions of inputs which have since become available.
- 6.54 While Dublin Airport has pointed to the 40% of originating passengers coming from outside of Ireland as a reason for including GDP forecasts for other regions in its forecast, we consider that the GDP growth of Ireland and of these other regions is likely to be correlated. Including Irish GDP/GNI* directly addresses the growth rate capturing almost 60% of the passenger mix at Dublin Airport and therefore serves as a reasonable explanatory variable for overall passenger growth.

Base Year

- 6.55 Ahead of the Final Determination, we will have a clearer picture of 2026 traffic levels. To estimate 2026 passenger levels for this Draft Determination we have considered the following approaches:
- Taking Dublin Airport's 2026 estimate of 37.5m.

- Using a combination of forecast GDP/GNI* for 2026 together with an estimated elasticity between GDP/GNI* and passenger numbers.
- Follow the EUROCONTROL TNSU approach, together with assumed load factor growth, as described above.
- Use a combination of outturn year to date passengers, scheduled seats for S26 and 2025 load factors.

6.56 The 2026 baseline for this draft forecast uses a combination of Dublin Airport's Regulatory Proposition, and the Eurocontrol TNSU forecast which assumes the 2026 load factor will be approximately 85%.

Slot-Based Approach

6.57 In the 2022 Review Decision, we derived a forecast for total operated seat capacity in 2023, based on slot demand patterns at initial coordination (SAL) for S23 relative to previous seasons. We then applied load factor assumptions to estimate a passenger forecast for 2023. While we decided not to explicitly use this forecast for 2023, as noted above, the slot demand-based forecast of 33.6m ultimately proved very accurate for that year.

6.58 The initial slot allocation (SAL) report for S27 may be available before the 2026 Final Determination. We may then be also able to replicate the above analysis for 2027 and assess how it compares to other methodologies before deciding on the final passenger forecast.

IAA Draft Determination Forecast

6.59 For the draft passenger forecast, we have:

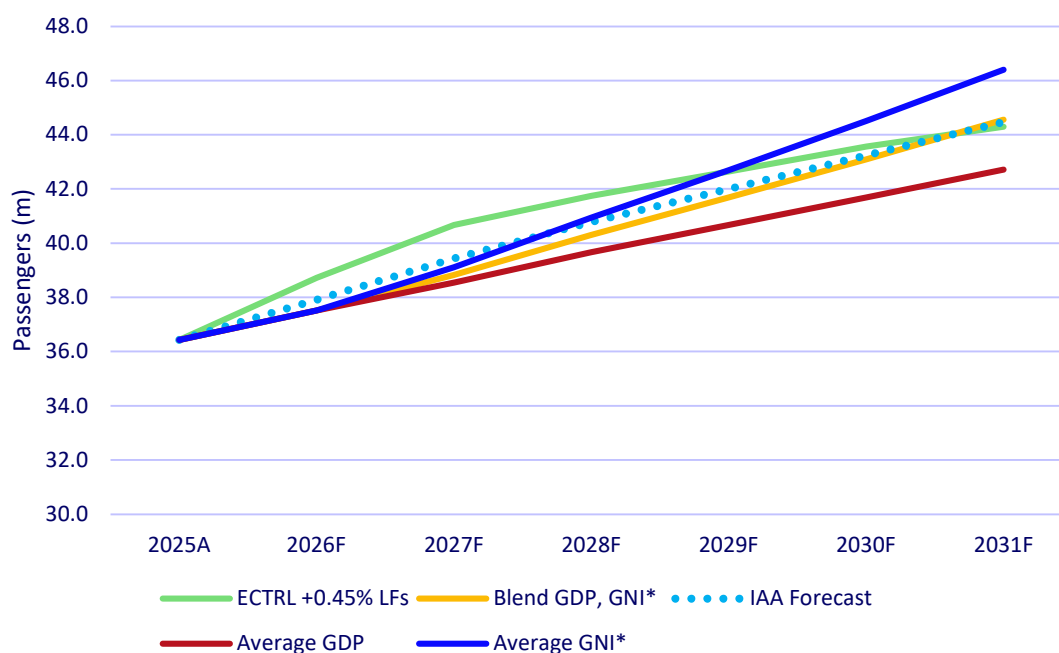
- Used a log-log regression to estimate the elasticity between outturn Irish GDP and passenger numbers at Dublin Airport over the period 1997-2025. We estimate an elasticity of 0.87.
- Used a log-log regression to estimate the elasticity between outturn Irish GNI* and passenger numbers at Dublin Airport over the period 1997-2025. We estimate an elasticity of 1.7.

6.60 We then forecast passenger numbers in three ways:

- A GDP based forecast. A passenger growth rate for each year 2027 to 2031 is estimated by multiplying the elasticity of 0.87 by the Irish GDP forecast growth rate calculated in the Average GDP variable described above, and then we grow our base year passenger numbers using the growth rate.
- A GNI* based forecast. We similarly calculate the growth rate for each year by multiplying the GNI* elasticity of 1.7 by the Irish GNI* forecast growth rate calculated in the Average GNI* variable described above, and then we grow our base year passenger numbers using the growth rate.
- Using the STATFOR TNSU method described above, assuming annual load factor growth rates of 0.45% as described above.

6.61 We then take a simple average of all three forecasts to arrive at the passenger forecast proposed in this section. Our approach aims to provide a reasonable forecast range, representing plausible upper and lower bounds through the estimation of the GDP and GNI* based forecasts. The STATFOR forecast provides the additional perspective of a well-resourced, independent and unbiased forecaster. The resultant forecast, together with each component, is shown in Figure 6.7 below.

Figure 6.7: Forecast Passenger Numbers 2026-2031



Source: IAA Calculations

Potential Constraints

6.62 In the Issues Paper, we referenced the current uncertainty over certain planning restrictions, namely the 32mppa Conditions and the North Runway Conditions.³⁵ We also noted the potential for operational and/or infrastructural constraints to impact on traffic growth over the regulatory period.

6.63 In response to the Issues Paper, Dublin Airport said that it is crucial that we set out how we will treat such constraints. Ryanair stated that we should not consider operational restrictions or capacity constraints and instead should rely solely on a demand-led forecast. It considers that any potential capacity constraints should have no material bearing on the forecast.

Infrastructure Constraints

6.64 The issue of infrastructure constraints has arisen at Dublin Airport before. In the Original 2019 Determination, we showed how annual traffic can continue to grow despite infrastructure constraints, through factors such as increases in off-peak utilisation, increases in general slot utilisation, targeted slot capacity increases, and increased load factors. In 2019, even though there were significant runway capacity constraints, we still concluded that a demand-led forecast remained appropriate. This formed one of Dublin Airport's grounds of appeal in 2020, but it was rejected by the appeals panel. We note that constraints at that level have now eased, following completion of the North Runway.

6.65 In the 2022 Review Decision, we considered the impact of the noise quota scheme and constrained operational capacity. We stated that the declared slot capacity is not a static constraint on growth which will evolve only due to infrastructural or operational capacity enhancement, because where demand exists, we would set aim to coordination parameters to accommodate that demand where possible. We again concluded that capacity constraints

³⁵ From paragraph 5.28 of the 2025 Issues Paper.

were not such as to warrant moving away from a demand-led forecast.

Stakeholder Submissions

- 6.66 Aer Lingus/IAG/Skylark believe that there are opportunities to grow traffic through aircraft upgauging, increasing load factors, and growing in the shoulder/off-peak periods. On upgauging, Skylark sees potential for growth based on the latest medium-term fleet plans of both Aer Lingus/IAG and Ryanair. The expected delivery of larger Code C aircraft would allow both Aer Lingus and Ryanair to carry more passengers per movement, without requiring more infrastructure.
- 6.67 Aer Lingus/Skylark criticises Dublin Airport’s failure to take account of Ryanair’s fleet plans in its Infrastructure Constrained forecast. In particular, it notes that while Dublin Airport forecasts some load factor growth in the period, it does not adequately consider aircraft upgauging, such as Ryanair’s introduction of the larger 737-MAX10 (increasing from 189/197 seats to 228 seats). As Ryanair is the single largest airline at Dublin Airport, this would result in the processing of higher passenger numbers for the same level of movements.
- 6.68 Ryanair has shared its expected evolution of its average seat gauge over the regulatory period. As shown in Table 6.7 below, Ryanair expects average seats to grow from 191 in 2025 to 200 by 2031, which is an increase of 5%.

Table 6.7: Ryanair Average Seat Gauge 2025-2031

2025	2026	2027	2028	2029	2030	2031
191	192	192	193	195	198	200

Source: Ryanair

- 6.69 Over the next period, Ryanair will see maximum seats per aircraft continue to grow from 189 to 197 with the Boeing 737-8200 (+4%), and then to 228 with the Boeing 737 MAX10 (+16%). Ryanair expects to receive its first delivery of the Boeing 737 MAX10’s in 2027. In total, Ryanair has over 300 Boeing 737 MAX10s on order. It has stated that it will give special consideration to airports with stand or runway constraints when allocating the MAX10 aircraft. By swapping in the new narrowbody variant, Ryanair can deliver more seats using the same stand infrastructure. To the extent that stand capacity might otherwise restrict Ryanair from adding seats at Dublin in the form of additional aircraft, we consider that Ryanair will be incentivised to correspondingly upgauge its aircraft to the MAX10 instead.
- 6.70 Ryanair also outlines how Aer Lingus will replace its Airbus A320 with the Airbus 320neo, thus increasing the maximum seats from 180 to 186 and will eventually replace the Airbus 320neo with the Airbus A321neo which will have a maximum of 239 seats.
- 6.71 Like Aer Lingus/Skylark, Ryanair does not agree with Dublin Airport that stand and gate capacity constraints will prevent growth of based carriers. Ryanair references other airports in Europe where, despite limited stand capacity for first-wave operations, traffic continues to grow. At Warsaw-Chopin for example, where Ryanair is unable to base aircraft due to stand limitations, it expects to grow from seats from 0 in 2023 to approximately 1m passengers in FY27 (S26+W26) using off-base flying. The Skylark submission also refers to Ryanair’s flexibility to optimise its outbound/inbound aircraft at Dublin due to its multiple European bases, meaning that Ryanair can grow at Dublin without placing further demands on overnight stands. We understand that Ryanair already operates a significant off-base flying schedule at Dublin.
- 6.72 Ryanair also asserts that it can maximise growth in off-peak shoulder periods. We have

already referenced its winter growth rate relative to summer season growth and its maximisation of midweek slots. It states that *“more airlines will fly more in the off-peak Winter and shoulder months, particularly if there was pent up demand due to a supply constraint at a peak time”*. This aligns with the position we have taken previously in 2022, and is a point also made by Skylark.

IAA Response

6.73 We agree in principle that capacity constraints could mean that the use of a demand-led forecast would be inappropriate or would lead to a forecast which tends away from centreline. That may be the case if a step change is likely in terms of the ability of the airport to facilitate growing demand. However, we do not think that that is the case here. We reiterate that there are many ways in which growing demand can and does continue to materialise in the form of additional passenger traffic, even in scenarios where there are constraints at certain processors at certain times. Specifically in the case of Dublin Airport, it could materialise through factors such as the following:

- Aircraft upgauging and off-base flying, as suggested by the airlines, which has not properly been taken into account by Dublin Airport in its Infrastructure Constrained forecast.
- Increased load factors, which Dublin Airport’s constrained forecast treats as insensitive to seat capacity constraints, when in reality load factors increase correspondingly when seat capacity is constrained.
- Winter season growth.
- Growth in off-peak times of the day.
- The potential for bussing to remote stands.

6.74 We agree with the airline’s submissions that the prospect of upgauging, in particular by Ryanair and Aer Lingus, can allow for increased demand to be met without requiring additional aircraft processing capacity (which is particularly relevant here, where the main capacity challenge now relates to parking stands).

6.75 In respect of load factors, we note for example that the seasonal seat cap restriction which we had to impose for W24 effectively prevented airlines from adding any new seat capacity—meaning that Dublin Airport was in fact almost fully seat capacity constrained for one season. That resulted in seasonal load factors increasing sharply by 3% relative to W23, before normalising after the seat cap was suspended. This reflects the fact that any constraint on the ability of airlines to add seats to facilitate demand (such as could arise through runway, or stand capacity constraints) will be offset by a corresponding increase in load factors. Load factors will not operate independently of any such constraints, as per Dublin Airport’s Infrastructure Constrained forecast.

6.76 As acknowledged by Dublin Airport, there is also potential for growth in off-peak season. In its submission to us, Ryanair states that relative to its capacity split prior to Covid-19, it has grown capacity in Dublin in the winter by 33%, relative to 25% in summer.

6.77 In addition to adding capacity in off-peak times of the year, it is also possible for airlines to grow at off-peak times of the day/week. For example, for Winter 2026, Ryanair states that it plans to operate 26% more seats on a Thursday than it did in Winter 2019, as against an average increase of 19% across all days relative to W19. Where supply constraints exist on high-demand days, we expect airlines to maximise slot usage ratios on midweek days and off-peak times of the day. As Skylark notes, *“airlines will quickly adapt their operations through higher growth in passengers per ATM (e.g. by up gauging of aircraft size and increase*

in seat factor, improving productivity in the shoulder/off-peak periods)".

- 6.78 We also find that Dublin Airport has not fully considered the potential for bussing operations to remote stands, which would facilitate additional movements if necessary. For example, when the West Apron Underpass becomes operational, this will also unlock more remote stands in the west apron. Ryanair specifically has stated that, while not operationally optimal, bussing would allow for lesser used stands to be brought into use throughout the day.
- 6.79 It should also be remembered that the existence of capacity constraints at Dublin Airport, such that airlines will not always be able to obtain their preferred slots, is not a new phenomenon. Dublin Airport has been slot coordinated since 2007, because demand has consistently exceeded the ability of the infrastructure to fully accommodate it at the requested times. Over the period 2015-2019, for example, the airport was significantly constrained by runway capacity (despite which, passenger traffic grew by 8m). That level of constraint has since eased. Further, to the extent that such constraints have, in the past, impacted on the level of traffic, that will be picked up in our GDP and GNI* elasticity calculations. That would mean that an element of constrained operation is already built into our forecast using such elasticities.
- 6.80 Considered collectively, the above analysis suggests that while Dublin Airport does face some constraints, in particular overnight contact stand capacity, it is clear that there is scope to handle annual passenger volumes in line with (and beyond) our demand-led forecast, notwithstanding the fact that the major CIP27 pier projects will not be completed. We think that our proposed demand-led forecast is appropriately centreline without any such adjustments.
- 6.81 Finally, based on the analysis of other building blocks, it appears likely that the price cap per year in the next regulatory period will be lower than the current price cap. If that does materialise, then we expect airlines, and in particular low-cost carriers such as Ryanair, to respond with more seat capacity at Dublin. While we have not currently built such an assumption into our draft forecast, we do consider that it provides a source of significant upside risk to our forecast, balancing other potential sources of downside risk. Ryanair has high load factors relative to other carriers. If it does add further capacity in the next period, increasing its share of total traffic at Dublin Airport, that will raise the average overall load factor at Dublin.

Planning Restrictions

- 6.82 As noted above, Dublin Airport has also estimated a forecast which is constrained by a 40mppa annual passenger cap, but it does not propose that such a forecast is used for the determination. We agree with that approach, particularly in circumstances where Dublin Airport's position is that it cannot comply with an annual passenger cap. Further, legislation is currently in development which would permit the Minister to revoke (or replace) the current 32mppa Conditions, and which would also preclude the possibility of any more caps. The process of addressing the existing 32mppa Conditions is ongoing and considered a matter of priority for the Irish Government.³⁶
- 6.83 While it is ultimately the responsibility of daa to comply with planning conditions contained in daa's planning permissions, we note that it is daa's own position is that it cannot comply with an annual passenger cap planning condition. While the final judgement of the CJEU remains outstanding, the Advocate General (AG's) opinion appears to have cast some doubt

³⁶ [Law being drafted to remove Dublin Airport passenger cap](https://www.gov.ie/en/department-of-transport/press-releases/minister-obrien-sets-route-to-address-dublin-airport-passenger-cap/)
<https://www.gov.ie/en/department-of-transport/press-releases/minister-obrien-sets-route-to-address-dublin-airport-passenger-cap/>

over the ability of daa to comply with the 32mppa Conditions, at least in certain circumstances.³⁷

6.84 This will not, either, be the first time that we have had to forecast passenger traffic in the context of possible overhanging external factors. In the Original 2019 Determination, there was the prospect of a 'Hard Brexit'. We stated that a hard Brexit was a possible but highly uncertain extreme downside, and that, if warranted, such a scenario could lead to an interim review, were it to materialise. Here, if any such planning related issues were to have a major impact during the determination period such that the prevailing determination no longer aligned with our statutory objectives, we could review and potentially amend the determination as appropriate.

Asymmetric Risk Adjustment (ARA)

6.85 While Dublin Airport has not suggested a passenger forecast based on planning/passenger cap related constraints, it has proposed an Asymmetric Risk Adjustment (ARA) which, it says, *"compensates for the shortfall between what passenger numbers would have been absent a cap and what they actually become due to the cap"*. Dublin Airport suggests that *"the asymmetric risk assessment could be applied by incorporating a targeted adjustment into Dublin Airport's regulatory building blocks"* to correct for what it sees as the *"systematic downside risk created by shocks"*.

6.86 Oxera, on behalf of Dublin Airport, identifies two distinct types of shocks which, it suggests, result in Dublin Airport facing asymmetric risk:

- Transient shocks- shocks which occur more often, but with moderate severity, such as the Icelandic ash cloud, the Global Financial Crisis. Expected by Oxera to occur every 4 years and cause Dublin Airport to experience a €3-4m loss. Oxera estimates that Dublin Airport requires an annual allowance of €0.9-€1.4m to mitigate the asymmetric risk.
- Extreme shocks- rare but have a significant impact, such as the Covid-19 pandemic. Expected by Oxera to occur every 50 years with impacts over a three-year period as passenger numbers recover. Oxera estimates that Dublin Airport requires an annual allowance of between €5.4-€17.3m in any one year to mitigate the asymmetric risk.

6.87 The Oxera analysis is based on Dublin Airport's Infrastructure Constrained forecast. The above figures relate to the scenario where no binding passenger cap is constraining on traffic.

Stakeholder Submissions

6.88 Aer Lingus/ Skylark does not support this suggestion. The submission refers to the increasing operational resilience of the airport and airlines to respond to transient events, noting that one has not been identified since 2011. Skylark considers that transient shocks are already taken into account in regression analysis, as historical periods, which are included in the regression analysis without dummy variables, include such shocks. Skylark also notes that an intervention mechanism to deal with 'Extreme Shocks' is already in place, and was used during the Covid-19 pandemic.

6.89 Skylark also states that Dublin Airport has more resilience to traffic shocks than other capital city airports. It states that Ryanair, due to its large fleet and ability to take advantage of

³⁷ https://infocuria.curia.europa.eu/tabs/jurisprudence?sort=DOC_DATE-DESC&searchTerm=%2522C%252D857%252F24%2522&publishedId=C-857%2F24

market gaps, can quickly put back capacity in such circumstances.

IAA Response on ARA

6.90 We consider that there are a number of clear difficulties with this proposal:

- The proposed method of dealing with 'Extreme Shocks' is inferior to the existing approach.
- Risk allocation does not exist only within the traffic forecast building block.
- We disagree that the existing approach does not provide a fair bet for Dublin Airport.
- We estimate GNI* and GDP elasticities using data over 1997-2025, which already includes the impact of 'Transient Shocks'.
- The approach to estimating the proposed scale of the ARA is speculative to the point of arbitrariness.

'Extreme Shocks'

6.91 This makes up the large majority of the proposed ARA, but there is already an established approach to dealing with 'Extreme Shocks'. The alternative approach of attempting to effectively build in an insurance policy on behalf of Users would align less well with our statutory objectives, where it would:

- Allow for consistent excessive returns during 'normal times'.
- Misalign with the actual timing of such a shock, meaning that it is likely to be less effective from the perspective of supporting Dublin Airport in continuing to operate and develop the airport. That is especially so where Dublin Airport is not proposing to ringfence the allowance for the purpose of dealing with any such future shock. Instead, for example, it would increase Dublin Airport's profit margin (and thus, likely, dividend payments) in 'normal times'.
- Not be appropriately calibrated to whatever the impact of the shock is, nor take account of addressing any incentives that might no longer be appropriate (for example, it was appropriate to remove the reprofiling triggers as part of the response to Covid-19).

6.92 If, on the other hand, it is suggested that the ARA should apply in addition to an approach whereby the determination would be re-opened in the event of an Extreme Shock, that is clearly duplicative. It could not be appropriate to provide an allowance to cover the risk of an Extreme Shock on an *ex-ante* basis, and then still re-open the determination if such a shock actually happened.

Risk Allocation Across the Building Blocks

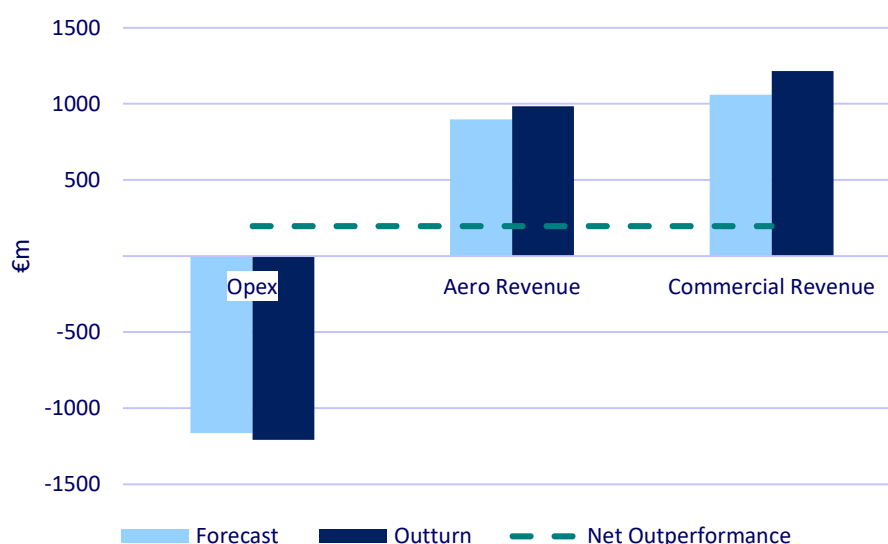
6.93 Risk allocation does not exist only within the traffic forecast building block. Instead, the outcome of materialised risk results from performance across all elements of the determination as a collective. Asymmetric risk would arise if outturns systematically diverge from forecasts in one direction as whole, not by looking at one building block, such as passenger traffic, in isolation.

6.94 For example, a negative traffic shock is likely to be accompanied by a positive cost shock relative to the cost forecasts, which will at least significantly mitigate the impact of the former. In relation to the historic transient shocks identified by Oxera, in some cases these were in fact outweighed by the cost reductions achieved in response, such that Dublin Airport still outperformed on a net basis.

The Principle of a Fair Bet

- 6.95 This proposal is premised on the assertion that the existing approach does not provide a fair bet for Dublin Airport in terms of earning the level of profit implied by the cost of capital. But the evidence to-date, including over an extended time period covering traffic outperformance, traffic underperformance (including the suggested transient shocks), and a period of Extreme Shock, shows that that has not been the case. Hence, this proposal appears to be a solution in need of a problem. We have looked to set centreline forecasts in previous determinations, and seek to do so again here.
- 6.96 In previous decisions, and most recently in the Issues Paper, we highlighted Dublin Airport's ability to respond to various types of unfolding circumstances. Figure 6.8 illustrates that over 2023-2025, passenger numbers were 4.5% above forecast in the 2022 Review Decision. Dublin Airport was able to manage the increased demand through incurring additional Opex which was more than offset by increased to aeronautical and commercial revenues. In the Issues Paper we also showed Dublin Airport's ability to manage costs when outturn passengers are below the forecast level.

Figure 6.8: 2023-2025 Outturn Opex, Revenues



Source: 2025 Issues Paper, Dublin Airport Regulatory Accounts, IAA Calculations, March 2026 prices

GNI* and GDP elasticities already include the impact of 'Transient Shocks'

- 6.97 Similar to issue of capacity constraints discussed above, we agree with Skylark that by using historic GDP/GNI* elasticities, our passenger forecast model is already picking up the risk of transient shocks. We consider that the attempt to draw a distinction between 'Transient Shocks' within one selected building block, and downside risk more generally, is artificial.
- 6.98 We also note that the STATFOR TNSU forecast accounts for an updated Oxford Economics GDP projection which considered the March 2026 developments in the Middle East. While Dublin Airport has shown its ability to manage difficult situations, e.g. by outperforming on EBITDA notwithstanding the financial crisis, we have seen airline resilience most recently. Despite the volatility in jet fuel prices, both Aer Lingus and Ryanair are hedged at 60-70% and 80% respectively. European airlines are also pivoting to fuel imports from West Africa,

the U.S. and Norway to make up for reduced volumes coming from the Middle East.³⁸

Conclusion

6.99 To conclude, we do not propose to introduce such an adjustment. Dublin Airport has previously held the volume risk and has benefitted from so doing, and supports continuing that approach. We aim to set centreline forecasts which balance upside and downside risks.

US Passenger Forecast

6.100 As per Table 6.8 below, we forecast that US departing passenger numbers will grow at the same rate as overall passenger numbers over the period. This forecast is used to forecast US Preclearance revenue as set out in Section 8.

Table 6.8: US Passengers 2026-2031

	2026f	2027f	2028f	2029f	2030f	2031f
US Departing Passengers (m)	2.1	2.2	2.2	2.3	2.4	2.4

Source: Dublin Airport, IAA Calculations

6.101 The 2026 US Passenger baseline is Dublin Airport's assumption. In projecting US passengers, we have also taken account of submissions from airlines who operate routes from Dublin to the USA which we consider to be broadly aligned to their overall passenger growth rates.

Updates Ahead of the Final Determination

6.102 In addition to any points which may be raised by stakeholders in response to our draft forecast, we anticipate that the final passenger forecast may change ahead of the Final Determination due to:

- Revisions to our forecast for the base year, 2026, based on updated outturns.
- Updated Eurocontrol TNSU forecast, expected in Autumn 2026.
- Data on S26 operated seats and load factors.
- Slot reports such as the S27 Initial Allocation report.
- Revisions to GDP/GNI* forecasts.

6.103 Finally, we note that the Central Bank of Ireland has recently published its Q2 Quarterly Bulletin, after our forecast for the Draft Determination had already been completed and applied elsewhere.³⁹ For information, we have estimated the impact the updated GDP/ GNI* figures would have on our passenger forecast. We would estimate almost 250,000 more passengers in total across the 5 years and a CAGR of 3.25% over 2026-2031, compared to the CAGR of 3.24% in this Draft Determination.

Table 6.9: 2027-2031 Passenger Forecast, CBI Q2 2026 QB

	2027	2028	2029	2030	2031	Total	CAGR
Draft Determination	39.4	40.8	42.0	43.2	44.5	209.9	3.24%
GNI*/GDP Update	39.5	40.8	42.0	43.3	44.5	210.2	3.25%

Source: IAA Calculations, Central Bank Q2 2026 Bulletin

³⁸ [‘Summer should be fine’ as Europe’s jet fuel fears ease – POLITICO](#)

³⁹ [Quarterly Bulletin Q2 2026 | Central Bank of Ireland](#)

7. Operating Expenditure

Summary

- 7.1 Our proposed target for Operating Expenditure (Opex) is €439.5m in 2027, increasing to €478.0m by 2031. The allowance therefore provides for some real growth in total operating expenditure over the period. In nominal terms (when inflation is included), we expect Opex to exceed €450m in 2027, and to grow to approximately €530m by 2031.

Table 7.1: Operating Expenditure Baseline and Forecasts

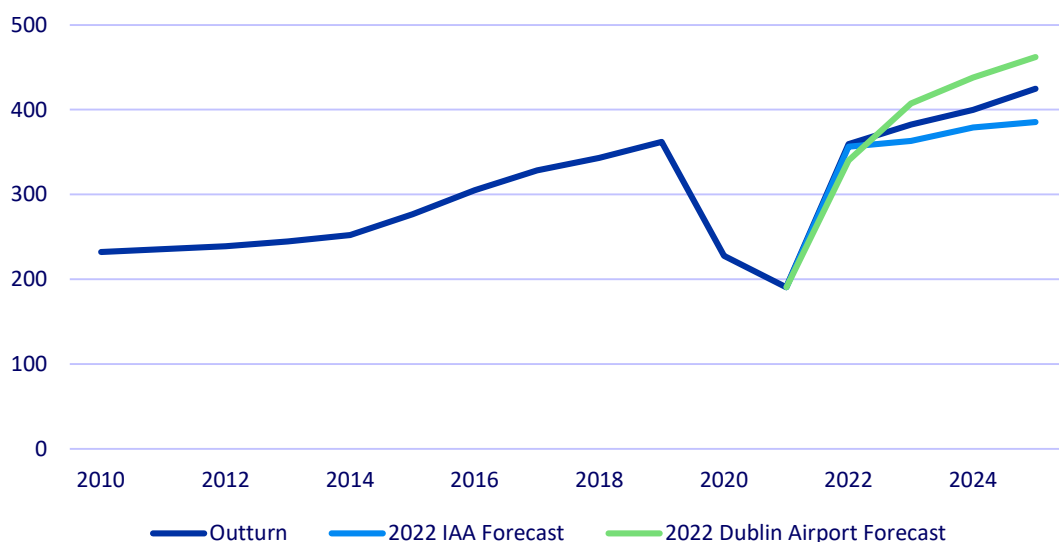
	2025b	2026f	2027f	2028f	2029f	2030f	2031f
Total (€m)	415.3	428.5	439.5	450.1	459.7	468.7	478.0
YoY Change (%)	+3.9	+3.2	+2.6	+2.4	+2.1	+2.0	+2.0
Per passenger (€)	11.4	11.3	11.1	11.0	10.9	10.8	10.7
YoY change (%)	-1.2	-0.9	-1.4%	-1.0	-0.8	-1.0	-0.8

Source: CEPA, IAA

Note: 2025 reflects CEPA's estimate of an efficient baseline.

- 7.2 Dublin Airport's outturn Opex increased from €382.3m in 2023 to €424.6m in 2025. When adjusted for outturn wage growth, passthrough costs, and wider economic pressures, this trend appears broadly consistent with passenger growth and the Opex assumptions from the 2022 Review Decision.

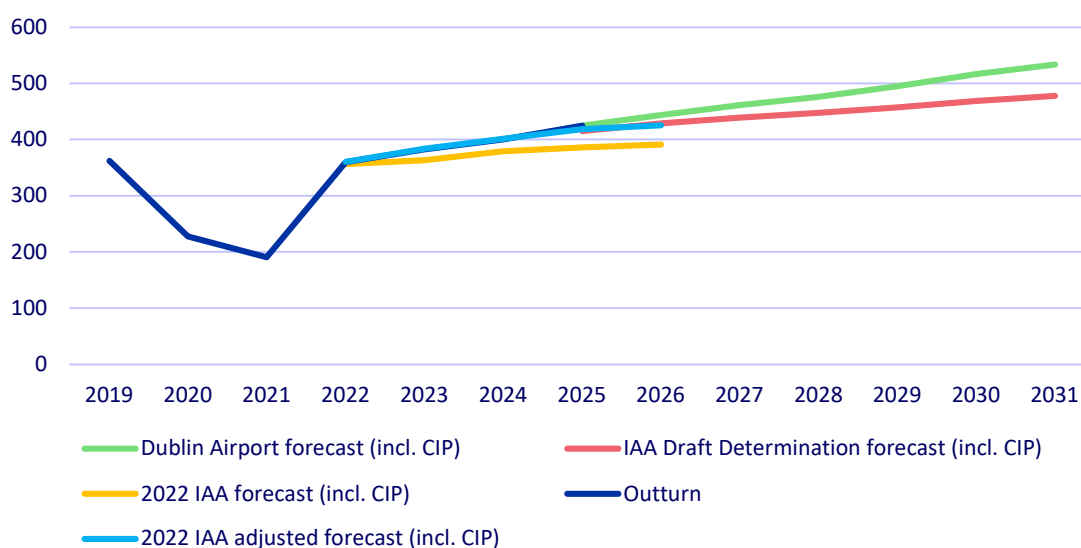
Figure 7.1: Outturn and 2022 Review Decision Forecast Opex, €m



Source: Dublin Airport, 2022 Review Decision

- 7.3 Figure 7.2 compares our proposed Opex allowance with Dublin Airport's forecast. Using its own traffic forecasts, Dublin Airport suggests that real Opex will increase to €533.4m by 2031. This compares to real Opex in 2025 of €424.6m, a year in which Dublin Airport processed over 36m passengers. In nominal terms, Dublin Airport proposes Opex will reach €592m in 2031, compared with outturn of €413m in 2025.

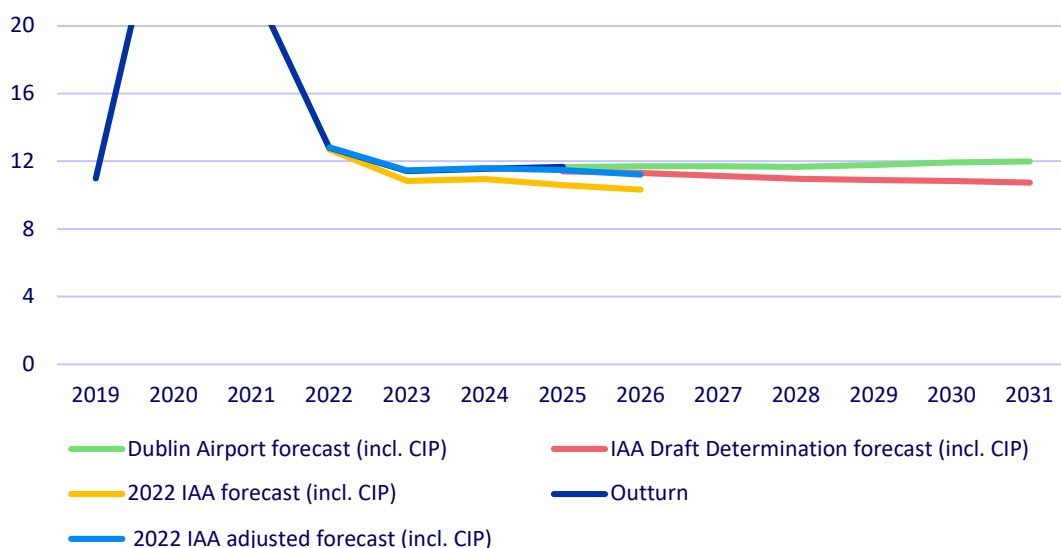
Figure 7.2: Outturns and Proposed Opex Allowance, €m



Source: CEPA, Dublin Airport, IAA

7.4 Figure 7.3 shows Opex per passenger outturns from 2019 to 2025, and forecasts from 2026-2031. On a per passenger basis, real Opex remained broadly constant between 2023 and 2025 and was €11.66 in 2025. As passenger numbers are expected to continue growing, we forecast that Opex per passenger will gradually decrease in real terms to €10.75 in 2031. Dublin Airport's forecast suggests Opex per passenger will remain above this level and increase over time, rising to €12.00 by 2031.

Figure 7.3: Opex per Passenger Forecasts and Outturns, €



Source: CEPA, Dublin Airport, IAA

Note: Figure intentionally truncated. IAA adjusted forecast takes account of cost passthrough items.

Background and Forecasting Approach

7.5 For the avoidance of doubt, we do not set the actual levels of staffing or pay at Dublin Airport. The only compliance element of a determination relates to the overall price cap. Dublin Airport is not required to achieve the individual targets precisely as we set out, or indeed to achieve the Opex target at all. For example, if it underperforms on Opex but outperforms on

passenger numbers or commercial revenues, it may still outperform the regulatory settlement overall. Therefore, assumptions such as the number of assumed FTEs or unit staff costs which we use to build up our targets should not be taken as a requirement on Dublin Airport to staff specifically to those numbers.

- 7.6 It is, however, important that our targets align with our statutory objectives by striking an appropriate balance between challenge and achievability. An Opex target which is too challenging may be internally inconsistent with the service quality targets we set, and/or, if not achievable, may impact financial metrics. On the other hand, a target which is insufficiently challenging would reduce the value which Dublin Airport provides to current and future users, allowing Dublin Airport to operate inefficiently and/or outperform the determination too easily.

Approach in Original 2019 Determination and 2022 Review Decision

- 7.7 CEPA and Taylor Airey conducted a relatively bottom-up although primarily elasticity-based efficiency assessment to support the 2019 Determination. This included a comprehensive assessment of all of Dublin Airport's payroll and non-payroll related Opex, although in most cases it forecast each category using elasticities rather than fully bottom-up operational modelling. The assessment identified scope for efficiency improvements in several cost categories, including Security, Facilities and Cleaning, Maintenance, Central Functions and Retail. Because the efficient baseline identified in 2019 was below Dublin Airport's actual cost level, the Original 2019 Determination included a glidepath to allow time for the identified efficiencies to be achieved. Following the appeal process, the length of the glidepath was shortened to two years in light of an appeal point brought by Ryanair.
- 7.8 By 2022, Dublin Airport was operating in a materially different context. Passenger volumes reduced significantly in 2020 and 2021 as a result of Covid-19 pandemic, which drove changes to aspects of its operating model. An updated assessment by CEPA and Taylor Airey was necessary. This assessment revised the 2019 analysis by estimating an efficient 2022 baseline, considering whether pandemic-period cost reductions were permanent or temporary, and then projecting efficient expenditure using core and category-specific cost drivers, wage assumptions and step change analysis.

Efficiency Assessment and Forecast

- 7.9 We have again commissioned CEPA to produce an independent forecast of efficient Opex for Dublin Airport over the period 2027-2031 (the 'CEPA Draft Report'). We have worked closely with CEPA in relation to the Opex forecast. The CEPA Draft Report therefore also reflects the IAA's views on an Opex trajectory which balances appropriate challenge with achievability, in line with the interests of Users. The CEPA Draft Report is published alongside this document.
- 7.10 This determination is again taking place in a different context, after Covid-19-related disruption has receded and so better evidence on the post-pandemic operating cost base is available compared to in 2022. The assessment therefore starts from an estimate of 2025 efficient costs, which in most cases is in line with, or close to, the outturn position. CEPA's assessment generally follows a three-stage framework, considering base expenditure, trends, and step changes:
- CEPA began by estimating an efficient 2025 Opex baseline.

- This baseline was then projected forward to 2031 using elasticities with respect to passenger volumes and/or other category specific cost drivers.⁴⁰
- The forecast was adjusted to account for step changes, including changes in service standards and CIP impacts. Where necessary, the IAA's financial model reflects interdependencies with CIP project treatment; for example, Opex is disallowed where any project is disallowed, or built into the trigger amount, and not the core Opex forecast, where a project is set as a trigger.

7.11 CEPA undertook a deep dive into certain categories, including Security. Unlike most cost lines, which remain primarily elasticity-based, CEPA's Security forecast is based on fully bottom-up operational modelling of Dublin Airport's current and future security operation and associated staffing requirements. The forecast reflects both a baseline staffing requirement and a separate resilience uplift.

7.12 CEPA proposes an ongoing efficiency challenge in categories where real wage or wage-linked cost growth is allowed for, and productivity improvement was not otherwise captured within the bottom-up assumptions. It is applied to all staff-related Opex categories except Security, where efficiency potential is captured bottom-up, and to selected non-staff categories with a modelled real wage effect, such as a proportion of car parks and cleaning contract expenditure.

7.13 CEPA has also applied top-down cross-checks to test the reasonableness of the forecast as a whole. These compare total Opex, Opex per passenger, and the implied passenger growth elasticity against a roll-forward of Opex based on trends from a panel of 12 European airports. Over the period 2000 to 2024, evidence from the European airport sample suggests an aggregate Opex-passenger elasticity range of about 0.3 to 0.6. Our forecast is close to but slightly higher than that expected trend, with an aggregate passenger-volume elasticity of 0.62 to 0.68, with the range reflective of whether CIP impacts are excluded or included.

7.14 We consider that the forecast is nonetheless reasonable, and recognises several upward cost pressures expected over the regulatory period, including:

- Passenger growth, which increases expenditure in several Opex categories
- Real wage pressures
- Increased commercial service provision in areas such as retail and lounges (with associated, larger, step increases in our forecast commercial revenues). It is notable that Dublin Airport is relatively insourced in such areas compared to other airports, which is a plausible explanation of a slightly higher Opex to passenger elasticity
- Operational cost pressures for areas such as Passengers with Reduced Mobility (PRM) services, where the propensity to use the service has increased and is expected to increase further

7.15 In terms of staffing levels, total FTEs are expected to increase from 3,076 in 2025 to 3,271 in 2031. Security remains the largest staff category throughout the period.

7.16 Table 7.2 sets out the forecast of efficient Opex for the period 2025-2031, using our passenger forecast.⁴¹

⁴⁰ The elasticities quantify the responsiveness of costs over time to a change in a cost driver such as passenger volumes. These were derived from a review of external evidence and CEPA's own statistical analysis.

⁴¹ CIP impacts related to triggered projects are included in the relevant project trigger.

Table 7.2: CEPA Proposed Forecasts by Category including CIP (€m)

Category	2025	2026	2027	2028	2029	2030	2031
Security	69	73	76	79	81	84	86
Maintenance (payroll)	21	23	23	23	23	24	24
Maintenance (non-pay)	24	26	26	26	27	29	30
Central Functions	40	40	40	40	40	40	40
Facilities and Cleaning (payroll)	27	28	29	30	30	30	31
Facilities and Cleaning (non-pay)	10	10	11	11	11	11	12
Other Non-Staff Non-Pay	42	44	48	49	50	50	51
Campus Services	23	23	23	24	24	24	24
Retail	22	23	23	25	25	26	27
IT (payroll)	11	11	12	12	12	12	12
IT (non-pay)	14	14	15	16	16	17	18
Rent-Rates	29	29	28	28	28	27	27
PRM	16	18	20	22	24	26	28
Utilities	12	11	10	9	10	10	10
Car Parks (payroll)	4	4	4	4	4	4	4
Car Parks (non-pay)	9	9	9	9	9	10	10
Marketing	5	5	5	5	5	5	5
Airside Operations	8	8	8	8	9	9	9
Other Staff Non-Pay	8	8	8	8	8	9	9
Consulting	10	10	10	10	10	10	10
Insurance	5	5	5	5	5	5	6
Capital Projects	5	5	5	5	5	5	5
Total	415	429	439	447	457	469	478
Total payroll	231	239	243	249	253	258	262
Total non-pay	184	190	196	199	204	211	216

Source: CEPA

Note: 2025 reflects CEPA's estimate of an efficient baseline.

7.17 Table 7.3 provides the corresponding 2025 baseline level, and forecast, of FTEs.

Table 7.3: CEPA Forecast FTEs by Category, 2025 - 2031 (including CIP)

Category	2025	2026	2027	2028	2029	2030	2031
Airside Operations	83	84	85	87	88	89	90
Campus Services	237	238	239	240	240	241	242
Facilities & cleaning	413	418	423	427	431	435	439
Capital Projects	38	38	38	38	38	38	38
Car Parks	58	59	60	61	62	63	63
Central Functions	382	383	382	381	380	379	378
IT & technology	93	94	95	96	96	97	98
Maintenance	231	247	248	250	251	252	254
Retail	360	366	372	388	392	408	413
Security	1,181	1,213	1,216	1,224	1,232	1,239	1,258
Total	3,076	3,140	3,157	3,190	3,211	3,240	3,271

Source: CEPA

- 7.18 Dublin Airport has redacted its own category level forecasts, so we do not provide a line-by-line comparison. CEPA's forecast remains below Dublin Airport's Regulatory Proposition in every year of the next regulatory period. In summary, CEPA considers that Dublin Airport's 2025 baseline expenditure broadly reflects an efficient base year. The main differences relate to the treatment of proposed step changes, ongoing efficiency and the extent to which future staffing requirements and non-pay expenditure are assumed to increase with passenger growth and capacity constraints. The largest category-level differences are in Security, Facilities, Cleaning, IT, Other Non-Staff Non-Pay and Maintenance.
- 7.19 Dublin Airport has argued that capacity constraints and major capital projects across the campus will reduce operational flexibility, temporarily remove stands and terminal areas from service, and require revised passenger flows and additional operational management. CEPA considers that some of these factors will create operational pressures over the next regulatory period. However, in some areas CEPA considers that the proposed uplifts are larger than is reasonable given the underlying evidence and cost pressures. We do assume significant real terms growth in some areas, where the evidence supports it.
- 7.20 Alongside the CEPA Draft Report, we have also published the security efficiency and benchmarking assessment:
- Dublin Airport Security Efficiency Study: Supporting Evidence for the 2026 Draft Determination
 - Annex A: Security Efficiency Assessment – Technical Evidence Report
 - Annex B: Airport Security Benchmarking
 - Annex C: Dublin Airport Security Process Efficiency ConOps and Process Maps
- 7.21 The 2025 FTE position provides important context for our security forecast. Dublin Airport's 2025 staffing level was materially above the level assumed in the 2022 Review Decision, which partly reflects higher passenger traffic but it also reflects a period of transition as C3 technology became fully operational. Our security forecast now reflects more stability in the operation post-C3 implementation.
- 7.22 We forecast an inelastic increase in FTEs at central search, as we expect growth in passenger volumes to be partly offset by throughput improvements as staff experience increases, lane processes mature, and operational management improves. We also note, although we do not incorporate into our forecast, that automated prohibited item detection systems (APIDS) are a source of potential throughput upside during the regulatory period.
- 7.23 The difference between our security forecast and Dublin Airport's forecast is driven primarily by the treatment of resilience, and vehicle control post (VCP) staffing. We do not accept Dublin Airport's proposed n+1 lane requirement resilience adjustment. Instead, as outlined by CEPA, a Monte Carlo based analysis has been used to estimate a resilience adjustment. Where the results identify material queue-target risk at specific pinch points, we include additional resource in the forecast.
- 7.24 With respect to VCPs, we do not accept Dublin Airport's proposed increase in staffing over the regulatory period, which Dublin Airport states is due to future change to supplies-screening requirements. We consider, rather than relying on VCP screening, the efficient response should instead rely on upstream supplier controls, consolidation, delivery booking, segregation of secure and non-secure flows, and ultimately the proposed consolidated security and screening centre (CIP27.02.15).

Submissions and Responses on Operating Expenditure

7.25 In this section we consider the responses received to the Issues Paper. Those responses, as well as Dublin Airport's Regulatory Proposition, have been considered in full in the CEPA Draft Report. However, where elements of the Regulatory Proposition are relevant to the questions we outlined in the Issues Paper, we address these points below.

Submissions on General Approach

7.26 Aer Lingus is supportive of using the 2019 and 2022 methodology to estimate Opex, and considers it to be in line with best practice. Aer Lingus is also supportive of a detailed efficiency assessment of the security operation. It submits that this is particularly important given this area has previously been subject to appeal by Dublin Airport.

7.27 Aer Lingus states that we should consider deep dive efficiency assessments across other cost categories, particularly where costs have risen beyond the previous forecast, and in areas where Dublin Airport has missed service quality targets. Aer Lingus submits that one such area is facilities and cleaning, where despite increasing Opex, Dublin Airport's performance has remained below the rebate threshold since 2023 (we note this is the case in relation to washroom cleanliness only).

7.28 Finally, Aer Lingus submits that it would expect to see Dublin Airport realise Opex benefits and efficiency improvements as a direct result of its Capex, in the same way as commercial revenues increase from certain Capex projects. Citing the South Apron hub project as an example, Aer Lingus states that many of the business cases put forward by Dublin Airport are based on reducing Opex as passenger demands increase, while providing new commercial opportunities, increasing potential revenue and reducing overall passenger charges. Capacity enhancing projects, it submits, should drive economies of scale which lead to Opex efficiencies over time. British Airways makes similar submissions.

7.29 Dublin Airport submits that, given the *"current operational context of the airport"*, more weight should be placed on a top-down analysis. In its Regulatory Proposition, Dublin Airport's Opex forecast uses a 2026 cost base, which it states, *"represents a mature and efficiency-tested operating position"*. It states its that Opex forecast combines bottom-up modelling and top-down reasonableness checks. The most materially and operationally sensitive areas of expenditure have been forecast on a bottom-up basis, built upon operational inputs. It submits that this approach involves:

- Defining the operating model for each cost category.
- Identifying the key resource drivers (e.g. staff numbers, hours, asset base).
- Applying relevant cost rates.
- Aggregating outputs into annual Opex forecasts consistent with traffic projections.

7.30 IAG states that it endorses the base-trend-step methodology, and urges a rigorous application across all cost categories, particularly where service quality has lagged despite rising costs. It also supports the IAA's proposed approach of carrying out a bottom-up analysis supported by a top-down sense check. It submits that this approach has previously has yielded good results, and it considers this a best practice example which it has recommended elsewhere.

7.31 Iberia Express and Vueling support the base-trend-step methodology, but state that it should be strengthened to:

- Apply stronger efficiency assessments where costs exceed allowances or service levels fall short.
- Ensure Capex projects deliver the efficiency gains used to justify them.

7.32 Ryanair is also supportive of the approach adopted in 2019 and 2022. In particular, Ryanair states that it expects to see substantial efficiency savings from the investment in security, now that the transition has been completed and the new rules are in force.

IAA Response

7.33 The work led by CEPA is in line with the general approach called for by the majority of stakeholders, that being a bottom-up forecast of efficient Opex, considering base expenditure, trends, and step changes. Top-down cross-checks have been applied to test the reasonableness of the aggregate bottom-up forecast, which compare total Opex, Opex per passenger and implied passenger growth elasticity against a roll-forward of Opex based on trends from a panel of 12 European airports. Based on the feedback received from stakeholders, the methodology has been strengthened by applying deep dives into certain cost categories.

7.34 With respect to comments received on the impact of CIP projects, we agree that, in its Regulatory Proposition, Dublin Airport has focused on areas where capital projects might be expected to lead to incremental increases in Opex, with less focus on where projects may reduce Opex in the short-to-medium term, even where that forms part of the express rationale for the project. As set out in the Draft CEPA Report, we aim to rectify this imbalance through an assessment of the step-changes proposed by Dublin Airport, and it also forms part of the rationale for applying a top-down ongoing efficiency challenge.

7.35 Submissions received in respect of an appropriate set of comparators being selected for benchmarking analysis have been considered by CEPA in its assessment.

Efficiency

7.36 Aer Lingus submits that Dublin Airport should become more efficient and productive over the regulatory period, but that there is little evidence that this is being achieved in practice. To drive Opex efficiencies, Aer Lingus and IAG submit that we should add an ongoing efficiency challenge to encourage Dublin Airport to adopt new technologies and management practices over time, replicating the forces of competition. Aer Lingus submits that any glidepath should not be excessively long.

7.37 Aer Lingus states that ongoing efficiency challenges are common across other jurisdictions and highlights their use in other Irish regulated sectors. It submits that it is applied by the UK CAA in respect of Heathrow, and ART (the Italian transport regulator).

7.38 British Airways states that Opex per passenger has remained broadly flat in recent years (excluding Covid impacted years), in line with the IAA forecast. It submits that, given the substantial growth in traffic, it would expect unit costs to have fallen, and a flat trajectory indicates the airport may be meeting the baseline regulatory requirements, but it is not pursuing meaningful efficiency gains. British Airways therefore similarly supports an ongoing efficiency target.

7.39 Dublin Airport states that it rejects *“the IAA’s hypothesis that efficiency incentives are dulled when outperformance is achieved in other areas such as Commercial Revenues”*. It submits that the obligation to operate efficiently is embedded in the governance and accountability structures of Dublin Airport and is not contingent on performance in other areas. It continues

that regardless of commercial outcomes, the airport continues to pursue operational efficiency through disciplined cost management, process optimisation, and continuous improvement initiatives.

- 7.40 In its Regulatory Proposition, Dublin Airport submits that the IAA/CEPA approach to assessing baseline efficiency places disproportionate weight on an intensely granular, bottom-up review of the cost base which, it states, risks amounting to false precision. It submits that *“no organisation is ever 100% efficient”*, and *“a methodology that implicitly assumes a fully optimised steady state at ever micro-level can systematically understate what is required to operate safely, compliantly and reliably in the real world”*. It states that the cumulative effect of many small decisions can set a substantial efficiency challenge that is greater than the evidence would justify at an overall level.
- 7.41 Dublin Airport submits that a more balanced and robust approach would be to place greater emphasis on top-down benchmarking as the anchor for baseline efficiency, with a bottom-up review used as a targeted sense-check rather than a starting point. It states that a baseline efficiency assessment should be triangulated, including benchmarking top-down at the aggregate level, cross-checking against internal performance and operational outcomes, and complemented by selective deep dives only where there is clear evidence of potential inefficiency or where the operating model is undergoing genuine step-change.
- 7.42 IATA supports using an efficient baseline, and elasticity-based forecasts. On whether any efficiency gap should be eliminated from the start (as opposed to applying a glidepath), it believes that would depend on how large the gap is, as well as the assumption for Opex in the previous determination. In addition, IATA states that we may need to consider implementing an assumption on how the efficiency frontier would move over the regulatory period, and cites technological improvements and innovations as examples.
- 7.43 Iberia Express supports the introduction of an efficiency challenge, stating that this is standard in other regulated sectors. In addition, it states that a credible but not overly long glidepath to efficient costs should be implemented where inefficiencies are found.
- 7.44 Ryanair states that there is scope for efficiency and productivity improvements at Dublin Airport, submitting that it has *“easily achieved”* the efficiency target in the 2022 Review Decision. It states that this strongly suggests that there is scope for further efficiency gains.
- 7.45 With respect to any efficiency possibilities identified, Ryanair states that these should be adopted in creating an efficient baseline. If inefficiencies exist, it submits, Users have already been penalised in terms of paying for these inefficiencies. Ryanair claims that this has been the case in past determinations, whereby Users have paid more than they should to *“reward Dublin Airport’s inefficient operation”*. On this basis, Ryanair submits that there can be no justification for allowing a further period for rectification.
- 7.46 Finally, Ryanair submits that there is growing regulatory precedent across Europe for adding a headline efficiency target on top of the efficient baseline Opex estimate. It states that this approach reflects productivity gains achievable across the economy as a whole, and cites the extent to which there will be a frontier shift in productivity attainable through new technologies and flexibility in ways of working.

IAA Response

- 7.47 We agree with the assessment of stakeholders that an ongoing efficiency challenge is appropriate over the regulatory period. Ongoing efficiency can reflect the productivity improvements which an efficient airport should be expected to deliver over time, and

captures improvements in working practices, technology, asset management, procurement and management capabilities that allow the same level of output to be delivered with fewer inputs.

- 7.48 Accordingly, for the Draft Determination, CEPA applies a targeted ongoing efficiency challenge to wage-driven and wage-linked cost lines where productivity is not otherwise captured in its forecast. This efficiency challenge is not applied across all Opex lines to avoid the risk of double counting efficiency improvements already reflected in category-specific analysis.
- 7.49 We note that recent regulatory precedent supports an assumption of an efficiency challenge of up to 1% per year. In its H8 Initial Proposals for Heathrow, the CAA proposed a 1% annual ongoing efficiency challenge for all Opex categories except cost categories that it considered were outside of management control.⁴² Irish regulatory precedent also supports a positive ongoing efficiency challenge.
- 7.50 CEPA does not apply an ongoing efficiency challenge to Security. Security efficiency has been assessed through a bottom-up operational model, which considers efficient staffing, lane requirements and operational resilience directly. The ongoing efficiency challenge is also not applied to passthrough, statutory, or regulated cost items where Dublin Airport has limited control over the cost. Cost lines held flat in real terms or limited to CPI growth are also not subject to the efficiency challenge, as that treatment already assumes that non-wage input pressures are offset by productivity improvements over time.
- 7.51 With respect to submissions received on any potential efficiencies identified and a glidepath to rectification, CEPA's assessment concludes that Dublin Airport's 2025 baseline expenditure broadly reflects an efficient base. Dublin Airport's reported costs have generally remained within the level of Opex implicit in the current regulatory period, and its costs are generally in line with benchmarks from other international airports. For most cost categories, Dublin Airport's outturn 2025 expenditure therefore forms the baseline for forecasting efficient Opex.
- 7.52 With respect to the overall efficiency of the baseline, we consider the approach proposed by Dublin Airport of anchoring the baseline assessment to top-down benchmarking risks masking inefficiencies which are present in the base year. This approach would therefore allow any potential inefficiencies to compound over the regulatory period. We also note the approach proposed by Dublin Airport here is inconsistent with its own approach in its Regulatory Proposition.
- 7.53 In addition, when the 2022 forecast is adjusted for outturn passenger volumes, wage growth and CPI inflation, it is broadly aligned with the actual expenditure by the end of the current period. While not determinative, in the absence of material baseline inefficiency this does suggest that an approach which remains broadly in line with the 2022 approach remains reasonable. While we recognise that many small decisions could lead to a forecast which tends away from centreline, we consider this risk only materialises if these decisions are unbalanced. That could arise from, for example, taking into consideration Opex savings from CIP projects but not any associated Opex cost increases, or where these small decisions are systematically conservative in building in downside risk. We note that Dublin Airport has acknowledged itself that certain elements of its own Opex forecast are conservative, which is consistent with Opex forecasts submitted in previous determinations which have been proven to be significantly above-centreline when compared with outturn data. In comparison, our forecast aims to take a balanced view which balances upside and downside

⁴² [H8 Initial Proposals Section 2: building blocks and incentives](#)

risk.

7.54 In respect of the baseline, the standard is not “100% efficiency”. CEPA draws on three complementary sources of evidence to assess whether Dublin Airport’s 2025 cost base is reasonably efficient:

- As a first-order test, comparing 2022 to 2025 outturn costs against the 2022 Review Decision forecasts. The adjusted forecast rebases the 2022 Review Decision forecast for outturn passenger volumes, economy-wide wage growth, and CPI inflation. A cost category which tracks the adjusted forecast has grown broadly in line with what the volume and price changes predict, while a category that has grown materially faster warrants further scrutiny.
- Benchmarking Dublin Airport’s unit costs, at the level of IAA cost categories and at sub-category level where data is available, against comparator airports and industry data to assess the absolute efficiency.
- For security, using bottom-up operational modelling to assess efficiency.

Risk and Opex Passthrough

7.55 Aer Lingus, British Airways, IAG, IATA, Iberia Express, Ryanair and Vueling support maintaining the current risk allocation model, submitting that Dublin Airport is best placed to carry Opex risk.

7.56 Aer Lingus supports retaining the Opex passthrough mechanism. British Airways strongly supports Opex risk remaining fully with Dublin Airport, other than for uncontrollable passthrough costs which are fully outside the control of Dublin Airport.

7.57 Dublin Airport submits that “the existing Opex passthrough mechanism for rates and changes in legislation should be retained”. However, it proposes that the scope should be expanded to account for:

- Changes in energy prices
- Insurance premiums
- Incorporating evolving safety regulations and sustainability obligations

7.58 Dublin Airport states that these adjustments meet the same criteria as rates, as they are exogenous to Dublin Airport. It submits that making an adjustment for energy prices, rather than including the entire utilities Opex category within the passthrough mechanism, Dublin Airport retains an efficiency incentive.

7.59 Dublin Airport submits that it is standard practice to make an upfront assessment of how the price of inputs such as energy could differ from current levels beyond inflation, and cites the CAA H7 determination which adjusted its forecast of Opex based on anticipated input price inflation factors for wages, materials, and power. It states that AdP⁴³ benefits from a cost sharing mechanism for Opex that exceeds a certain level. Utility companies in the UK, it submits, have similar cost sharing arrangements for deviations above or below the estimate.

7.60 With respect to the Opex cost passthrough mechanism, IATA states this should only be used in very extreme and specific circumstances. It submits that it does not support adding any components to this mechanism other than those the IAA currently allows for. IATA states that if we were to expand the passthrough mechanism, this should be subject to an appropriate efficiency analysis, as otherwise Dublin Airport would not be incentivised to

⁴³ AdP refers to the airports operated by Groupe AdP, including Paris-Charles de Gaulle, Paris-Orly, and Paris-Le Bourget.

deliver such new requirements efficiently.

- 7.61 Ryanair is opposed to any further transfer of Opex risk to Users, submitting that it does not accept that Dublin Airport has no ability to influence these costs.
- 7.62 Ryanair states that, notwithstanding its objection to any Opex passthrough mechanism, if it is retained then we should require Dublin Airport to first demonstrate savings/efficiencies to offset the unforeseeable costs before passthrough can be considered. Ryanair states that where Dublin Airport has made savings in other Opex categories, there should be no ability to pass through additional Opex. Headroom in overall Opex should be used first to absorb the costs of passthrough items. It states that it is important that we define the mechanism by which an assessment of reasonableness of any cost increases will be carried out.
- 7.63 Ryanair considers that there may be some merit in considering a banded approach with respect to the cost passthrough mechanism, whereby costs would only be passed through if they exceed a certain threshold.
- 7.64 Ryanair states that a further condition before unforeseeable Opex would be passed through should be whether Dublin Airport is earning its regulated WACC. It submits that if returns exceed the WACC, no cost passthrough should be allowed, and that while the argument could be made that moving away from allowing extra returns to be retained would undermine the incentives in price cap regulation, this argument ignores that unforeseeable costs by their nature cannot be predicted and therefore cannot affect incentives. On this basis, Ryanair submits it is not plausible that Dublin Airport would “*shy away*” from outperforming on the basis that any future outperformance may be partially reduced due to an unforeseeable cost that arose.

IAA Response

- 7.65 We have not been persuaded that material change to the risk allocation or Opex passthrough mechanism is warranted. We therefore propose to maintain the passthrough mechanism as established in the Original 2019 Determination (as updated pursuant to the referral from the 2020 Appeals Panel). This remains limited to cost lines over which Dublin Airport has little control:
- Local Authority Rates applocated to the regulated entity and not rechargeable.
 - Direct charges set out in new or amended primary or secondary legislation, or levied by a regulatory authority, which are outside the control of Dublin Airport, which relate to activity undertaken by the regulated entity. Such costs would include a charge levied by the noise regulator (ANCA), and costs levied by the IAA.
- 7.66 We propose two minor practical amendments:
- We remove the previous reference to a threshold of €0.5m in relation to the second category of cost lines. Cost lines which are relevant are to be agreed with the IAA and, once agreed, variance in respect of that cost line is to be included in full in the passthrough mechanism. The current position is that the costs associated with Rates, and the charges levied by the IAA and by ANCA, are included within the scope of the mechanism. Any change to that position requires confirmation by the IAA.
 - An amendment to the construction of the W Factor, which is the main term in the price cap formulae which gives effect to the passthrough mechanism.
- 7.67 As is currently the case, any changes in these cost lines relative to our forecasts (whether greater or lesser) would be passed on to Users directly, rather than being absorbed by Dublin

Airport. In order to be a relevant cost to be included in the passthrough mechanism, Dublin Airport must demonstrate that it took all reasonable measures within its control to achieve the best value for Users.

- 7.68 On the second amendment, in recent years, when confirming the final price cap for a given year, we have noted that outturn passthrough costs for the previous year (i.e., year n) are known at the time of confirmation. Under the price cap formula of the current regulatory period, the w -factor (the price cap component which reflects the cost passthrough mechanism) operates on an ' $n+1$ ' basis. We propose to amend the price cap formula to take the w -factor into consideration on an ' n ' basis. As with other adjustments, a provisional estimate can be included by Dublin Airport for its annual consultation on charges, and the final w -factor can be included after the end of the year when the finally-effective price cap is confirmed.
- 7.69 We do not consider that Dublin Airport has established that changes in costs related to energy prices, insurance premiums, or safety and sustainability obligations warrant inclusion in the passthrough mechanism. In line with our position in the 2022 Review Decision, we consider that variation in energy costs will already be adequately captured in the CPI adjustment which will be made throughout the period. In addition, such costs are not entirely outside the control of Dublin Airport. To include them in the passthrough mechanism risks dulling the incentive to operate in an efficient manner.
- 7.70 We consider insurance premiums are not entirely outside the control of Dublin Airport. Providing for the application of the passthrough mechanism to such costs would not, therefore, be consistent with the basis of the mechanism to date. With respect to costs related to safety and sustainability obligations, these have explicitly been taken into consideration in our Capex allowances and Opex forecasts. Variation in such costs, which can, and historically has, been both upside and downside, is simply an element of cost risk for which Dublin Airport is compensated for holding within the period.
- 7.71 Such changes could also put downward pressure on Dublin Airport's exposure to systematic risk, a point which we consider has not been recognised in Dublin Airport's Regulatory Proposition.
- 7.72 We think that Dublin Airport's ability to control regulatory costs and local authority rates is limited. Dublin Airport can take actions such as challenging valuation decisions, and where warranted this may be an efficient action in the interest of Users, but ultimately Dublin Airport is a price taker in both instances. While the passthrough mechanism has led to increased charges over 2023-2026, this will not always be the case and to remove the passthrough mechanism for the upcoming regulatory period may financially disadvantage Users.
- 7.73 We also do not agree that Dublin Airport should be required to demonstrate savings/efficiencies in other Opex categories before the application of the passthrough mechanism. We consider that this would be impractical, conflate two separate issues, and risk diminishing the incentive to make Opex savings within other categories, as the airport would no longer benefit from the financial upside over the period. Such costs are only unforeseen at the time of the determination, and so we disagree with Ryanair regarding the within-period incentive. As outlined in Section 4, one of our key objectives for the 2026 Determination is to generate strong efficiency incentives.

8. Commercial Revenues

Summary

- 8.1 Our proposed target for Dublin Airport's commercial revenues is €482.1m in 2027, increasing to €572.6m by 2031. This compares to outturn revenues of €425.0m in 2025. Growth is significantly driven by the forecast increase in passenger numbers, but we also forecast yield per passenger to increase from €12.22 in 2027 to €12.88 in 2031, an increase of €0.66. There are also several trigger projects which we expect to generate an increase in commercial revenues once operational. In those cases, we propose to build that uplift into the trigger amount, rather than include it in this target used to set the base price caps.

Table 8.1: Commercial Revenue Targets

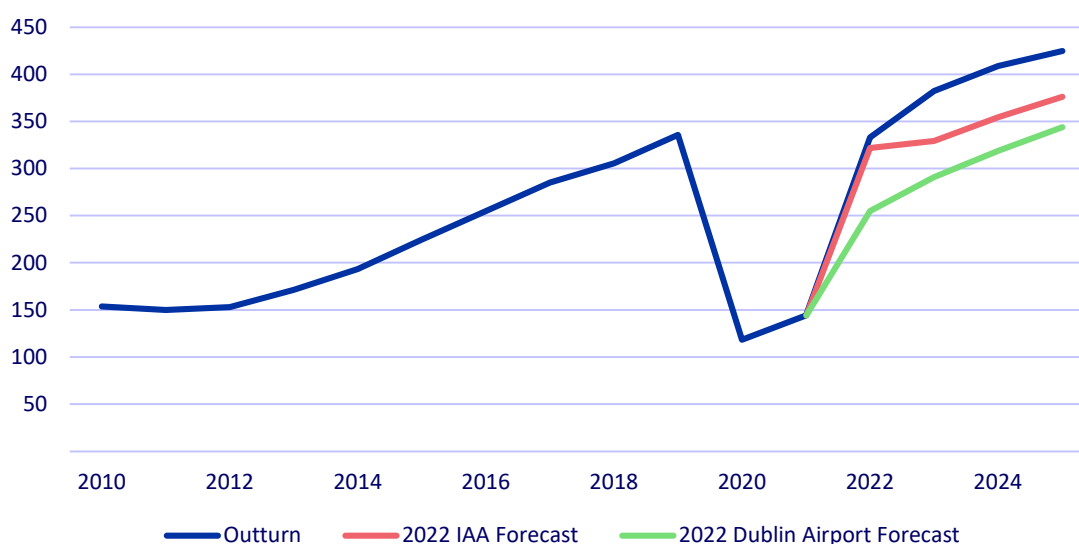
	2025a	2026f	2027f	2028f	2029f	2030f	2031f
Commercial Revenue Outturn/Target (€m)	425.0	457.3	482.1	507.6	526.3	548.1	572.6
Year-on-Year	4.0%	7.6%	5.4%	5.3%	3.7%	4.1%	4.5%
Per Passenger (€)	11.67	12.06	12.22	12.45	12.53	12.67	12.88
Year-on-Year	-1.1%	3.4%	1.4%	1.8%	0.7%	1.1%	1.6%

Source: Dublin Airport, IAA.

- 8.2 Within the regulatory period, Dublin Airport is incentivised to meet or exceed the targets we set, as any outperformance is retained, while any underperformance is at Dublin Airport's risk, and will reduce its profit margin. The rolling schemes are aimed at equalising the incentive for Dublin Airport to improve its commercial performance throughout the regulatory cycle. We propose to retain the use of rolling scheme incentives but adjust the scope somewhat, in particular by discontinuing the car parking revenue rolling incentive.

Review of Outturns and Previous Forecasts

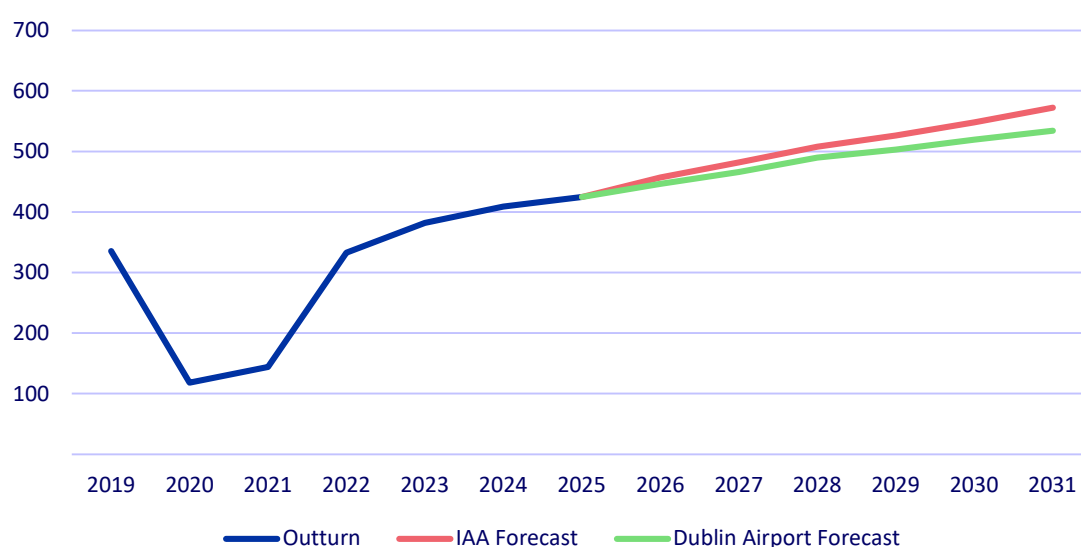
Figure 8.1: Outturn and 2022 Review Decision Forecast Commercial Revenues, €m



Source: Dublin Airport, 2022 Review Decision

- 8.3 Commercial revenues rebounded strongly post-pandemic, with 2025 outturn per passenger higher than 2019 by €1.46. We expect this level of performance to be sustained, and continue to grow further, in the next regulatory period. Although underspending the commercial allowances, Dublin Airport has delivered significant commercial projects throughout the current regulatory period, such as the upgrade to the lounge portfolio, with the spend on commercial projects forecast to exceed €80m by the end of 2026 (nominal terms).
- 8.4 A number of projects which had been included in CIP2020+ have been updated and rolled over to CIP27, such as the Car Hire Consolidation Centre project. We forecast that these rollover projects, along with the new CIP27 projects, will support commercial revenue growth across the period. Some commercial projects have also been completed towards the end of the current period. Our forecasts also aim to take these projects into consideration, recognising that their full revenue generating potential has not yet been realised.
- 8.5 Our forecasts, at both an overall and a per passenger level, are higher than those proposed by Dublin Airport. This is attributable both to our passenger forecast, which is higher than Dublin Airport's, and to our modestly higher forecast yield per passenger.

Figure 8.2: Commercial Revenue Comparison, €m

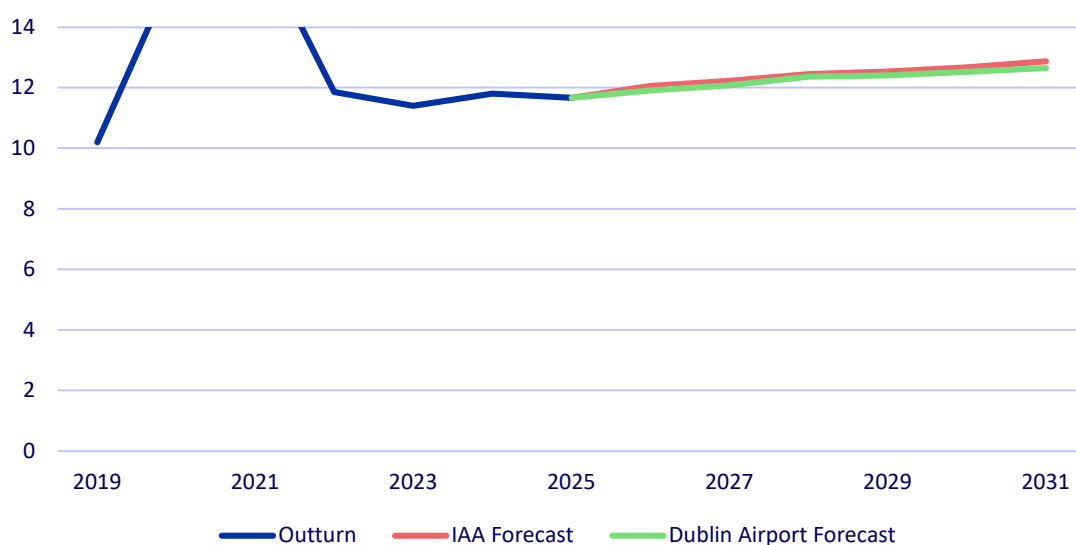


Source: IAA, Dublin Airport

Note: Dublin Airport's forecast uses Dublin Airport's passenger forecast

- 8.6 Excluding the potential impact of triggered projects, we forecast yield per passenger to be €0.15 higher than suggested by Dublin Airport in 2027. By the end of the period, our forecast yield per passenger exceeds Dublin Airport's forecast by €0.23.

Figure 8.3: Commercial Revenue Per Passenger Comparison, €



Source: IAA, Dublin Airport

Note: Figure intentionally truncated.

Approach to Setting Commercial Revenue Targets

Overview

- 8.7 As discussed in Section 7 of the Issues Paper, in the 2022 Review Decision we disaggregated commercial revenues into eight categories. For each category, we identified a key driver and used econometric analysis to estimate the relationship between each revenue category and its associated driver. We then adjusted those trend-based forecasts to account for uplifts for revenue generating CIP projects, as well as a retail uplift based on our estimate of the impact of UK departing passengers becoming duty-free when they were historically duty-paid.

Responses to the Issues Paper, Other Submissions and Dublin Airport's Regulatory Proposition

- 8.8 In response to the Issues Paper, Aer Lingus submits that while the 2022 Review Decision approach to setting commercial revenue targets is simple and transparent, it risks missing efficiencies and revenue opportunities. Aer Lingus would therefore support a refined econometric model with improved drivers.
- 8.9 Aer Lingus also submits that we should consider benchmarking Dublin Airport against both its own past performance, and comparator airports, as a sense check. It suggests that it may be appropriate to reflect a degree of 'stretch' in the revenue forecasts where there is evidence that there is scope for Dublin Airport to further grow its revenues. It cites the significant investment in the T1 IDL as an example. Similar submissions are made by British Airways and Iberia, while Ryanair also suggests further benchmarking. Vueling also states that it is supportive of the Aer Lingus submission.
- 8.10 In its response to the Issues Paper, Dublin Airport states that the core approach to setting the commercial revenue targets should be based on a bottom-up analysis, rather than historical elasticities that may not capture structural changes. Dublin Airport also submits that omitting 2020 and 2021 from elasticity calculations requires further justification than that already provided.

- 8.11 In its Regulatory Proposition, Dublin Airport states that its forecasts have been constructed on a bottom-up basis for each revenue line, taking into account the individual drivers for each component. It states that factors such as contractual arrangements, passenger volume impacts and capacity constraints have been accounted for in its forecasts.
- 8.12 IAG submits that Dublin Airport has consistently under-forecast commercial revenues, with actual performance regularly surpassing both its own projections and those of the IAA. This systematic understatement, it states, negatively distorts charges and requires stronger regulatory scrutiny.
- 8.13 IATA is concerned at the prospect of using Dublin Airport's historic performance as the main driver for forecasting commercial revenues, stating that this approach assumes baseline commercial revenues are efficient. It therefore suggests the application of an approach similar to that applied for Opex, citing a more granular 'base-trend-step' approach.
- 8.14 Ryanair submits that we need to improve the forecasting methodology, because the elasticity-based approach *"simply extrapolates current performance rather than factoring in stretching targets to improve revenues"*. Ryanair states this approach *"guarantees"* that an efficient airport operator would exceed commercial revenue targets through new initiatives and enhancements. Ryanair also advocates the introduction of some form of *"management stretch"* to the commercial revenue targets to reflect scope for innovation to drive additional revenues.
- 8.15 With respect to revenue drivers, Ryanair recognises that the principal driver of most categories of commercial revenues is passenger volumes, but notes that Dublin Airport can also innovate to drive additional revenue growth. Ryanair suggests consideration be given to including floor area into metrics, especially if the forecasts assume growth and additional infrastructure. Ryanair submits that, in light of past outperformance, we should err on the side of setting more stretching targets unless and until there is clear evidence that such targets are not being achieved.
- 8.16 With respect to the commercial revenue categories, Ryanair submits that there may be merit in considering retail income separately from catering income, as the latter has been a strong area for growth at European airports post-Covid-19. Greater weight, it states, should be afforded to recent data as there have been changes in consumer preferences for retail, catering and parking post-Covid and post-Brexit. Ryanair also submits there may be benefit in looking at specific targeted benchmarks, citing the example of what would be a best-in-class catering performance.

Methodology

- 8.17 Based on our review of the submissions to the Issues Paper, a review of recent regulatory outputs, and analysis of Dublin Airport's historic performance relative to forecast, we believe that a deeper, somewhat more disaggregated assessment of commercial revenues is appropriate for the 2026 Determination.
- 8.18 While some respondents favour a fully bottom-up assessment rather than an elasticity based approach, there are a number of difficulties with such an approach. The number of input assumptions to be made on a line-by-line basis increases the complexity of the forecasting methodology. Transparency may be reduced due to the number of inputs and assumptions to be made, reducing the consultative nature of the determination process as data may be of a commercially confidential nature.
- 8.19 More broadly, it should not be assumed that a fully bottom-up or operational approach is

inherently superior to an elasticity-based approach. Where there is a high degree of uncertainty over the operational input assumptions, that uncertainty necessarily feeds through to the forecast. For example, in 2022, Dublin Airport asserted that it's *"commercial revenue forecast was prepared on a bottom-up basis building on our knowledge of our commercial business, assessment of the unique set of challenges that we will face in 2023-26 and analysis of wider trends in each of our business segments"*. In the subsequent year 2023, actual commercial revenue was almost €100m, or 30%, higher than Dublin Airport's 2022 forecast.

- 8.20 Some categories may benefit from a full bottom-up approach. Dublin Airport is relatively insulated from significant volume volatility where it enters concession agreements with third party operators. In this instance, Dublin Airport is protected from downside risk by the minimum annual guarantee (MAG) arrangement with the concessionaire, while upside benefit is captured by the terms of the concession agreement which include an incremental revenue-linked fee once certain thresholds are met. Where we think it likely to lead to an improved forecast, we therefore propose to construct fully bottom-up forecasts where concession agreements are the primary source of commercial revenues. We note that these contracts have all been awarded through competitive tendering processes.
- 8.21 For other revenue lines, we generally continue to use the elasticity-based approach to estimate a trend forecast. However, in line with the submissions received, we believe there is merit in further disaggregating the forecast categories. We also carefully consider where we think there should be scope for revenue growth to outperform historic elasticity based trends, and propose to include some material uplifts relative to the 2025 baseline to account for this. The methodology employed is therefore more 'bottom-up' in nature and more aligned with the approach taken with forecasting Opex, where for example most categories are modelled using elasticities and step changes, but security is modelled on a fully bottom-up operational basis.
- 8.22 We believe that this will likely lead to an improved forecast:
- The elasticity for each disaggregated revenue line is not impacted by volatility of other revenue lines, which have historically been estimated together.
 - Historic trends can be assessed at a more granular level, allowing individual impacts to be analysed more closely (e.g., the Brexit impact on direct retail sales).
 - Baseline forecasts can be adjusted in a tailored manner to account for recent developments, significant investment, and future plans.
- 8.23 The revenue categories used in the 2019 Determination and 2022 Review Decision have therefore been further disaggregated into the following sub-components as set out in Table 8.2

Table 8.2: Commercial Revenue Categories

Category	Subcomponent
Net Direct Retail	Direct Retail
	F&B
	Retail Concessions
Car Parking	Car Parking
Commercial Property	Commercial Property
Commercial Concessions	Car Hire
	Banking
	Telephony
	Busses/Coaches
	Hotel
	Other Concessions
Advertising	Advertising
DATS	Lounges
	FastTrack
	Platinum Services
	Airport Club
US Preclearance	US Preclearance
Other Revenue	Other Revenue

Source: IAA

8.24 With respect to Ryanair’s submission that an elasticity-based approach guarantees that an efficient airport operator would exceed commercial revenue targets through new initiatives and enhancements, we agree that an approach based solely on elasticities may miss such opportunities, but it is also true that such an approach may miss potential negative trends or step changes, as suggested by Dublin Airport. For these reasons, we do not rely solely on a trend-based forecast, but also consider the prospect of step changes, on a line-by-line basis as set out below.

8.25 From the responses to the Issues Paper, many stakeholders advocated benchmarking against Dublin Airport’s own historic performance and the performance of comparator airports. We remain of the opinion that it is appropriate to use Dublin Airport’s own historic performance as a sense check on the future trend. We also, however, agree with Ryanair that more recent data will capture changes in passenger behaviours and spending patterns post-pandemic. We are not convinced that a benchmarking analysis against comparator airports would add value to the assessment:

- Airports operate under different commercial strategies. For example, Dublin Airport’s retail operation is relatively insourced compared to most airports, which has simultaneous implications in both Opex and commercial revenue. Making like-for-like comparison is therefore difficult.
- Granular revenue data on a line-by-line basis is difficult to obtain, and the reporting structure across airports is not consistent.
- Airports differ in their classification of different streams of revenue.
- Commercial benchmarking can often mask fundamental differences in airport strategies, with passenger profiles, availability of retail space, and the composition of commercial revenues differing.

8.26 Should any respondents undertake such a benchmarking analysis in response to the Draft

Determination, we suggest that they explain how the analysis addresses such issues.

8.27 With respect to Dublin Airport's submission that removing 2020 and 2021 outturn data from our econometric modelling requires explanation, we believe that the outlier and off-trend impact of the pandemic is best addressed by controlling for Covid-impacted years in our regression analysis. We therefore propose to include controls in our econometric models to account for the pandemic-affected years 2020-2022, inclusive.

8.28 Several stakeholders advocate for the introduction of 'management stretch' to our commercial revenue forecasts. We see merit in the overall concept of management stretch, noting that if Dublin Airport were to operate in a competitive market, some element of management stretch would be inherently present to innovate and compete with rival firms. However, we believe that our commercial revenues forecast is already centreline without the addition of a further top-down management stretch target. As suggested by Ryanair and Aer Lingus, a trend-based forecast, using elasticities, effectively rolls forward historic performance. But we then include various step targeted step increases, which would require continued improvement relative to that trend-based forecast. For example, we already take account of the opportunity presented by the IDL refurbishments, as referenced by Aer Lingus in the context of management stretch.

8.29 Our proposed methodology is therefore as follows:

- First, we propose to use outturn data from 2001 to 2025 to estimate the elasticity of each category with respect to associated drivers, controlling for Covid-impacted years. For concession revenue lines where we believe we have sufficient data to estimate a centreline bottom-up forecast, we forecast on a fully bottom-up basis.
- Second, we select the most appropriate driver for each category, based on the robustness of our results and qualitative assessment, and consideration of historic performance.
- Third, we propose to use 2025 outturn as a baseline for our forecasts. The only exception is our US Preclearance forecast, which uses our US departing passenger forecast for 2027-2031 combined with the forecast charge per passenger.
- Fourth, we use our 2025 baseline, the estimated elasticity, and forecasts for the selected driver to construct base forecasts (i.e. trend-driven only) across the regulatory period.
- Finally, we propose to adjust our base forecast where we believe the 2025 outturn, and consequently the trend-based forecast, varies from the centreline revenue generation potential over 2027-2031. This applies to categories which have had significant investment throughout the current period, or which have fundamentally shifted relative to 2025 outturn. We also include uplifts throughout the period to take account of revenue generation from certain CIP27 projects which we assess to be additional to the trend forecast.

8.30 The results of our econometric assessment of elasticities are presented in Appendix 3.

Net Retail

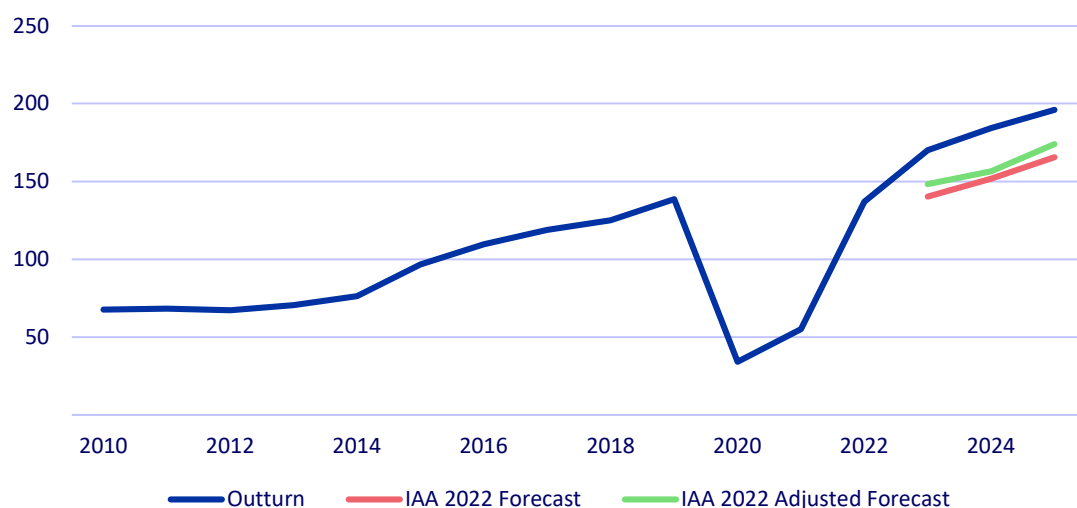
Overview

8.31 This is the largest category of Commercial Revenues, making up 46% of total earnings in 2025, and composed of three subcategories:

- Direct Retail, from insourced retail units
- Food and Beverage (F&B)
- Retail Concessions

- 8.32 In the 2022 Review Decision, we forecast that total Net Retail revenues would increase to €140.2m in 2023, and continue to increase to €165.6m by 2025. Dublin Airport has consistently outperformed that forecast. When the 2022 Review Decision forecast is adjusted for differences between forecast and outturn passenger numbers, the outperformance decreases, but a significant gap remains.

Figure 8.4: Total Net Retail Revenues, €millions



Source: Dublin Airport, 2022 Review Decision, IAA Calculations

- 8.33 In 2023, outturn was €30m above our forecast. This outperformance increased to €33m in 2024, before falling slightly back to €30m in 2025. Adjusting our 2022 forecast for differences between forecast and outturn passenger numbers, Dublin Airport outperformed the 2022 Review Decision forecast by €22m in 2023, €28m in 2024, and by €22m in 2025.
- 8.34 On a per passenger basis, in 2022 we forecast total retail revenue per passenger to increase from €4.43 in 2023 to €4.78 in 2025. Between 2019 and 2025, on a per passenger basis, Direct Retail revenue increased by 30% while F&B revenue increased by 39%. Comparably, Retail Concession revenue per passenger rose by just 2% over the same period. This is likely linked to Dublin Airport's ongoing strategy of increasing insourced retail instead of concessioned retail.

Table 8.3: Outturn Retail Revenues per Passenger, €

	2019	2020	2021	2022	2023	2024	2025
Direct Retail	2.70	2.47	4.03	3.07	3.23	3.46	3.52
F&B	0.88	1.23	1.22	1.07	1.10	1.14	1.23
Retail Concessions	0.62	0.93	1.26	0.73	0.74	0.71	0.64
Total Net Retail	4.21	4.63	6.52	4.88	5.07	5.32	5.38
IAA 2022 Forecast					4.43	4.52	4.78

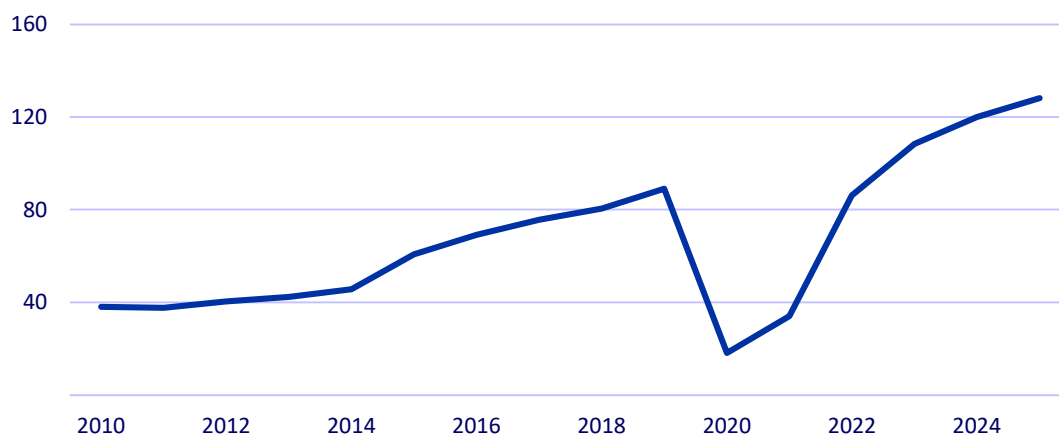
Source: Dublin Airport, 2022 Review Decision, IAA Calculations

Direct Retail

Overview

8.35 In 2022, revenues from Direct Retail⁴⁴ rebounded post-pandemic to €86.2m from €34.1m in 2021, just €3m below pre-pandemic levels (2019), despite passenger volumes remaining 4.8m lower. Direct Retail revenues continued to increase year-on-year between 2023 and 2025, reaching €108.3m, €120m, and €128.1m respectively.

Figure 8.5: Direct Retail Revenues, €m



Source: Dublin Airport, IAA calculations

Responses to the Issues Paper, Other Submissions and Dublin Airport's Regulatory Proposition

8.36 In its response to the Issues Paper, Aer Lingus notes that duty-free sales have been a significant driver of increased revenue. It submits that the step increase should inform a new baseline level of retail revenue. Aer Lingus also highlights, in the context of adding 'stretch' to the commercial targets, the significant investment in the T1 retail space which is expected to drive increased commercial revenues in the coming regulatory period.

8.37 Responding to the Issues Paper, Dublin Airport notes that the Direct Retail step change resulting from Brexit has been greater than was forecast. It states that passenger average spend (PAS) on UK flights for the first half of 2025 was higher than the equivalent period in 2023, while the PAS on transatlantic routes increased by a much more modest amount over the same period. Dublin Airport states that the Brexit step-change was a one-off uplift, with the airport now expecting customer spending habits to stabilise.

8.38 In its Regulatory Proposition, Dublin Airport states that passenger numbers are an important driver of retail revenues, and that this revenue stream is particularly sensitive to the passenger demographic. Dublin Airport submits that it is continuing to improve its product and brand mix. It states that its revenue forecasts build in year-on-year sales growth to take account of increased passenger volumes, and ongoing improvements to its retail offering. As a result of the T1 IDL redevelopment, Dublin Airport says that 2027 and 2028 will see a rise in PAS, which will grow modestly thereafter. It states that a similar increase will occur in T2 as a result of consolidated retail space in the T2 IDL.

8.39 Dublin Airport submits that its retail outlets face increasing competition from online and high

⁴⁴ 'Direct Retail' refers to revenues net of cost of goods sold.

street stores which can offer greater convenience. In this context, it states that the airport's travel retail licence prevents direct competition with online retailers offering a home delivery service, which represents a challenge to attracting customers using enhanced services. Dublin Airport also highlights other challenges facing Direct Retail:

- Increased threats from other airport operators, compounded by exposure to fluctuating currency rates.
- Ferry operators, particularly those servicing the UK, pose a significant threat to alcohol and tobacco elements of the duty-free operation.
- Continuing pressure on tobacco sales as a result of both supply and demand side factors.
- With respect to alcohol sales, Dublin Airport states that health trends, a "*cost-of-living squeeze*", and younger generation consumption trends, all represent challenges.

8.40 Skylark, commissioned on behalf of Aer Lingus and IAG, submits that over 50% of Dublin Airport's Direct Retail yield forecast is attributable to CIP-related improvements, and that the T1 IDL retail project has been included in the baseline forecast rather than detailed as a CIP project. The T1 IDL project, Skylark submits, should be treated as a stand-alone CIP project to avoid understating underlying performance and allow clearer assessment of true like-for-like growth.

8.41 Skylark states that Direct Retail has been the largest contributor and key growth driver of the increase in commercial revenues over the period 2019 to 2025, and notes that a large part of the increase in Direct Retail revenues will be driven by an increase in the number of passengers eligible for duty-free shopping due to Brexit. It submits that the wider retail market headwinds cited by Dublin Airport in its Regulatory Proposition are less applicable to airport retail, and appear to be overstated in Dublin Airport's forecasts.

8.42 Skylark also submits, based on benchmarking it has conducted, that:

- Dublin Airport benchmarks at the lower end of retail yield.
- Those at the top of its benchmarking are characterised by a category-specific, focused strategy, and optimal tenant mix.
- Leveraging of digital engagement has proven effective amongst those benchmarked, and Dublin Airport should continue to develop this.

8.43 With respect to the retail related CIP27 projects, Skylark submits that while project details are limited, the T1 IDL project and T2 IDL project should deliver greater yields per passenger, citing an industry target of 20-40% from changing to a walk through rather than walk-past unit. Skylark also submits that IDL redevelopment projects at other European terminals between 5-10 million passengers have forecast yield uplifts of between 9% to 30%.

8.44 Finally, Skylark states that it appears that no uplift has been included in Dublin Airport's forecast for additional retail units in the CBP expansion project, the Pier 1 West project, the Integrated Transport Hub project, and the Pier 2 Bolt-On project.

Forecast

8.45 We forecast Direct Retail revenues to increase from €128.1m in 2025 to €187.6m in 2031, before taking account of the potential impact of triggered projects. On a per passenger basis, we forecast yield per passenger to increase consistently across the period, supported by uplifts from both CIP2020+ and CIP27 projects.

Table 8.4: Direct Retail Targets

	2025a	2026f	2027f	2028f	2029f	2030f	2031f
Direct Retail Outturn/Target (€m)	128.1	140.1	148.1	161.2	168.2	177.3	187.6
Per Passenger (€)	3.52	3.70	3.76	3.95	4.01	4.10	4.22

Source: IAA

- 8.46 We estimate a passenger elasticity of 1.12 by regressing annual revenues from 2001 to 2025 on passenger numbers, controlling for Covid-impacted years. This is somewhat lower than the elasticity of 1.3 which we estimated in 2022, based on data from 2001 to 2019. We believe that a passenger elasticity of greater than 1.0 remains logical, capturing the impact of passenger volumes, but also the trend in recent years of a greater propensity to consume. The domestic Irish economy has performed well in recent years, with Modified Domestic Demand increasing by 4.9% in 2025.⁴⁵ This growth is expected to continue, although at a more moderate pace, over the coming years.
- 8.47 In 2022, we included a StageGate 0 allowance for the Terminal 1 Departure Lounge (IDL) Reorientation & Rehabilitation project (CIP20.03.013). This project came to StageGate 1 in Cycle 3 2025. It entails the major redevelopment of the core retail area in Terminal 1, with the goal of *“transforming it into a store that reflects the needs of the passenger profile at Dublin Airport”*. The main passenger walkway that runs through the retail area will be *“replaced to enhance the passenger experience”*, and the current layout will be updated to enhance the offering throughout.⁴⁶
- 8.48 We adjust our base Direct Retail forecast to include the expected revenue uplift from the T1 IDL project. As suggested by Skylark, we apply this uplift on a standalone basis across the period, in addition to our trend forecast. Our uplift is based on the project’s business case, deflated to March 2026 prices. This business case outlines two separate forecasts, one daa’s and one ARI’s, of the expected additional EBITDA compared to a ‘Terminal 1 as-is’ situation. We uplift the forecast by the midpoint of the daa, and ARI, forecasts.

Table 8.5: Direct Retail Targets Breakdown, €m

	2025a	2026f	2027f	2028f	2029f	2030f	2031f
Trend Based Forecast	128.1	134.0	140.0	145.4	150.2	155.2	160.1
T1 IDL Project Uplift		6.1	8.1	10.2	12.3	14.6	16.9
Outturn/Base Forecast	128.1	140.1	148.1	155.6	162.6	169.8	177.1
CIP27 Uplifts							
New Commercial Unit – Pier 1 Existing				.4	.4	.5	.6
New Commercial Unit – Pier 3				.2	.2	.2	.3
Refurbished Commercial Unit – Terminal 2 IDL				4.2	4.2	5.4	8.0
ARI Innovation				.9	.9	1.3	1.7
Total Outturn/Forecast	128.1	140.1	148.1	161.2	168.2	177.3	187.6

Source: IAA

⁴⁵ Quarterly Bulletin Q1 2026 | Central Bank of Ireland

⁴⁶ Dublin Airport Presentation: StageGate Cycle 3 2025

- 8.49 The commercial investments in CIP27 contain several projects which we consider to be additional to our trend-based forecast. We include uplifts for these projects based on the project business cases and the intended delivery timelines. We note that, relative to the T1 IDL project, the proposed uplift for the T2 IDL project appears comparably low, including in the context of the research conducted by Skylark. Ahead of the Final Determination, we therefore invite submissions on whether it is considered reasonable for the T2 IDL project to generate significantly less incremental revenue than the T1 IDL project, and if so, why.
- 8.50 For Direct Retail projects which are components of triggered projects, we include the commercial revenue uplift in the trigger amount, which has the effect of somewhat offsetting the triggered price cap increase. The uplift for the refurbished commercial unit in Pier 2 is included in the Existing Pier 2 Optimisation and Refurbishment project trigger allowance, and the new CBP commercial units are included in the Terminal 2 CBP and Transfer Extension project trigger allowance.

Table 8.6: Commercial Uplifts included in Trigger Projects, €m

Direct Retail Project		Trigger Project	2026f	2027f	2028f	2029f	2030f	2031f
Refurbished Commercial Unit – Pier 2		Existing Pier 2 Optimisation and Refurbishment			.2	.3	.3	.3
New Commercial Units - CBP		Terminal 2 CBP and Transfer Extension					1.0	1.1

Source: IAA

- 8.51 We note Skylark's submission that no CIP impact was included in Dublin Airport's forecast in respect of the additional retail space in the Pier 1 West project (CIP27.02.18), the Integrated Transport Hub project (CIP27.02.14), and the Existing Pier 2 Optimisation and Refurbishment project (CIP27.02.20) (stated to be the Pier 2 Bolt-On project by Skylark, but assumed to refer to the Pier 2 Optimisation and Refurbishment Project).
- 8.52 As outlined, we have included an uplift for the commercial component of the Existing Pier 2 Optimisation and Refurbishment project in the project trigger. We have included uplifts for the commercial units proposed for the existing Pier 1 project in our forecast, but we do not include an uplift for the Integrated Transport Hub project as this facility is not expected to be operational by the end of the regulatory period.
- 8.53 Dublin Airport's forecast appears to apply baseline uplifts for the T1 IDL project in the first two years of the period only. We are not convinced that the additionality of the T1 IDL project will only extend two years into the period, which is not consistent with the business case for the project. We therefore include standalone baseline adjustments throughout the period.
- 8.54 Our total draft forecast is higher than that of Dublin Airport across the period, particularly in the later years. However, on a per passenger basis, our forecast is on average close to Dublin Airport's. Our forecast per passenger is in line with Dublin Airport's forecast for 2027, and somewhat lower in 2028 and 2029. In 2030 and 2031, Dublin Airport's forecast yield improvements show an off-trend stagnation, notwithstanding the major investments in the T1 and T2 IDLs. We assess that continued growth in real yields per passenger is likely to be achievable.

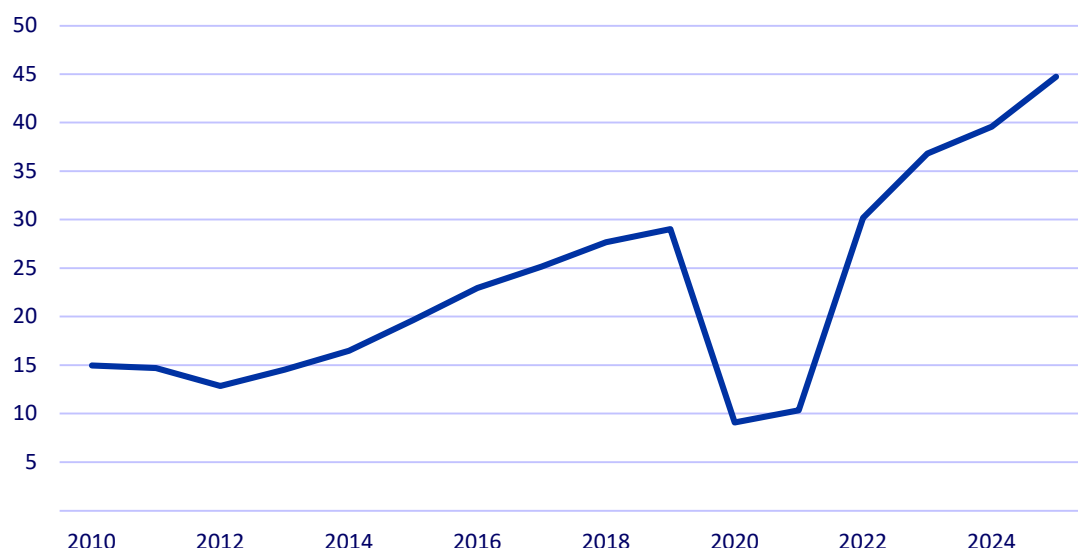
F&B

Overview

- 8.55 Revenue from F&B has increased year-on-year from €30.2m in 2022, to €44.7m in 2025.

Unlike Direct Retail, Dublin Airport's F&B offering is a concession-based model, with Dublin Airport receiving either a minimum annual guarantee (MAG) from concessionaires, or a percentage of revenue once certain thresholds are met. Over the current period, Dublin Airport has implemented a strategy to fully refurbish and transform all 45 F&B units by the end of 2026. This transformation, along with a new tendering strategy, has seen F&B revenue increase by 55% since 2019.

Figure 8.6: F&B Revenues, €m



Source: Dublin Airport

Responses to the Issues Paper, Other Submissions and Dublin Airport's Regulatory Proposition

- 8.56** In its response to the Issues Paper, Dublin Airport states that it has seen a step increase in income as a result of the transformation of the F&B offering, with 45 units across the airport operated by 10 concessionaires. Since 2019, Dublin Airport submits that the F&B transformation has resulted in income more than doubling, with the new improved offering providing additional options to meet passenger needs.
- 8.57** In its Regulatory Proposition, Dublin Airport forecasts strong, above-trend growth in F&B income from 2026-2028 driven by the F&B transformation, increasing passenger volumes, and improved digital engagement. However, Dublin Airport forecasts this trend to normalise to a more moderate growth rate, in line with passenger growth, from 2029-2031.
- 8.58** Based on benchmarking, Skylark states that despite strong performance, there remains room for growth in F&B, with the airport benchmarking at the bottom of the comparator set. Skylark submits that Dublin Airport's F&B forecast declines in per passenger yield post 2029, suggesting the benefits of the F&B strategy have not been carried forward. Skylark also states that Dublin Airport's forecast does not include any uplifts for CIP27 projects that add additional space post 2028, particularly the CBP expansion project, and the Integrated Transport Hub, although it notes any uplift would be relatively minor.

Forecast

- 8.59** We forecast F&B revenue to increase over the regulatory period from €51.8m in 2027 to €58m by 2031. On a per passenger basis, we forecast yield to remain broadly flat in real terms across the period, following an expected step increase this year.

Table 8.7: F&B Revenue Targets

	2025a	2026f	2027f	2028f	2029f	2030f	2031f
F&B Outturn/Target (€m)	44.7	49.9	51.8	53.4	54.9	56.5	58.0
Per Passenger (€)	1.23	1.32	1.31	1.31	1.31	1.31	1.30

Source: IAA

8.60 As stated above, we have considered forecasting the concession-based revenue streams at a fully bottom-up, concession-level basis, where we consider that doing so is likely to generate an improved centreline forecast. Based on the information we have received, and the early operational stage of the F&B transformation strategy, we do not believe this is appropriate for the F&B revenue category:

- Despite being provided with the terms of the concession agreements in place, we are currently not satisfied that the underlying sales forecasts reasonably reflect the F&B transformation.
- We are not convinced that the yield per passenger should be expected to decline to the extent forecast by Dublin Airport by the end of the period, from a peak in 2028/2029.

8.61 Using outturn 2001 to 2025 data, we estimate a passenger elasticity of 0.94 by regressing F&B revenues on passenger numbers, while controlling for Covid-19 impacted years. We consider this elasticity to be reasonable, with revenues broadly increasing in line with passenger volumes. Unlike Direct Retail, F&B units are operated by concessionaires, who are responsible for their own operational decisions and costs. Therefore, an elasticity of slightly less than 1 is not incongruous with an operation that is largely outside of the direct control of Dublin Airport past the point of tender.

8.62 As with other revenue lines, we use 2025 outturn as a base, projecting forward across the regulatory period. However, as noted by Dublin Airport, the F&B offering has undergone a significant transformation, with all units expected to be completed this year, and competitive tendering having driven a step-increase in revenues in 2025. We are not convinced that this step-increase is likely to be limited to a one-year impact. We therefore uplift our base forecast in 2026 to take this into consideration. Our uplift assumes that the step-change between 2024 and 2025, adjusted for the portion attributable to passenger growth, continues into 2026.

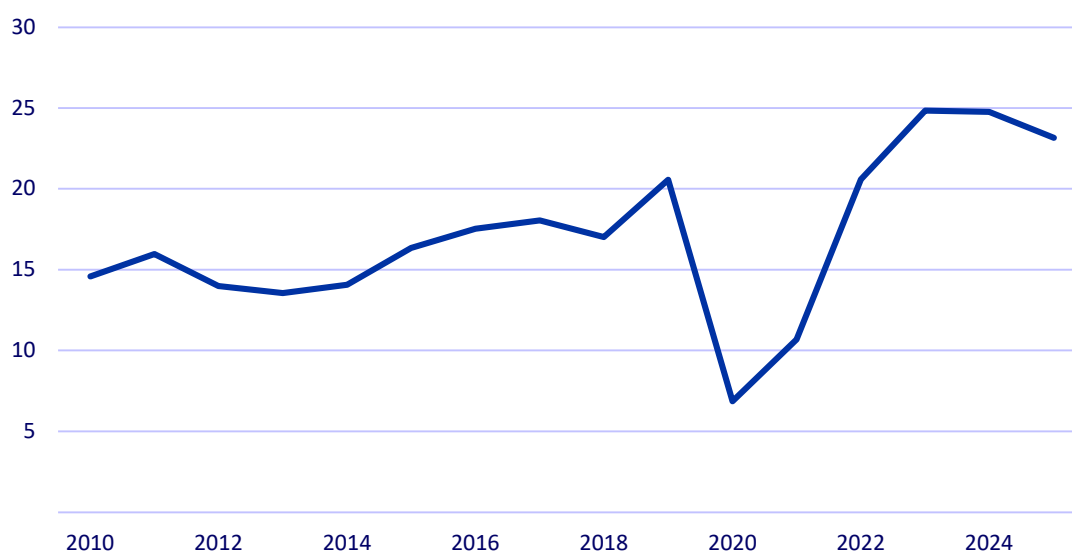
8.63 We note Skylark's submission on the absence of uplifts for the CBP expansion project and the Integrated Transport Hub project. As discussed with respect to Direct Retail, we have included a commercial uplift to the CBP expansion project to take into consideration additional commercial space, while the Integrated Transport Hub project is not expected to be operational within the regulatory period.

Retail Concessions

Overview

8.64 Revenue from Retail Concessions rose from €20.6m in 2022 to €24.8m in 2023. However, despite passenger growth, revenue in 2024 remained flat, followed by a decrease to €23.1m in 2025.

Figure 8.7: Retail Concession Revenues, €m



Source: Dublin Airport

Responses to the Issues Paper, Other Submissions and Dublin Airport's Regulatory Proposition

8.65 In its Regulatory Proposition, Dublin Airport states that it expects revenue from retail concessions to increase between 2026 and 2031, reflecting an uplift in revenues from recent competitive tenders and continued growth from other concession agreements. It submits that it will continue to assess future growth opportunities from concession spaces and look to maximise revenues by either utilising space for direct retail opportunities or combining concessions units where efficiencies can be achieved.

8.66 Skylark states that no direct explanation has been provided by Dublin Airport for the reduction in retail concessions revenue between 2025 and 2026, noting that it may be related to the strategy of consolidating concession units and prioritising Direct Retail. Skylark also submits that no uplifts have been included for the Integrated Transport Hub project, the CBP expansion project, or the Pier 2 Bolt-On project.

Forecasts

8.67 We forecast revenue from Retail Concessions to increase across the regulatory period, from €24.6m in 2027, to €26.9m in 2031. However, on a per passenger basis we expect yields to decline modestly. Relative to 2025 outturn, we forecast yield per passenger to decline by €0.04 in real terms by 2031. This is linked to Dublin Airport's strategy to increase the extent of in-house retail, as outlined above, relative to retail concessions.

Table 8.8: Retail Concessions Targets

	2025a	2026f	2027f	2028f	2029f	2030f	2031f
Retail Concessions Outturn/Target (€m)	23.1	23.8	24.6	25.2	25.8	26.3	26.9
Per Passenger (€)	0.64	0.63	0.62	0.62	0.61	0.61	0.60

Source: IAA

8.68 We estimate a passenger elasticity of 0.66 by regressing Retail Concession revenue on

passenger numbers from 2001 to 2025, controlling for Covid-19. We consider this estimate to be low relative to the potential growth over the regulatory period, and note this estimate is likely impacted by the transition of Retail Concession units to Direct Retail units. Dublin Airport proposes an elasticity of 0.75 in its Regulatory Proposition. We believe this is a more realistic target which takes into consideration that the shift from concessioned to direct is likely not to continue to the same extent as has been observed over 2019-2025. Therefore, we propose to accept Dublin Airport's passenger elasticity of 0.75.

8.69 Our forecast is somewhat higher than Dublin Airport's, largely due to differing base years. While we use 2025 as a base year, Dublin Airport uses a 2026 forecast which includes a contraction of c€2.5m relative to 2025. Dublin Airport does not evidence this contraction sufficiently for us to include it as a baseline adjustment at this stage.

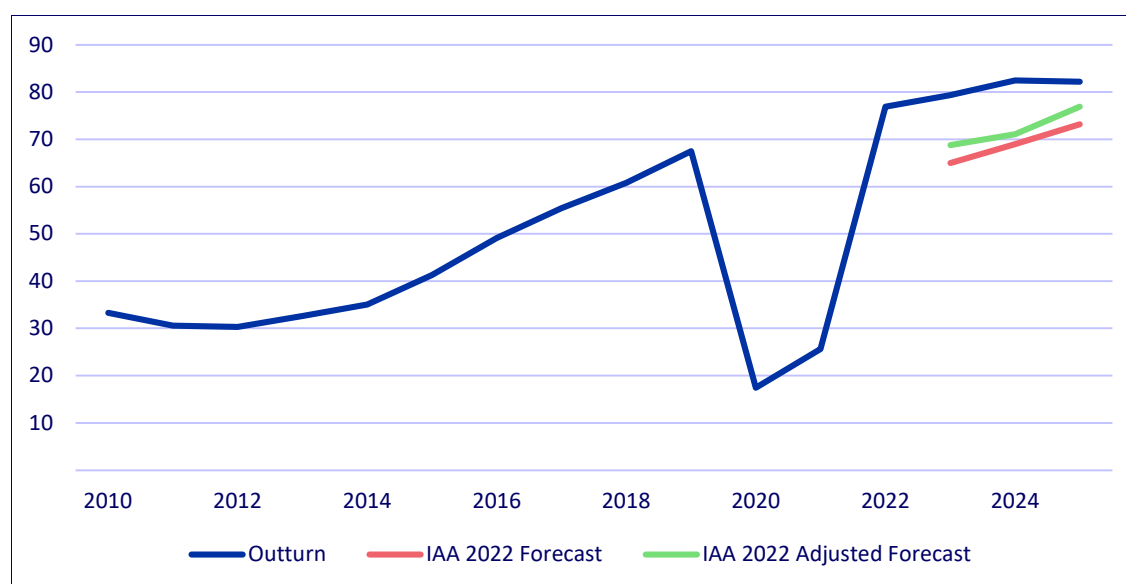
8.70 We note Skylark's submission with respect to CIP uplifts. As explained above, these projects have been taken into consideration within the Direct Retail forecast, or have not been included if the project is very unlikely to be operational by the end of the regulatory period.

Car Parking

Overview

8.71 Dublin Airport earns revenue from a number of carparking offerings, including short-term, long-term, Drop and Go, and staff carparking. Car parking revenues outperformed our 2022 forecast in each year 2023-2025. From 2022, car parking became the second largest source of commercial revenues.

Figure 8.8: Car Parking Revenue, €m



Source: Dublin Airport, 2022 Review Decision, IAA Calculations

8.72 Dublin Airport outperformed the 2022 Review Decision forecast by €14.3m in 2023, €13.5m in 2024, and €9.0m in 2025. When our forecast is adjusted for outturn passenger numbers, the outperformance reduces to €10.6m in 2023, €11.4m in 2024, and €5.3m in 2025. Our 2022 forecast was premised on yield-per-passenger returning to 2019 levels, including on the assumption that the former QuickPark competitor facility would re-open more quickly than it did.

8.73 In 2025, outturn yields per passenger were 10% higher than 2019. That, however, represents a modest decline compared to 2024. This decline can likely be primarily attributed to the

opening of the competitor offsite carpark at the former QuickPark site in March 2025.

Table 8.9: Car Parking Revenue per Passenger, €

	2019	2020	2021	2022	2023	2024	2025
Outturn	2.05	2.36	3.03	2.74	2.37	2.38	2.26

Source: Dublin Airport

Responses to the Issues Paper, Other Submissions and Dublin Airport's Regulatory Proposition

8.74 In its response to the Issues Paper, Dublin Airport outlines that the closure of QuickPark led to a short-term contraction in supply which led to an increase in demand for Dublin Airport's car parks. Demand was therefore yield managed such that yield-per-passenger increased. Since Park2Travel began operating the competitor car park in March 2025, Dublin Airport states that yield per passenger has reduced.

8.75 In its Regulatory Proposition, Dublin Airport states that demand for car parking is strong due to the absence of a rail service. There are also supply limitations, as the number of permitted car parking spaces for staff and passengers is capped at 29,000. As a result, the ratio of car parking spaces to passengers is significantly lower at Dublin Airport compared to peer European airports.

8.76 Dublin Airport submits that since 2019, the financial performance of the car parking portfolio has been strong, with growth primarily driven by yield improvements and the launch of the Drop & Go product. From 2023 onward, all car parks, it states, *"operated at near full capacity for most of the year"*. With respect to the next regulatory period, Dublin Airport suggests that:

- Growth will be limited due to capacity constraints, but the business is well placed to deliver incremental revenue gains through digital optimisation, product differentiation, and the continued expansion of premium services such as Drop & Go.
- Capacity will remain a constraint for much of the period, with no material increases in capacity expected.
- Revenue growth will primarily be driven by yield management and product mix rather than volume. It states that its forecast for 2027-2031 assumes additional volumes can be accommodated at off peak periods and, where car parks are at full occupancy, demand will be yield managed.
- Digital channels will play an increasingly central role in revenue generation, with online pre-booking expected to dominate long-term and premium products.
- Competition will remain strong, with passenger awareness of Park2Travel increasing, and its market share continuing to grow as a result.

8.77 Skylark submits that Dublin Airport's baseline forecast is conservative, with yield decreasing in real terms. As Park2Travel reopened in March 2025, Skylark states that the competitive market will be stable post 2026, with yield impact felt in 2025. With respect to mode share, Skylark submits car transport has maintained mode share, with increases in bus and coach options largely taking share from taxis. Links to the city centre, it submits, are strong, but connections beyond the city are limited, supporting car use. Skylark notes that CIP27 uplifts are minimal within the forecast period. It states while this could be due to the early phasing, with some projects not due to complete until 2032, more detail should be requested to validate this assumption.

Forecast

8.78 We forecast car parking revenues to increase over the regulatory period from €89m in 2027, to €102.3m in 2031. On a per passenger basis, we forecast yields to remain flat at €2.26 in the early years of the regulatory period, before support from CIP27 projects modestly boosts yields.

Table 8.10: Car Parking Revenue Targets

	2025a	2026f	2027f	2028f	2029f	2030f	2031f
Car Parking Outturn/Target (€m)	82.2	85.6	89.0	92.0	94.8	98.3	102.3
Per Passenger (€)	2.26	2.26	2.26	2.26	2.26	2.27	2.30

Source: IAA

8.79 We propose to forecast car parking revenues using the same methodology as in 2022, namely that carparking revenues will grow in line with passenger volumes (i.e. with an elasticity of 1), except where a particular CIP27 project appears likely to lead to a step increase. As shown above, once adjusted for passenger volumes and following the opening of Park2Travel in 2025, the 2025 outturn is reasonably close to what we forecast it would be in 2022. We consider that a carparking revenue trend assumption in line with the passenger trend is justified where:

- When carparking capacity is available, increased passenger volumes will lead to a commensurate increase in carpark occupancy.
- When carparking capacity is not available, excess demand will again lead to increasing yields-per-passenger, commensurate with the extent of that excess demand.

8.80 We estimated a passenger elasticity of 1.13 by regressing annual revenues on passenger numbers between 2001 and 2025, controlling for the Covid-19 period. Assessing historic car park occupancy levels, and mindful of the impact of the temporary closure of a competing offsite carpark from 2022-2024, this result is intuitive as yields increased to a greater extent than passenger volumes over this period as Dublin Airport effectively yield managed to control demand. Therefore, despite Dublin Airport stating that its car parks are capacity constrained, an elasticity greater than 1 is not inconsistent with an operation which is yield managed. However, as this competing car park has now reopened under a new operator, increasing car space capacity by c.6,000, we assess an elasticity greater than 1 is unlikely to reflect the current and expected future situation. This is also evidenced by the fall in yield per passenger between 2024 and 2025, as the competing car park came into operation.

8.81 As submitted by Skylark, it is not apparent why a decline in yield per passenger is likely to continue into the next regulatory period. Assessing historic occupancy rates across all car parks, Dublin Airport's car parks continue to be at full occupancy for peak months of the year, including 2025 notwithstanding the new competitor. As passenger volumes increase, we expect this to provide support into the shoulder months where there is space to grow. In peak periods, we expect Dublin Airport will continue to yield manage demand during peak periods, as it has suggested.

8.82 There are several CIP27 projects which are expected to be delivered from 2030. We include modest uplifts for these projects in our forecasts, aligned with Dublin Airport's expected delivery timeline. For the Long Term Express Red Surface Car Park Expansion project (CIP27.03.01A), we again include the uplift in the project trigger.

Table 8.11: Car Parking Targets Breakdown, €m

	2025a	2026f	2027f	2028f	2029f	2030f	2031f
Trend Based Forecast	82.2	85.6	89.0	92.0	94.8	97.6	100.3
CIP27 Uplifts							
Staff Remote South						.4	.8
Staff Northeast						.3	.6
Drop and Go Blue							.6
Total Outturn/Forecast	82.2	85.6	89.0	92.0	94.8	98.3	102.3

Source: IAA

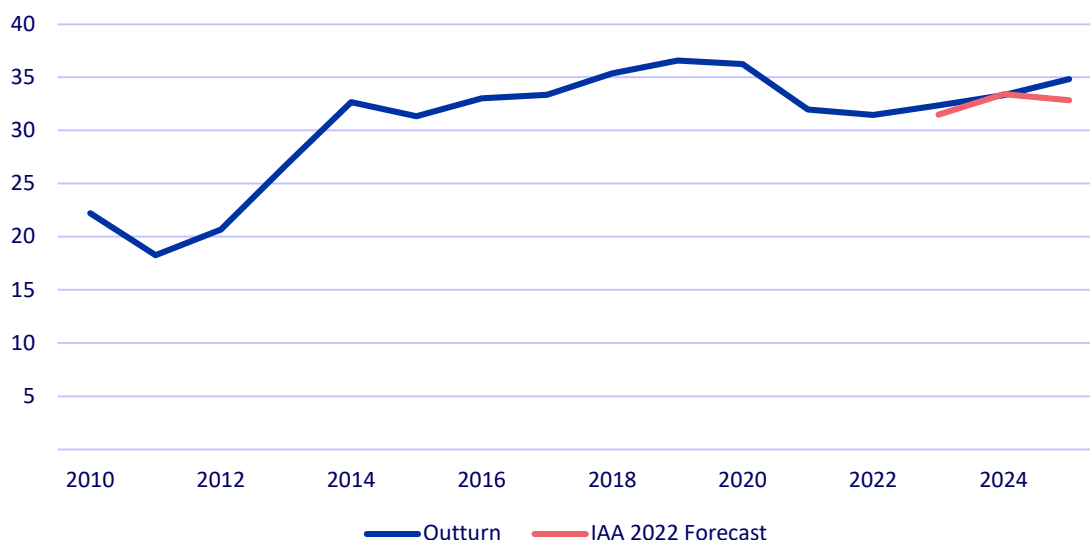
- 8.83 Following the submission of its Regulatory Proposition, Dublin Airport informed us of the expected loss of the T2 Surface Car park and Zone 18 due to MetroLink works. This, it asserted, would result in lost revenue of c€2m per annum. We consider that the loss of these car parking spaces will result in additional excess demand which, as outlined above, will result in increased yields-per-passenger. We do not, therefore, propose to adjust our forecast target on this basis.
- 8.84 Our forecast is higher than Dublin Airport's across the period, but on a per passenger basis, the forecasts are similar, despite differences in methodology. Dublin Airport's bottom-up methodology assumes a fixed yield target per annum, which does not adjust with occupancy increases as we would expect. We therefore believe our methodology is more appropriate and more accurately reflects the reality of a yield managed operation.
- 8.85 Our forecast is estimated at an aggregate level, i.e. we do not forecast at the individual product level. We note, however, that the Drop and Go offering is still relatively new, and there may be scope for further penetration as the product becomes more established. Our trend assumption that all product lines increase with passenger volumes may, therefore, understate the potential revenues of the Drop and Go offering. We will consider any submissions on this point ahead of the Final Determination.

Commercial Property

Overview

- 8.86 Dublin Airport earns revenues from renting out office buildings, hangars, terminal office space and check-in desks. In 2022, we forecast revenues from commercial property of €31.5m in 2023, increasing to €33.4m in 2024 and declining back to €32.8m in 2025 as CIP displacements (demolitions) were anticipated. Dublin Airport outperformed our forecasts in 2023 and 2025, with 2024 broadly in line. While commercial property revenues have increased over the regulatory period, they remain below 2019 levels, with 2025 being 5% lower in real terms.

Figure 8.9: Commercial Property, €m



Source: Dublin Airport, 2022 Review Decision

Responses to the Issues Paper, Other Submissions and Dublin Airport's Regulatory Proposition

- 8.87** In its Regulatory Proposition, Dublin Airport states that the commercial property portfolio is expected to deliver steady and resilient performance over the next five years, supported by occupancy levels of c99%, strong underlying demand, and the airport's unique positioning as a scarce, premium location. However, it states that real growth potential is limited, with revenue largely driven by inflation-linked rent reviews and the stability of long-term leases.
- 8.88** Dublin Airport forecasts that the commercial property revenue stream will only generate modest increases over the regulatory period, linked to the passenger-sensitive elements of the portfolio. Building refurbishment works over the regulatory period, it states, are not expected to materially increase rental income, while the wider development of the CIP will require repurposing or displacement of certain property assets.
- 8.89** Skylark submits that based on Dublin Airport's forecast, the implied elasticity to GDP is low, at just 0.04 between 2026 and 2031. It states that stable property revenues forecast by Dublin Airport rely on an unexplained step change in 2026, followed by a period of stagnation that fails to reflect projected national economic growth. Skylark states that throughout the pandemic, revenues remained relatively stable, reflecting the long-term nature of leases and the relative independence of the revenue stream from passenger traffic.

Forecast

- 8.90** We forecast revenues to increase from €37.4m in 2027 to €39.1m in 2031. We forecast that revenue per passenger will decline gradually from €0.95 in 2027 to €0.88 in 2031.

Table 8.12: Commercial Property Targets

	2025	2026	2027	2028	2029	2030	2031
Commercial Property Outturn/Target (€m)	34.8	36.9	37.4	38.0	38.1	38.6	39.1
Per Passenger (€)	0.96	0.97	0.95	0.93	0.91	0.89	0.88

Source: IAA

- 8.91 We do not use passenger volumes as a driver for commercial property revenue. Commercial property is not strongly correlated with passenger numbers as, intuitively, office, hangar and property rental are not directly connected to passenger throughput. However, commercial property is related to GDP. Our estimated GDP elasticity, from regressing commercial property revenues on GDP, is 0.6. This is below the elasticity we estimated in the 2022 Review Decision. However, as occupancy is currently at 99% across the property portfolio, there is little scope for more significant growth without further expansion. An elasticity of less than 1 is therefore reasonably consistent with a portfolio already effectively at capacity, as tenants typically hold multi-year rental agreements, and growth is linked to periodic rent reviews.
- 8.92 Consistent with our approach throughout, we use 2025 outturn as our forecast base. However, we include an uplift for 2026 to account for a movement of a former F&B contract to a property agreement, and an expected small uplift from rent reviews and other volume elements.
- 8.93 Dublin Airport has identified minor revenue displacement as a result of CIP27 developments. This displacement is expected from 2029. We include a negative overlay from 2029-2031 to take this modest revenue loss into account.
- 8.94 As noted above, commercial property revenue has not yet returned to 2019 levels. We now forecast that by 2026, commercial property will reach 2019 levels and continue to grow from there. This is largely, however, due to the transition of an F&B contract to a property contract. If this had not occurred, we would expect a return to 2019 revenue levels later in the regulatory period.
- 8.95 We are not convinced by Dublin Airport's assessment that over the regulatory period, growth in revenues is only achievable through passenger-sensitive elements. While we note the commercial property portfolio is effectively at full capacity, we believe Dublin Airport's forecast does not effectively capture revenue upside from rent reviews and its protection from revenue loss resulting from tenant rental terminations by its strong waiting list for rental space. We also note that despite projects for which we included uplifts in 2022 not yet materialising, such as the OCTB Refurbishment project and the Office Consolidation project, overall, there was a modest but consistent upwards trend in revenues. We do not see compelling evidence in support of Dublin Airport's position that this trend is now set to stall.
- 8.96 While we currently estimate a GDP elasticity, as discussed in the Passenger Forecast section, ahead of the Final Determination we may investigate forecasting commercial property using a different driver, such as GNP, GNI, or GNI*, and welcome any submissions on whether or not these might be an appropriate driver.

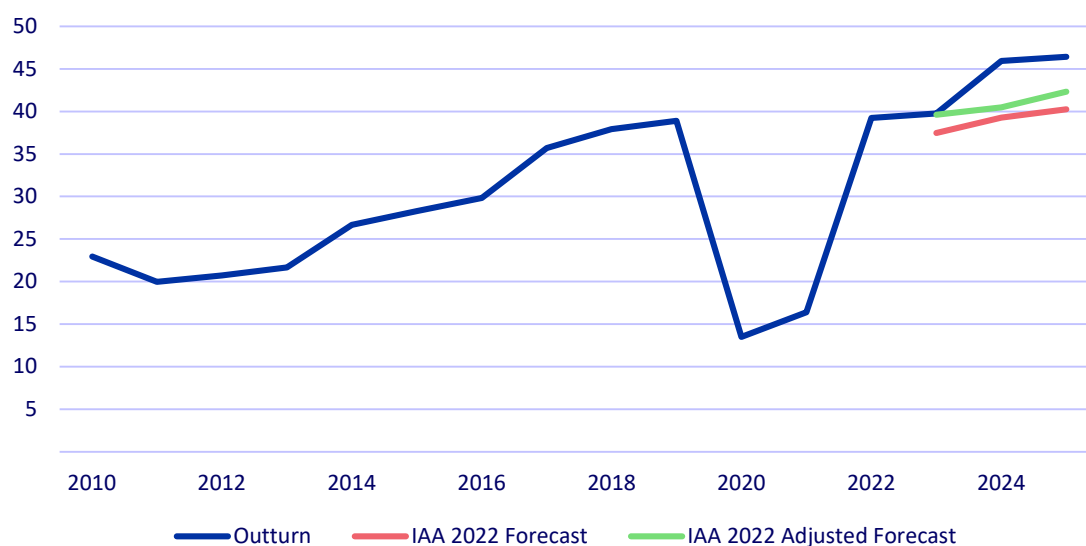
Commercial Concessions

Overview

- 8.97 Dublin Airport earns revenue from commercial concessionaires, such as those operating car hire facilities, which makes up the large majority of the revenue in this category. There are smaller revenue streams associated with banking, bussing, and telephony services, as well as a new revenue line associated with the T2-linked hotel currently under construction. Commercial concession agreements entitle Dublin Airport to receive a share of revenues from concessionaires when revenues grow beyond contractual thresholds, or to receive a MAG if thresholds are not met. Dublin Airport is therefore insulated to a certain extent from revenue volatility within this revenue category.
- 8.98 In 2022, we forecast revenue from commercial concessions to increase from €37.5m in 2023,

to €40.3m in 2025. Dublin Airport has outperformed in each year 2023-2025, with commercial concession revenue higher than forecast by €2.3m in 2023, €6.6m in 2024, and €6.2m in 2025. When the 2022 Review Decision forecasts are adjusted for outturn passenger numbers, the outperformance reduces somewhat, with 2023 broadly in line with forecast, while 2024 outperformance reduces to €5.4m and 2025 reduces to €4.1m.

Figure 8.10: Commercial Concessions Revenue, €m



Source: Dublin Airport, 2022 Review Decision, IAA Calculations

- 8.99 On a per passenger basis, revenue from commercial concessions was €0.10 higher in 2025 than 2019, following a €0.05 year-on-year decline from 2024.

Table 8.13: Outturn Commercial Concessions Revenue

	2019	2020	2021	2022	2023	2024	2025
Commercial Concessions Outturn (€m)	38.9	13.5	16.4	39.2	39.7	45.9	46.5
Per Passenger (€)	1.18	1.83	1.94	1.40	1.19	1.33	1.28

Source: Dublin Airport, IAA calculations

Responses to the Issues Paper, Other Submissions and Dublin Airport's Regulatory Proposition

- 8.100 In its Regulatory Proposition, Dublin Airport says that its commercial concessions business is expected to deliver moderate growth, in line with passenger trends, over the regulatory period. Concession income from the new T2-linked hotel is expected to commence from mid-2027. Dublin Airport outlines how it has forecast this revenue line using projected hotel revenue and concession fees, as per its concession agreement.

- 8.101 Skylark submits that commercial concessions revenue has been boosted by major car hire tenders in 2024, while traditional banking and forex have remained resilient. Skylark notes that some of the increase in revenue between 2023 and 2024 was likely due to a step increase in car hire revenue attributed to re-tendering. However, it suggests that improvements in car hire facilities included in CIP27 are not apparent from Dublin Airport's forecast.

- 8.102 With respect to the T2-linked Hotel, Skylark states that no details regarding the size of the

hotel have been provided. It submits that more details on both the hotel uplift, and the car hire facilities, should therefore be sought.

Forecast

8.103 We forecast revenues to increase from €49.7m in 2027 to €58.4m in 2031. On a per passenger basis, we forecast that yield will exceed the 2025 outturn by 2028 and continue to grow thereafter, supported by the new T2 linked hotel development, which is a new source of concession income for Dublin Airport.

Table 8.14: Commercial Concessions Targets

	2025a	2026f	2027f	2028f	2029f	2030f	2031f
Commercial Concessions Outturn/Target (€m)	46.5	46.8	49.7	52.4	54.5	56.5	58.4
Per Passenger (€)	1.28	1.24	1.26	1.29	1.30	1.31	1.31

Source: IAA

8.104 In 2019 and 2022, we forecast the commercial concessions revenue category at an aggregate level using a passenger elasticity. However, we believe that a forecast based on the individual concession agreements, based on the terms of those agreements together with historic sales data, can generate an improved forecast for the 2026 Determination.

8.105 For car hire concession revenue, we use the terms of the contracts in place to forecast revenue to 2028 (inclusive). Based on outturn sales by concessionaire data, we are not convinced that a step-increase in line with that observed between 2023 and 2024 is likely at the conclusion of the current contractual period. However, from 2029 we believe it is reasonable to expect this revenue line to grow in line with passenger volumes, particularly as development on the Car Rental Expansion project (CIP27.03.02) is expected to be well underway which will form part of the offer. We therefore forecast 2029-2031 with a passenger elasticity of 1.

8.106 Our trend forecast is for revenues from car hire concessions to remain flat on a per passenger basis across the regulatory period. Relative to 2019, our forecast per passenger across the period is c15% higher on average. To reflect the forecast uplift from the expansion of the car hire facility, we include a commercial revenue uplift within the triggered allowance for that project.

8.107 Aside from Covid-19 impacted years, revenue per passenger from bus and coach concessions has historically been broadly stable, with the post-pandemic level slightly higher than pre-2020. We forecast this revenue stream to remain flat in per passenger terms across the period, using 2025 outturn as a base. This represents a forecast which is reasonable based on post-pandemic outturns, yet ambitious based on pre-pandemic outturns. We forecast this revenue line to increase by €0.5m between 2027 and 2031.

8.108 Outturn per passenger from telephony concession agreements has gradually declined since 2010, with this trend broadly levelling off between 2023 and 2025. We forecast this revenue line using the same methodology as bus and coach concessions. Revenue per passenger is therefore forecast to remain in line with the 2025 outturn throughout the period.

8.109 Revenue from banking concessions has declined significantly since 2019, with the 2025 outturn 3.6 times lower than 2019. With the loss of the T1 street unit in 2025, we expect this trend to continue over the regulatory period. We therefore forecast that banking concession

revenue will continue to decline across the period, albeit at a more gradual pace, with 2031 forecast revenue c.€0.3m below 2025 outturn.

8.110 The new T2-linked hotel is scheduled to open and become revenue generating in 2027. Dublin Airport has provided a forecast of the revenue it expects to receive over the regulatory period from this concession agreement. We have reviewed the terms of the concession agreement in place and the assumptions underpinning Dublin Airport’s forecast and believe this forecast to be sufficiently ambitious relative to the terms of the concession agreement, yet achievable. We therefore propose to accept Dublin Airport’s proposed forecast, but scale upwards to adjust for differences between the IAA and Dublin Airport passenger forecasts. With respect to Skylark’s submission regarding detail on the size of the hotel, we have reviewed the detail on the particulars of the hotel. We note this contract was awarded through a competitive tendering process.

8.111 Overall, our property concessions forecast is higher than Dublin Airport’s forecast by c.3.5% over the regulatory period. On a per passenger basis, our forecast is broadly in line with Dublin Airport’s.

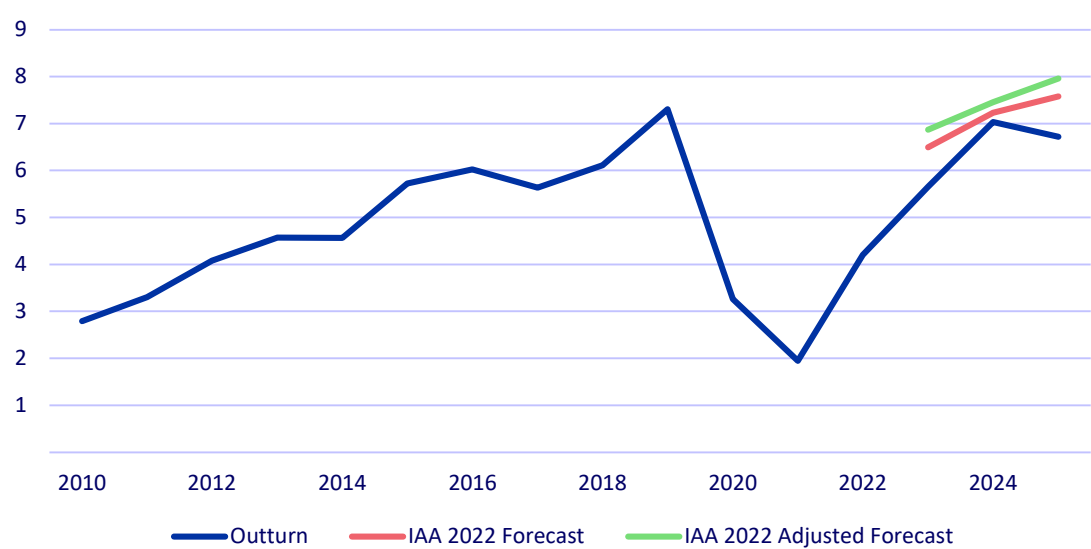
Advertising

Overview

8.112 Dublin Airport earns advertising revenue from a mix of static and digital assets in a range of formats, including billboards, transit media, and digital screens.

8.113 In the 2022 Review Decision, we forecast that advertising revenue would increase from €6.5m in 2023 to €7.6m by 2025, supported by a number of CIP2020+ projects coming onstream. Outturn has been below forecast across the regulatory period to date, marginally in 2024 but materially in 2025. This difference can be fully accounted for by the delay in delivering the digital advertising project from CIP2020+. Outturn in 2023 was €5.7m (€0.8m below forecast), €7.0m in 2024 (€0.2m below forecast), and €6.7m in 2025 (€0.9m below forecast).

Figure 8.11: Advertising Revenue, €m



Source: Dublin Airport, 2022 Review Decision, IAA Calculations

8.114 When advertising revenue is adjusted for differences between forecast and outturn passenger numbers, underperformance increases, with 2023 outturn €1.2m below forecast,

2024 €0.5m below forecast, and 2025 €1.3m lower than forecast.

8.115 Despite this underperformance, we note that Dublin Airport forecasts that by the end of 2026, it will have spent c.€2m (nominal terms) more than its CIP2020+ allowance for the Digital Advertising Infrastructure project (CIP20.04.004). In the 2022 Review Decision, we included uplifts from 2023 in relation to this project, based on the timeline as it then was.

Responses to the Issues Paper, Other Submissions and Dublin Airport's Regulatory Proposition

8.116 In its Regulatory Proposition, Dublin Airport states that its media sales business is expected to deliver steady and sustainable growth over the next five years, supported by strong advertiser retention, a premium audience profile, and the gradual modernisation of the advertising estate. In the near term, Dublin Airport expects this growth to be modest, but the long-term outlook strengthens as new digital assets come online from 2030. These assets, it submits, will enhance flexibility, improve yield potential, and elevate the overall value proposition for advertisers.

8.117 Dublin Airport's advertising revenue forecast assumes no elastic growth related to passengers (or any other trend driver) across the regulatory period. Growth in revenues is limited to uplifts from the digital expansion project under the existing CIP, and the digital expansion projects under CIP27 later in the period.

8.118 Skylark notes that the investment included in CIP27 would typically enable higher yield per site through multiple advertisers, dynamic pricing, and improved utilisation. Skylark submits that despite this investment, Dublin Airport's forecast shows modest growth with no clear step-change or uplift linked to this investment, although it notes that improvements may be phased over the period.

Forecast

8.119 We forecast advertising revenue to increase over the next regulatory period, from €7.9m in 2027, to €10.4m by 2031. On a per passenger basis, we forecast yields to increase by €0.03 between 2027 and 2031, and to reach 2019 levels by 2028. At both an aggregate and a per passenger level, our forecast is more stretching than that proposed by Dublin Airport.

Table 8.15: Advertising Targets

	2025a	2026f	2027f	2028f	2029f	2030f	2031f
Advertising Outturn/Target (€m)	6.7	7.4	7.9	8.9	9.7	10.1	10.4
Per Passenger (€)	0.18	0.20	0.20	0.22	0.23	0.23	0.23

Source: IAA

8.120 Our advertising revenue forecast again uses 2025 outturn as a base, and applies a passenger-driven trend. We also include adjustments to this trend forecast to take account of CIP2020+ projects which have become operational later than we originally expected (and so do not fully appear in the 2025 base).

8.121 We estimate a passenger elasticity of 0.4 by regressing advertising revenues from 2001-2025 on passenger numbers, controlling for Covid-19 impacted years. This elasticity is lower than our 2022 Review Decision estimate of 0.8. Intuitively, our new estimate of 0.4 is reasonable as Dublin Airport has underperformed our 2022 Review Decision forecasts throughout the current regulatory period suggesting the estimate of 0.8 may have been overly ambitious, or

CIP2020+ projects may not have generated revenue benefits as soon as we had anticipated.

8.122 It is reasonable to assume that Dublin Airport can leverage greater passenger throughput to generate further advertising revenues, marketing the offering as a more attractive product as the audience increases. An elasticity of less than 1.0 is not incongruous with this assumption. We therefore disagree with Dublin Airport that additional revenue generation will be limited to CIP impacts. However, in line with our passenger elasticity estimate of 0.4, we agree it is unlikely that advertising revenues will grow directly in line with passenger growth without further product expansion.

8.123 CIP27 includes a number of projects which are expected to generate additional advertising revenues through expansion of Dublin Airport's media offering and new technologies. We include uplifts from 2028 to take the revenue generation of these projects into consideration.

Table 8.16: Advertising Targets Breakdown, €m

	2025a	2026f	2027f	2028f	2029f	2030f	2031f
Outturn	6.7						
CIP2020 Uplifts		.6	.3	.4	.4	.0	.0
Outturn/Base Forecast	6.7	7.4	7.9	8.4	8.9	9.0	9.1
CIP27 Uplifts							
Next Generation Advertising Technology				.1	.2	.4	.4
Digital Asset Expansion				.2	.4	.6	.7
CIP27 Existing Infrastructure Enhancement				.2	.2	.2	.2
Total Outturn/Forecast	6.7	7.4	7.9	8.9	9.7	10.1	10.4

Source: IAA

8.124 Included within the CIP27 Media Sales Expansion project (CIP27.03.07), Dublin Airport also plans to upgrade and refurbish its current suite of advertising infrastructure. Dublin Airport claims that this spend will be purely revenue protecting:

- Skyscreen: Modernised with enhanced resolution, brightness, and dynamic content capabilities.
- Starscreen: Upgraded visuals and interactive features to boost engagement in key passenger zones.
- Pier 3 Digital Corridor: Full refresh of digital displays to improve content delivery along one of the airport's busiest walkways.
- Skybridge: Installation of new high-definition panels to strengthen advertising impact on this key connection route.
- Jameson Screens (Security Area): Replacement of existing screens with advanced technology to improve visibility and brand messaging at security checkpoints.

8.125 We are not convinced that the planned upgrades are purely revenue protecting, i.e. replacing like-for-like with potentially minor enhancements. The planned upgrade to the Skyscreen includes the development of dynamic content capabilities, the Starscreen project includes new interactive features, and the Skybridge project includes plans to strengthen the advertising impact. We therefore assess these projects as being primarily revenue protecting, but also providing the benefit of an enhanced media offering to advertising customers.

8.126 We account for the partial additionality of these projects by including an uplift to our forecast of €0.2m from 2028 (represented by the CIP27 Existing Infrastructure Enhancement uplift in Table 8.16). This uplift is based on Dublin Airport's target growth figure for 2026 included in its own advertising forecasts.

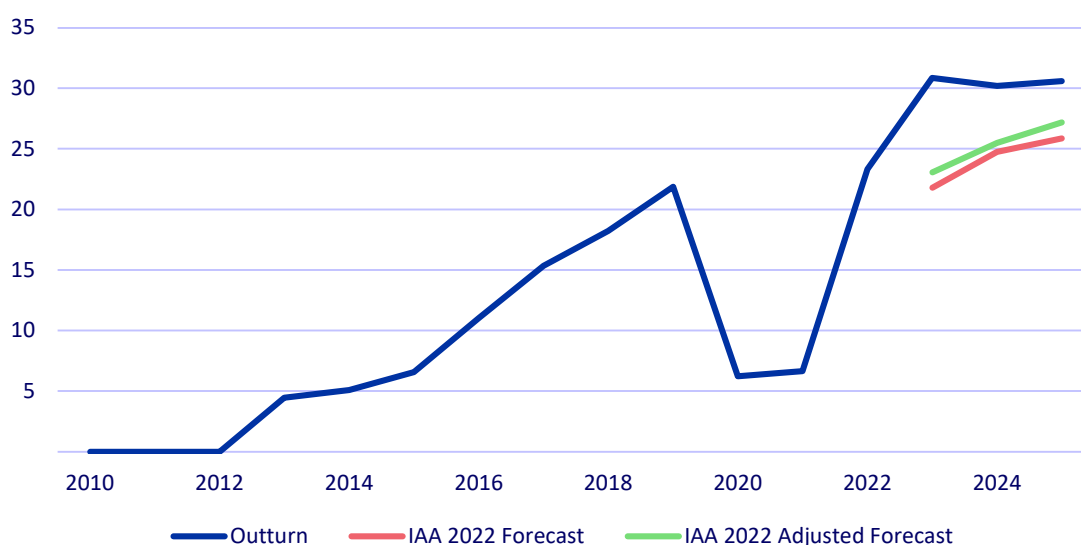
Lounges, FastTrack, Airport Club, and Platinum Services (DATS)

8.127 Dublin Airport provides a range of value-added services, collectively referred to as Dublin Airport Travel Services (DATS):

- Lounges
- FastTrack
- Platinum Services
- Airport Club memberships

8.128 In 2022, we forecast revenue from DATS to increase from €21.8m in 2023 to €25.9m by 2025. Dublin Airport has consistently outperformed our forecasts throughout the regulatory period. Outturn in 2023 was €30.9m (€9.1m higher than forecast), €30.2m in 2024 (€5.4m greater than forecast), and €30.6m in 2025 (€4.7m higher than forecast). Adjusting the forecasts for outturn passenger numbers, the outperformance gap reduces modestly.

Figure 8.12: DATS Revenues, €m



Source: Dublin Airport, 2022 Review Decision, IAA Calculations

8.129 Over the current regulatory period, there have been a number of investments in the DATS offering:

- The lounge portfolio has been transformed, including rebranding and significant capital investment.
- The T1 FastTrack facility has recently moved to a new, dedicated facility on the mezzanine floor with significantly increased capacity (3nr 25m lanes).
- Platinum services facilities have been upgraded and redeveloped in part.

8.130 Lounges, in particular, have performed strongly over the period. Outturn revenue from this product line in 2023 reached €13.6m, exceeding 2019 outturn of €11.5m. From here, revenue

increased again to €15.3m in 2024, before declining slightly by €1m in 2025 due to lounge closures for the upgrade and refurbishment works.

8.131 There has also been considerable growth in FastTrack revenues, although this revenue line has moderated from the 2023 peak which was likely associated with longer security queue times at central search as passenger traffic rebounded post-Covid. Outturn from platinum services was €1.4m higher in 2025 than 2019, while revenues from the airport club product have increased by €1.2m over the same period.

8.132 On a per passenger basis, outturn yield was higher across all revenue lines in 2025 compared with 2019. Lounge revenue per passenger reached a peak in 2024 of €0.44, falling to €0.39 in 2025 due to the temporary closures. FastTrack revenue per passenger has remained stable at €0.21 since 2024, along with platinum services revenue per passenger of €0.16. In comparison, airport club has seen yield per passenger increase each year from 2022 to 2025.

Table 8.17: Outturn DATS Revenue

	2019	2020	2021	2022	2023	2024	2025
Lounges (€m)	11.5	1.9	1.1	9.7	13.6	15.3	14.3
FastTrack (€m)	4.4	1.3	1.7	7.0	9.7	7.2	7.7
Platinum Services (€m)	4.5	2.0	3.4	5.4	5.7	5.7	5.9
Airport Club (€m)	1.5	1.0	.5	1.2	1.8	2.0	2.7
Per Passenger							
Lounges (€)	0.35	0.26	0.12	0.35	0.41	0.44	0.39
FastTrack (€)	0.13	0.17	0.21	0.25	0.29	0.21	0.21
Platinum Services (€)	0.14	0.27	0.40	0.19	0.17	0.16	0.16
Airport Club (€)	0.04	0.14	0.06	0.04	0.05	0.06	0.07

Source: Dublin Airport, IAA calculations

Lounges

Responses to the Issues Paper, Other Submissions and Dublin Airport's Regulatory Proposition

8.133 Dublin Airport's Regulatory Proposition states that its lounge portfolio is entering a period of significant transformation. It says that the reopening of refurbished lounges and the introduction of a tiered 3-star, 4-star, and 5-star product will broaden the appeal of the lounges to a wider range of passengers, which it anticipates will unlock pent-up demand, particularly during peak periods where current overcrowding suppresses sales. It states that a full revenue-management approach, integrated into daa's digital sales channels, will strengthen yield and drive higher conversion among direct users.

8.134 Overall, Dublin Airport forecasts revenue to increase in 2026 and 2027 as new capacity comes onstream, with growth thereafter stabilising to "a sustainable rate". Dublin Airport therefore forecasts a step-change in lounge revenues in 2026, with revenues increasing in line with passenger growth thereafter. An uplift has also been included in 2027 to take into consideration the benefit of a full year of lounge operations which is not captured in the 2026 base which Dublin Airport uses.

8.135 With reference to Dublin Airport's total DATS forecast, Skylark submits that following an uplift in 2026, forecast yield growth is effectively flat following a reduction in forecast yield in 2028, despite the introduction of dynamic pricing, tiered lounge products, FastTrack pricing increases, and premium service expansion. Skylark states that it considers Dublin Airport's baseline yield appropriate, assuming additional capacity is not included therein, as, it states, potential price increases should be able to offset any reduction in penetration over the short term. However, based on a near doubling of lounge capacity through additional lounges, and demand is currently constrained with lounges unable to meet demand, Skylark states the additional lounge capacity is not evident within the Dublin Airport forecast, and that additional uplifts should be applied.

Forecast

8.136 We forecast revenue from lounges to increase across the regulatory period, from €22.0m in 2027 to €28.1m in 2031. Relative to the 2025 outturn, we forecast a significant step change resulting from the complete refurbishment, transformation and expansion of the lounge offering, such that revenue in 2031 is double that of 2025 in real terms. On a per passenger basis, we forecast a significant step increase relative to 2025 outturn. From 2027 to 2031, we expect growth in yield per passenger to continue, but at a more moderate level.

Table 8.18: Lounge Revenue Targets

	2025a	2026f	2027f	2028f	2029f	2030f	2031f
Lounges Outturn/Target (€m)	14.3	19.3	22.0	23.1	24.9	26.9	28.1
Per Passenger (€)	0.39	0.51	0.56	0.57	0.59	0.62	0.63

Source: IAA

8.137 Regressing lounge revenues on passenger numbers from 2013 to 2025⁴⁷ and controlling for years impacted by Covid-19, we estimate a passenger elasticity of 1.4. Based on historical outturns, an elasticity of greater than 1.0 is to be expected, as growth in lounge revenue has regularly outpaced passenger numbers since 2013. This is also a premium product, which are typically inelastic to price increases, and as identified by Dublin Airport in its Regulatory Proposition, the expansion and transformation of the lounge portfolio is expected to unlock pent-up passenger demand.

8.138 This estimate is higher than the 2022 Review Decision elasticity of 1 used for the aggregate DATS category. That elasticity, however, was judgement based given evidence available at the time, as the actual calculated elasticity was higher. Our estimated elasticity is also higher than the elasticity of 1 proposed by Dublin Airport. We note that an elasticity of 1 assumes no increase in penetration rates or price increases, which appears inconsistent with Dublin Airport's statement that the lounge offering will be integrated into Dublin Airport's digital sales channels which, it states, will "*drive higher conversion among direct users*".

8.139 Growth in lounge revenue was strong over the period 2023-2025, notwithstanding disruption as refurbishment work took place. The complete transformation of this offering provides confidence that our estimated elasticity is a realistic and achievable target. By estimating this elasticity in isolation from the other DATS products, we are also more confident of its accuracy as net effects from upward or downward movement in other revenue lines do not impact our analysis.

⁴⁷ Disaggregated lounge revenue data is only available from 2013.

8.140 In line with our general forecasting approach for all commercial revenue lines, we use 2025 outturn as our baseline. However, 2025 outturn was temporarily depressed due to lounge closures. We therefore uplift our base forecast to take this into account, including an uplift in 2026 to account for lounge reopenings in H1, and a further uplift in 2027 to account for the expected revenue generation from the first full year of lounge operations. Our uplifts are based on Dublin Airport's proposed 2026 and 2027 uplifts, which factor in higher occupancy assumptions and an increase in average transaction value.

Table 8.19: Lounge Targets Breakdown, €m

	2025a	2026f	2027f	2028f	2029f	2030f	2031f
Outturn	14.3						
Lounge Transformation Uplifts		4.2	1.7				
Outturn/Base Forecast	14.3	19.3	22.0	23.1	24.1	25.1	26.0
CIP27 Uplifts							
T2 IDL Lounge					.8	1.8	2.0
Total Outturn/Forecast	14.3	19.3	22.0	23.1	24.9	26.9	28.1

Source: IAA

8.141 A number of lounge projects are included in CIP27. As with other revenue lines, we include uplifts in our forecast to take the additional revenue generation into consideration. For the post-CBP lounge project, we link this commercial uplift to the Terminal 2 CBP and Transfer Expansion project trigger (€3.2m in 2030 and €3.8m in 2031) rather than our core forecast. A number of lounge refurbishment projects later in the period have also been included in CIP27. We treat these projects as revenue protecting, noting that our elasticity of 1.4 already generates a stretch trend target, and also implies higher occupancy and, accordingly, higher levels of wear and tear.

FastTrack

Responses to the Issues Paper, Other Submissions and Dublin Airport's Regulatory Proposition

8.142 In its Regulatory Proposition, Dublin Airport states that FastTrack will remain a valued premium convenience product for passengers seeking predictability and ease. Digital bundling and integration with daa's broader commercial products such as car parking and lounges, will help increase revenue at a rate greater than passenger growth. In its forecast, Dublin Airport therefore uses a passenger elasticity of 1.5, from a 2026 forecast base, to estimate revenues over the regulatory period. With respect to the aeronautical element of the charge, Dublin Airport suggests that the wholesale price (aeronautical charge) will increase to €2.00 in 2028, thereby reducing commercial revenues, all else equal.⁴⁸

Forecast

8.143 We forecast efficient FastTrack commercial revenues to increase from €7.7m in 2025 to €10.7m in 2027, and then to €12.9m by the end of the regulatory period. On a per passenger basis, we forecast yield to remain flat in real terms at €0.27 across the period, after the initial increase from the 2025 outturn. This forecast is exclusive of the aeronautical component of

⁴⁸ Revenue from FastTrack is recognised by Dublin Airport as both commercial and aeronautical. A portion of each commercial sale is allocated to aeronautical charges (the 'wholesale rate'), and any additional revenue is treated as commercial.

the charge, i.e. we forecast only the commercial revenue, without prejudice to the aeronautical charge.

Table 8.20: FastTrack Revenue Targets

	2025a	2026f	2027f	2028f	2029f	2030f	2031f
FastTrack Outturn/Target (€m)	7.7	8.0	10.7	11.0	11.3	11.7	12.0
Per Passenger (€)	0.21	0.21	0.27	0.27	0.27	0.27	0.27

Source: IAA

- 8.144 In 2022, it was anticipated that the entire T1 central search facility would be relocated to the mezzanine as part of the transition to the 'Next Generation' security operation, with CT scanners for cabin baggage, and body scanners for passenger screening. However, this has been postponed by Dublin Airport, given that the throughput it was achieving at the current central search with the new equipment meant the increased capacity was not yet required. Dublin Airport instead decided to use the mezzanine level as a dedicated T1 FastTrack facility.
- 8.145 In the first half of 2026, the T1 FastTrack offering moved to the new facility on the mezzanine level. The mezzanine facility offers a significant capacity uplift to the overall FastTrack offering, providing, as we understand, three 25m ATRS lanes, each therefore with significantly higher throughput than the previous T1 product (where there was a single, shorter, lane used for FastTrack), and improved look and feel. Currently, one lane is operational from 0400, two lanes from 0500 to 1200, and one lane again from 1200 to 1900. Efficient use of the large increase in capacity implies a significant increase in penetration, which could be achieved through appropriate pricing and marketing. We have observed that Dublin Airport has indeed been aggressively marketing the new product.
- 8.146 We have not been provided with the business case for the T1 FastTrack mezzanine project. Dublin Airport is suggesting that there will be no material step change in FastTrack commercial revenue, despite the new facility. No proper rationale has been provided for this position, which we consider to be implausible or at least to not be reflective of efficient service provision. If Dublin Airport does not believe that it can generate materially higher revenues from the new facility relative to the former facility, then it is difficult to understand why it is efficient to use the mezzanine as a FastTrack facility (as opposed to, for example, using it as an overflow facility from T1 central search, with an associated Opex saving).
- 8.147 We again use 2025 outturn as the base year for our forecast. However, as the new T1 facility, was not operational during 2025, we apply an uplift to 2027 to account for an incremental revenue target from the new facility, allowing for a period of adjustment and settling in H2 2026 (which in any case is not a year which is part of the upcoming determination period).
- 8.148 Significant investment in the FastTrack facility last occurred in 2015. We therefore calculate the 2027 uplift based on the growth in revenues between 2015 and 2019. To avoid double counting the impact of passenger growth (thus double counting our trend driver over 2027-2031), we detrend the uplift by passenger growth over the same period. This gives an uplift of €2.3m.

Table 8.21: FastTrack Targets Breakdown, €m

	2025a	2026f	2027f	2028f	2029f	2030f	2031f
Outturn	7.7						
Mezzanine Capacity Uplift			2.3				
Outturn/Base Forecast	7.7	8.0	10.7	11.0	11.3	11.7	12.0

Source: IAA

8.149 We estimate a passenger elasticity of 1.14 by regressing FastTrack revenues on passenger numbers between 2013 and 2025⁴⁹, controlling for Covid-19 to ensure the spike in revenues during the post-pandemic rebound is taken into consideration. However, as we have taken the additional FastTrack capacity into consideration through our significant 2027 uplift, we believe that a further stretch elasticity may generate a total forecast which is too high. In addition, some of this capacity will be used by wholesale passengers, i.e. where use of the FastTrack facility is included in the airfare (for which Dublin Airport charges the airlines the wholesale FastTrack rate). We therefore propose to use a passenger elasticity of 1, the same as in 2022. In effect, this means we forecast yield per passenger to remain flat in real terms across the period, while anticipated penetration increases from the T1 facility are captured through the step element of the forecast.

8.150 Our forecast is consistently higher than Dublin Airport's across the regulatory period. There are three reasons for this:

- As with all revenue lines, we use 2025 outturn as a base for our forecast. In its own forecast, Dublin Airport has estimated a 2026 base, which forms the starting point of its forecast.
- To take the new T1 FastTrack facility into account, we apply an uplift to our 2027 base forecast. While Dublin Airport applies a passenger elasticity of 1.5, as the 2026 estimate appears understated, this results in a base forecast which grows by just €1.1m across the regulatory period.
- Dublin Airport reduces its commercial revenue forecast by what it appears to be suggesting will be a future increase in its wholesale charge. We do not take this into consideration, as to do so would be inappropriate and could be viewed as pre-empting future annual charge decisions. Instead, we continue to forecast the revenue line without making any assumption regarding possible future changes in the aeronautical FastTrack charge. Our 2025 base is net of the wholesale charge, i.e. only includes the commercial element.

Platinum Services

Responses to the Issues Paper, Other Submissions and Dublin Airport's Regulatory Proposition

8.151 In its Regulatory Proposition, Dublin Airport states that the expansion of the Platinum Services facility (Collinstown House) will provide incremental capacity. It submits that the *"product's reputation for exceptional service supports strong retention and underpins its premium positioning"*. Dublin Airport forecasts revenue from Platinum Services to increase in line with passenger growth.

Forecast

8.152 We forecast revenue from Platinum Services to increase from €6.7m in 2027 to €9.1m by the

⁴⁹ Disaggregated data is only available between 2013 and 2025, therefore the regression takes 13 observations into consideration.

end of the regulatory period. Relative to 2025 outturn, we forecast revenues to be €2.6m higher by 2031.

- 8.153 On a per passenger basis, we forecast the yield to remain flat in real terms in the early years of the period, before a step change in 2031 from the Collinstown House Upgrade project (CIP27.03.06).

Table 8.22: Platinum Services Revenue Targets

	2025a	2026f	2027f	2028f	2029f	2030f	2031f
Platinum Services Outturn/Target (€m)	5.9	6.5	6.7	7.0	7.2	7.4	9.1
Per Passenger (€)	0.16	0.17	0.17	0.17	0.17	0.17	0.21

Source: IAA

- 8.154 We estimate a passenger elasticity of between .65 and 1.45 for Platinum Services by regressing revenues on passenger numbers from 2001 to 2025, controlling for Covid-19. Dublin Airport proposes a passenger elasticity of 1.0 for this revenue line. Dublin Airport's proposal to grow this revenue category in line with passenger numbers therefore reflects a reasonable trend target which is supported by the econometric analysis. We have also reviewed outturn Platinum Service usage figures provided by Dublin Airport, which show that while bookings remained broadly flat in 2024 relative to 2023, 2025 was down somewhat.

- 8.155 We add an adjustment to our baseline forecast (base year 2025) to take into consideration Dublin Airport's assumption that there will be a 5% ATV increase in 2026 relative to 2025, aligned with an improved F&B offering in the Platinum Services facility.

- 8.156 CIP27 includes a project to enhance the Platinum Services Facility – Platinum Services Collinstown House Upgrade (CIP27.03.06). The project, while enhancing the facility, also includes an expansion to the second floor of the facility, with additional customer suites, and meeting and event areas. We consider it to be additional, and include an uplift in 2031.

Airport Club

Forecast

- 8.157 We forecast revenue from Airport Club to increase across the regulatory period, from €3.8m in 2027 to €4.3m in 2031. Relative to 2025, we forecast outturn to be €1.1m higher in 2027, rising to €1.6m greater by 2031. On a per passenger basis, we forecast yield to remain flat across the period at €0.10. However, we forecast yield to rise by €0.03 relative to 2025 outturn.

Table 8.23: Airport Club Revenue Targets

	2025a	2026f	2027f	2028f	2029f	2030f	2031f
Airport Club Outturn/Target (€m)	2.7	3.7	3.8	3.9	4.1	4.2	4.3
Per Passenger (€)	0.07	0.10	0.10	0.10	0.10	0.10	0.10

Source: IAA

- 8.158 We estimate a passenger elasticity of between 0.45 and 1.49 by regressing outturn Airport Club revenues from 2001 to 2025 on passenger numbers, controlling for Covid-19. However,

we are not convinced by the robustness of the econometric analysis in terms of the overall statistical fit.

8.159 Dublin Airport has proposed a passenger elasticity of 1.0 for this revenue line. We consider this to be a reasonable and sufficiently stretching target. Airport Club is a high value product, targeting the upper end of the traveller market, with subscription costs currently ranging from €1,500 to €4,500 for a Bronze to a Diamond subscription package.⁵⁰ We have reviewed outturn 2023-2025 subscription numbers, which have broadly remained flat, which supports the suggested elasticity.

8.160 We use 2025 as a base for our forecast. However, Dublin Airport relaunched the FastTrack only subscription offering in 2026. To consider revenue generation from this additional offering, we include an uplift in 2026. Dublin Airport also adjusted its subscription tiers during 2025. We include an additional uplift to 2026 to take into account the full-year benefit of this change.

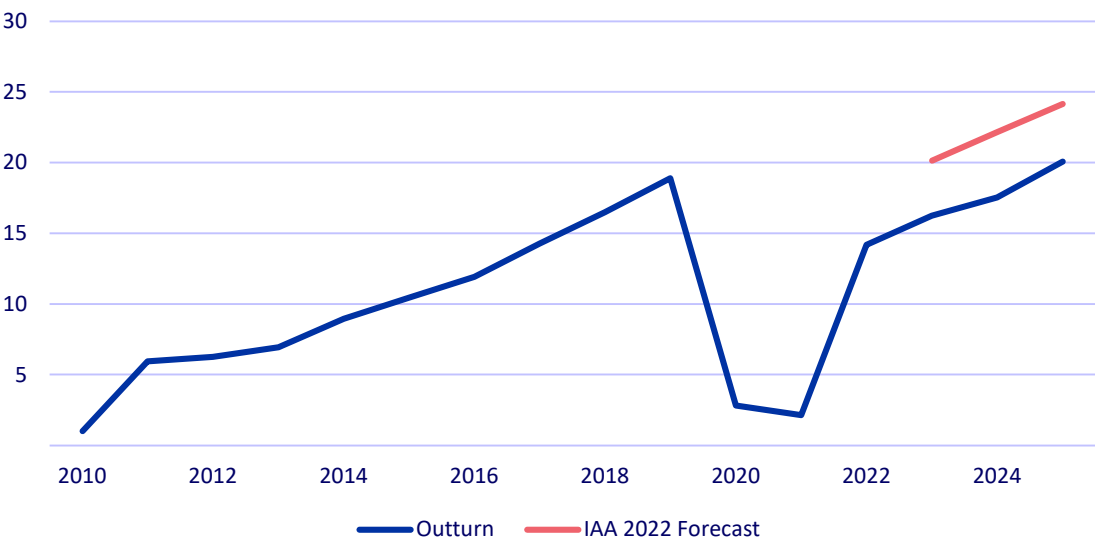
US Preclearance

Overview

8.161 The US Preclearance service allows departing passengers to undertake all US immigration and customs inspections at Dublin Airport rather than the US port of entry. That effectively enables passengers to arrive as US domestic traffic.

8.162 In the 2022 Review Decision, we forecast this revenue line to increase in line with our US departing passenger forecast, with the US Preclearance charge remaining flat in real terms. The US Preclearance charge fell in real terms across the period, as Dublin Airport did not increase the charge annually in line with inflation. As a result, revenues from the US Preclearance offering fell significantly below the forecast in each year 2023-2025, with 2023 outturn €3.9m less, 2024 outturn €4.6m less, and 2025 outturn €4.1m less.

Table 8.13: US Preclearance Revenue, €m



Source: Dublin Airport, 2022 Review Decision

Responses to the Issues Paper, Other Submissions and Dublin Airport’s Regulatory

⁵⁰ [The Airport Club at Dublin Airport | Discover the Benefits](#)

Proposition

8.163 In its response to the Issues Paper, Dublin Airport submits that the difference between outturn and forecast has been driven by both the rate per US departing passenger being lower than forecast, and a somewhat lower volume of passengers. In its Regulatory Proposition, Dublin Airport states that its US Preclearance revenue forecast assumes the charge increases in line with inflation over the period.

Forecast

8.164 We forecast revenues from US Preclearance to increase from €21.7m in 2027 to €24.4m in 2031. On a per passenger basis, we forecast yield to remain flat across the period, at €0.55.

Table 8.24: US Preclearance Targets

	2025a	2026f	2027f	2028f	2029f	2030f	2031f
US Preclearance Outturn/Target (€m)	20.1	20.8	21.7	22.4	23.1	23.8	24.4
Per Passenger (€)	0.55	0.55	0.55	0.55	0.55	0.55	0.55

Source: IAA

8.165 We do not estimate a passenger elasticity for US Preclearance revenues. Instead, we use our forecast of US departing passengers combined with the current US Preclearance charge of €10.00 per passenger. Dublin Airport has stated in its Regulatory Proposition that the current rate will be reviewed annually, and it expects that it will increase over the regulatory period in line with inflation. Our approach, in effect, holds the 2025 charge flat in real terms across the period.

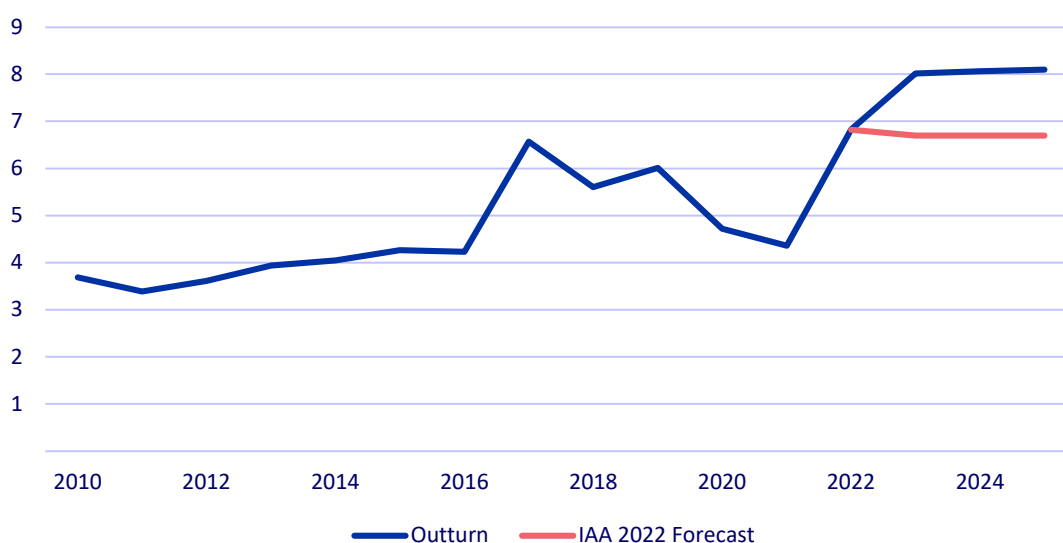
8.166 Our forecast is slightly higher than Dublin Airport's from 2028-2031, largely due to different forecast methodologies. Dublin Airport forecasts US Preclearance revenues to increase in line with overall passenger numbers. We estimate a US departing passenger forecast separately, as outlined in Section 6.

Other Revenue and Commercial Innovation

Overview

8.167 Other Revenue is generated from various miscellaneous charges, such as for Fixed Electrical Ground Power (FEGP). In the 2022 Review Decision, we forecast this revenue line to remain flat across the period in real terms, finding that historical data did not show any significant trends or correlations. Relative to that forecast, other revenue has outperformed in each year 2023-2025.

Figure 8.14: Other Revenue, €m



Source: Dublin Airport, 2022 Review Decision

Forecast

8.168 We forecast Other Revenue to increase over the regulatory period from €8.8m in 2027, to €9.9m in 2031. On a per passenger basis, we forecast yield to remain flat across the period at €0.22.

Table 8.25: Other Revenue Targets

	2025a	2026f	2027f	2028f	2029f	2030f	2031f
Other Revenue Outturn/Target (€m)	8.1	8.4	8.8	9.1	9.3	9.6	9.9
Per Passenger (€)	0.22	0.22	0.22	0.22	0.22	0.22	0.22

Source: IAA

8.169 In its Regulatory Proposition, Dublin Airport has forecast this line using an elasticity of 1. We assess this to be an acceptable assumption. Historically, between 2010 and 2019 (inclusive), Other Revenue per passenger has remained relatively stable at c.€0.19. Following the pandemic, there has been a slight upward shift (linked to increased use of FEGP), but overall, revenue per passenger has remained broadly stable. We propose to accept Dublin Airport's proposed methodology. We therefore forecast that revenues on a per passenger basis will remain flat and in line with 2025 outturn.

8.170 Included in CIP27 is a Commercial Innovation project (CIP27.03.09) in which Dublin Airport proposes to investigate emerging trends and concepts aimed at improving the passenger experience while generating new revenue opportunities. We include the revenue uplift as proposed by Dublin Airport, with the project largely price cap neutral over the period, where we also include the associated capital costs.

Table 8.26: Commercial Innovation Targets

	2025a	2026f	2027f	2028f	2029f	2030f	2031f
Commercial Innovation Outturn/Target (€m)	-	-	-	-	.5	1.0	2.0

Source: IAA

Rolling Schemes and Risk

Overview

- 8.171 In the Issues Paper, we stated that the purpose of rolling schemes is to equalise the performance incentive on Dublin Airport in respect of commercial revenues during the regulatory cycle. This removes any incentive to defer revenue generating initiatives towards the end of a regulatory period, and instead implement them at the start of the subsequent period. The nature of rolling schemes is that revenue targets are set by category, with any outperformance relative to target being adjusted for in the subsequent regulatory period, such that Dublin Airport retains that outperformance for a certain time in the subsequent regulatory period.
- 8.172 In 2014, we first introduced commercial rolling schemes which included all categories of commercial revenues. This encompassed per passenger schemes for retail, car parking and advertising, and a gross revenue scheme for revenues from property concessions and rent.
- 8.173 In the 2022 Review Decision, we included rolling scheme incentives for 2023-2026 in the same categories as the 2019 Determination: retail, car parking, lounges/FastTrack/Platinum Services (DATS), and advertising. We introduced the condition that in any one year and for each category, the total outperformance subject to carryover would be capped at 10% of the target. Per passenger targets were set for the years 2024 and 2025 in relation to the 2023-2026 regulatory period. Any outperformance adjustment in respect of 2024 would be retained until 2027 (inclusive), while any further 2025 outperformance would be retained until 2028 (inclusive).
- 8.174 Over the current regulatory period, application of the rolling schemes has led to an overall adjustment of €29.9m in 2027, with a further adjustment of €1.1m in 2028:

Table 8.27: 2022 Review Decision Rolling Scheme Adjustments, €/Passenger

	2027	2028
Retail	0.48	0.03
Car Parking	0.21	0.00
DATS	0.08	0.00
Advertising	0.00	0.00
Total	0.76	0.03

Source: IAA

- 8.175 With respect to the allocation of risk, we questioned whether we should make any changes to the allocation of commercial revenues risk relative to the status quo, whereby risk is allocated to Dublin Airport (with the minor exception of ATI fees). We stated that we do not propose to make any changes.

Responses to the Issues Paper, Other Submissions and Dublin Airport's Regulatory Proposition

- 8.176 Aer Lingus and British Airways both state they do not object in principle to maintaining the rolling schemes for commercial revenues for the purposes of limiting Dublin Airport's incentive to artificially profile commercial revenues. Both also support the use of a 10% cap.

8.177 Dublin Airport supports the rolling schemes. It submits that while the 10% cap is somewhat arbitrary, it is not unreasonable.

8.178 IATA submits that while it understands the logic, it is not convinced that rolling schemes should be applied to commercial revenues. It states that if forecasts are not sufficiently challenging, rolling incentives can extend a benefit that the airport operator does not deserve.

8.179 Ryanair submits that it has always opposed the use of rolling schemes, claiming that there is no evidence that rolling schemes have led to improved commercial revenue performance. Ryanair does not consider further incentivisation is required, stating that Dublin Airport already benefits from such investment being included within the RAB. Ryanair suggests that this double counts the benefit at the expense of Users.

8.180 With respect to the allocation of commercial revenue risk, Ryanair states its support for our proposal to maintain the status quo.

IAA Response

8.181 It is difficult to assess individual causation with respect to how the rolling schemes have influenced commercial performance. However, the evidence does suggest that the regulatory framework as a whole is successfully generating an incentive for Dublin Airport to improve its commercial performance. That has led to enhanced value for Users, together with enhanced service provision, particularly in areas such as retail and F&B. In 2013, commercial revenue per passenger was €8.50. In real terms, that has increased by more than €3.50, to €11.67 in 2025. The rolling schemes were introduced in the 2014 Determination, which broadly coincides with when commercial performance per passenger started to improve relatively consistently. We now forecast real commercial revenues per passenger to increase to €12.88 in 2031.

8.182 We propose to retain rolling schemes over the next regulatory period. We consider that the schemes have incentivised the airport to act commercially over the current period. There have been notable step changes within commercial revenue categories, largely driven by investment across commercial offerings. Some of this uplift has come later in the period. Such investment, we consider, would have been disincentivised if rolling schemes were not in place.

8.183 We note that CIP27 contains a significant number of commercial projects. While some of these projects are linked to airport development projects, such as retail units in the expanded US Preclearance facility, others are not dependent on additional infrastructure. With the rolling schemes, we therefore aim to incentivise Dublin Airport to complete these projects within the period, and to mitigate the risk of revenues from these projects being profiled towards the beginning of the following regulatory period.

8.184 With respect to IATA's submission, our proposed commercial revenue targets are more stretching than those proposed by Dublin Airport. While we consider our forecasts achievable, we also consider that achieving them will require considerable work by Dublin Airport. As noted previously, the 2022 Review Decision forecasts were made at a time of considerable uncertainty, with the full impact of the pandemic on revenue lines unknown, and the impact of Brexit on retail sales also unclear. We also note that the regulatory model requires that we aim for a centreline commercial forecast regardless of whether or not we have rolling schemes.

8.185 We do not agree with Ryanair that the rolling schemes imply double counting. Under the

incentive based regulatory model, Dublin Airport already benefits from outperformance, and the rolling schemes aim to equalise the associated incentive. Earning a return on the RAB (a return takes account of that regulatory model) does not imply double counting of the benefits of any such outperformance, nor does it mitigate the risk of strategic revenue profiling throughout the period. By way of example, without the incentive of the rolling schemes, Dublin Airport could back-load its investment to the latter part of the regulatory period which would then be applied to the RAB at the start of the next regulatory period. The full benefit of such projects would, however, likely not be realised until some later point, to the detriment of Users.

8.186 We note that both Aer Lingus and British Airways do not object in principle to maintaining the rolling scheme incentives, and support the use of a 10% cap. Dublin Airport also does not object to a cap. However, we are considering whether the cap of 10% may be too high, given overall levels of commercial revenues now forecast. Dublin Airport's outperformance, with the application of the 10% cap, has led to an overall allowed revenue adjustment of €29.9m in 2027, with a further adjustment of €1.1m in 2028. Given that our proposed targets per passenger are now substantially higher, maintaining the cap at 10% could allow for more total outperformance to be factored into the price caps in the following regulatory period, whereas a slightly lower cap (e.g. 8%) combined with a 5 year regulatory period may keep the total possible outperformance carried forward more in line with the current period.

8.187 We do propose to remove car parking from application of the rolling scheme incentive. As discussed, car parking at Dublin Airport is capacity constrained, and capacity is yield managed. It does not, in our view, appear appropriate to incentivise outperformance likely to result significantly from yield management as opposed to expansion, innovation, or providing better commercial offerings for passengers.

8.188 We therefore propose to include rolling scheme incentives for 2027-2031 for three categories as shown below. We propose, as in the 2022 Review Decision, in any one year and for each category, the total outperformance subject to carry-forward would be capped at 10% (or somewhat less than 10% as mooted above) of the target for that category. While we have forecast retail and DATS at a more granular level, we propose that the rolling incentive would still apply at an aggregate level. We also adjust the former 'Lounges, FastTrack & Platinum Services' grouping to a DATS total, thereby incorporating the Airport Club targets.

Table 8.28: Per Passenger Rolling Scheme Revenue Targets, €

Revenue Category	2028	2029	2030
Retail	5.88	5.93	6.01
DATS	1.10	1.13	1.16
Advertising	0.22	0.23	0.23

Source: IAA

Regulatory Treatment of Charges

Overview

8.189 Under the single till structure, all revenues earned by Dublin Airport must be reported as either commercial or aeronautical, unless they have been till exited. Often, the distinction between commercial and aeronautical revenues is clear, but in some instances, due to the nature of a particular service, it can be less clear. In the Issues Paper, we raised the treatment of revenue from both US Preclearance, and FastTrack.

8.190 Stakeholders have previously put forward varying views in relation to the regulatory treatment of US Preclearance revenue, with some airlines of the view that it should properly be considered aeronautical. Dublin Airport has previously opposed treating the US Preclearance service as aeronautical. It has taken the position that it does not carry out passenger processing in the US Preclearance facility, meaning that revenues cannot be considered as airport charge under the Airport Charges Directive (ACD). Dublin Airport states that it is not a monopoly provider of such services, given that Shannon Airport also offers a US Preclearance service.

8.191 In the Issues Paper, we stated that the treatment of US Preclearance is primarily a question of legal interpretation, and said that if respondents that if they think we should consider this question further, they should outline their positions in that regard.

8.192 With respect to FastTrack, the offering currently has a bespoke regulatory accounting treatment, with a portion of revenue earned from each sale treated as aeronautical revenue (what Dublin Airport terms the 'wholesale rate'), and the balance treated as commercial. Unlike the provision of other aeronautical services, Dublin Airport has a role in selling FastTrack services directly to passengers. In the Issues Paper, we therefore asked respondents that if they think we should consider the treatment of the FastTrack service further, they outline their positions in that regard in response.

Responses to the Issues Paper, Other Submissions and Dublin Airport's Regulatory Proposition

8.193 With respect to the US Preclearance charge, Aer Lingus submits that it wishes to engage further with the IAA, including on *"Dublin Airport's responsibilities under the NCASP"*. It states that we should investigate *"how the motivations of Dublin Airport would differ were this to be treated as commercial or aeronautical revenues, or as an exceptional activity with a separable regulated charge"*.

8.194 Aer Lingus submits that FastTrack must remain within the single till as a regulated charge, where airlines wish to make such a service available to its passengers. Aer Lingus states that Dublin Airport has sought to limit airlines' use of FastTrack by amending the eligibility criteria to first of business class passengers only, despite no evidence being presented that such eligibility changes are required due to capacity constraints or any degradation of service in the FastTrack facility.

8.195 Aer Lingus further submits that:

- Dublin Airport's current strategy in relation to FastTrack is not in the interest of airport users.
- Under the principles of the ACD, access can only be limited to a differentiated facility where airline demand exceeds the capacity of the facility, which is not the case here. Moreover, where demand exceeds capacity, access must be rationed among airlines on the basis of relevant, objective, transparent, and non-discriminatory criteria, which, it states, Dublin Airport has not provided.
- Dublin Airport's approach is primarily revenue driven, and the IAA should strongly challenge Dublin Airport's limiting of airlines' access to FastTrack services.

8.196 Finally, Aer Lingus requests the IAA to require Dublin Airport to produce forecasts of total capacity of the FastTrack service, as well as a forecast of demand based on current eligibility criteria to determine the extent (if any) to which the FastTrack facility is capacity constrained. Aer Lingus requests the IAA to provide guidance on how access can be rationed in such circumstances on the basis of relevant, objective, transparent, and non-discriminatory criteria

in line with the requirements of the ACD.

8.197 British Airways supports maintaining the FastTrack charge within the regulatory till. It states that any limitation of airline access risks undermining airline product offerings and weakening Dublin Airport's appeal to premium passengers. British Airways states that by *"aggressively commercialising"* FastTrack through frequent discount campaigns, tap-and-go entry, and unlimited memberships, while at the same time seeking to limit airline access, Dublin Airport risks *"distorting the balance"* between regulated service provision and commercial activity.

8.198 In relation to US Preclearance, Dublin Airport submits that its reasoning from 2019 in relation to why the service is not aeronautical still holds:

- It is a commercial offering which *"therefore does not fall under the definition of an airport charge"*.
- US Preclearance gives airlines economic and operational advantages compared to passengers arriving in other international airports.
- Dublin Airport is not a monopoly provider of the US Preclearance service, as Shannon Airport also operates a Preclearance service. Citing Recital 2 of the ACD, Dublin Airport states, as per the definition of an airport charge under the ANTA, US Preclearance does not qualify as an aeronautical charge.
- Dublin Airport does not manage, organise or provide the US Preclearance facility and thus is not processing passengers. US Preclearance is provided by US Customs and Border Control (CBP) and hence is not provided by the airport managing body as per the definition of an airport charge.
- US Preclearance required a substantial investment and business case, and therefore maximising the revenues from this service is necessary to justify its existence. Moreover, US Preclearance is entirely optional and thus not an essential requirement for airlines.

8.199 Dublin Airport submits that if we were to *"wrongly"* decide to reclassify US Preclearance as an aeronautical charge, this would lead to serious concerns of discrimination, as one airport user would benefit from *"artificially lowered charges"* which other airport users cannot avail of, thus providing an unfair competitive advantage.

8.200 With respect to FastTrack, Dublin Airport submits that FastTrack should not constitute an aeronautical charge and instead be treated entirely as a commercial charge. Dublin Airport states that FastTrack has been viewed by some stakeholders as an aeronautical charge as it relates to the processing of passengers. This, it states, is contrary to how the majority of regulators treat FastTrack. Dublin Airport states that what is being sold is a quicker entry into airside from landside, or reduced queuing times.

8.201 Dublin Airport states that:

- The definition of an airport charge under Paragraph 4 of Article 2 of the ACD, when used to justify FastTrack as an aeronautical charge, is done so by viewing that section in isolation.
- When the definition of an airport charge is considered in conjunction with Recital 1 of the ACD, it becomes clear that the point of an airport charge is to recover the cost of providing services that enable air carriers to provide air transport services.
- It is therefore implicit that airport charges relate to services which are essential for an airline to operate. FastTrack, it states, does not meet this criterion.
- Recital 1 states as follows: *"For this purpose airports offer a number of facilities and services related to the operation of aircraft and the processing of passengers and cargo which they*

generally recover through airport charges". The use of the term 'generally' demonstrates that "even if FastTrack is defined as aeronautical revenue, it does allow for some aeronautical activity to be charged outside of aeronautical charges".

8.202 Finally, Dublin Airport submits that Article 10 allows the airport operator freedom to set differentiated prices for differentiated services. It suggests that *"classification of a commercial FastTrack service which provides airlines access with differentiated expedited queue times as an aeronautical charge is inconsistent with Article 10 of the regulation as by definition it constrains the airport managing body's freedom to set the price beyond the requirements of compliance with Article 3".*

8.203 Both IAG and Iberia Express submit that FastTrack is a regulated service that underpins carriers' premium products, supporting business-class offerings and eligible frequent flyer benefits. IAG and Iberia Express state that while FastTrack has been subject to a form of dual treatment, Dublin Airport has attempted to restrict airline access on claimed 'capacity' grounds, while significantly expanding its own direct sales channels and products. IAG and Iberia Express urge the IAA to ensure FastTrack remains firmly within the regulatory till, with transparent governance.

8.204 Ryanair submits that in general it is content with the current allocation between commercial and aeronautical revenues. It states that we must ensure that the charges on facilities, paid for as part of the RAB but used only by some, are enough to cover the full cost of the service and not passed through to users that do not use the facility.

IAA Response

8.205 We note that, broadly, no respondents to the Issues Paper argued for the reclassification of US Preclearance from commercial to aeronautical revenue. We also note that, over the current period, Dublin Airport has not exploited the current treatment as a commercial revenue (and indeed has not even increased the charge in line with inflation, with the result that it has underperformed on this revenue line relative to our 2022 forecast). We do not, therefore, propose to adjust the treatment of this charge for the next regulatory period, although we do not think that the arguments put forward by Dublin Airport as to why it should not be considered an aeronautical charge are particularly strong. Dublin Airport has set out its intention to keep the US Preclearance charge flat in real terms. As set out in 2019 and 2022, we propose to keep the status of US Preclearance revenues under review going forward, in light of the positions adopted by stakeholders and the actions of Dublin Airport.

8.206 We have not been persuaded by the responses to the Issues Paper that there are grounds to change the current treatment of the FastTrack charge. As outlined above, Dublin Airport, in its submission to the Issues Paper, argues that FastTrack should be treated as a wholly commercial revenue. However, in its Regulatory Proposition, Dublin Airport has moved away from this approach and instead assumes the current accounting approach continues.

8.207 In 2025, an issue arose with Dublin Airport's treatment of the FastTrack charge, and proposed changes which would further commercialise the charge. This issue did not escalate to the level of requiring a formal IAA decision. At that time, we set out our understanding of how any capacity issues with the FastTrack offering could be managed appropriately in line with the ACD, in line with its current accounting treatment.

8.208 In making the 2026 Determination, we are not making a formal decision on the correct interpretation of the FastTrack charges and revenues. The question to address is whether there is any requirement to adjust our FastTrack commercial revenue forecast to account for any anticipated change in its treatment. For example, if the FastTrack charge were to be solely

a commercial offering, this would lead to a step increase in the level of commercial revenue from FastTrack, relative to our 2025 base. We do not anticipate that such a change is likely, and therefore we do not propose to make any such upward adjustment to our forecast.

Next Steps and Possible Changes between the Draft and Final Determination

8.209 We invite stakeholders to comment on all aspect of the commercial revenue forecasts, including in particular (but not limited to):

- Our estimated/selected elasticities
- The uplifts which we have applied, relating to CIP2020+ projects delivered later in the current regulatory period, and CIP27 projects expected to come onstream during the next regulatory period
- The proposed rolling scheme incentives, particularly the categories which have been included and the 10% of target cap

8.210 In addition to our consideration of responses to the Draft Determination from stakeholders, the commercial revenue forecast may change between the Draft and Final Determination due to factors such as:

- Updated estimates of passenger numbers
- Updated GDP forecasts
- Updated 2026 estimates if outturn data shows divergence from our assumptions.

9. Cost of Capital

Summary

- 9.1 The cost of capital should enable Dublin Airport to remunerate shareholders and creditors for the required capital to enable the development of the airport. It must balance rewarding existing investors appropriately, enabling efficient future infrastructure development, and protecting the interests of Users.
- 9.2 In the Original 2019 Determination and the 2022 Review Decision, we used the WACC-CAPM (Weighted Average Cost of Capital – Capital Asset Pricing Model) framework to estimate the cost of capital, as outlined in the Issues Paper. We intend to do so again for the 2026 Determination. The WACC is a weighted average of the cost of equity and the cost of debt. The cost of equity is calculated using the CAPM formula.
- 9.3 We have engaged Europe Economics to support in estimating the cost of capital for the 2026 Determination. We have worked closely with Europe Economics in considering how the various parameters should be estimated, including taking account of views expressed by, and on behalf of, stakeholders. The Europe Economics draft report (the 'Draft EE Report'), published alongside this paper, sets out the full analysis underpinning our proposed estimate, and also reflects the IAA's draft view on the appropriate cost of capital parameters.
- 9.4 In this section, we summarise the analysis set out in the Draft EE Report. That report provides a full overview of the analysis undertaken, consideration of stakeholder views, and justification for each proposed parameter. While the Europe Economics report also addresses the issue of 'aiming-up', this is an element on which Europe Economics does not conclude. We consider that issue in full in this section.
- 9.5 We estimate the efficient real pre-tax cost of capital for Dublin Airport to be between 3.36% and 5.27%, with a point estimate of 4.56%, with a higher 5.23% allowance applied only to triggered projects. As outlined further below and in Section 11, we use a higher WACC of 5.23% for the new triggered projects, based on our assumption that they will be funded with 100% new debt.

Table 9.1: Pre-Tax Weighted Average Cost of Capital (WACC), Real

	2026 Draft		2022 Decision		Difference
	Range	Estimate	Range	Estimate	
WACC	3.36% - 5.27%	4.56%	4.04% - 4.54%	4.35%	+21bps

Source: Europe Economics, IAA

WACC Components

- 9.6 Table 9.2 summarises the ranges for each component and compares them with the values of the 2022 Review Decision.

Table 9.2: WACC Components

Component	2026 Draft Range	2026 Draft Point Estimate	2022 Range	2022 Point Estimate
Tax Rate	-	15.5%	-	12.5%
Gearing	50%	50%	45% - 55%	50%
Risk-Free Rate	0.93% - 1.04%	0.98%	-0.85% - 0.06%	-0.45%
TMR	6.72% - 7.10%	6.98%	5.70% - 6.81%	6.25%
ERP	5.79% - 6.06%	6.00%	6.15% - 7.26%	6.71%

Asset Beta	0.35 - 0.59	0.50	0.59 – 0.61	0.60
Debt Beta	Assumed nil	Assumed nil	0	0
Equity Beta	0.70 - 1.18	1.00	1.11 – 1.15	1.13
Cost of Equity	4.98% - 8.19%	6.98%	5.99% - 8.29%	7.13%
Cost of Debt (pre-tax)	0.83% - 0.85%	0.85%	-0.50% - 0.40%	-0.45%
Aiming Up	N/A	Targeted	-	0.50%
Real Pre-Tax WACC	3.36% - 5.27%	4.56%	4.04% - 4.54%	4.35%

Source: Europe Economics, IAA

General Submissions

- 9.7 There is general agreement on the overall methodology, in terms of using the WACC and CAPM approaches, from Aer Lingus, Dublin Airport, IAG, IATA and Ryanair.
- 9.8 Dublin Airport states that the cost of capital is a key component of the price cap calculation as it has a material impact on Dublin Airport's ability to invest, and, in turn to achieve the IAA's statutory objective of serving the interests of current and prospective Users, and the IAA's strategic priorities.
- 9.9 Dublin Airport states that we must ensure that the methodology appropriately reflects the shift in market conditions that has occurred since 2022. Interest rates, which impact both the cost of debt and the cost of equity, have increased significantly and remain elevated.
- 9.10 Dublin Airport states that there is evidence that required returns have been increasing steeply for infrastructure assets since previous decisions. It states that there is significant competition for infrastructure capital due to high investment needs across multiple sectors e.g. investment in renewables and electrification to meet climate change targets.

IAA Response

- 9.11 We have assessed each component using recent quantitative and qualitative evidence, and considering economic theory and regulatory precedent. The WACC reflects our best estimate of Dublin Airport's cost of capital. The assessment of each component is summarised below, and outlined in detail in the Draft EE Report.

Gearing and Tax Rate

- 9.12 The gearing component reflects the proportion of a company's capital requirements that is financed by debt as opposed to equity. In the WACC formula, it determines the weighting assigned to the cost of debt, and to the cost of equity. Additionally, the gearing ratio is used to convert the equity betas into asset betas by removing the effects of financial leverage.
- 9.13 Historically, we have used a notional gearing assumption. This is not, therefore, a forecast of Dublin Airport's actual financing structure, and does not require Dublin Airport to actually adopt that structure. The concept of a notional capital structure is rooted in theory, based on optimising the trade-off arising from increasing debt levels between greater tax benefits (as the cost of debt is tax deductible) and increased risk (for which equity holders must be reimbursed).
- 9.14 The tax rate represents the proportion of Dublin Airport's profits that are paid as tax, which represents a cost to the Regulated Entity. The tax rate is used when calculating a pre-tax WACC, whereby the cost of equity is inflated by a value of one less the tax rate, which provides for an allowance for the cost of tax.

Summary of Submissions on Gearing and Tax Rate

- 9.15 Aer Lingus and IAG submit that the notional gearing assumption of 50% is significantly higher than the actual gearing of most of the listed airports, and that this gearing may put pressure on credit metrics above that faced by efficiently financed peer airports. Both submit that the IAA should *“not allow the high notional gearing assumption”* to serve as the basis for financeability adjustments. Aer Lingus (as supported by CEPA) proposes a 40% notional gearing assumption, submitting that this is supported by comparator airport gearing evidence and Dublin Airport’s recent actual gearing.
- 9.16 Dublin Airport (as supported by Frontier Economics) proposes a 50% notional gearing assumption, consistent with our historical precedent.
- 9.17 With respect to the tax rate, Aer Lingus does not propose a single point estimate, but employs a tax rate range of 12.5% to 16.1%, submitting the IAA should *“ensure the tax rate reflects Dublin Airport’s regulated activities only, rather than the wider daa group”*.
- 9.18 With respect to the tax rate, Dublin Airport proposes a blended effective tax rate of 16.1% rather than the 12.5% statutory corporation tax rate used previously, submitting that while most of Dublin Airport’s activities are taxed at 12.5%, some revenue streams attract a 25% rate.
- 9.19 Ryanair does not propose a specific gearing figure, but submits that the notional gearing assumption should be set at the level that minimises Dublin Airport’s efficient cost of capital. Ryanair believes that if a suboptimal gearing is chosen, at a 50/50 ratio or otherwise, then Users would be burdened with inefficient or higher than necessary capital costs. In this respect, Ryanair states there is a strong case for increasing gearing to 60%, however stating that, by contrast, the perceived *“risk”* of higher debt appears largely academic. In practice, infrastructure companies are capable of managing significant levels of debt without impacting the perceived equity risk.

IAA Proposed Methodology

- 9.20 We propose to retain a 50% notional gearing assumption, as suggested by Dublin Airport. Having considered the submissions received, we assess that maintaining the existing assumption is appropriate in the absence of compelling evidence that a different notional structure would better reflect an efficiently financed airport business. We recognise that a 40% notional gearing assumption, as proposed by Aer Lingus, is a reasonable alternative. However, Dublin Airport’s actual gearing is not so different from the 50% notional assumption that it seems likely to be associated with a considerably different financing environment.
- 9.21 With respect to Aer Lingus and IAG’s concerns on the impact of the notional gearing assumption on financial metrics, we do not use the WACC notional gearing assumption when assessing financeability, as outlined in Section 11.
- 9.22 In previous determinations, we have used the Irish statutory corporation tax rate of 12.5%. However, in light of Dublin Airport’s submission, we now consider that a Dublin Airport-specific blended tax rate is more appropriate, recognising that not all single till activities fall within the statutory tax rate of 12.5%, with some revenues subject to the higher 25% rate. We propose a tax rate of 15.5%, based on the average of the Regulated Entity accounts for

2023, 2024, and 2025.⁵¹ Our estimate is 6 basis points lower than Dublin Airport's proposal and falls within Aer Lingus's proposed range. We use the same methodology as Dublin Airport, but Dublin Airport has used the 2023 and 2024 average tax rate only, leaving out 2025.

Risk-Free Rate

9.23 The risk-free rate is the theoretical rate of return on an investment with zero associated risk. In practice, no asset is entirely risk-free, so it is typically estimated using market instruments which provide a reasonable proxy. In 2019 and 2022, the risk-free rates were estimated during periods of very low real yields, using both Irish and German government bond evidence, and also including forward-rate evidence.

Summary of Submissions on Risk-Free Rate

9.24 Using German 10-year index-linked government bonds as its primary source of evidence, Aer Lingus proposes a real risk-free rate range of 0.57%-0.72%, with most weight placed on recent observed yields, including spot rates and trailing averages up to one year. It submits that more recent data provides the best available evidence of the risk-free rate likely to apply over the forthcoming regulatory period.

9.25 In its response to the Issues Paper, Dublin Airport submits that recent data on the risk-free rate should carry more weight than historic data given changes in the interest rate environment. It submits that we should continue to estimate the risk-free rate in line with the 2022 Review Decision methodology.

9.26 Dublin Airport proposes a range of 1.31% to 1.83%, which it has estimated using Irish and German 10-year nominal government bond yields. It submits that longer historical averages may place weight on market conditions that are no longer applicable, and therefore uses a 6-month averaging period.

9.27 IAG supports the use of Eurozone government bond yields. It submits that if an Irish-specific adjustment is deemed necessary, it should be applied via inflation differentials between Ireland and the Eurozone. It also submits that given recent interest rate increases, longer-term averages may no longer *"reflect current market conditions"*.

9.28 Ryanair states that there is no purpose in continuing to use a shorter 6-month averaging period. It proposes the use of German 10-year government bonds. IATA also supports the use of German bonds.

9.29 Aer Lingus, Ryanair and IAG submit that forward rates should not be included, on the basis that they generally have poor predictive power. On the other hand, Dublin Airport applies a forward-rate uplift of 61 to 91 basis points, based on implied 10-year Euro area government bond forward rates.

IAA Proposed Methodology

9.30 We estimate a real risk-free rate range of between 0.93% and 1.04%, with a point estimate of 0.98%. We use long-dated Irish and German government bond yields, converted into real terms using an annual inflation assumption of 1.9 per cent. We consider that Irish government bonds are directly relevant because Dublin Airport is an Irish regulated asset.

⁵¹ As the regulated entity accounts have been used to estimate the blended tax rate, this estimate is therefore exclusive of broader daa group activities.

German government bonds provide a low-risk Euro-area benchmark. We therefore retain a blended Irish/German approach, rather than relying exclusively on either Irish or German evidence. This recognises the Euro-area capital market, but also that it is not perfectly integrated and the regulated asset operates in an Irish market and regulatory context.

- 9.31 Relative to the Original 2019 Determination and the 2022 Review Decision, we no longer propose to use forward rate evidence when estimating the risk-free rate. We consider that there was a clearer rationale for taking account of evidence from forward-rates in 2019 and 2022 given the interest rate environment at the time, with low real yields and continued uncertainty as to how long this would last. We now consider that this rationale no longer applies. While interest rates have risen since 2022, there has been far more stability over the past three years. The Draft EE Report also evidences the poor predictive power of forward rates, even in terms of correctly predicting whether rates will rise or fall. We consider that forward rates will likely not provide reliable additional evidence on the path of future rates in the current market environment.
- 9.32 As outlined in the Draft EE Report, we propose to place most weight on one-month average nominal yields, as we consider this provides a practical balance between reflecting current market conditions and smoothing day-to-day volatility. We therefore use the one-month average German yield as the lower bound of our estimate, and the one-month average Irish yield as the upper bound. The nominal range is converted into real terms using the inflation assumption of 1.9% and the Fisher Equation.
- 9.33 The proposed real risk-free rate estimate is 143 basis points higher than that of the 2022 Review Decision. This reflects the foregoing changes in methodology to consider differences in the financial environment, and the use of more recent market data.

Equity Risk Premium and Total Market Return

- 9.34 The equity risk premium (ERP) is the excess return required by investors above the risk-free rate. It reflects the requirement of equity investors to earn an additional expected return over the risk-free rate, as equities are riskier than a risk-free asset. The ERP can either be estimated in isolation, or by estimating total market returns (TMR) and subtracting the risk-free rate. Accordingly, the TMR is the sum of the risk-free rate and the ERP.
- 9.35 In 2019 and 2022, we used a TMR-led approach to estimating the ERP, combining long-run historical equity return evidence with forward-looking dividend discount model (DDM) evidence to estimate the TMR, and then deriving the ERP as the difference between the TMR and the risk-free rate.

Summary of Submissions on Equity Risk Premium and Total Market Return

- 9.36 In submissions to the Issues Paper, Aer Lingus and IAG support consistency in the approach to estimating the ERP. Both support the use of Dimson, Marsh and Staunton's (DMS) historical data, and the use of both the arithmetic and geometric means to estimate the TMR.
- 9.37 Aer Lingus proposes a real TMR range of 6.40% to 6.90%, stating its agreement that a TMR-led approach is an appropriate basis for estimating the ERP, and submitting that long-run DMS evidence is relevant. It places weight on Irish and wider European evidence, considering Ireland, Eurozone and wider Eurozone+ evidence using the 2026 DMS dataset. It submits that forward-looking DDM models can be sensitive to modelling assumptions and accordingly does not rely on such models for its estimate. Based on its TMR and risk-free rate assumptions, Aer Lingus proposes an ERP range of 5.83% to 6.18%.

- 9.38 Dublin Airport also considers that a TMR-led approach remains appropriate. It submits that greater weight should be placed on long-run historical evidence, with non-Eurozone countries not considered. Dublin Airport submits there may be risks to relying solely on long-run historical averages to estimate the TMR, and states that we should consider forward looking dividend growth model evidence. It submits the use of dividend growth models should be improved, relative to our previous approach, to *“align with best practice”*.
- 9.39 Dublin Airport proposes a real TMR range of 6.50% to 6.90%. It places weight on long-run historical evidence from the 2025 DMS dataset, and focuses on Irish and Eurozone evidence. Based on the TMR and risk-free rate assumptions, it proposes an ERP in the range of 5.07% to 5.19%.
- 9.40 Ryanair also supports a TMR-led approach, however it proposes using Euro area evidence based on a geometric mean. Ryanair disagrees with placing weight on a one-year arithmetic mean, while also suggesting that, if we do not rely solely on a geometric mean, we should consider a hybrid approach, such as placing weight on both arithmetic and geometric averages, or using an arithmetic mean with a longer assumed holding period and to exclude outliers from the Euro area dataset, such as Austria.

IAA Proposed Methodology

- 9.41 As previously noted, in the 2019 Determination and the 2022 Review Decision we opted for a TMR-led approach to estimating the ERP rather than estimating the ERP in isolation, combining backward-looking evidence using long-term historic stock market returns from the DMS dataset and forward-looking estimates to inform the TMR estimate. We propose to maintain the TMR-led approach to estimate the ERP. We note that this is largely in line with the submissions received from stakeholders.
- 9.42 Estimates of the TMR/ERP typically place significant weight on very long-run historical evidence. A long sample is more likely to reflect a broad range of possible future market conditions, which helps distinguish the underlying expected return from short-term market noise. We assess that the work of DMS is useful in this regard as it provides long-run evidence across a range of countries.
- 9.43 For Ireland, in estimating the TMR, we consider both Irish historical equity market evidence and wider European or Euro area evidence, recognising that Ireland is a small open economy with investors in Dublin Airport likely internationally diversified. However, we do not place weight on the composite Europe series as this includes countries outside of the Eurozone which are less directly relevant to estimating the required return for an Irish regulated asset. We do not propose to adjust this evidence as we have in the past, considering that financial and economic conditions have normalised sufficiently to take Irish and Eurozone data at face value. In respect of the averaging approach, we propose to use the arithmetic mean, as set out in the Draft EE Report.
- 9.44 For the lower bound of the TMR range, we use the Eurozone weighted average of 6.72%, while for the upper bound we use the Ireland-specific estimate of 7.10%. Using our proposed risk-free rate, we arrive at an ERP point estimate of 6.0%, based on a TMR of 6.98% and risk-free rate of 0.98%.

Beta and the Cost of Equity

- 9.45 The cost of equity in this context is a theoretical regulatory construct which can be considered as a profit allowance. The cost of equity is estimated using the Capital Asset Pricing Model (CAPM). Within the CAPM formula, the beta coefficient captures the extent of

systematic or undiversifiable risk related to holding a company's equity. It measures the extent to which the returns are correlated with the returns across the market. A beta of 1 means that the entity (or asset) moves perfectly in line with the market. A beta of less than 1 means that it is less sensitive to market volatility, while a beta of greater than 1 indicates it is more sensitive to market volatility than the average.

9.46 The beta used in the CAPM is the 'equity beta' or the 'levered beta'. This measures the systematic risk of the company's equity at a given level of gearing. A company's 'asset beta' measures a company's exposure to systematic risk, i.e. the asset beta isolates the risk solely due to an entity's assets, excluding the impact of debt. The asset beta is then re-levered, based on the gearing parameter and tax rate, to calculate the equity beta. As outlined in the Issues Paper, Dublin Airport is not a listed company, meaning that its beta cannot be directly estimated. Instead, it must be estimated from various evidence, typically the betas of comparator airport operators. That gives rise to various issues where judgement is required, in particular:

- What airport comparators should be used, and how the evidence from those airports should be interpreted.
- What estimation windows should be used.

Summary of Submissions on Beta and the Cost of Equity

Proposed Ranges and Comparator Set

9.47 Aer Lingus submits that we should review the relative weightings placed on the comparator group in the 2022 Review Decision. Aer Lingus states that while we excluded Sydney Airport from the comparator group following delisting, data from when it was listed can provide a good comparator to Dublin Airport. IAG makes similar submissions.

9.48 Aer Lingus then proposes the use of AENA, ADP, Fraport and Zurich as the core comparator set, with Zurich considered more cautiously due to currency and national-index issues. It also considers secondary comparator evidence from Athens, Sydney, and Bologna. It proposes an asset beta range of 0.46 to 0.56, which (together with a debt beta of 0.075) results in an equity beta of 0.72 to 0.88.

9.49 Dublin Airport, in its response to the Issues Paper, submits that:

- Pandemic-impacted data should not be entirely discounted from any assessment.
- Suitable comparators should have sufficient similarities in terms of regulatory and business risks. Comparators should also be reviewed for liquidity.
- The 2022 comparator set was unsuitable, citing regulatory and business risk as well as liquidity tests.
- The quantitative analysis should be complemented by reviewing other regulatory decisions.

9.50 For its Regulatory Proposition, Dublin Airport estimates beta using listed airport comparators, also including AENA, ADP, Fraport and Zurich as its core comparator set. But it proposes an asset beta in the range of 0.61 to 0.67, resulting in an equity beta range of 1.22 to 1.34.

9.51 Ryanair submits that the comparator sample should include as many relevant European listed airports as possible, including Athens International Airport.

Estimation Windows, Covid-19, and Outliers

- 9.52 Aer Lingus considers two-year, five-year, and ten-year beta estimates. It suggests that unadjusted OLS estimates can be distorted by Covid-19 and other outliers, and therefore also uses robust regression techniques.
- 9.53 Dublin Airport places weight on two-year, five-year, and ten-year beta estimates. It submits that short-window estimates can be volatile and should not be used in isolation to estimate a beta for a five-year regulatory period. It submits that longer estimation windows remain relevant, and submits that recent regulatory precedent supports using multiple windows.
- 9.54 Ryanair supports placing weight on one-to three-year daily beta estimates, on the basis that these use more recent market evidence and exclude pandemic impacted years. It submits there should be consistency between the averaging period across WACC components. It refers to the prospect that a longer estimation period for beta could overstate the WACC as (higher) pandemic-impacted betas are included, while such longer term evidence in relation to the risk free rate and/or cost of new debt (which would put downward on those components) is not used.

Data Frequency and Liquidity

- 9.55 Aer Lingus considers beta evidence across different estimation windows and frequencies, including daily estimates for shorter windows and weekly evidence for longer-window cross-checks.
- 9.56 Dublin Airport uses both daily and weekly beta estimates, submitting that weekly estimates should be considered as the listed airport comparators are less liquid than comparator companies used in other regulated sectors.

Relative Risk, Dublin Airport Specific Features, and Cross-Checks

- 9.57 Aer Lingus submits that Dublin Airport is not a risky investment, and notes the measures taken by the IAA which mitigated the impacts of the pandemic. Aer Lingus states that we should take into account the properties of the single-till framework, submitting that this implies lower systematic risk. It notes that, as far as it is aware, all listed regulated airport comparators used in the peer group (in the 2022 Review Decision) operate under a dual or hybrid till framework, and thus do not benefit from the same risk mitigations as Dublin Airport. British Airways makes a similar submission.
- 9.58 British Airways states that Dublin Airport's risk exposure differs materially from large airport groups which hold significant overseas investments, including in politically and economically volatile markets. British Airways advocates for a relative risk adjustment to reflect what it considers to be the lower systematic risk exposure of a constrained hub such as Dublin Airport.
- 9.59 For these reasons, Aer Lingus submits that Dublin Airport should sit towards the lower end of the airport comparator evidence, and applies a judgement-based downward adjustment of 0.05 to the upper end of its estimated asset beta range.
- 9.60 Dublin Airport submits that airport betas should sit above utility betas, and that there should be a clear gap between the two as airports have more exposure to demand risk. It also refers to the UK CAA's recent Initial Proposals assessment of the Heathrow beta, and states that Dublin Airport should have a higher asset beta than Heathrow, given that, for example, Heathrow has a traffic risk sharing mechanism, is more capacity constrained, and is less exposed to more footloose low cost carriers.

- 9.61 IAG submits that the single-till framework warrants a downward adjustment relative to the comparator airports, and that Dublin Airport faces lower systematic risk exposure due to its traffic and business risk profile relative to the comparator sample. IATA and Vueling make similar submissions.
- 9.62 Ryanair submits that Dublin Airport's beta should reflect its position as a regulated monopoly airport, and considers that Dublin Airport's systematic risk may be closer to that of a regulated infrastructure/utilities businesses than to listed airport groups with large international portfolios. Ryanair therefore suggests that we consider evidence from regulated non-airport infrastructure, including ENAV, utilities and other monopoly infrastructure businesses.

Debt Beta and Re-Levering

- 9.63 Aer Lingus uses the Harris-Pringle formula when de-levering and re-levering comparator beta, and includes a positive debt beta assumption of 0.075. Dublin Airport also uses the Harris-Pringle formula and, noting uncertainty involved in estimating the debt beta, uses a debt beta assumption of zero. Ryanair supports the Hamada formula rather than Harris-Pringle, stating that it reflects regulatory practice and the tax shield available to companies.

IAA Proposed Methodology

- 9.64 As outlined in detail in the Draft EE Report, we consider that the relevant asset beta range for Dublin Airport is 0.35 to 0.59. Within the range, we propose a point estimate of 0.5. In 2019, we similarly estimated the asset beta at 0.5, while the 2022 Review Decision adopted a higher point estimate of 0.60. The more recent evidence supports a reduction from the 2022 estimate, given the continued normalisation of airport asset betas from the elevated levels observed during and immediately after the pandemic.

Comparator Set

- 9.65 As in 2019 and 2022, we propose to focus primarily on listed airports, with particular weight on European airports. We exclude Sydney Airport from the comparator sample due to its 2022 delisting. We also exclude Aeroporti di Roma and London Gatwick due to the time which has elapsed since their most recent regulatory decisions. London Heathrow is also excluded, as despite the availability of recent regulatory precedent, Heathrow's asset beta evidence is not based on its own listed share price, but rather a similar sample of comparator airports as are available to us. We also exclude TAV Airports, for a number of reasons as outlined in the Draft EE Report.
- 9.66 In 2019 and 2022, we placed weights on the airport comparators based on their assessed comparability to Dublin Airport on the basis of various drivers of exposure to systematic risk. We do not propose to repeat this element of the methodology for the 2026 Determination, noting the element of subjectivity and complexity in properly assessing comparability, and the absence of support for this approach in stakeholder submissions.
- 9.67 In interpreting the comparator evidence, as set out in the Draft EE Report, we consider that Dublin Airport's asset beta should generally be expected to sit above that of core Irish regulated utilities but below that of airlines with significant operations at Dublin Airport:
- Demand for utility services is less sensitive to the economic cycle.
 - Airlines are more directly exposed to fuel prices, route-level competition, and demand.
- 9.68 This provides an asset beta range of approximately 0.35 to 0.79. Where a particular estimate

falls outside the range between Irish regulated utilities, and airlines at Dublin Airport, we treat that estimate with caution, such as by affording it less weight, and/or replacing it with the upper or lower (as applicable) bound of that range. In summary, based on the conceptual positioning and further liquidity analysis, our comparator sample includes:

- Paris/Groupe ADP
- AENA
- Zurich
- Fraport (estimates are low relative to expected range, consequently less weight afforded).

Estimation Period

9.69 We place primary weight on rolling two-year and three-year betas, estimated using daily data. We note that the two-year estimates provide a strong balance between recency and precision, while the three-year estimates provide an additional check that the results are not unduly affected by short-term volatility, avoiding the limitations of very long historical windows.

9.70 As cross-checks, we also estimate one-year daily betas and five-year weekly betas. The one-year daily estimates provide an indication of the most recent market evidence, while the five-year weekly estimates provide a longer-term perspective and reduce the influence of day-to-day noise.

9.71 We estimate betas using the STOXX Europe 600 for Eurozone-base companies. This is a free-float weighted index of 17 European countries and represents approximately 90 per cent of free-float market capitalisation in Europe. We note that this approach is broadly consistent with the approach of stakeholders.

Debt Beta and Re-Levering

9.72 We propose to use the Harris-Pringle formula for de-levering and re-levering comparator betas. Under this approach, the asset beta is treated as the weighted average of the risks borne by debt and equity investors.

9.73 This is different from our approach in 2019 and 2022, where we used the Hamada formula (although we calculated a sensitivity using Harris-Pringle, and found that the choice between these two formulae made almost no difference in practice to the beta estimate). There is a theoretical difference between the two approaches:

- The Hamada formula assumes a fixed level of debt.
- The Harris-Pringle formula is typically associated with a constant capital structure, with debt and equity assumed to adjust to maintain a target gearing ratio.

9.74 We note that neither assumption is likely to fully represent the company behaviour in practice. However, we note the preference of Europe Economics for the reasons set out, which also aligns with the approaches advocated by both Dublin Airport and Aer Lingus. We also propose to use a debt beta of zero.

Cost of Debt

9.75 The cost of debt is the expected interest that Dublin Airport will have to pay to lenders in respect of debt financing. In recent determinations, we have used a weighted average of the cost of existing debt ('embedded debt') and the forecast cost of debt expected to be raised over the next regulatory period ('new debt').

- 9.76 In 2019 and 2022, we estimated the cost of embedded debt using Dublin Airport's actual debt portfolio. This, therefore, reflected the interest costs that we expected Dublin Airport to face on its existing loans and bonds over the regulatory period, taking into consideration the maturity and amortisation profile of each instrument. In both 2019 and 2022, in line with regulatory precedent, we used market benchmark indices to estimate the cost of Dublin Airport's new debt.

Summary of Submissions Received

Cost of Embedded Debt

- 9.77 Dublin Airport, in its response to the Issues Paper, submits that the 2022 methodology is broadly appropriate and should be maintained. It submits that *"less weight should be placed on debt that either matures or amortises over the course of the regulatory period"*. It states if the cost of embedded debt is estimated based on a snapshot in time, this risks providing an inaccurate allowance relative to the actual costs it will face over the regulatory period.
- 9.78 Dublin Airport estimates the cost of embedded debt using a weighted average of the anticipated costs of existing debt instruments over 2027-2031. It estimates a nominal cost of embedded debt of 1.39%, which it deflates using its inflation assumption of 1.87%, resulting in a real cost of embedded debt of -0.47%, before additional borrowing costs.
- 9.79 Aer Lingus does not disagree in principle with using Dublin Airport's actual debt as the basis for the embedded debt allowance. In its own assessment of the cost of debt, in the absence of further information, it uses the Dublin Airport (Frontier Economics) nominal weighted average cost of embedded debt and deflates using its own Irish CPI assumption of 2.0%. It therefore proposes a real cost of embedded debt of -0.60%. It requests further transparency on the calculation of Dublin Airport's embedded debt in the Draft Determination, including the characteristics and interest rates of the current embedded debt portfolio.

Cost of New Debt

- 9.80 Aer Lingus, in its response to the Issues Paper, supports the use of the European non-financial corporate market as an appropriate benchmark. However, it suggests that we reconsider the use of BBB rated comparators, submitting that Dublin Airport has maintained a minimum A-credit rating since 2015, *"suggesting a higher rating is more appropriate"*. Aer Lingus also questions whether 10+ years continues to match the average tenor on Dublin Airport's expected new debt.
- 9.81 Dublin Airport, in its response to the Issues Paper, submits that our 2022 approach to estimating the cost of new debt remains appropriate. It submits that its initial view is that averaging iBoxx yields over a period of one-month or three-months is appropriate.
- 9.82 Aer Lingus uses iBoXX EUR non-financial corporate bond indices and proposes a real cost of new debt range of 1.50% to 2.12%. It submits that we should consider whether the maturity of the benchmark indices aligns with the debt Dublin Airport is likely to raise over the regulatory period.
- 9.83 Dublin Airport also uses iBoxx EUR non-financial corporate bond indices as its benchmark, and focuses on A rated and BBB rated 10+ year series. Based on a 6-month average of the benchmark indices, Dublin Airport estimates a range of 3.95% to 4.01%, with the lower bound of the range based on the average of the A-rated indices, and the upper bound based on the BBB rated indices. It also applies a forward-rate uplift based on Euro area government bond forward rates which increases the nominal benchmark by 0.61 to 0.81 percentage

points. Using its inflation assumption of 1.87%, Frontier estimates a real cost of new debt range of 2.64% to 2.90% (before additional borrowing costs).

- 9.84 Ryanair submits that the cost of new debt should be estimated as the risk-free rate plus a debt premium, based on the spread of bonds issued by similar entities over a relevant government benchmark.

Additional Borrowing Costs

- 9.85 Dublin Airport submits that we must allow for additional borrowing costs, as these costs are not remunerated elsewhere in the price control. It states that issuance costs, carry costs, and liquidity costs are additional borrowing costs actually incurred, and there is strong regulatory precedent in other jurisdictions for including an allowance for such costs. It proposes additional borrowing costs to cover:

- Issuance Costs
- Carry Costs
- Liquidity/RCF Costs

- 9.86 To estimate issuance costs, it uses costs incurred from previous bond issuances. Carry costs are estimated based on the cost of holding cash raised in advance of expenditure, while Frontier Economics also estimated an uplift for maintaining an RCF for liquidity purposes. It proposes total additional borrowing costs of 30 basis points, comprising 5 basis points for issuance costs and 25 basis points for liquidity costs, including carry costs.

- 9.87 Ryanair opposes any allowance for carry costs, stating that such an allowance would add complexity and create scope for under- or over-forecasting.

- 9.88 Aer Lingus submits that an allowance for efficiently incurred issuance costs is appropriate, and does not consider Dublin Airport's estimate of 5 basis points to be unreasonable. It requests clarity from the IAA on whether revolving credit facilities (RCF) related issuance costs are included in this estimate, or additional. It also submits that we should check that relevant costs are not funded elsewhere, such as through Opex or passthrough allowances. It submits that we should test whether the proposed liquidity and carry costs are efficient, and assess whether carry costs are one-sided, or if there are certain circumstances whereby Dublin Airport may earn more on cash reserves. Overall, it suggests that an allowance of 10 to 20 basis points may be appropriate.

IAA Proposed Methodology

- 9.89 We estimate a real cost of debt range of 0.83% to 0.85%, with a point estimate of 0.85%, based on the core WACC assumption of a weighted average split of 48% new debt.⁵²

- 9.90 The cost of embedded debt is based on Dublin Airport's existing debt portfolio. Our proposed cost of new debt is based on the iBoxx EUR A-rated and BBB-rated non-financial corporate bond indices with maturities of 10-years or more. We also include borrowing cost uplifts of 10 basis points for embedded debt and 5 basis points for new debt.

Cost of Embedded Debt

- 9.91 Consistent with the approach from 2019 and 2022, we estimate the cost of embedded debt using Dublin Airport's existing debt portfolio. We therefore calculate the weighted average

⁵² The point estimate of 0.85% is derived from an estimated range of 0.8317% to 0.8545%.

cost of Dublin Airport's embedded debt over 2027 to 2031 and convert this into real terms using our inflation assumption. We estimate a real cost of embedded debt range of -0.52% to -0.49%, with a point estimate of -0.50%.

Cost of New Debt

- 9.92 We note that the WACC assumptions are not intended to replicate Dublin Airport's actual financing position exactly, but to represent an efficiently financed airport business, funded at the notional gearing assumption used in the WACC. Further, as set out in Section 11, there are certain reasonable scenarios over 2027-2031 which might see a credit rating consistent with BBB+. On this basis, we do not propose to rely solely on an A rated index. We therefore use the average iBoxx EUR A rated and BBB rated non-financial corporate bond indices.
- 9.93 We remain of the view that the 10+ year index is the best representation of Dublin Airport's actual debt tenor and note its two most recent bond issuances both had tenors of c12-years. We therefore use the iBOXX EUR A rated and BBB rated non-financial corporate bond indices with maturities of 10-years or more.
- 9.94 We consider five averaging periods: the spot rate, and one-month, three-month, six-month and one-year averages. Consistent with our approach for the risk-free rate, we place greatest weight on the spot and one-month averages as, given recent stability, we do not consider it necessary to place material weight on longer averaging periods, nor to include a forward rates adjustment (as outlined above in respect of the risk-free rate). We estimate a real cost of new debt range of 2.13% to 2.15%, with a midpoint of 2.14% as the point estimate.

Additional Borrowing Costs

- 9.95 We include allowances for issuance costs (for both the cost of new debt and the cost of embedded debt) and RCF costs (for the cost of embedded debt only). We estimate issuance costs using Dublin Airport's actual debt issuance cost data. The results of this assessment support an issuance cost allowance of 5 basis points. We include an RCF allowance uplift for embedded debt only, recognising it is an existing committed liquidity facility maintained by Dublin Airport to support its overall debt and liquidity position. We therefore include an uplift of 10 basis points on embedded debt, and of 5 basis points on new debt.
- 9.96 We do not include a separate WACC uplift for cost of carry. We consider that this is appropriately taken account, firstly, in the relatively high weighting applied to new debt, of 48% for the core WACC, and 100% for the new triggered projects. The latter, in particular, includes an element of 'aiming up', given that while we expect triggered projects would mostly be funded by new debt, it is unlikely that they would be 100% new debt funded. We note that the cost of carry estimate provided by Dublin Airport is partly based on raising new debt to fund these trigger projects. Secondly, the profile of remuneration created by the 79/21 split between A and B triggers, is likely to result, overall, in debt being remunerated sooner than capex is incurred. Finally, we are allowing the (higher) cost of equity (using the 50% gearing) in trigger calculations, thereby effectively including a profit wedge before projects are operational. These elements combined provide a buffer should Dublin Airport incur a material cost of carry.
- 9.97 As noted by Aer Lingus, there is also a possibility that Capex may be materially less than even the Untriggered Scenario (as described in Section 11), and/or a possibility that Dublin Airport might outperform our building block assumptions. In those circumstances, the actual weighting of new debt might be lower than we assume.

- 9.98 We also do not currently take account of interest on cash reserves in the financial model,

although we could look to update that assumption ahead of the Final Determination. We also note that the basis for Dublin Airport's asserted (lower) interest rate of 1.85% on surplus cash balance is unclear, and appears to be inconsistent with Dublin Airport's own financial modelling of net interest, which contains no such wedge between interest receivable on cash versus interest payable on new debt.

Aiming Up and Inflation Adjustment

9.99 As outlined in the Issues Paper, in the Original 2019 Determination and the 2022 Review Decision, we included an aiming-up allowance of 50 basis points. We did so for a number of reasons, particularly including the following:

- Where the WACC can only be estimated within a range, the potential asymmetric effects of measurement errors in the WACC components. A WACC slightly below the true cost of capital could disincentivise investment, which would disproportionately harm the interests of Users relative to setting a WACC slightly above the true cost of capital.
- Dublin Airport was embarking on large investment programme which would require to be financed, and which we assessed to align with the interests of Users.
- No implicit or explicit aiming-up was included in the other WACC components.

Summary of Submissions Received

9.100 Aer Lingus submits that we should re-assess whether it is necessary to aim up, and if so, how the magnitude of any uplift is determined. It does not think that there is a strong basis for including an aiming up allowance, noting that measurement error could lead to overestimating as well as underestimating the WACC. It suggests that we consider the interaction with other building blocks, and submits that over the current period, Dublin Airport has benefitted from a WACC most likely set above the efficient level, with the incremental return compounded by the fact that it has been levied on higher than forecast passenger numbers. It submits that the periodic resets reduce the risk of a persisting error in a WACC component(s), and the timing of airport investment has been driven by planning and operational factors, and not the WACC estimate.

9.101 Aer Lingus also submits that the 50-basis point uplift applied was excessive, disproportionate, and lacking an evidential basis. It suggests that selecting a point estimate above or below the mid-point is more appropriate than including a standalone aiming-up allowance. British Airways and IAG also do not support an aiming-up allowance, for similar reasons as Aer Lingus. Aer Lingus further asks us to consider how any aiming up could be made conditional on delivery of beneficial outcomes for Users, targeting delivery risk.

9.102 With respect to inflation, Aer Lingus states that it recognises that an inflation mismatch can arise where the inflation measure used to deflate the WACC inputs differs from the inflation index used to uplift the RAB, but states that evidence is mixed as to the direction and size of any adjustment. On balance, it suggests an inflation adjustment of 10 basis points.

9.103 In its response to the Issues Paper, Dublin Airport submits that the possible effects of underestimating the WACC would have more serious effects than overestimation. It states that this risk is heightened by the uncertainty and challenges around estimating the beta parameter.

9.104 Dublin Airport proposes a continued 50 basis point aiming up allowance to the overall WACC, but justifies it on the basis of both an aiming up adjustment, and an inflation adjustment. It submits an aiming-up allowance is appropriate to:

- Maintain regulatory predictability and stability.
- Enable investment and growth, particularly given the scale of the proposed Capex programme.
- Mitigate against measurement error.
- Enable Dublin Airport to attract capital in a market where infrastructure investors have competing opportunities.

9.105 Dublin Airport also submits that an inflation adjustment is required, as the WACC is converted into real terms using Euro area/German inflation evidence, while the RAB is indexed using Irish CPI. It relies on historical evidence comparing Euro area Harmonised Index of Consumer Price (HICP) inflation with Irish CPI inflation. On this basis, it submits that an upward adjustment is required to address the risk of under-compensation.

9.106 IATA does not support aiming up. It submits that the 2022 Review Decision included an aiming up allowance in the context of the size of an investment programme which did not materialise. It states that the airport has been allowed to charge for an alleged risk which did not materialise, which is not in the interest of consumers. IATA further suggests that we should consider clawing this back retrospectively.

9.107 Iberia Express also opposes the inclusion of an aiming up allowance, and states that 50 basis points is *“overly generous”*. Vueling also opposes it.

9.108 Ryanair does not support the inclusion of any additional risk or aiming up allowance. It submits that such an allowance is inconsistent with *“the general practice of setting other building blocks based on a central case”*. Ryanair therefore submits that including an aiming-up allowance is inconsistent with the IAA’s primary objective *‘as it favours Dublin Airport at the expense of users’*.

9.109 Ryanair submits we should consider a similar approach to the Italian airport charge regulatory model, whereby, it states *“an uplift can be made to the WACC earned on a particular project, only in exceptional circumstances and if there is a specific concern that the project would not be financed otherwise”*.

IAA Proposed Methodology

9.110 There are two aspects to consider here:

- Whether there is any basis for the inflation-related adjustment suggested by Dublin Airport, which accounts for approximately 40 basis points of its proposed 50 basis points adjustment.
- Whether we should aim up the WACC as a whole.

9.111 The first point is addressed within the Draft EE Report. As outlined therein, firstly, we do not think that this is a strong point as a matter of principle. The inflation assumptions in the WACC estimate are used to deflate nominal data (data which is not limited to Ireland) to calculate real parameters. The question is whether inflation assumptions are applied correctly to obtain underlying real variables, rather than to align it with the RAB indexation. The ultimate RAB indexation will in any case be based on outturn inflation, which will be somewhat different from any of these inflation forecasts used to estimate the real return for 2027-2031.

9.112 In any case, the evidence does not show a stable or one-way difference between Irish inflation and Euro area/German inflation. Over the current interim regulatory period to date (2023-2025), the difference has been the opposite to that which is contended for by Dublin Airport. Indeed, Dublin Airport uses historic data going back to 2014, rather than the forecast

wedge between the two indices, and/or does not appear to consider using forecast Irish inflation, instead of applying an uplift.⁵³

9.113 We do not, therefore, consider there to be a strong case for a separate upward inflation adjustment.

9.114 The second point is also addressed in the Draft EE Report, which outlines some considerations and recommendations in respect of aiming the WACC, but does not contain a specific conclusion. It suggests that any aiming up adjustment should be applied as an explicit final step in estimating the WACC, and also suggests that there are reasons to think that an appropriate aiming-up adjustment (if warranted at all) might be lesser than that which was applied in 2019 and 2022, given the circumstances in which those decisions were made. It notes that this is a matter of regulatory judgement for us to consider, including in combination with other aspects of the regulatory settlement. The Draft EE Report outlines the following considerations:

- Regulatory precedent: It is appropriate to retain an explicit aiming-up step. However, retaining that step does not mean that a positive uplift must be applied. A legitimate outcome of the explicit step is that the appropriate degree of aiming up is zero.
- Estimation Uncertainty: The WACC estimation is uncertain, and in particular the beta requires regulatory judgement. However, uncertainty can work in both directions. The relevant question is whether the asymmetric consequences of underestimation justify a further uplift. The evidence base is more settled than in 2022, including because there is now more post-pandemic market evidence.
- Scale of Investment: This does not automatically imply a positive uplift. The WACC is only one part of the wider regulatory settlement, and the treatment of capex, triggers, financeability and other mechanisms also affect investment incentives.
- Competition for capital: The WACC methodology and supporting market evidence together estimate the opportunity cost of capital for an investment with Dublin Airport's risk characteristics. Competition for capital is therefore not, in itself, a separate reason for aiming up.

9.115 As outlined above, the WACC set for Dublin Airport in 2019 and 2022 did include an aiming up adjustment. However, in our decisions in relation to AirNav Ireland (2021 and 2024), we decided not to do so.^{54,55} We think that some of the same reasons, on the basis of which we decided to use the central estimate for AirNav Ireland's WACC, now also apply in respect of Dublin Airport. We note the following:

- Dublin Airport has benefitted from a relatively large aiming up adjustment over the current interim regulatory period. That has contributed to financial outperformance of the regulatory settlement, but has been coincident with a very significant under-delivery of Capex.
- Investment incentives and financing is already addressed through Capex incentives and triggers, as outlined in Sections 10 and 11.
- We think there is merit in a targeted approach where we include a higher WACC in relation to the CIP27 trigger projects, such as suggested by Ryanair and Aer Lingus, which combines an element of aiming up, and a financing adjustment, but in a way which will only activate where delivery of a large investment programme is actually happening.
- Where the primary source of estimation uncertainty is the asset beta, on balance, we tend to prefer the airline's view that there are reasons to think that Dublin Airport's relative risk might

⁵³ With the identified differential driven primarily by 2017 and 2018.

⁵⁴ [decision-document.pdf](#)

⁵⁵ [rp4-final-decision final.pdf](#)

be slightly lower than the comparator sample, meaning that a central asset beta estimate may already tend slightly to the upside.

- 9.116 Firstly, over the 2023-2026 period, as outlined further in Section 10, there was significant under-delivery of investment despite the large aiming up, with the latter instead contributing to significant financial outperformance of the regulatory settlement in terms of return/profit. Some of the delivery delay is linked to the current planning process, but it is not clear if or when that will change during the upcoming period. However, delivery of the smaller projects making up the untriggered investment programme is only expected to be around 57%, and that cannot be attributed to the same planning challenge.
- 9.117 It is clear that factors other than the inclusion of a general aiming up allowance are more likely to again determine the extent of Capex delivery over 2027-2031. As with AirNav Ireland, it appears that there may be a lack of reality to the suggestion that investment will be materially influenced by the existence of a general aiming up allowance, which will be remunerated within the period regardless of Capex delivery (and then partially clawed back after the period if there were another under-delivery of Capex).
- 9.118 That is particularly the case given that, as set out in Sections 10 and 11, we propose to include a range of more directly targeted incentives such as triggers, including financeability related triggers. That mechanism will generate a within-period incentive to deliver the investment programme, while not operating in the event of under-delivery. Further, the mechanism is tailored to ensuring that there will be a reasonable level of comfort over Dublin Airport's ability to finance the programme.
- 9.119 As outlined in Section 11, we propose to use a higher WACC estimate of 5.23% for the CIP27 triggered project allowances, based on a 100% new debt assumption. While we expect that trigger projects would require to be primarily funded through new debt, it is unlikely to be the case in practice that they would 100% new debt funded. That assumption, therefore, combines an element of aiming-up of the WACC, with a financing adjustment, but again will only operate in the event that these projects are being delivered, which is consistent with the rationale for the assumption.
- 9.120 Separately, as noted by a number of stakeholders, the asset beta is a key source of estimation uncertainty within the WACC, particularly in the case of Dublin Airport. We note the contrasting views set out by Dublin Airport, and airlines, as to Dublin Airport's relative exposure to systematic risk. Dublin Airport focuses on the recent H8 proposal from the UK CAA in arguing that Dublin Airport should have a higher asset beta than Heathrow, as well as arguing that there should be a clear wedge between Dublin Airport's asset beta, and those of Irish utilities. Airlines argue that the Dublin Airport Regulated Entity has lower systematic risk than the sample of comparator airport operators, given that they operate broad international portfolios of airports, including airports which are not comparable to Dublin in terms of business risk and market power, and also given that none of them operate under a single till.
- 9.121 There are typically many points and counterpoints that can be made in arguing that the relative risk of a particular entity operates in one direction or the other compared to some other entity. However, given that our asset beta estimate of 0.5 is already consistent with Dublin Airport's position that there should be a wedge relative to the asset betas of utilities, on balance we think there may be more merit in the airline's remaining suggestion that Dublin Airport might have slightly lower systematic risk than the comparator sample of international dual/hybrid till airport operators, meaning that a central asset beta estimate

may already tend slightly to the upside.⁵⁶ While we do not propose to make a specific adjustment to the comparator evidence on that basis, we do consider it to be a final relevant consideration when it comes to the question of whether general aiming up is warranted.

9.122 We therefore think that, at a minimum, the degree of aiming up should be much smaller than was the case over the last regulatory period. We note that the EE Draft Report identifies that a 60th percentile estimate would be 10 basis points above the central estimate, which would align with Dublin Airport's proposed aiming up allowance (i.e. net of the inflation adjustment addressed above). On balance, however, we propose not to aim up the core WACC at all, but to use the central estimate of 4.56%, based on the reasons and considerations set out above. It should be noted that, were we to decide to aim up in the Final Determination, this would directly offset the required percentage of pre-funding through the 'A' Triggers outlined in Section 11.

Draft WACC Estimate

9.123 Our draft assessment is summarised below, alongside the estimates submitted on behalf of Dublin Airport and Aer Lingus.

Table 9.3: Real pre-tax WACC Components

Component	2026 IAA Draft Determination		Dublin Airport	Aer Lingus
	Range	Point Estimate	Range	Range
Tax Rate	-	15.5%	16.1%	12.5% - 16.1%
Gearing	50%	50%	50%	40%
Risk-Free Rate	0.93% - 1.04%	0.98%	1.31% - 1.83%	0.57% - 0.72%
TMR	6.72% - 7.10%	6.98%	6.50% - 6.90%	6.40% - 6.90%
ERP	5.79% - 6.06%	6.00%	5.19% - 5.07%	5.83% - 6.18%
Asset beta	0.35 - 0.59	0.50	0.61 - 0.67	0.46 - 0.56
Equity beta	0.70 - 1.18	1.00	1.22 - 1.34	0.717 - 0.883
Cost of equity	4.98% - 8.19%	6.98%	7.64% - 8.62%	5.43% - 7.36%
Cost of debt	0.83% - 0.85%	0.85%	1.46% - 1.59%	0.59% - 1.01%
Issuance/other	0.05%-0.1%	0.05%-0.1%	0.3%	0.1%-0.2%
Aiming up/inflation	N/A	Targeted	0.5%	0.1%
WACC (untriggered)	3.36% - 5.27%	4.56%	5.78% - 6.44%	3.59% - 4.92%
WACC (triggered)	-	5.23%	-	-

Source: IAA, CEPA, Europe Economics, Frontier Economics

9.124 The data underpinning this draft estimate goes as far as February 2026. Ahead of the Final Determination, we expect to update the WACC estimate using more recent data which will then be available, as well as considering submissions received.

⁵⁶ See for example paragraph 10.30 of the 2022 Review Decision for further discussion on this point: https://www.iaa.ie/docs/default-source/1c-economic-regulation/final-decision-on-the-maximum-levels-of-airport-charges-at-dublin-airport-2023-2026.pdf?sfvrsn=6b8110f3_1

10. Capital Costs and CIP27

Summary

Table 10.1: Proposed Capital Cost Allowances

	2027	2028	2029	2030	2031
Return on Capital	134.7	146.8	156.7	164.5	170.3
Return of Capital	179.7	204.4	227.9	247.3	269.6
Total	314.4	351.2	384.5	411.7	439.9
Per Passenger	7.97	8.61	9.16	9.52	9.89

Source: IAA. March 2026 Prices

10.1 Within the base price caps, we propose to allow for total capital costs of €314m in 2027 increasing to €440m in 2031, an average of €380.4m. This is higher than the average annual capital cost allowance in both the Original 2019 Determination and the 2022 Review Decision of €320.7m and €288.1m respectively. As noted above, significantly higher capital cost allowances are possible if Dublin Airport delivers triggered projects. We thus also model two additional capital cost allowance scenarios:

- Price Cap with pre-existing triggers.
- Price Cap with existing and forecast triggers.

10.2 In the 'pre-existing triggers' scenario, we include the costs associated with CIP2020+ projects where the A trigger has been met, or is expected to be met this year, but the B trigger has not: T1 IDL Reorientation & Rehabilitation and the West Apron Vehicle Underpass (together with the North Runway). Finally, we show the cost implications if Dublin Airport reaches the CIP27 trigger milestones in accordance with its own planned schedule.

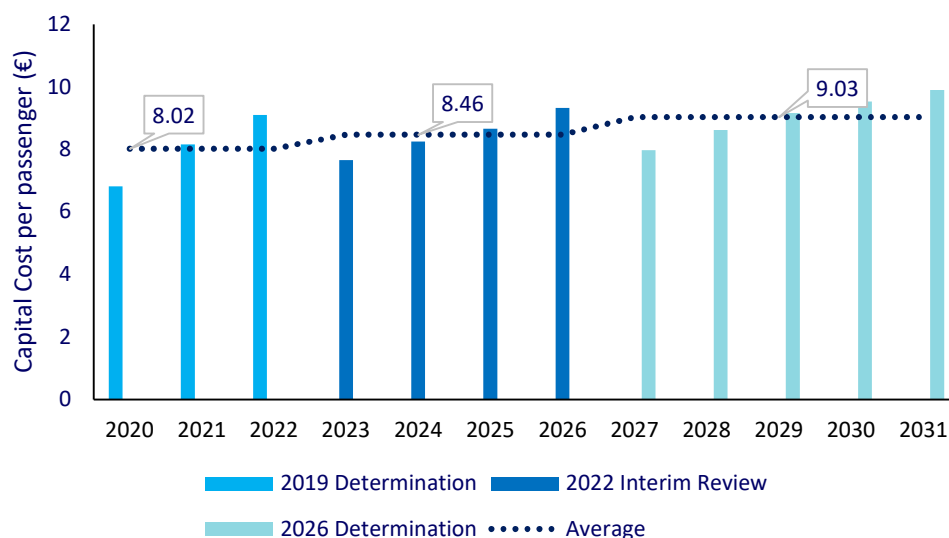
Table 10.2: Capital Cost Scenarios

Trigger Scenario	2027	2028	2029	2030	2031
Base	314.4	351.2	384.5	411.7	439.9
Base, Pre-existing	339.5	376.9	410.3	437.5	468.6
Base, Pre-existing, CIP27	339.5	413.1	466.8	568.9	626.6

Source: IAA Calculations, Dublin Airport, real prices. Triggers also include any Opex or commercial impact.

10.3 Figure 10.1 illustrates how the capital cost per passenger is forecast to evolve relative to the Original 2019 Determination (2020-2022), and the 2022 Review Decision (2023-2026). We are proposing to allow for an average capital cost per passenger of €9.03 for each year of the 2026 Determination compared to €8.02 across 2020-2022 in the Original 2019 Determination and €8.46 over 2023-2026.

Figure 10.1: Capital Cost Allowances Per Passenger 2020-2031



Source: IAA Calculations, Original 2019 Determination, 2022 Review Decision, March 2026 prices

10.4 Compared to the 2022 Review Decision, there are three main drivers of the increase in capital costs. Firstly, the cost of capital has increased from 4.35 to 4.56% (or 5.23% for the CIP27 triggered projects). Secondly, the Regulatory Asset Base (RAB) is larger. The opening RAB in 2027 is €2,673.8m, whereas the 2023 opening RAB was €2,352.4m. Finally, we forecast further RAB growth across the period, exceeding €3,600m by 2031, because we allow for real untriggered capex of approximately €487m per year, relative to €386m across 2023-2026.

10.5 This section addresses the following:

- The RAB roll-forward
- The reconciliation of the 2023-2026 capital allowances
- The 2027-2031 capital allowances, and the proposed regulatory treatment
- Submissions received in response to the Issues Paper, the CIP27 consultation, and ahead of this Draft Determination
- Our overall approach to capital cost assessment

RAB Roll Forward

10.6 The 2027 opening RAB is expected to be €2,673.8m. This compares to an opening RAB of €2,275.7m in 2023.

Table 10.3: Deriving the 2027 Opening RAB

Input	€m
Opening RAB 2023	2275.7
2023-2026 Capex Allowances	+683.2
Standard Regulatory Depreciation	-545.9
Extra Regulatory Depreciation	-2.6
Outturn Spending Adjustment (Groups)	-236.2
StageGate Project Allowances	+468.0
2023-2026 Triggered Capex	+31.5
Opening RAB 2027	2673.8

Source: Dublin Airport, IAA Calculations, 2022 Review Decision, March 2026 prices

10.7 To derive the opening RAB for 2027, we follow broadly the same approach as in the Original 2019 Determination and the 2022 Review Decision. The calculations underpinning each component are contained within the '2027 Opening RAB' section of the financial model, and are set out below.

Reconciling 2023-2026 Expenditure

Approach to Reconciliation

10.8 In the Issues Paper, we reiterated how we expected to reconcile outturn expenditure from the previous period:

- StageGate projects: We would use the output from the latest StageGate consultation on the project, combined with the StageGate decision permutations outlined in the Original 2019 Determination.⁵⁷
- Deliverable projects: Deliverables are projects which must be delivered, or else its associated efficient allowance is deducted from the overall group allowance.
- Flexible projects: Allowances can be re-allocated to other projects in the group (or new projects added to the group). If a Flexible project is not delivered, the group allowance does not change.

10.9 Deliverable and Flexible project allowances are bundled together to make up each group allowance. We stated that when reconciling outturn expenditure, the group allowance would be revised down for undelivered Deliverables (if any) and then outturn expenditure would be compared to that allowance. Either actual expenditure or the allowance (whichever is lower) is then added to the opening RAB for the subsequent determination. StageGate projects are separate from the group allowances, and are reconciled individually.

10.10 The StageGate process has been in place at Dublin Airport since 2019. It is a process which allows for ongoing consultation on mostly large-scale capital investment projects, where the scope is uncertain when the determination is made. In Section 9 of the 2025 Issues Paper, we explained how the StageGate process has operated to date.⁵⁸

10.11 In the 2022 Review Decision, we set capital allowances across eight groups within which a total of 17 projects were designated as Deliverable. In the 2022 Review Decision, projects making up 66.7% of the total allowed investment plan (by value) were included in the StageGate process. Flexible projects made up 20.7% of the value, while 12.7% was designated as Deliverable.

10.12 Eight projects in the Capacity Development envelope received triggered allowances. Each of the eight triggered projects were included in the StageGate process.

Adjusting the Group Allowances

10.13 Over 2023-2026, we allowed for an average of €221m in CIP2020+ group allowances per year.⁵⁹ Outturn expenditure against those allowances over 2023-2026 was significantly less than that, at approximately €162m per year. In no category has Dublin Airport's expenditure exceeded the group allowance, even when it is adjusted downwards for any Deliverable which was not delivered. Consequently, in each case, Dublin Airport's actual expenditure

⁵⁷ Pg.113

⁵⁸ From Paragraph 9.19 of the 2025 Issues Paper.

⁵⁹ Excluding StageGate allowances, March 2026

enters the opening RAB.

Table 10.4: Group Allowances and Outturn Expenditure

Group	Total Allowance (€m)	Outturn (€m)	Underspend (€m)
Asset Care- CSF	176.8	147.8	29.1
Asset Care- M&E	128.8	98.6	30.2
Commercial	173.6	78.5	95.1
Information Technology	92.1	91.7	.4
Security	111.2	88.9	22.3
Other	24.9	24.6	.3
Capacity Development	104.9	77.6	27.4
Sustainability	36.4	14.1	22.3

Source: Dublin Airport, 2022 Review Decision, IAA Calculations.

Expenditure and allowances are in nominal prices

10.14 Like previous determinations, we update the 2027 opening RAB for outturn expenditure to the end of 2025, together with Dublin Airport's budgeted expenditure for 2026. As the CIP2020+ allowances are in nominal terms, we continue to compare outturn expenditure against the grouped allowances in nominal terms. The difference between allowed for and delivered investment is then converted to March 2026 prices for the opening RAB adjustment.

10.15 The 2022 Review Decision included 17 Deliverables across the categories of Asset Care, Commercial and Security. In Table 10.5, below we revise the group allowances downwards for any of the Deliverables which have not been delivered.

Table 10.5: Group Allowance Deliverable Adjustments

	Adjusted Allowance (€m)	Outturn (€m)	% Adjustment
Asset Care- CSF	161.5	147.8	-9%
Asset Care- M&E	128.8	98.6	0%
Commercial	131.9	78.5	-24%
Security	93.3	88.9	-16%

Source: Dublin Airport, 2022 Review Decision, IAA Calculations, Nominal

10.16 Table 10.6 outlines the delivery status of the individual Deliverable projects.

Table 10.6: 2022 Review Decision Deliverables

Grouping	Project	Delivered
Asset Care (CSF)	Apron Road Rehabilitation Programme	Y
Asset Care (CSF)	Runway Approach Lighting Mast Improvement Programme	N
Asset Care (CSF)	Aerodrome Ground Lighting (AGL) Improvement Programme	Y
Asset Care (CSF)	Airfield Lighting Control & Management System Improvement	Y
Asset Care (CSF)	AGL Substation T Development Programme	Y
Asset Care (CSF)	Skybridge Rehabilitation	Y
Asset Care (CSF)	Campus Roads Critical Maintenance	Y
Asset Care (CSF)	Airport Roads Critical Maintenance	Y
Asset Care (CSF)	Advance Visual Docking Guidance System (5G, Pier 1 & Pier 2)	Y
Asset Care (CSF)	AGL Fibre Optic Communication Network Improvement	Y
Asset Care (CSF)	RWY 16/34 Lighting for Low Visibility Procedures (LVP)	Y
Asset Care (M&E)	Medium Voltage (MV) Electrical Network	Y
Asset Care (M&E)	Life Safety Systems (LSS) Upgrade Programme Terminal and MSCP Buildings	Y
Asset Care (M&E)	Pier 3 Life Extension Works - Mech, Elec and Foul Drainage	Y
Asset Care (M&E)	Large Energy Project - Photovoltaic Farm	Y
Commercial	Car Hire Consolidation Centre	N
Security	Screening and Logistics Centre	N

Source: Dublin Airport

10.17 We observe that Dublin Airport will have spent almost all of the group allowances by the end of 2026 in the categories of IT, Other and Security. Dublin Airport has notably underspent its group allowances in Sustainability, Asset Care and Commercial.

Table 10.7: Group Expenditure Relative to Allowance

Category	% of Adjusted Allowance Spent
Asset Care- CSF	71%
Asset Care- M&E	77%
Commercial	59%
Information Technology	100%
Security	95%
Other	99%
Capacity Development	74%
Sustainability	39%

Source: Dublin Airport, IAA Calculations, 2022 Review Decision

10.18 The combined underspend against the 2022 grouped allowance results in a real adjustment of -€236.2m to the opening RAB.

Interim Consultation

10.19 In the 2022 Review Decision, we stated that if Dublin Airport believed it would “*exceed an allowance on a particular group, it should consult with users. If users agreed to that overspend, when reconciling outturn expenditure in the next determination we would increase the allowance by the amount established through the consultation.*”

10.20 In 2025, Dublin Airport concluded that the Security group allowance would be insufficient to deliver all of the projects which it considered necessary. This was in circumstances where a Persons Other than Passengers (POTP) screening project was not included in CIP2020+, but deemed necessary subsequently. The consultation to increase the Security allowance took place in June 2025. The IFS assessed Dublin Airport’s spend to date, and forecast expenditure

to end 2026, on Security projects. The IFS also assessed the scope and cost efficiency of the proposed POTP project.

10.21 Dublin Airport sought to increase the Security allowance by €28.7m on the basis, firstly, that it wanted to deliver the POTP screening project at an estimated cost of €42.8m and, secondly, that the remaining Security allowance not already spent or committed (€14.1m) was insufficient to deliver the project.

10.22 The IFS assessed that it would be reasonable to increase the Security allowance. The IFS was satisfied that the remaining non-committed Security allowance was €14.11m. Given an efficient cost estimate of €34.53m for the POTP screening project, the IFS concluded that the security grouped allowance should be increased by €20.42m. In our concluding report on the Security interim consultation, we noted that *“As no user objected to this increase to the security grouped allowance, the IAA will use this increased amount as the starting point when evaluating total outturn capital expenditure against the allowance ahead of the 2026 Determination”*.⁶⁰ We also noted that the final Security group allowance would depend on whether Dublin Airport delivers the Deliverable project (Screening and Logistics Centre).

10.23 Firstly, as mentioned above Dublin Airport, has not delivered the Screening and Logistics Centre, leading to a reduction of €17.8m to the Security group allowance. Secondly, although Dublin Airport indicated that the Security allowance would be insufficient, it has to date underspent against even the adjusted allowance and does not plan to exceed this allowance based on the forecast for 2026. As a result, it has not in fact spent that increased allowance after all, and no question of an allowed overspend adjustment to the 2027 opening RAB arises.

Table 10.8: Changes to the Security Group Allowance and Outturn Expenditure

Security Group Allowances	€m
Allowance set in 2022	113
2025 Interim Consultation	21
Allowance following Interim Consultation	134
Allowance adjusted for Deliverable not delivered	97
Security Outturn	92
Enters RAB	92

Source: Dublin Airport, IAA Calculations, 2022 Review Decision. March 2026 prices

Treatment of StageGate Projects

Context

10.24 In the 2022 Review Decision, we identified a range of projects to go through the StageGate process. Of those, 19 projects have been progressed by Dublin Airport, in part or in whole, at StageGate consultations between 2020-2025, as shown in the table below.

⁶⁰ [concluding-report-ii_2_2025.pdf](#)

Table 10.9: CIP2020+ Projects Included in StageGate

	CIP2020+ Project	SG1	SG2	2026 Planned**
20.01.002	Apron Rehabilitation Programme	√	√	
20.01.003	Airfield Taxiway Rehabilitation Programme	√	√	
20.02.002	Second Medium Voltage (MV) Connection Point			√
20.03.012	Terminal 1 Central Search - Relocation to Mezz Level	√		
20.03.013	Terminal 1 Departure Lounge (IDL) Reorientation and Rehabilitation	√		
20.03.028	Terminal 2 Early bag store and transfer lines	√		√
20.03.029	New Pier 5 (T2 and CBP Enabled) *PBZ added			
20.03.030	Expansion of US Pre-Clearance Facilities			
20.03.031	South Apron Expansion (Remote Stands, Taxiway and Apron)			
20.03.036	North Apron Development – Pier 1 Extension (Module 1) & Apron 5H PBZ	√		
20.03.051B	West Apron Vehicle Underpass - Pier 3	√		
20.03.052	Surface Water Environmental Compliance	√		
20.03.074	Taxiway R widening	√		
20.03.075	Fuel Hydrant Network			√
20.03.077	South Apron Support Centre - Conversion of FCB	√		
20.03.079	Engine Test Site			
20.03.081	Apron 5H	√	√	
20.04.034	OCTB Refurb (SG after clarification)			
20.06.046	Terminal Kerb Security Mitigation			√
20.07.010	Office Consolidation & Refurbishment	√		
20.07.035	MV Resilience Substation			
20.07.036	Upgrade to Hold Baggage Sortation Equipment	√	√	
20.09.001	Airport Charging	√		
20.09.002	Alternate Fuels			
20.09.003	Anaerobic Digestion			
20.09.005	Fixed Electrical Ground Power Phase 3			
20.09.006	Photovoltaic Farm Phase 2			
20.09.008	Terminal 2 Sustainable Upgrade			
20.09.009	Terminal 1 Sustainable Upgrade Feasibility	√		
20.07.031	T2 HBS Standard 3 EDS*	√		
20.07.033	T1 HBS Standard 3 EDS*	√	√	

Source: Original 2019 Determination, 2022 Review Decision

*Projects included in the Original 2019 Determination and completed ahead of 2022

10.25 In addition to the above CIP2020+ projects, Dublin Airport has also used the PACE 'Critical Taxiway' allowances to fund taxiway and apron works, alongside the StageGate allowances from CIP.20.01.002 (Apron Rehabilitation Programme) and CIP.20.01.003 (Taxiway Rehabilitation Programme), as shown below.

Table 10.10: PACE Taxiway and Apron Rehabilitation 2020-2025

Consultation Cycle	PACE Reference	Scope
Cycle 1 2023	SCP.17.3.005	South Apron Taxiway Widening
Cycle 1 2023	SCP.17.3.004	Link 6 Extension Taxiway
Cycle 3 2024	SCP.17.3.004	Critical Taxiways North
Cycle 4 2024	SCP.17.03.002	Realignment of Taxiway A
Cycle 4 2024	SCP.17.3.003	Dual Taxiway F
Cycle 4 2024	CTS- New Scope	Development of Taxiway B2 into a bi-directional taxiway
Cycle 4 2024	CTS- New Scope	Runway 16/34 Stubs

Source: IAA

10.26 Due to the complex and multi-phase nature of certain StageGate projects, Dublin Airport advanced sub elements of the overall ‘parent’ project in various phases. The taxiway and apron rehabilitation projects provide the clearest example of this, as elements of the works featured in seven different StageGate cycles over 2020-2025. Additional examples of such projects are set out in Table 10.11.

Table 10.11: StageGate Projects with Subcomponents

Upgrade to Hold Baggage Sortation Equipment		CIP.20.07.036
Cycle 2 2024	6 Bay sorter	SG1
	T2 Redundancy line	SG1
	T1 Area 14 Carousel 5	SG1
Cycle 1&2 2025	Replacement of end-of-life T1 Arrivals carousels 2 to 5	SG1
	Replacement of end-of-life T1 Arrivals delivery lines & carousels 6-10	SG1
	End of life T1 Check In outbound delivery conveyor replacement	SG1
Cycle 4 2025	6 Bay sorter	SG2
	T1 Area 14 Carousel 5	SG2
Airport Charging		CIP.20.09.001
Cycle 2 2024	North Apron Airside Support (NAAS)	SG1
Cycle 1&2 2025	Airport Charging (Landside EV Bus Project)	SG1
Cycle 4 2025	Airport Charging- South Apron EV bussing	SG1
North Apron Development – Pier 1 Extension (Module 1) & Apron 5H PBZ		CIP.20.03.036
Cycle 2 2024	North Apron Airside Support (NAAS)	SG1
Cycle 3 2025	Hangar 7 apron extension	SG1

Source: IAA

StageGate Opening RAB Adjustment

10.27 As evident from Table 10.9 above, many of the CIP2020+ projects included in StageGate have not reached StageGate 1, and others have progressed in part. Projects which have not progressed in the current period have, in many cases, been rolled over into CIP27. For the 2027 opening RAB, we therefore classify CIP2020+ StageGate projects as either Type 1, or Type 2, for the purposes of RAB modelling. In both cases, we use the latest estimate from the IFS, or alternatively the outturn expenditure if fully complete, whichever is lower.

10.28 Type 1 are StageGate projects, or components of StageGate projects, which have already been completed, or are expected to be complete this year (or early in the next regulatory period). On the latter, in some cases Dublin Airport has completed initial or facilitative type works in relation to major projects. The undelivered major project has been included in CIP27

as a rollover project, but the completed project element(s) have not. Examples of Type 1 include:

- The North Apron Airside Support (NAAS) and the Hangar 7 Apron Extension which have been delivered as part of CIP.20.03.036 and are not included in the CIP27 rollover project, Pier 1 East (CIP27.02.02A).
- Apron 5H (CIP.20.03.081).

10.29 Type 1 StageGate projects are included in the opening RAB, net of depreciation accrued. Because they are complete, there is no forward allowance entering the RAB over 2027-2031. No expenditure above the latest StageGate allowance for each project is included in the opening RAB.

10.30 Type 2 are in-progress StageGate projects, where some expenditure has been reported against the CIP2020+ allowance, but the project is continuing well into the next regulatory period, and Dublin Airport has not included the project in CIP27. Expenditure to date on type 2 projects (net of depreciation) is included in the 2027 opening RAB. Forecast continuing expenditure on these projects, in 2027 and beyond, is added to the RAB over the 2027-2031 period, in a similar manner to forward allowances for the CIP27 untriggered projects. Allowances for that forward expenditure are based on the most recent StageGate allowance, net of spend to date. Examples include:

- Surface Water Environmental Compliance (CIP.20.03.52)
- Office Consolidation (CIP.20.07.010)

10.31 We expect to complete the reconciliation of Type 2 projects at the next determination (assuming the project is complete by then). For the avoidance of doubt, these projects will remain live within the StageGate process over 2027-2031, and so costs might be adjusted through a StageGate 2 application during the 2027-2031 period, for example, with any such adjusted costs taken account of at the next determination.

10.32 The total adjustment to the 2027 opening RAB due to expenditure on CIP2020+ StageGate projects is +€449.9m, while the nominal forward allowances over 2027-2031 amount to just over €465m in total.

Table 10.12: StageGate Expenditure added to Opening RAB

StageGate Opening RAB Adjustment	€m
Type 1 StageGate Expenditure	217.4
Type 2 StageGate Expenditure	232.5
Outturn Spending Adjustment (StageGate)	449.9

Source: IAA Calculations, Dublin Airport. Nominal prices.

10.33 The full breakdown of Type 1 and Type 2 StageGate projects and the associated allowances which enter the opening RAB are outlined on tab '2023-2026 Capex' of the financial model. The forward allowances of the Type 2 projects are on the 'Continuing Untrigger Allowances' tab.

Triggered Capex

10.34 The 2022 Review Decision included trigger allowances for 8 new projects, in addition to the ongoing trigger allowance for the North Runway. There were two separate triggers for each of the 8 projects:

- 'A' Trigger: To assist with financing, we decided that 80% of the capital costs would enter the price cap once the relevant project was on-site and had obtained full planning permission. The 'A' Trigger thus allowed for an element of pre-funding.
- 'B' Trigger: 100% of Capital Costs enters the price cap once the project is operational.

10.35 Table 10.13 below outlines the projects which have met the trigger conditions, or where Dublin Airport expects to meet the conditions this year.

Table 10.13: 2022 Review Decision Trigger Projects

Trigger Project	Trigger Met?	
	A	B
T1 Central Search	Y	Y
T1 IDL Reorientation & rehab	Y	
New Pier 5		
US Preclearance Expansion		
South Apron Expansion		
North Apron - Pier 1 extension and 5H PBZ		
West Apron Underpass	Y	
South Apron ASC		

Source: IAA

10.36 Dublin Airport has completed one of the trigger projects, Terminal 1 Central Search-Relocation to Mezz Level. We include in the 2027 opening RAB the latest StageGate allowance for this project (€33.2m) net of depreciation, which amounts to €31.5m in March 2026 prices. Dublin Airport has suggested that the final cost of this project is expected to be c€37m, and that it expects to make a StageGate 2 submission in respect of the additional remuneration ahead of the Final Determination.

10.37 Dublin Airport expects to meet the 'A' trigger condition for the T1 IDL and West Apron Vehicle Underpass within the current determination period, i.e. by this year. Assuming that is the case, and the relevant evidence required under the Original 2019 Determination is provided, we will continue to allow for these triggers through the 2026 Determination period in the manner decided in 2022. That is, where a trigger is met within this period, we will not change the 80% pre-funding allowance applicable to trigger projects in this period. Consequently, for such projects, we continue to allow for the 'A' triggers set at 80% of the project allowance from 2027, and once the project is complete, the 'B' trigger will activate and provide for 100% remuneration. As usual, the pre-existing triggers are recalculated based on our draft WACC and passenger forecast in this Draft Determination. Again, for the avoidance of doubt, these projects remain live within the StageGate process over 2027-2031.

10.38 The anticipated triggers for both projects are set out in Table 10.14, based on the 'A' triggers continuing until the year of Dublin Airport's assumed project completion dates. In the subsequent year, the 'B' trigger will activate. Further details on how the trigger amounts have been estimated are contained in the 'Pre-existing Triggers' tab of the financial model.

Table 10.14: Forecast Price Cap Adjustments from Pre-Existing Triggers

CIP2020+ Project	2027	2028	2029	2030	2031
T1 IDL	€0.06	€0.08	€0.08	€0.07	€0.07
West Apron Underpass	€0.30	€0.29	€0.28	€0.28	€0.34

Source: IAA Calculations, 2022 Review Decision

North Runway

10.39 In 2016, we conducted an interim review of the 2014 Determination to better align the remuneration of the North Runway with the timeline for delivery. We divided the trigger into three milestones: M1 (10% of expenditure), M2 (85% of expenditure), M3 (5% of expenditure).⁶¹ As determined in 2014, a 50/50 risk sharing mechanism between Dublin Airport and Users remains in place for cost over/underruns on this project.

10.40 The first milestone was commencement of the main works, which was met in 2018. The second milestone (M2) trigger, which was contingent on the North Runway being fully operational, was met in the current regulatory period and first entered the price cap in 2024. Dublin Airport has not yet met the final M3 trigger, which related to a house buyout scheme. We continue to allow for the M2 trigger to continue to enter price cap in each year of 2027-2031, as a pre-existing trigger. Based on our draft WACC and passenger forecasts, the North Runway M2 trigger will increase the price cap by the following amounts.

Table 10.15: Forecast North Runway Pre-Existing Trigger, €

	2027	2028	2029	2030	2031
M2	€0.27	€0.26	€0.25	€0.25	€0.24

Source: IAA Calculations, 2022 Review Decision

10.41 The M3 trigger related to the closure of a particular house buyout scheme, which was a planning condition contained in the North Runway planning permission. We have not assumed that M3 will trigger within the Draft Determination modelling, because we note that it may have been effectively subsumed by more recent decisions made by ANCA. It is of very limited materiality in any case, just €0.01 to €0.02 over the period.

10.42 We invite views on whether stakeholders consider the M3 trigger subject matter to be subsumed by more recent decisions- if so, we may be able to finally reconcile the full North Runway allowance into the 2027 opening RAB, based on applying the 50/50 risk sharing mechanism to the overspend of the North Runway allowance of €247m. If not, then we will continue to allow for M3 in the Final Determination. If it has not been subsumed, Dublin Airport should confirm when it expects to close the relevant scheme. We would then expect to reconcile outturn expenditure on the runway project at the next determination, with the net allowed remuneration not already generated by the triggers entering the opening RAB.

2026 Expenditure

10.43 Our reconciliation of 2023-2026 expenditure relies on Dublin Airport's forecast expenditure for 2026. It may be that a more up to date 2026 forecast/outturn will be available ahead of the Final Determination and if so, we will consider updating our analysis to reflect the same. Although ultimately, at the time of the next determination, we will assess outturn expenditure against these forecasts and adjust accordingly, as we have done for 2022 expenditure above.

Clawbacks on 2023-2026

10.44 As set out in the first and second interim review decisions in relation to the Original 2019 Determination, we do not claw back any capital costs associated with unspent Capex from the 2020-2022 period. That is because the impact of the Covid-19 pandemic meant that 'remuneration' of those costs was, at least in 2020 and 2021, largely notional. In the 2022 Review Decision, we reiterated that the clawback rules would apply to any underspend over

⁶¹ [decision-mastercopy-2017-04-28.pdf](#)

2023-2026, such that it would clawed back over the subsequent regulatory period. As set out in Table 10.16, there has been a significant underspend over that period.

Table 10.16: Clawback of Capital Costs Remunerated Over 2023-2026

Line Item	€m
Allowed Capex 2023-2026	1543.8
Outturn Capex 2023-2026 (expected)	882.6
Delivery percentage	57%
Capital costs on 2023-2026 Capex	377.6
Capital costs to be clawed back	161.7

Source: Dublin Airport, IAA Calculations, 2022 Review Decision. March 2026 prices.

10.45 In 2022, we allowed for a total of €1,544m untriggered Capex across 2023-2026, of which Dublin Airport has spent/expects to spend €883m, an overall delivery rate of 57%. We calculate the level of capital costs to be clawed back based on this delivery percentage and estimate a total of €162m which is due to be returned to Users.

10.46 We propose to profile the clawbacks in a manner which has regard to both smoothing the price cap trajectory over 2026 to 2031, and the outcome of the financeability analysis set out in Section 11. For the Draft Determination, that results in the profile laid out in Table 10.17. We propose to backload the clawback to generate a smoother price cap profile, in particular reducing the scale of the YoY reduction from 2026 to 2027 and offsetting the prospect of significant increases in 2030 and 2031 due to triggered allowances. The calculations underpinning the clawbacks are contained in tab 'Clawback on 2023-2026' of the financial model.

Table 10.17: Clawback of Capital Costs on Unspent Capex Over 2027-2031

	2027	2028	2029	2030	2031
% Clawback Allocated	10%	10%	20%	35%	25%
Clawback (€m)	16.2	16.2	32.3	56.6	40.4

Source: IAA Calculations

10.47 For the Final Determination, we propose to review the clawback profile based on the final pricing outcome across the building blocks, based on the same considerations. For example, if the building block outcome for 2027 were higher than in the Draft Determination, this might warrant reducing the extent to which the clawback is backloaded. If the 2027 building block outcome were lower than in the Draft Determination, that may warrant more backloading.

2027-2031 Capital Allowances – CIP27 Review

10.48 In March 2026, Dublin Airport submitted its proposed Capital Investment Programme (CIP27) for the 2026 Determination. Dublin Airport proposes a total of €5.6bn in capital investment across the various categories: Sustainability, Airport Development, Commercial, Asset Care, Security, IT and Other. CIP27 proposes that over €3bn of the total programme will be included in triggered allowances.

10.49 As indicated in the 2025 Issues Paper, our assessment of CIP27 has involved the following:

- Steer, in its role as the Independent Fund Surveyor (IFS), has conducted a cost and scope efficiency assessments of all projects.

- To70 has carried out Fast Time Simulation (FTS) analysis, to test the ability of the planned future airport to process a higher volume of aircraft and passengers, at a high-quality service standard.
- We have considered each project in terms of need/benefit, and thus alignment with our Statutory Objectives, as well as regulatory treatment in terms of flexibility mechanisms, and time profiling/deliverability. This work was complemented by a Request for Information (RFI) process with Dublin Airport and also draws significantly on the evidence generated from the analysis carried out by To70 and the IFS.
- We also consider Dublin Airport's ability to deliver the overall CIP27 programme within the timeframes identified, in particular with reference to the challenges it has experienced with delivery in recent periods. In particular, we consider how best to deal with a situation where there is a high level of uncertainty as to how much of the programme Dublin Airport will actually be able to deliver over the period 2027-2031, due to planning and more general deliverability challenges.

10.50 We publish three separate supporting documents relating to CIP27: i) the IFS' Dublin Airport CIP27 Draft Efficiency Assessment, ii) The To70 Airside and Terminal capacity simulation analysis and iii) Appendix 1, our draft conclusion on each CIP27 project; which sets out how we have come to a view on whether each individual project is in the interests of current and future airport Users, the proposed asset life, and appropriate regulatory treatment. A summary table of the entire set of allowed projects, together with the regulatory treatment, is in the 'Inputs' tab of the financial model.

10.51 In terms of the views expressed by Users, in overall summary we note support from Aer Lingus for the majority of projects, strong objection from Ryanair on the overall cost of the programme, and in respect of certain design elements of Pier 1 East, support from Emirates for baggage and terminal facility upgrades and support for the development of Pier 2 from Lufthansa. IATA raises concerns over the deliverability of the programme within the regulatory period, and suggests that the contingency amounts on several projects are high at 17-19%.

10.52 Overall, while we consider that the investments proposed by Dublin Airport are mostly in the interests of Users, we do not think that Dublin Airport is likely to deliver the full investment programme as per the timelines set out. This appears to be recognised by Dublin Airport itself, where Dublin Airport's financeability analysis assumes that only 50% of the trigger projects progress as planned, as addressed further in Section 11. While there are particular planning challenges associated with the trigger projects, we do not think that delivery challenges are limited to trigger projects, or planning-related delays- as evidenced by the 57% delivery rate of untriggered projects over 2023-2026 described above.

10.53 We therefore balance the very ambitious Capex plan for 2027-2031 with the recent Capex underspend while allowing for almost all projects in principle. Based on the analysis set out below, we propose a group level reduction in untriggered Capex in the categories of Asset Care and Commercial. We also add one additional trigger project to Dublin Airport's proposed 22 trigger projects, and we do not include two projects in the RAB at all, one of which we propose not to include for substantive reasons, and the other because including it in the RAB *ex-ante* does not align with Dublin Airport's rationale outlined in the CIP.

10.54 Each of the above steps, combined with the IFS' efficiency assessments, results in a proposed level of €2.6bn in untriggered new capex allowances over 2027-2031 compared to Dublin Airport's proposal of €3.2bn. We propose to allow for a total of €1.5bn in new triggered allowances over the period, compared with Dublin Airport's proposal of €2.1bn.

Table 10.18: IAA Untriggered Capex Forecast 2027-2031 (€m), Nominal

	2027	2028	2029	2030	2031	Total
Untriggered CIP27	330	336	343	365	397	1772
Untriggered CIP2020+	121	148	124	84	36	513
Continuing CIP2020+ Triggers	85	75	106	42		308
Total Standard Allowances Capex	537	559	573	491	433	2593

Source: Dublin Airport, IAA Calculations, IFS. Nominal.

Summary of Dublin Airport's Proposed Capital Investment Plan

10.55 The makeup of Dublin Airport's €5.6bn CIP27 is outlined in Table 10.19. Over 50% of the total proposed value is contained in the Airport Development/Capacity envelope. Dublin Airport proposes that within the Airport Development envelope, over 80% of the total value will be triggered.

Table 10.19: Dublin Airport CIP27 Proposal

Grouping	Cost (€m)
Sustainability	669
Airport Development	3289
Commercial	336
Asset Care	917
Security	160
IT	146
Other	97
Total	5614.6

Source: Dublin Airport. Nominal.

10.56 CIP27 proposes to include a total of 22 trigger projects: 3 Sustainability, 16 Airport Development, 1 Commercial and 2 Security. Dublin Airport proposes to include 32 projects in the StageGate process, designate 1 Deliverable, and proposes Flexible allowances for 82 projects. 21 projects have been rolled over from CIP2020+, with varying levels of changes to the previous scope.

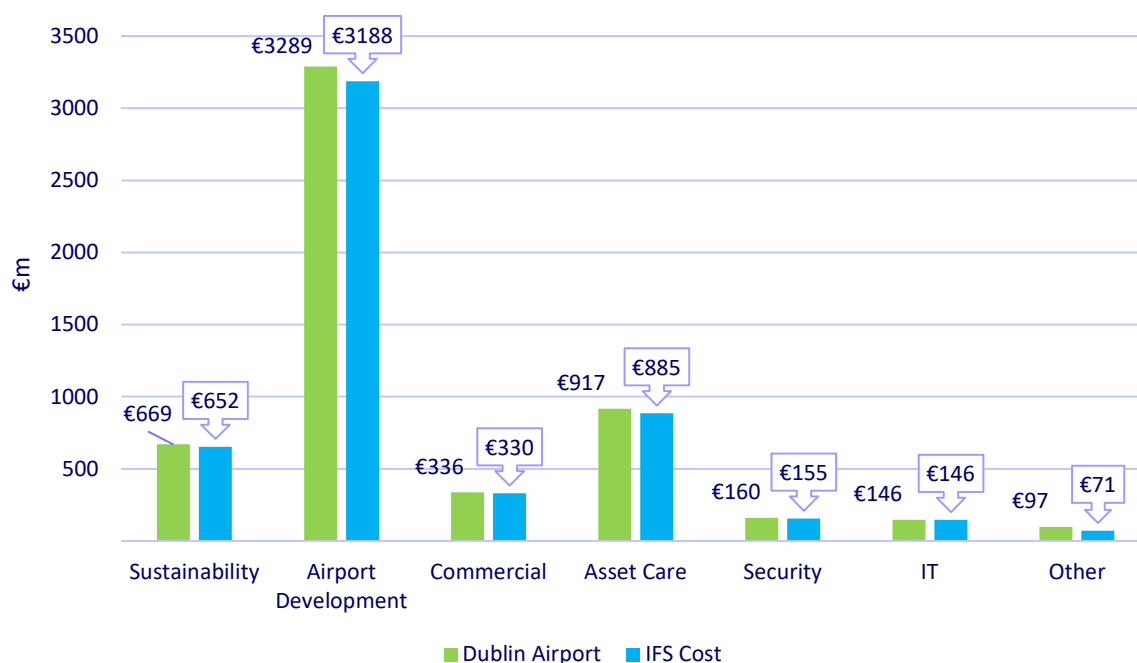
10.57 CIP27 provides for major capacity enhancing developments, including new and extended pier infrastructure, expansion of TSA and US CBP facilities, development of a new cargo village, and optimisation of the existing check in facilities. Another significant proportion of CIP27 is focused on the provision of utilities, including water, electricity and drainage infrastructure to cater for the expected demand. Dublin Airport proposes investment in on-site power generation, development of renewable energy sources, and facilities to enable electric vehicle charging which will be used by its own fleet and other users.

Summary of Draft Decision on 2027-2031 Capital Allowances

IFS Efficiency Assessment

10.58 The IFS has undertaken a cost and scope efficiency assessment of each proposed project in CIP27. The difference between the IFS assessed allowances and Dublin Airport's proposal is illustrated in Figure 10.2. The IFS assessment results in a total CIP27 value of €5.43bn relative to Dublin Airport's €5.6bn, a reduction of €188m.

Figure 10.2: Comparison of Dublin Airport, IFS CIP27 Nominal Cost Estimates, €m



Source: Dublin Airport, IAA Calculations, IFS. Nominal.

10.59 The IFS draft report addresses two main questions:

- Assessing whether the scope is efficient to deliver the project output as set out by Dublin Airport.
- Assessing whether the cost estimate to deliver the scope is efficient.

10.60 Where cost assumptions are materially different to what the IFS would expect, the assumptions have been adjusted accordingly. Those adjustments make up the bulk of the variance of €188m. There are also a number of apparent scope inefficiencies identified- in those, the assumed scope of the project is amended accordingly. The IFS also considers the interdependency between projects and the wider CIP27 programme, the appropriateness of the Dublin Airport asset life assumptions, and where relevant it identifies possible alternative scopes that might be considered by Dublin Airport.

10.61 Consistent with the approach followed in 2019 and 2022, the IFS has not assessed the IT projects individually in the same way as projects in the other categories. Rather, it has considered the quantum of proposed IT investment more generally.

Future Capacity Requirements- Fast Time Simulation Analysis

10.62 We commissioned To70 to assess how well the CIP27 infrastructure is likely to be able to handle future forecast passenger numbers. To70 developed a combined PTB/airside/airspace model of Dublin Airport. The combined model functionality means that events happening inside the terminal building (i.e. passengers late to the gate) will have a direct impact on the performance of airside operations and vice versa (i.e. arriving aircraft being assigned a different gate will trigger passengers to move to the newly assigned gate).

10.63 To assess the accuracy of the model, To70 used a representative busy day and tested how closely the simulation results match historic data. The validation exercise concludes the following:

- The PTB model can replicate the peak queuing durations when the load at the processor(s) is at its highest but for the remainder of the simulation day, there are noticeable differences between the real-world off-peak queuing durations and simulated off-peak queuing durations. This is primarily because, in practice, not all processors (such as security lanes) will be open outside of peak periods.
- Since the PTB model can replicate the main peaks in all the terminal processes accurately, it is safe to assume it will provide an accurate picture of the CIP performance when all processors at both terminal buildings are assumed to be available 24/7.
- The airside model benefits from greater availability of operational data, clearer definition of operational rules and years of fine-tuning the model. The current version of the PTB model is considered less accurate than the airside model (as expected).
- The combined PTB/airside/airspace model is capable of providing a holistic view on forecast capacity and efficiency metrics.
- Development of two-way interactions between airside and PTB modules ensures the potential impact of capacity shortfall in one area (or process) of the airport can manifest as another type of delay in other parts (or processes) of the airport.

10.64 The To70 draft feasibility and operational impact assessment of the CIP uses the combined model to evaluate whether the infrastructure proposed as part of CIP27 will be sufficient to serve future expected demand at an appropriate level of service. To70 simulates a busy day flight schedule which represents a 10% increase in movements against the flight schedule which represents a Summer 2026 (S26) busy. This future busy day schedule results in a simulated passenger volume of 154,000 (which is 15% higher than the Summer 2026 busy day).

10.65 Among the key outputs from the airfield modelling are the taxi-times, ground delay minutes and stand demand. The key output from the PTB modelling is the quality of service delivered for passengers, which is indicated by wait times and space per passenger at the various processors, assessed with reference to the IATA Level of Service (LoS) thresholds and limits.^{62,63} In respect of the passenger terminal facilities, it should be noted that the simulation aims to test the capacity of the infrastructure, and so it assumes that all processors are fully open throughout the day. In practice, during less busy parts of the day, processors will not be fully opened. For example, the simulation shows almost no security queue for most of the day when all lanes are open. In practice, not all lanes would be opened for the whole day. The relevant question is how the infrastructure deals with the peak daily demand periods.

10.66 The To70 report suggests that airside should be able to handle the anticipated traffic levels and the passenger terminal buildings should generally be able to accommodate the passenger demand with acceptable LoS as per IATA guidelines. Our key takeaways from the analysis are as follows:

- The simulation shows similar taxi time durations for the CIP27 busy day simulation as for the latest summer season (S26) despite a 10% increase in movements. This suggests that the taxiway network can comfortably handle the anticipated increase in traffic. Overall, it is apparent that the runway system and airspace could likely handle significantly more traffic even beyond the modelled schedule- particularly if further growth were to be coordinated outside of peak periods.

⁶² IATA provides the LoS thresholds for queueing/waiting time (minutes) and space per passenger (m2/pax).

⁶³ For PTB analysis, To70 assumes that all the processors were assumed to be available all day

- The additional four wide-body stands at Pier 5 will help with overnight parking but do not seem to fully alleviate the current need for tow-on/tow-off operations. Overnight stand demand remains a challenge.
- The main potential service quality concern relates to the T1 immigration facility at Piers 1 & 2, which experiences significant queueing (almost 25 minutes) for a material portion of the day. This is likely linked to the Pier 1 East project adding a total of 14 NBE stands, with associated arriving passengers then being processed through this facility. There is capacity at Pier 3 to alleviate the peaks by allocating more flights to Pier 3. This is a point which we think should be considered further by Dublin Airport and other stakeholders ahead of the Final Determination.

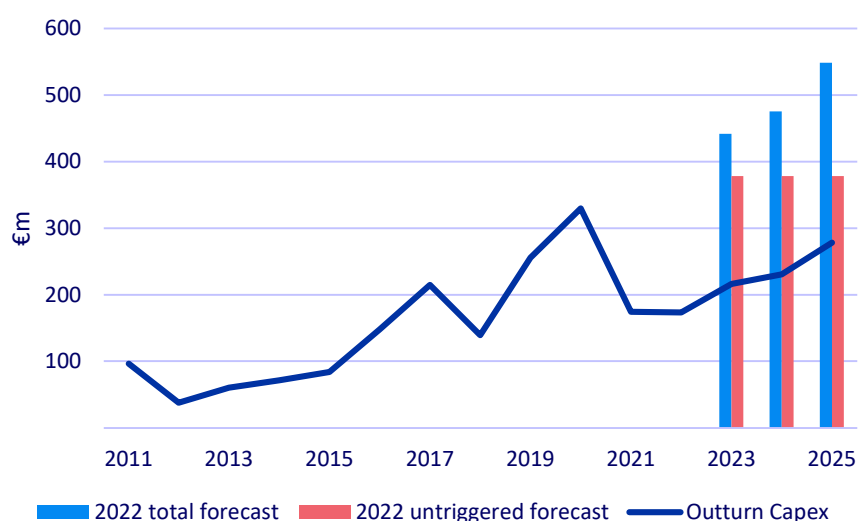
10.67 Overall, the report indicates that the airport system will be able to handle the future forecast demand. Most of the key passenger processors appear to be appropriately sized. However, we note that while To70 assesses the PTB processors with reference to the IATA space per passenger and queue thresholds, in some areas such as immigration and security control, the space per passenger is less relevant. In such scenarios we tend to rely more on To70's assessment of the likely queue times. We discuss the simulation results with reference to the individual relevant projects in Appendix 1.

Project Allowances- Consideration of Need/Benefit

10.68 The final step in our CIP27 assessment is to consider the proposed project outputs with reference to our statutory objectives, the above evidence, and the views expressed by stakeholders. This is set out at a project level in Appendix 1.

10.69 We then also consider the extent to which we believe that Dublin Airport will be able to deliver the full investment programme, in the context of not only recent outturn Capex but also the planning related challenges that have been, and are likely to again be, encountered. As illustrated in Figure 10.3, outturn Capex over 2023-2026 has been materially below the level we allowed for in 2022 (which was itself materially below the level suggested by Dublin Airport in 2022).⁶⁴

Figure 10.3: Outturn Capex 2011-2025, 2022 Review Decision Forecast 2023-2025



Source: Dublin Airport Regulatory Accounts, IAA Calculations, 2022 Review Decision

10.70 We propose to not include any capital cost allowances for two projects, for two different reasons. The first is CIP27.02.50 (PFAS on Construction Sites). While we agree that some

⁶⁴ As part of this analysis, we have verified outturn Capex with Dublin Airport's regulated accounts.

expenditure to deal with this issue will likely be necessary, we do not include its associated costs into the RAB on an *ex ante* basis, before any specific requirement has been identified. This is in line with the approach outlined by Dublin Airport on page 184 of CIP27: “Funding for PFAS-related works will be provided only as required after detailed site investigations. If a project’s projected PFAS budget is exceeded, this will be addressed during the StageGate process; otherwise, draw-downs will be documented in each regulatory cycle. Only the final draw-down will be included in the RAB at the conclusion of the period. In summary, if no PFAS is found or removal costs are lower than anticipated, unused funds will not be included in the RAB”. We note that despite suggesting this approach, Dublin Airport has included the cost of CIP27.02.50 in its base price cap calculation, despite the fact that it primarily relates to triggered projects.

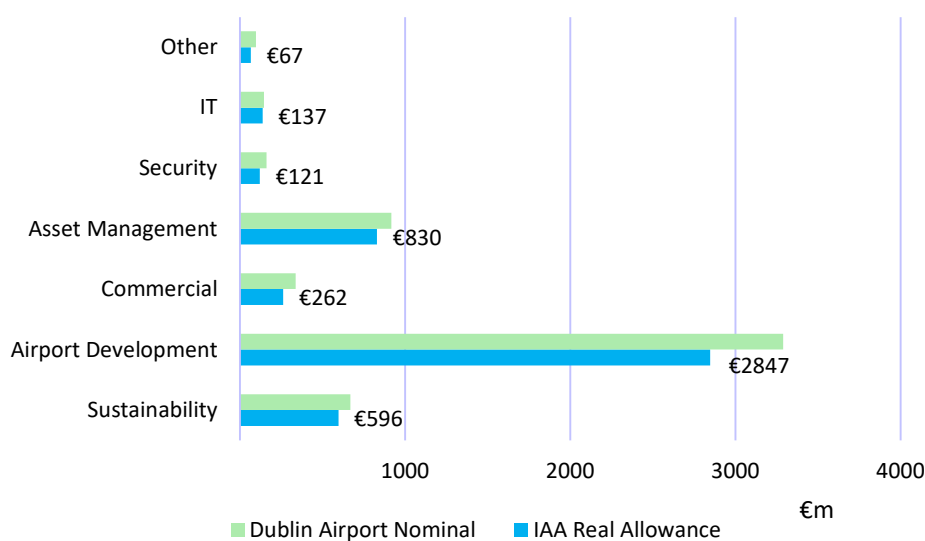
10.71 The second project we propose to disallow is CIP27.05.09 (Remote Screening Centre). As discussed in Appendix 1, there appears to be uncertainty and some confusion in relation to this project. Further detail or explanation could be provided ahead of the Final Determination but for now the cost of this project is not included.

10.72 Below, we refer to the IFS allowances in real March 2026 prices. The nominal capital allowances are converted to real prices for the purpose of calculating the real price caps for each year of 2027-2031, using the same approach as in 2022. To convert the IFS nominal allowances, we use the midpoint of construction to estimate the quantum of construction inflation already expected to be accounted for in the general inflationary increases to the real price cap. The balance is then allowed for as real construction inflation. This is to avoid double counting of inflation between escalation allowances within the project costings, and the overall CPI updates which will be applied to each price cap within the period 2027-2031.

10.73 For example, the midpoint of construction of Pier 1 East is in 2032. The nominal cost estimate includes forward construction inflation of almost 20%. We forecast that general inflation from March 2026 to 2032 will be 13.22%. Thus, the real construction inflation allowance is set to 5.7%, which is the required additional uplift to generate the nominal costing by 2032.

10.74 Figure 10.4 illustrates the IFS real costs by CIP27 category (net of the two projects which we have not included) relative to Dublin Airport’s nominal cost proposal.

Figure 10.4: IFS Real CIP27 Costs, Dublin Airport Nominal



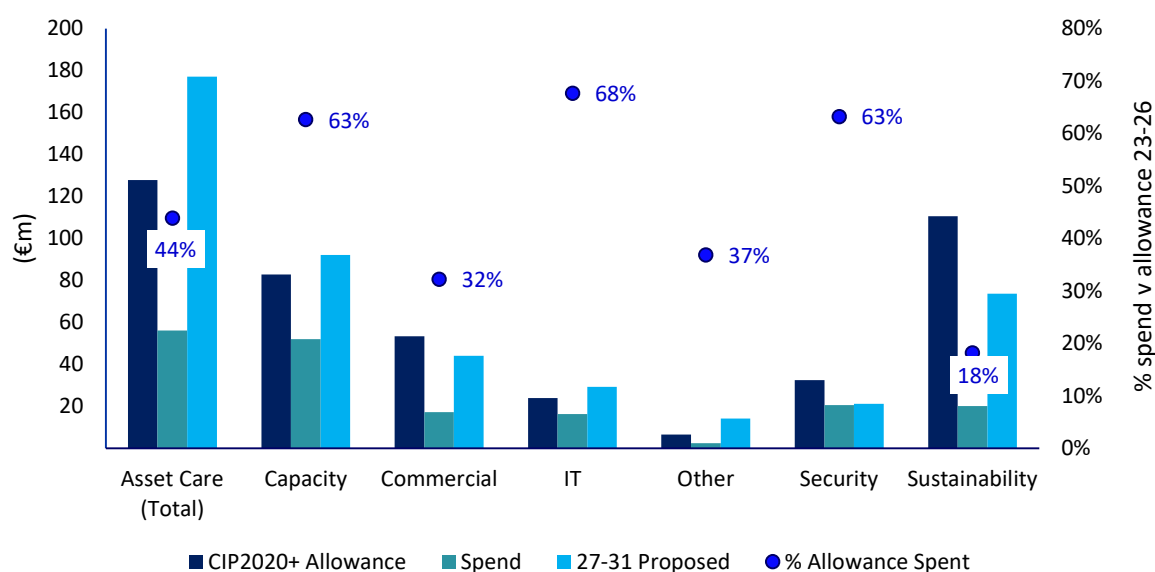
Source: Dublin Airport, IAA Calculations, IFS

Deliverability and Future Reconciliation

Deliverability of Untriggered Allowances

10.75 In Figure 10.5, we compare average annual outturn spend on untriggered projects over 2023-2026, relative to the allowances from the 2022 Review Decision, and also compared to our estimated spend per year in the same category for the 2026 Determination, after the adjustments outlined above.

Figure 10.5: Outturn Spend per Year by Category 2023-2026, CIP2020+ Allowance, Proposed Spend per Year 2027-2031



Source: Dublin Airport, IAA Calculations, 2022 Review Decision, March 2026 prices

10.76 As illustrated in the chart above, Dublin Airport has spent far below the allowances set in 2022 but is proposing an investment programme which is much higher than those allowances again. While we find that CIP27 is largely aligned with our statutory objectives, we believe that the same deliverability and planning challenges encountered in the previous period will continue to constrain Dublin Airport's ability to deliver the total level of investment within the timeframe it is suggesting.

10.77 The *ex ante* capital cost allowances should be based on a centreline estimate of the likely level of total expenditure. That avoids over or under compensating Dublin Airport and provides a balanced allocation of risk between Dublin Airport and Users. At the end of the period, if expenditure is higher, allowable overspend can be added to the RAB, or if lower, the RAB can be adjusted down. As outlined above, a large underdelivery also generates a significant clawback and downward pressure on pricing in the subsequent period.

10.78 There is reason to believe that Capex in the next period will increase relative to 2023-2026, including where some major projects are now coming on site (e.g. West Apron Underpass, US Preclearance Extension). However, we are concerned that Dublin Airport has again set out an overly ambitious timeline, such that the overall profile is not centreline, for deliverability reasons. We propose to address the deliverability challenge in two ways: 1) Include a large number of trigger projects, as noted above, and 2) consider a deliverability adjustment in relation to the untriggered allowances, at a category rather than individual project level. As illustrated in the chart, the categories with the most significant underspend are Asset Care, Commercial, Sustainability and Other.

10.79 We rely on two pieces of evidence, the estimated efficient allowances for untriggered CIP27 projects at category level, and then the amount of Capex Dublin Airport was actually able to deliver, by corresponding category, over 2023-2026. We propose to use the midpoint of this evidence as the centreline estimate. When considering what categories to apply such an adjustment to, we also consider the materiality of that group e.g. the Asset Care allowance is much more material than IT, and so the risk of underspend is also more material.

10.80 Next, we discuss the level of reduction (if any) which we propose for each group. Reducing the category level assumption does not mean that Dublin Airport will not be remunerated if it exceeds the adjusted allowances. For example, in the case of StageGate projects the StageGate 0 allowance will still be the IFS allowance. The category level reductions should be considered as a modelling tool to bring the capital cost allowances more closely in line with what we think is likely to actually be delivered.⁶⁵

Asset Care

10.81 Dublin Airport has spent 44% of the CIP2020+ allowance for Asset Care over the period 2023-2026. This equates to an average spend per year of €56m, relative to the allowed €128m. Using the cost estimates from the IFS for CIP27 implies Asset Care Capex of €166m in each year of the 2026 Determination period.

10.82 Based on the approach outlined above, we propose to assume that 66% of the proposed untriggered Capex will actually be delivered, which results in a Capex allowance of €109m per year, or €547m over the period (€284m less than the IFS' costings of Dublin Airport's proposal). Within the Asset Care envelope, we propose to include 5 projects in the StageGate process, designate 1 Deliverable and allocate Flexible allowances to the remaining 24 projects.

Airport Development

10.83 We are not proposing a category level reduction in Airport Development, as over 80% of the value of this category is triggered, meaning the associated costs will not enter the RAB until certain milestones have been reached and so the risk of material over-remuneration is reduced. In the previous regulatory period, Dublin Airport spent 63% of its untriggered allowances.

10.84 As mentioned above, we do not include, *ex ante*, possible costs associated with the PFAS on Construction Sites. We allow for all other Airport Development projects. Within the Airport Development category, we include 25 projects in the StageGate process, designate 2 Deliverables and allocate Flexible allowances to the remaining 7 projects.

10.85 We allow for untriggered Capex in this category of €82m per year, or €412m over the period, which is an increase on the average spend per year over 2023-2026 of €52m. Dublin Airport spent a further €40m per year on triggered projects over this time.

Commercial

10.86 Dublin Airport has spent just 32% of the Commercial CIP2020+ allowance over the period 2023-2026, notwithstanding the fact that it also significantly outperformed on commercial revenues, as outlined in Section 8. This equates to an average spend per year of €17m relative to the 2022 allowance of €53m. Using the IFS cost estimates for CIP27 would imply Capex of €32m for each year of the 2026 Determination.

⁶⁵ Figures below are March 2026

10.87 While we do not disallow any of the Commercial projects, we propose to assume that 70% of the untriggered Capex in this category will actually be delivered. We thus estimate an annual level of untriggered Capex equal to €22m, or €110m over the period (€48m less than the IFS' costings of Dublin Airport's proposal). We include 2 trigger projects in the Commercial category, the Long Term Express Red Surface Car Park Expansion as suggested by Dublin Airport and the Car Rental facility which is the one additional trigger we have included relative to the CIP27 submission. This equates to 33% of the total category value in triggers. We include 4 projects in the StageGate process and allocate Flexible allowances to the remaining 11 projects.

IT

10.88 The IFS has compared Dublin Airport's overall IT Capex (2023-2025) as a percentage of revenues with the benchmark from the Airport IT survey conducted by SITA, which suggests that Dublin Airport has been spending consistently less on IT than the benchmark. The benchmarking approach is described in Section 8 of the IFS draft report. We also note that underspend during 2023-2026 has been relatively lower compared to Asset Care and Commercial, and the overall quantum is less material than Asset Care.

10.89 We are therefore minded to allow for the full IT allowance proposed by Dublin Airport and have not made any underdelivery assumption. We have allowed for all projects in this category. All allowances are Flexible and untriggered; the total allowance for the grouping is therefore €137m.

Other

10.90 We have allowed for all projects in this category, 3 Flexible and 1 in the StageGate process. While total outturn expenditure reached less than 40% of the CIP2020+ allowance, this is already addressed through a specific 80% reduction to the Minor Works project. Dublin Airport had proposed a significant increase in expenditure on this project relative to the CIP2020+ allowance, despite spending less than 50% of the allowance.

Security

10.91 We propose to disallow the Remote Screening project for the reasons outlined in Appendix 1. We allow for all other projects in this category and do not apply a category level reduction. This category includes two trigger projects, Aviation Security Training Organisation Relocation and Damage by Vehicle Risk Mitigation, which represents 29% of the total security category.

10.92 We therefore allow for €80m in untriggered Security Capex over the regulatory period. We include 3 projects in the StageGate process and allocate Flexible allowances to the remaining 7 projects.

Sustainability

10.93 The Sustainability group was first introduced by Dublin Airport in the 2022 Review Decision. We note from Figure 10.5 above that expenditure on this group has been significantly below the 2022 forecast level. In this Draft Determination, we have not applied a category level reduction to Sustainability Capex. Although Dublin Airport spent just 18% of the (untriggered) 2022 allowance, we acknowledge this was the first determination in which an allowance was provided for this group and many of the projects were at an early stage of design when presented. Elements from two of the seven Sustainability StageGate projects have made it to the StageGate 1 phase.

10.94 We are instead seeking to address the risk of underspend in the Sustainability category by including 44% of the total category allowance in triggers. This results in €336m in untriggered Capex throughout the period. €67m per year in Sustainability Capex is still a large-scale increase on the average annual Capex of €20m over 2023-2026, in a category that was completely untriggered for 2023-2026. If we were to also apply a category level reduction in this category ahead of the Final Determination, based on the methodology outlined above, this would allow for 60-70% of the untriggered Capex. We welcome stakeholder views on whether, despite the under-delivery over 2023-2026, the full suggested step-increase in delivery by Dublin Airport is achievable over 2027-2031.

10.95 We do not disallow any of the Sustainability projects. We include 7 in the StageGate process, designate 1 Deliverable and assign Flexible allowances to the remaining 3 projects.

Table 10.20: Untriggered Allowances After Category Reductions

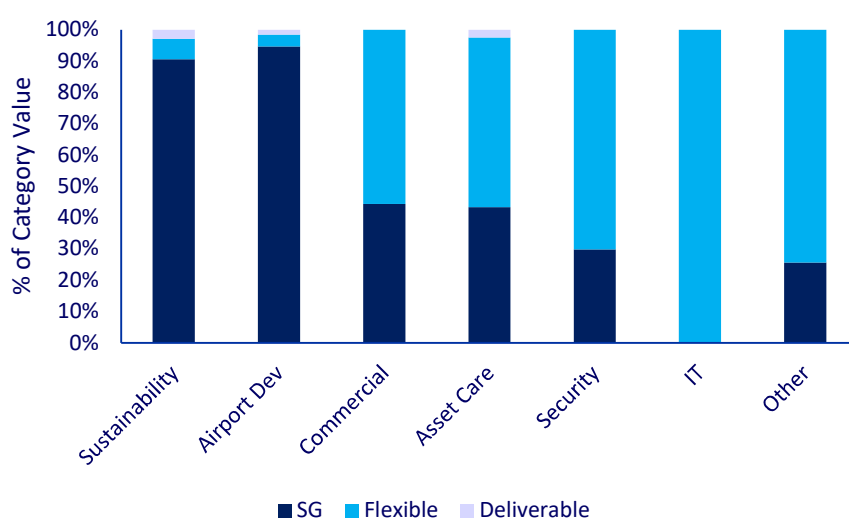
CIP27 Category	Untriggered Allowance (€m)
Asset Care	547
Airport Development	412
Commercial	110
IT	137
Other	67
Security	80
Sustainability	336

Source: IAA Calculations, IFS, Real March 2026 prices

Regulatory Treatment

10.96 The proposed regulatory treatment by project is set out in Appendix 1. Figure 10.6 summarises the regulatory treatment by category, based on the value of projects. As Airport Development and Sustainability mostly include large scale, multi-phase, complex projects, the majority are included in the StageGate process. While the IT group is fully Flexible, for the remaining categories we generally propose a mix of StageGate and Flexible allowances. We propose to designate four Deliverables, one each in Asset Care and Sustainability and two in Airport Development.

Figure 10.6: Regulatory Treatment by Category



Source: IAA Calculations, IFS estimates

10.97 We have changed the regulatory treatment proposed by Dublin Airport where we considered an alternative more appropriate, as shown in Table 10.21. Our rationale for each treatment is included as part of the individual project assessment in Appendix 1.

Table 10.21: Breakdown of CIP27 Projects by Treatment

	Dublin Airport proposal	IAA Draft Determination
StageGate	32	45
Flexible	82	65
Deliverable	1	4

Source: IAA, Dublin Airport

Group Allowances

10.98 We propose to continue to provide for group allowances, as explained in the Issues paper, which affords a degree of flexibility to Dublin Airport to respond to developments within period. Outturn expenditure will be reconciled against these allowances at group levels in the next determination, as we have done above for the 2022 group allowances. We have grouped the projects according to the categories set out by Dublin Airport in the CIP27 submission. The groups continue to be made up of Flexible and Deliverable projects, but not StageGate projects which are reconciled individually.

10.99 In the case of a Deliverable project, the expected output is the specific project for which the allowance was afforded. Where an allowance is Flexible, the expected output is expenditure on projects which would fall within the same grouping for which the allowance was afforded. As described above, the Asset Care and Commercial categories have received category level reductions which are reflected in the Deliverable and Flexible allowances in Table 10.22.

10.100 We noted that Dublin Airport has included certain elements of trigger projects (commercial and security elements) in the Commercial and Security categories rather than as part of the triggered project. Dublin Airport has therefore included those elements within the base price caps and not the price cap triggers, even though they form part of a triggered project and cannot be delivered in advance of that project. An example is the planned new retail unit within the new US Preclearance facility.

10.101 We have, therefore, moved such elements into the relevant triggered allowance. In the Security group, 50% of the cost of CIP27.05.05 (Security Operations Systems and Equipment) is included in trigger amounts. As a result, the remaining Security group allowance in Table 10.22 is net of that portion of the project cost. Similarly, in the Commercial category, CIP27.03.04 (Airline Lounges) and CIP27.03.10A (ARI Retail Projects) are allocated 83% and 45% to trigger projects which means the Commercial allowance below does not include those amounts.

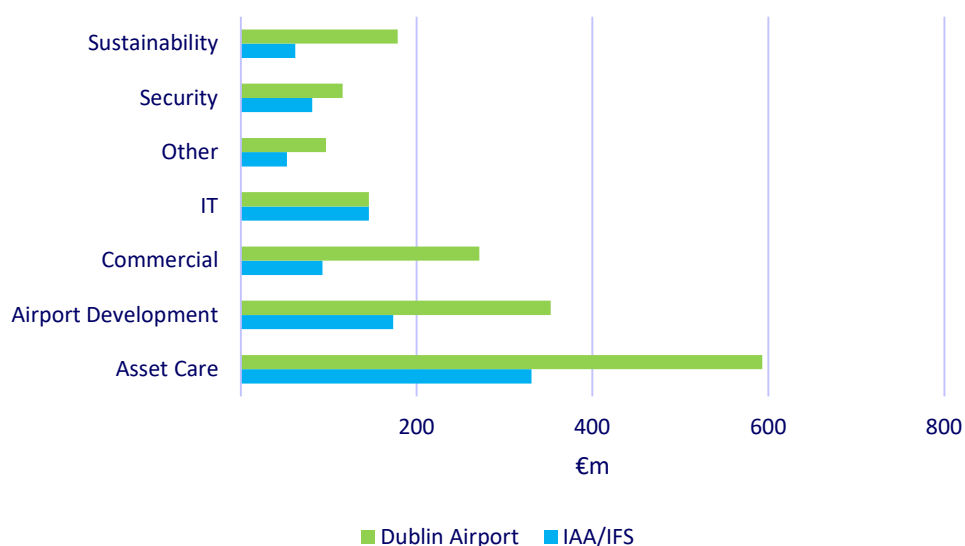
Table 10.22: Draft Nominal Group Allowances by CIP27 Category

	Group Allowance (€m)	F (€m)	D (€m)
Asset Care	331	315	15
Airport Development	173	122	51
Commercial	93	93	
IT	146	146	
Other	53	53	
Security	81	81	
Sustainability	62	43	19

Source: IAA Calculations, IFS estimates

10.102 In Figure 10.7, we compare our untriggered group allowance proposals with that proposed by Dublin Airport. There are a combination of factors contributing to the difference. We include more projects in StageGate than Dublin Airport which means there are fewer projects in the IAA group allowances, the IFS assessment has resulted in cost reductions across the full programme, we reduce the assumed level of expenditure on Asset Care and Commercial projects, and we include one more trigger project than Dublin Airport. The IAA group allowances also do not include the costs elements within Flexible projects that are really part of trigger projects (as explained above).

Figure 10.7: IAA Untriggered Group Allowances Relative to CIP27 Submission



Dublin Airport, IAA Calculations, IFS. Nominal prices.

10.103 We note that in Dublin Airport's price cap model it has included some CIP2020+ Flexible projects as live/ongoing. The group allowances from the 2022 Review Decision are closed at the end of 2026. Any spend beyond the level assumed in the 2026 Determination for this year should be reported against the relevant CIP2027 group allowance for that category.

10.104 In the Issues Paper, we stated that if Dublin Airport considers that *"it is necessary or beneficial to spend more than the grouped allowance, it must hold a consultation on the proposed increase to the group allowance"*. We also proposed that in the event of such a consultation, the IAA would subsequently publish a short decision on the expected treatment of any such overspend in the subsequent determination. We note this proposal received support from both Users and Dublin Airport and we intend to apply this approach in the 2026 Determination period.

StageGate Process

10.105 The StageGate process is intended to facilitate ongoing flexibility for the scope and/or cost of certain projects to develop. The process involves Dublin Airport, Users, the IAA, and an Independent Fund Surveyor (IFS). The output from the process then feeds through to our final decision on cost allowances for the projects.

10.106 We consider that StageGate has been successful so far and the process has received support from stakeholders. Since 2023 there has been at least three StageGate cycles per year, with two more planned for 2026. In the Issues Paper, we suggested that the StageGate process would benefit from enhanced clarity over the likely remuneration of projects in certain circumstances. Under existing practices, for example, where a User objects to a

project at StageGate 1, the current permutations involve the IAA issuing a concluding report where it acknowledges the objection but leaves over the final decision on remuneration until the next determination. Similarly, at StageGate 2, the IAA's concluding report does not include a decision on the IAA's likely treatment of the allowance at the next determination. For the upcoming period, we propose that as part of the concluding report, we will include a decision on our likely treatment of the allowance within the subsequent determination(s), in respect of projects at either the StageGate 1 or StageGate 2 phases.

- 10.107 Dublin Airport has proposed that two classifications of StageGate projects be introduced. The first category would include complex but well-defined projects with sufficient concept-level design maturity to support a robust cost estimate at the time of the determination. Under this approach, StageGate 1 reassessment would only be required where the updated cost estimate exceeds the StageGate 0 allowance. Where costs remain within the StageGate 0 allowance, projects would proceed without full reassessment. The second category would apply to multi-phased, broad-scope or technically complex projects, such as utility expansions, sustainability programmes and environmental compliance initiatives, where additional feasibility, scoping and risk assessment are required prior to committing substantial capital. These projects would continue to progress through the full StageGate process.
- 10.108 We do not agree with Dublin Airport's suggestion to amend the StageGate process as described in the paragraph above. We do not propose to add further complexity to the process in the manner suggested by Dublin Airport as we do not believe there are clear benefits from doing so. The StageGate process was introduced to facilitate ongoing discussion with stakeholders on large scale capital projects, which would be undermined by allowing some projects advance without any further review or consultation.
- 10.109 The point of StageGate is to provide flexibility for things to change. That can include projects which have reached significant design maturity at a particular point in time. For example, the South Apron Support Centre has been abandoned post-StageGate 1, and the project to relocate Terminal 1 security to the mezzanine was significantly de-scoped following trials on the C3 lanes. Efficiency opportunities may present subsequent to the SG0 allowance phase, and the process should not be one-sided in only assessing cost increases but not reduction opportunities.
- 10.110 In its report, the IFS notes that, in some cases, the information provided by Dublin Airport was not sufficient to fully assess the project's efficiency, not necessarily that it considered all remaining cost assumptions to be reasonable and therefore final. We also consider it would be difficult to identify, at this stage, which projects should go into which of the two StageGate subcategories.
- 10.111 As stated above, despite the category level reductions in Asset Care and Commercial for the purposes of financial modelling, the individual StageGate 0 allowances by project will still be as determined by the IFS. In Table 10.23 we set out the draft StageGate 0 allowance for each of the 45 projects we propose to include in the process, and the associated asset life.

Table 10.23: Proposed StageGate Projects

CIP	Project	Draft SG0 Allowance (€m)	Asset Life (Years)
CIP27.01.01	Terminal 2 and Pier 1 Renewable Heating	106.0	30
CIP27.01.02A	Charging Network	59.6	15
CIP27.01.02B	North Apron GSE Charging Hub	35.5	15
CIP27.01.03	Solar PV and Energy Storage	142.4	25
CIP27.01.06B	Noise Insulation Scheme	49.1	15
CIP27.01.10	Landside Surface Water Compliance	24.8	47
CIP27.01.11	Legacy PFAS Mitigation and Remediation	172.9	20
CIP27.02.02A	Pier 1 East*	695.9	32
CIP27.02.02B	MRO Relocation & facilities*	158.2	25
CIP27.02.04	Terminal 2 CBP and Transfer Extension*	175.8	25
CIP27.02.05A	Pier 5*	443.5	25
CIP27.02.05B	South Apron Expansion	225.7	34
CIP27.02.06	Cargo Relocation (Eastlands)	104.8	50
CIP27.02.07	Gate Post 4 Relocation*	22.2	20
CIP27.02.08	Wide Body Engine Test Facility	21.1	25
CIP27.02.11	Fuel Hydrant Network	89.5	30
CIP27.02.12	MV/ HV Network Expansion	389.7	25
CIP27.02.14	Integrated Transport Hub*	140.6	25
CIP27.02.15	Consolidated Security and Screening Centre*	66.7	20
CIP27.02.20	Existing Pier 2 Optimisation and Refurbishment*	79.2	15
CIP27.02.21	Existing Pier 3 Optimisation and Refurbishment*	56.0	15
CIP27.02.30	Airfield Safety Projects	91.3	15
CIP27.02.35	Fixed Electrical Ground Power	53.9	15
CIP27.02.37	Foul Water Expansion	19.6	35
CIP27.02.38	Hydrant Water Expansion	6.0	35
CIP27.02.39	Potable Water Expansion	7.5	35
CIP27.02.40	Pier 2 Bolt On Extension	14.0	25
CIP27.02.41	Pier 3 Bolt On Extension	4.9	25
CIP27.02.43	PBZ Relocation	39.3	28
CIP27.02.48	Terminal 2 Checkin and Sortation Optimisation	61.6	15
CIP27.02.49	South Apron Handler Accommodation Relocation	8.5	20
CIP27.02.50	PFAS on Construction sites	106.8	20
CIP27.03.01A	Long Term Express Red Surface Car Park Expansion	26.4	20
CIP27.03.02	Car Rental	83.5	20
CIP27.03.03	OCTB Refurbishment	10.7	20
CIP27.03.10B	Terminal 2 IDL ARI Refurbishment	25.7	7
CIP27.04.01A	Airfield Pavement Rehabilitation	166.5	25
CIP27.04.15	Airport Existing MV Network Upgrades	65.7	20
CIP27.04.17	Primary Standby Power Generation Upgrade	28.7	15
CIP27.04.26	BHS Terminal 2 Critical Asset Re-Life Programme	65.2	20
CIP27.04.28	Baggage Handling System Asset Replacements and Upgrades	57.2	15
CIP27.05.02	Aviation Security Training Organisation Relocation*	29.9	20
CIP27.05.03	Damage by Vehicle Risk Mitigation	15.0	20
CIP27.05.06	Hold Baggage System Version Upgrade	3.7	5
CIP27.07.03	Capital Planning Studies	18.1	5

Source: IFS, IAA

*Projects which include allowances from Retail, Lounges and Security Equipment projects in the total trigger amount

Time Profiling and Asset Lives

10.112 For most untriggered projects, we model that Dublin Airport will spend one fifth of the allowance in each year of the period. There are several exceptions to this assumption where we do not model expenditure entering the RAB until later in the period, or after 2031. This includes the Foul, Hydrant and Potable Water Expansion projects, the Other Car Parks, and the Platinum Services Collinstown House Upgrade. The three water expansion projects enter the RAB after the period (2034). Our rationale for this approach is described in the relevant section of Appendix 1.

10.113 In the December 2025 Conclusion Paper, we recognised the support from stakeholders to continue to model capital costs through annuities and said that we would follow this approach again, consistent with our approach in previous determinations. The effect is that the capital costs (return on capital plus depreciation) in each year of the asset life would be equal, if the cost of capital remains the same. This contrasts to straight-line depreciation, where the capital costs are higher initially and decline over the life of the asset.

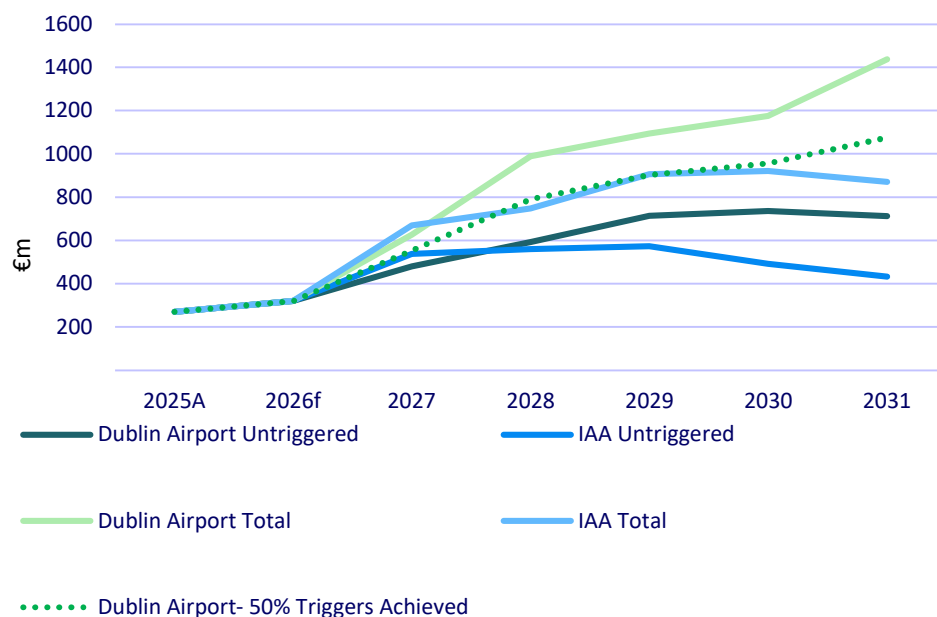
10.114 In some cases, we have adjusted the asset lives proposed by Dublin Airport where they do not reflect what we would expect for the project in question. Where the project is a rollover from CIP2020+, as a starting point we refer to the asset life assumed previously. In some instances, the rollover project may have changed in scope, which can result in changes to the asset life relative to the previous corresponding project(s). Again, the IFS has assessed the asset lives proposed by Dublin Airport in its draft report, and these are also addressed in Appendix 1.

10.115 We consider the asset life in the context of all elements of the project. This is especially relevant in the context of the pier developments. While the core building infrastructure may have a useful life of 40 years, the equipment and utilities also provided within the scope of the project will have a lower asset life. In such scenarios, we estimate a weighted average asset life.

Nominal Forecast Capex

10.116 In Figure 10.8, we illustrate how our forecast level of Capex (with and without triggers) compares to Dublin Airport's assumptions. As discussed further in Section 11, in its price cap model, Dublin Airport's triggered scenario which it tests for financing purposes is based on 50% of the proposed trigger projects progressing to schedule, which we also include in the chart below.

Figure 10.8: Nominal Forecast Capex 2025A-2031



Source: Dublin Airport, IAA Calculations, Nominal

10.117 As discussed above, we consider that Dublin Airport will face significant challenges in delivering this level of Capex, and have made various adjustments to Dublin Airport's proposals.

Trigger Projects

10.118 The final tool we use to mitigate the risk of a significant over or under remuneration, and/or a large capital costs clawback in the next period, is the use of triggered allowances. In the 2025 Issues Paper, we stated that we expected to make extensive use of profiling triggers in the 2026 Determination, *"particularly in the context of the uncertain timelines for delivering major projects at Dublin Airport, particularly due to the current planning process"*.⁶⁶ This allows the determination to remain fully fit-for-purpose both in a scenario where a project is progressing, but also where it is delayed. Triggered capital cost allowances enter the price cap during a regulatory period, in a manner which is specified in the regulatory formulae, if a given event occurs or condition is met.

10.119 We have already identified the uncertainty over Dublin Airport's ability to deliver projects to the stated timelines. Our first tool to address this is the category level reduction to untriggered allowances. Secondly, to ensure that Capex remuneration is aligned to project delivery, we are proposing to use triggers for 23 projects. Our aim with the triggered approach is that Users only pay for projects when they are progressed to construction. Triggered capital cost allowances enter the price cap during a regulatory period, if a given event occurs or a milestone is met. As in 2022, we consider two forms of triggers:

- 'A' Triggers, which can allow for a degree of pre-funding when a milestone is reached.
- 'B' Triggers, which reflect 'just-in-time' full funding by entering the price cap once the project is operational.

10.120 In Section 11, we consider what level of pre-funding, in combination with different possible clawback profiles, would be required to provide a reasonable degree of confidence over

⁶⁶ Issues Paper pg.94

Dublin Airport's ability to finance such investment.

10.121 Dublin Airport has proposed a total of 22 trigger projects. We agree with triggering all of those projects, but add CIP27.03.02 (Car Rental facility) as well. Our rationale for triggering the Car Rental facility is that it is a major project which Dublin Airport has repeatedly not delivered. In Table 10.24, we outline our efficient allowances of these projects.

Table 10.24: Proposed Trigger Projects

CIP	Project	Allowance
CIP27.01.01	Terminal 2 and Pier 1 Renewable Heating	106.0
CIP27.01.02B	North Apron GSE Charging Hub	35.5
CIP27.01.03	Solar PV and Energy Storage	142.4
CIP27.02.02A	Pier 1 East*	695.9
CIP27.02.02B	MRO Relocation & facilities*	158.2
CIP27.02.04	Terminal 2 CBP and Transfer Extension*	175.8
CIP27.02.05A	Pier 5*	443.5
CIP27.02.05B	South Apron Expansion	225.7
CIP27.02.06	Cargo Relocation (Eastlands)	104.8
CIP27.02.07	Gate Post 4 Relocation*	22.2
CIP27.02.08	Wide Body Engine Test Facility	21.1
CIP27.02.12	MV/ HV Network Expansion	389.7
CIP27.02.14	Integrated Transport Hub*	140.6
CIP27.02.15	Consolidated Security and Screening Centre*	66.7
CIP27.02.20	Existing Pier 2 Optimisation and Refurbishment*	79.2
CIP27.02.21	Existing Pier 3 Optimisation and Refurbishment*	56.0
CIP27.02.43	PBZ Relocation	39.3
CIP27.02.48	Terminal 2 Check-in and Sortation Optimisation	61.6
CIP27.02.49	South Apron Handler Accommodation Relocation	8.5
CIP27.03.01A	Long Term Express Red Surface Car Park Expansion	26.4
CIP27.03.02	Car Rental	83.5
CIP27.05.02	Aviation Security Training Organisation Relocation*	29.9
CIP27.05.03	Damage by Vehicle Risk Mitigation	15.0

Source: IAA, IFS Nominal Allowances

10.122 Under the 2022 Review Decision, the 'A' trigger activates when the project is on-site and has obtained full planning permission. As described in Section 11, we now propose that in addition to retaining the same project specific conditions, the 'A' triggers will activate only where the total level of investment is consistent with a likely requirement for pre-funding. As before, B triggers will activate when the project is operational, regardless of the total level of investment.

Table 10.25: Draft 'A' Triggers by Project

Project	2027	2028	2029	2030	2031
Terminal 2 and Pier 1 Renewable Heating	€0.13	€0.13	€0.12	€0.12	€0.12
North Apron GSE Charging Hub	€0.06	€0.06	€0.06	€0.06	€0.05
Solar PV and Energy Storage	€0.18	€0.18	€0.17	€0.17	€0.16
Pier 1 East	€0.79	€0.77	€0.74	€0.72	€0.70
MRO Relocation	€0.22	€0.21	€0.20	€0.20	€0.19
Terminal 2 CBP and Transfer Extension	€0.22	€0.22	€0.21	€0.20	€0.20
Pier 5	€0.57	€0.55	€0.54	€0.52	€0.51
South Apron Expansion	€0.26	€0.25	€0.24	€0.23	€0.23
Eastlands Cargo	€0.11	€0.11	€0.11	€0.10	€0.10
Gate Post 4 Relocation	€0.03	€0.03	€0.03	€0.03	€0.03
Wide Body Engine Test Facility	€0.03	€0.03	€0.03	€0.03	€0.02
MV/ HV Network Expansion	€0.51	€0.50	€0.48	€0.47	€0.46
Integrated Transport Hub	€0.18	€0.18	€0.17	€0.17	€0.16
Consolidated Security and Screening Centre	€0.10	€0.09	€0.09	€0.09	€0.09
Existing Pier 2 Optimisation and Refurbishment	€0.14	€0.13	€0.13	€0.13	€0.12
Existing Pier 3 Optimisation and Refurbishment	€0.10	€0.10	€0.10	€0.09	€0.09
PBZ Relocation	€0.05	€0.05	€0.05	€0.04	€0.04
Terminal 2 Check-in and Sortation Optimisation	€0.11	€0.10	€0.10	€0.10	€0.09
South Apron Handler Accommodation Relocation	€0.01	€0.01	€0.01	€0.01	€0.01
Long Term Express Red Surface Car Park Expansion	€0.04	€0.04	€0.04	€0.04	€0.03
Car Rental	€0.13	€0.12	€0.12	€0.12	€0.11
Aviation Security Training Organisation Relocation	€0.04	€0.04	€0.04	€0.04	€0.04
Damage by Vehicle Risk Mitigation Programme	€0.02	€0.02	€0.02	€0.02	€0.02

Source: IAA

10.123 We are proposing that 79% of the capital cost remuneration will occur at the 'A' trigger, with full remuneration (together with any associated Opex or commercial revenue adjustment) at the 'B' milestone. The 'B' triggers reflect 'just in time' funding linked to when the project is delivered, and will activate fully after project is complete, without any further caveat. The 'A' triggers, or pre-funding triggers, are an exception to the general aim of 'just-in-time'/'Users pays' and are included only to the extent we assess to be necessary for financeability purposes, as set out in the Section 11.

Table 10.26: Draft 'B' Triggers by Project

Project	2027	2028	2029	2030	2031
Terminal 2 and Pier 1 Renewable Heating	€0.17	€0.16	€0.15	€0.15	€0.14
North Apron GSE Charging Hub	€0.08	€0.08	€0.07	€0.07	€0.07
Solar PV and Energy Storage	€0.22	€0.16	€0.15	€0.15	€0.14
Pier 1 East	€1.00	€0.97	€0.94	€0.92	€0.89
MRO Relocation	€0.28	€0.27	€0.26	€0.25	€0.25
Terminal 2 CBP and Transfer Extension	€0.28	€0.27	€0.27	€0.19	€0.17
Pier 5	€0.73	€0.70	€0.68	€0.66	€0.64
South Apron Expansion	€0.33	€0.32	€0.31	€0.30	€0.29
Eastlands Cargo	€0.14	€0.14	€0.14	€0.13	€0.13
Gate Post 4 Relocation	€0.04	€0.04	€0.04	€0.04	€0.04
Wide Body Engine Test Facility	€0.04	€0.03	€0.03	€0.03	€0.03
MV/HV Network Expansion	€0.65	€0.63	€0.62	€0.62	€0.60
Integrated Transport Hub	€0.23	€0.22	€0.22	€0.21	€0.20
Consolidated Security and Screening Centre	€0.12	€0.12	€0.12	€0.11	€0.11
Existing Pier 2 Optimisation and Refurbishment	€0.17	€0.16	€0.16	€0.15	€0.15
Existing Pier 3 Optimisation and Refurbishment	€0.13	€0.13	€0.12	€0.12	€0.12
PBZ Relocation	€0.06	€0.06	€0.06	€0.06	€0.06
Terminal 2 Check-in and Sortation Optimisation	€0.14	€0.13	€0.13	€0.12	€0.12
South Apron Handler Accommodation Relocation	€0.02	€0.02	€0.01	€0.01	€0.01
Long Term Express Red Surface Car Park Expansion	€0.05	€0.05	€0.05	€0.05	€0.03
Car Rental	€0.16	€0.16	€0.15	€0.14	€0.12
Aviation Security Training Organisation Relocation	€0.06	€0.05	€0.05	€0.05	€0.05
Damage by Vehicle Risk Mitigation Programme	€0.03	€0.03	€0.03	€0.03	€0.02

Source: IAA

10.124 As noted above, within the trigger amounts for the capacity development projects, we propose to include the costs relating to the lounge, retail unit and security equipment into the trigger amount of the relevant parent project. The trigger amounts above are inclusive of these costs.

Consultation and Reporting

10.125 Dublin Airport has held a consultation on CIP27, as required by this process and also under Article 8 of the Airport Charges Directive ('ACD'), and in line with the recommendations of the Thessaloniki Forum of European Airport Charges Regulators.⁶⁷⁶⁸ In some cases, Dublin Airport has adjusted CIP27 based on feedback received. For example, not all projects that were included in the draft CIP27 were included in the final CIP27, and other projects such as the Piers 2 and 3 Bolt-Ons were significantly de-scoped. In other cases, Dublin Airport has

⁶⁷ LexUriServ.do

⁶⁸ thessaloniki-forum-consultation-dec-16.pdf

provided reasons why feedback has not been implemented.

10.126 In the upcoming regulatory period, Dublin Airport will report quarterly on the delivery of projects against the planned timelines. We will continue to publish these reports.⁶⁹

Long Term Planning, CIP27 and Policy Alignment

10.127 As part of the CIP27 consultation process, Dublin Airport raised two long term strategic considerations:

- The retention or possible decommissioning of Runway 16/34.
- The long-term approach to T1, in terms of refurbishment or replacement.

Submissions

10.128 In the 2014 Determination, we stated that *“the allowance for the Northern Runway in future determinations will be conditional on daa operating an airport that is capable of remaining open to the arriving traffic in [weather] conditions that the existing airport configuration currently serves”*, and that this condition would be subject to review in such future determinations. In substance, this means that Runway 16/34 would need to be retained if Dublin Airport were to continue to be remunerated in respect of the North Runway. Dublin Airport has now requested that we reassess this condition, given that the airfield environment has changed significantly since the introduction of the North Runway.

10.129 Dublin Airport states that this condition was introduced at a time when little to no data was available on how the parallel runway system at Dublin Airport would operate. Since the North Runway has become operational, the parallel runway system has become the active configuration, and several years of operational and meteorological data are now available. Essentially, Dublin Airport proposes that future remuneration of the North Runway should not be linked to the configuration of the airfield in 2014.

10.130 Dublin Airport states that since the North Runway opened in 2022, Runway 16/34 has been used for only 0.3% of aircraft movements (which we note compares to approximately 5% of movements prior to the North Runway). It states that retaining Runway 16/34 would necessitate the construction of a new western satellite pier connected by an automated people mover, if further airport capacity were required after CIP27 is completed. In that context, it estimates the cost of retaining Runway 16/34 to be in the region of €5.1 billion, whereas decommissioning the runway would allow for full expansion and replacement of Piers 2 and 3, at an estimated cost of €2.8 billion.

10.131 Dublin Airport notes that when Runway 16/34 is in use, airport capacity is any case much reduced compared with dual parallel runway operations, and so there is still disruption. It also asserts that the crosswind runway adds ATCO workload due to re-vectoring, mixed-mode sequencing and surface movement conflicts. From a safety perspective, Dublin Airport believes that converting the runway to sole use as a taxiway would eliminate multiple runway crossings and result in simplified operations.

10.132 In its submissions of April and May this year, DAT3 states that the future of Runway 16/34 is not a matter for Dublin Airport or the IAA to decide, but rather it is within the State’s remit. It asks us not to accept any plans which include the decommissioning of Runway 16/34. It refers to an IAA (CAR) report from 2019 which we prepared for the Department of Transport, in which we assessed the potential costs of decommissioning it and recommended that this

⁶⁹ [Regulatory Reporting](#)

question be re-visited after the North Runway is operational.

10.133 Relatedly, DAT3 criticises what it sees as a proposed intensification on the eastern campus relative to the previous CIP, which it says would be inconsistent with policy to develop the western campus and in particular, a potential third terminal. It references, in particular, the 2018 'Future Capacity Needs' report,⁷⁰ as well as the current Dublin Airport Local Area Plan which provides for an 'annual capacity' of 40mppa on the eastern campus, as well as the 2005 Aviation Action Plan, which was notified to the IAA (then CAR) pursuant to Section 33 of the 2001 Act. DAT3 submits that growth beyond 40mppa should be plan-led, and that we cannot remunerate a programme that allows for strategic decisions beyond that to be "*foreclosed*" by allowing for 'annual capacity' beyond 40mppa. DAT3 claims that CIP27 does not distinguish between projects under the scope of the 40mppa Infrastructure Application, and projects that would "*extend capacity beyond that level*".

10.134 DAT3 states that Dublin Airport projects demand of 44mppa by 2032, but that no material new capacity infrastructure will be delivered before then. Based on its own assessment that the current 'annual capacity' of the airport is 36.5mppa, this implies a capacity shortfall of 7.5mppa by 2032. DAT3 submits that this will be a "*dual crisis*" in leading both to both lost growth, and also degraded service standards.

10.135 DAT3 criticises our explanation to the Oireachtas transport committee in relation to the origin of the 32mppa Conditions, where we stated that, contrary to what was understood in 2007, there is now no short- or medium-term capacity requirement for a third terminal.

10.136 DAT3 alleges that Dublin Airport's masterplan has never been published. It believes that this results in strategic ambiguity where Dublin Airport's long-term plan is not accessible to all stakeholders. DAT3 asks the IAA to require Dublin Airport to publish and consult on its masterplan.

IAA Response

10.137 We have now published Dublin Airport's CIP27- Appendix 4 (Masterplan Compliance) report.

10.138 Firstly, we note that CIP27 does not involve decommissioning Runway 16/34. Contrary to what is suggested by DAT3, and as outlined in Dublin Airport's appendix, CIP27 has been developed by Dublin Airport on the basis of avoiding nugatory expenditure regardless of whether or not the crosswind runway is to be decommissioned. Each project has been assessed as either long-term compliant, or asset-life compliant, with both options. Given that, as noted by DAT3, the decision on the crosswind runway has not yet been made, it seems to us appropriate for Dublin Airport to develop CIP27 on that basis, rather than on the basis of a fixed or single-track masterplan. It has outlined indicative costings of both options, as noted above. If that decision is made in the coming years, it may be that the next CIP will be directed towards implementing one strategic option or the other.

10.139 We do not think DAT3 is correct to suggest that CIP27 is a "*step change*" in terms of development of the eastern campus, relative to CIP2020+. As separately noted by DAT3, in terms of the major capacity enhancing projects, CIP27 is largely a roll forward of the undelivered capacity projects in CIP2020+. We note that DAT3 does not advocate that we disallow the major capacity projects included in CIP27 which are included in the Infrastructure Application. In each CIP27 project sheet, Dublin Airport has already stated what

⁷⁰ In 2018 CEPA/ Oxford Economics carried out a government- commissioned Future Capacity Needs report. <https://www.gov.ie/en/department-of-transport/publications/independent-review-of-capacity-needs-of-irelands-state-airports/>

level of planning application would be required, and whether that project is included in the current 40mppa Infrastructure Application.

10.140 We agree with DAT3 that no major airport-wide capacity enhancing infrastructure is likely to be delivered during the next regulatory period, and agree that faster delivery of projects such as Pier 5 and Pier 1 East would be aligned with our statutory objectives, government policy such as the NAP, and in particular, the interests of Users. However, given the range of legislative changes that would be required, and the timelines involved in navigating regulatory and other processes, there is no reality to any suggestion that material new airport capacity could be delivered any sooner than that through any other means, such as through development of the western campus. The delay in delivering this infrastructure is linked to factors outside the IAA's control, both generally and when making the forthcoming determination, and in particular linked to the current bespoke planning process that applies to any such infrastructure at Dublin Airport.⁷¹

10.141 DAT3 focuses heavily on 'annual capacity' figures. While this metric has also featured in planning processes, it is typically more reflective of the use of capacity at a particular point in time. In particular, the referenced figures should not be misunderstood as meaning that total annual passenger numbers will be incapable of growing above that level, and/or that same will necessarily lead to a degradation of service standards. The capacity of an airport processor is properly assessed at a much more granular level, such as by hour and/or by 10-minute window. Even at that level, airport capacity is dynamic over time and does not rely solely on new built infrastructure. For example, security capacity is the limiting factor for terminal departure capacity, and the recent transition to a CT-based security operation has led to a significant increase in throughput and therefore terminal capacity. Whether or not an airport is stand-constrained at a given passenger volume is linked to fleet mix, which evolves over time. So for example, any capacity assessments dating from 2018 will not be reflective of the airport as it operates today.

10.142 As outlined in Section 6, we expect passenger volumes to grow to 44.5mppa by 2031, notwithstanding that the major capacity enhancing projects will not be delivered by then. We have outlined the various ways in which traffic could grow to that level (or beyond it) by 2031. We will continue to set the slot capacity of the airport with a view to demand being coordinated as necessary, rather than overloading the infrastructure during peak periods. For the reasons explained above, slot capacity operates on a 10-minute basis; we would not set an annual slot capacity limit (whether equivalent to 36.5mppa or any other figure) and expect that to be effective at preventing congestion in any given 10-minute window within the year.

10.143 Our explanation to the Oireachtas transport committee was provided in the context of our role to set the slot capacity of Dublin Airport. The conclusion that there is no short- or medium-term airport-capacity requirement for a third terminal building is uncontroversial and is obvious from any comparison of terminal coordination parameters versus daily/hourly demand. We are not aware of any operational stakeholder having expressed to us a contrary view. The question of terminal capacity has been outlined at length in seasonal capacity processes, associated IAA capacity decisions, slot coordination reports, and both current and future capacity analysis. As outlined in the most recent To70 report published alongside this paper, we simulate a daily total of 154,000 passengers using the existing two terminals (15% higher than a Summer 2026 busy day). We do not assess a project's capacity in annual terms, as explained above. Further, in the event that the current terminal 1 and/or terminal 2 slot capacity parameters were to become a material constraint in demand in the medium or

⁷¹ <https://www.irishstatutebook.ie/eli/2019/act/12/enacted/en/html>

longer term, this could be addressed through targeted capacity projects which rearrange existing terminal space (for example, completing the move of T1 security to the mezzanine).

10.144 However, we should highlight that such capacity analysis should not be conflated (as DAT3 does) with the separate question of whether or not there might be a broader or policy basis for a third terminal (such as competing terminals, or external road impacts), a point which the IAA did not address with the Oireachtas committee.

10.145 We note Dublin Airport's analysis in respect of the possible de-commissioning of Runway 16/34, and we also note that no such proposal is contained in CIP27. As set out in Dublin Airport's Appendix 4 to CIP27, the programme is consistent with both masterplan alternatives (i.e. retaining or decommissioning Runway 16/34).

10.146 In response to DAT3, we confirm that Dublin Airport has made no proposal to the IAA to decommission Runway 16/34. Dublin Airport is seeking the change to allow it to explore both options further, without uncertainty around the future remuneration of the North Runway. In that regard, the condition as currently drafted effectively determines that it should not be decommissioned, and thus pre-determines what DAT3 considers to be a policy decision which should be made by Government.

10.147 We are minded to confirm that this remuneration condition from 2014 is no longer operative. In line with our 2019 report, we think it is appropriate for this question to be considered afresh over the next number of years given that the North Runway has now been operational for a significant period. Implementation of CIP27 will take at least 10 years. Subsequently, if the development of further airport capacity is required, it will be necessary to either retain 16/34 and focus development on the western campus, or alternatively to decommission 16/34, which would instead allow for piers 2 and 3 to be redeveloped and extended to a scale equivalent to the current piers 1 and 4.

10.148 We do not think it is appropriate for that decision to continue to be constrained by a remuneration condition in respect of an entirely different project. Of course, if in future, any project involving the decommissioning of 16/34 were submitted to the IAA, this would be considered on its own merits with reference to applicable regulations and legislation. We welcome stakeholder views on the point of removing the 2014 condition and reiterate that any view expressed in favour will not be taken as an indication of that party's position on the decommissioning of Runway 16/34.

10.149 We have included an allowance for CIP27.07.03 (Capital Planning Studies) in the StageGate process. Dublin Airport intends to use this to further explore/progress these options, in support of decisions being made in the following regulatory period. Including the project in the StageGate process provides a platform for ongoing engagement with Users in respect of such studies.

Future of Terminal 1

10.150 Dublin Airport carried out a feasibility study on the future of Terminal 1 as part of CIP.20.09.009 (Terminal 1 Sustainable Upgrade Feasibility). The study identified the replacement of Terminal 1 as the preferred option relative to refurbishing the terminal. It states that while the refurbishment option would be less costly upfront, it carries higher construction risks and complexity.

10.151 Stakeholders have not expressed a collective preference for either option, but most have noted the importance of clarity, sequencing, and evidence in determining whether Terminal 1 should be comprehensively refurbished or ultimately replaced.

10.152 Again, we expect Dublin Airport to further explore the future of Terminal 1 as part of the Capital Planning Studies project and through ongoing consultation.

Other Submissions Received

10.153 In this section, we outline the main comments we have received from stakeholders regarding various other Capex issues, and how we have addressed these. Submissions include responses to the 2025 Issues Paper, Dublin Airport's Regulatory Proposition, and various airline and stakeholder responses we have received ahead of the Draft Determination. Several of points raised by stakeholders, and outlined below, have been addressed throughout this section where relevant.

Flexible Treatment of Capex

10.154 Aer Lingus and IAG support providing flexibility and ongoing oversight across Capex. IATA believes that Dublin Airport should consult with Users when it progresses a new project that was not included in the CIP in place of a flexible project that was consulted on.

10.155 Ryanair believes that the Capex groups should be narrowly defined to ensure there is a relationship between the Capex allowance and what the allowance is intended to deliver. It states that a smaller number of broader groups would weaken the relationship between the level of Capex allowed and outputs, allowing Dublin Airport to move Capex away from projects that are considered essential to Users.

10.156 Skylark/Aer Lingus states that any reallocation of the Flexible allowance not originally consulted on should be subject to a minimum notification requirement, with a "*mini consultation*" required above a defined materiality threshold. It states that we should publish a reallocation log to show movements that have occurred within Flexible groups. Skylark agrees with Ryanair that there is a risk that Dublin Airport can move allowances from airline-priority projects to those that benefit Dublin Airport.

IAA Response

10.157 As outlined above, we see merit in affording Dublin Airport a degree of flexibility within the period to allocate its Capex allowances to meet needs as they arise. We also agree with Skylark's point on materiality, but this is already a key consideration when designating the regulatory treatment of each project, i.e. larger, more complex projects are included in StageGate rather than given a Flexible allowance.

10.158 We will publish quarterly Capex reports which will provide Users with an update on the progress of the CIP27 projects, including, as suggested by IATA/Skylark, an update on any projects not originally consulted on. We are not requesting Dublin Airport to consult on new Flexible projects during the period, but we will assess the output of such projects when reconciling expenditure in the group at the end of the period. We also note that consultation on such projects may occur naturally should Dublin Airport exceed its grouped allowance and request an interim consultation. In any case, Dublin Airport will be required to report on the progress of these projects together with any reallocations, which will then be published on the IAA website.

10.159 To Ryanair's point, we consider that the seven group allowances we have included are sufficiently narrow and strike an appropriate balance between flexibility and defined outputs.

Deliverable Projects

- 10.160 Aer Lingus and IAG consider that designating a project as 'Deliverable' is appropriate where there is certainty on the needs case and solution, confidence in the efficient level of Capex required, and concerns regarding delivery.
- 10.161 Dublin Airport advocates for a narrowing of the criteria for projects to be designated as Deliverable, stating that it should be limited to statutory requirements and non- substitutable outputs.
- 10.162 IATA states that in order for a project to be designated as 'Deliverable', it should be required for regulatory or safety reasons. It should also apply to projects that have been repeatedly delayed by the airport, and which have strong support from Users.

IAA Response

- 10.163 As outlined above, we propose to designate a smaller proportion of the allowed investment programme as Deliverable in the 2026 Determination relative to 2019 and 2022. We designate more projects as StageGate (and those allowances cannot be reallocated either), and as trigger projects. While IATA suggests that projects that have been repeatedly not delivered by Dublin Airport be included as Deliverables, we have chosen to instead trigger such projects meaning the associated costs will not enter the price cap until the project progresses. The projects which we have included as Deliverable are mainly projects which are seen as specifically necessary for future planning applications or relate to airfield safety.

Triggers

- 10.164 Aer Lingus, British Airways, IAG, Iberia Express and Vueling support the continued use and expansion of triggers as a proportionate tool to manage uncertainty and incentivise delivery.
- 10.165 Dublin Airport recognises the objective of ensuring flexibility and financeability through the use of triggers. It says that triggers should be applied selectively and only where strictly necessary, to avoid unnecessary complexity and maintain regulatory certainty.
- 10.166 Dublin Airport proposes the introduction of a 3rd trigger point at the start of the regulatory period: 'Trigger 0' which would allow for recovery of a defined proportion (c.10%) of early-stage capital costs, prior to planning approval. It states that if a project is formally stood down due to planning refusal, impracticality, or strategic reprioritisation, 50% of the recovered amount (c.5%) would be deducted from the project envelope in the following regulatory period.
- 10.167 DAT3 states that the introduction of Trigger 0 is premature without an airport masterplan and that the *"IAA cannot reliably assess which triggered projects are properly the subject of early cost recovery and which are not"*. It further states that *"Trigger 0 should not extend beyond the scope of F23/0781 and the 40mppa terminal/ 43.5mppa total passenger ceiling and should not extend to triggered projects contingent on government decisions not yet taken"*.
- 10.168 IATA also does not support the introduction of Trigger 0, stating that it would encourage the wrong behaviour from the airport in terms of development of these major projects. It believes that Dublin Airport has strong cashflow and credit rating, meaning there is no requirement for this prefunding.
- 10.169 IATA submits that we should consider both the value of the proposed project, and the impact of it, when deciding if a trigger should be applied. IATA believes that triggers should

work to incentivise Dublin Airport to deliver this infrastructure as quickly and efficiently as possible.

10.170 Ryanair believes that the use of triggers for larger capital projects is important. It suggests a cap on the combined impact of all triggers, potentially carrying forward remuneration to the next regulatory period. Ryanair further asks the IAA to consider not setting a precise trigger amount until such time as a project has reached a level of maturity through the StageGate process.

10.171 Skylark/Aer Lingus does not oppose Dublin Airport's suggestion of Trigger 0 but it states that if a triggered project is abandoned or does not receive planning approval, then 100% of pre-funded costs should be clawed back.

IAA Response

10.172 We acknowledge broad support for the use of milestone-based triggers, and note this is reflected in Dublin Airport's own submission where it proposed triggers for 22 projects. We agree with IATA that triggers should work to incentivise Dublin Airport to deliver infrastructure quickly, although there are many factors which may frustrate that objective. We discuss the topic of prefunding in Section 11. In Section 11 we also explore the implications of not including any pre-funding triggers on Dublin Airport's ability to fund its investment programme, which addresses IATA's point.

10.173 We do not propose to add another, earlier, pre-funding trigger, such as Trigger 0 suggested by Dublin Airport. As outlined in Section 11, the current 'A' triggers are already an exception to the general principle of 'User pays' and just-in-time funding. They are only used where specifically necessary for financing purposes; they were set out in 2022 at 80% as a financing adjustment, and should not be understood as a standing feature of the regulatory model. From that perspective, there is no basis for the approach now suggested by Dublin Airport, which would add complexity, further move away from 'User pays', weaken incentives, and ultimately just offset the value of the 'A' trigger.

Interim Capex Consultation

10.174 Dublin Airport supports the retention of the option for an interim capex consultation. It requests that the timeline work independently of the quarterly StageGate cycle. Dublin Airport agrees with the suggestion that we should then issue a decision in respect of the outcome of the consultation, to reduce uncertainty. It requests greater clarity on the evidence to be provided by it in an interim consultation, and suggests that such evidence should not involve a "*broad audit*" of the overall grouped allowance.

10.175 IATA considers that it would be useful to estimate what impact the increase in Capex would have on Airport Charges. It believes that Dublin Airport should give more information on why the project was not identified during the determination period and what would be the impact of delaying this project to the next determination, or not delivering the project.

10.176 Ryanair suggests that the current process focusses too much on the cost of Dublin Airport's proposed solutions to a problem, rather than identifying what the most efficient and cost-effective solution would be. Ryanair believes that the process should involve agreeing the objectives for any project at the outset, and then working towards identifying solutions rather than being presented with solutions developed by Dublin Airport in isolation.

IAA Response

10.177 We are willing to coordinate with Dublin Airport to hold an interim Capex consultation independent of the regular StageGate consultations, should the need for one arise during the regulatory period. Regarding the burden of evidence, we consider that the role of Dublin Airport in such a consultation is to explain to Users why the group allowance is not sufficient to deliver the investments it seeks to deliver. It should outline what it has spent the allowance on thus far and how that output has been to the benefit of Users. This will provide Users with the context to understand whether there is merit in increasing the allowance in that group which will be allowed into the RAB at the end of the period. We agree with IATA that Dublin Airport should also explain why any new project it progresses during the period was not included in the original submission and why it is considered urgent to progress it ahead of the next determination.

10.178 In response to Ryanair, we note that Dublin Airport's current process already incorporates elements of option appraisal before identifying the preferred solution, as set out in CIP27. The focus on scrutinising the costs of a development proposed by Dublin Airport reflects the regulatory requirement to ensure that any proposed investment is efficient and provides value for users.

10.179 In the 2026 Determination period, we intend to issue a decision on our expected treatment of the group allowance, following any such consultation, as set out in the 2025 Issues Paper.

StageGate

10.180 Aer Lingus, British Airways and IAG welcome the opportunity to engage in the StageGate process. All three, as well as Iberia Express and Vueling, are supportive of the design of the StageGate process.

10.181 Dublin Airport proposes that StageGate reviews incorporate explicit Irish market expertise, either through the inclusion of an Irish-based quantity surveyor within the IFS team or through the structured application of appropriate regional uplift factors.

10.182 Where a project greatly exceeds the SGO allowance, IATA emphasises the need for greater incentivisation for Dublin Airport to deliver value engineering and savings. In such a scenario, IATA suggests that Dublin Airport should present different project options at StageGate 1 stage which the IFS can assess and users can comment on. IATA believes that this would enhance confidence that efficiency is being maintained even in situations with overspending.

10.183 Ryanair suggests a lower threshold value for a project to require consultation (c.€6-8m from c.€20m currently). However, the airline also finds there are factors beyond cost which should be considered when including a project in the StageGate process. Ryanair believes there is a case for widening the scope of the process to consider the need and business case for projects at the initial stage.

IAA Response

10.184 We acknowledge support for the StageGate process. As outlined above, we are not proposing any major changes to the process. As suggested in the Issues Paper, we intend to publish our expected treatment of allowances after each StageGate cycle. This is supported by Dublin Airport.

10.185 We acknowledge IATA's emphasis on strengthening incentives for value engineering and cost efficiency. However, we note that generating multiple fully defined options may not

always be proportionate or efficient. In some cases, this could increase upfront costs and extend timelines without necessarily improving outcomes. That said, we are open to enhancing transparency where possible which might mean encouraging Dublin Airport to engage with the IFS and/or Users earlier in the process. We are interested in Users views on how this might work in practice.

- 10.186 In response to Ryanair, while the cost of a project is a key criterion in terms of whether have primarily focussed on the cost of the projects we include in StageGate, we have also included smaller projects such as the bolt-on extensions and the water expansion projects where the scope is at a very early stage.

11. Financing and Stress Tests

- 11.1 This section examines Dublin Airport's ability to raise finance to fund the development of the airport in the interests of Users. In the Issues Paper, we set out our rationale for again aiming to strike a balance between:
- Enabling Dublin Airport to generate cash flows from Airport Charges and, as necessary, to raise investment grade debt to maintain and develop the airport infrastructure in an efficient manner in the interests of Users; and
 - Protecting Users against upward pressure on the price cap in a way which, all else equal, over-rewards investors in Dublin Airport, or shields them from general business risk.
- 11.2 We propose to apply a similar overall methodology as in 2022. As outlined in Section 4, we continue to think that undertaking a financeability analysis is in the interests of Users, and aligns with our objective in relation to the development of the airport.
- 11.3 For the reasons set out below, we propose to allow for a significant degree of pre-funding of triggered projects to support their financing, while conditioning any such pre-funding on both the progression of the project in question, and the delivery of a total quantum of efficient investment which is likely to be consistent with a need for pre-funding.
- 11.4 We thus consider that the risk that Dublin Airport will be financially constrained from delivering the level of investment it could otherwise deliver will be low. Deliverability and planning challenges, rather than financing or affordability, are likely to remain the pacing items for Dublin Airport's investment programme. As Dublin Airport's own scenario modelling suggests, it could also postpone some Capex on financeability grounds if it considered that necessary or desirable.

Responses to Issues Paper and Other Submissions

General Comments on Approach

- 11.5 British Airways states that financeability should be assessed on a notional basis, with Dublin Airport responsible for managing its own financing choices. Similar views are expressed by IAG, Aer Lingus, Iberia and Vueling. Aer Lingus and IAG also say that they support a notional financeability approach, and consider that we should "*clarify [our] role*" following the change to our statutory objectives.
- 11.6 Dublin Airport welcomes our intention to continue to assess the financeability of the regulatory settlement, and submits that we should set allowances and mechanisms that enable Dublin Airport to minimise financial risk, maintain reliable access to funding markets, and raise debt at reasonable cost and terms. Dublin Airport further states that if the regulatory settlement is "*not financeable*", this is indicative of an error across the building blocks, and suggests that the way to address this would be the introduction of an incremental "*revenue allowance*".
- 11.7 IATA understands that there is a need to have regard to financing the regulatory settlement. However, IATA suggests that we should not quickly jump to any conclusion that the determination needs to be amended, suggesting that it is important to understand the causes of any potential financing challenge identified.
- 11.8 Ryanair disagrees with our proposed approach, noting that consideration of financeability is no longer a statutory objective. It refers to Charts 10.3–10.6 of the Issues Paper, suggesting

that the combined effect of aiming up the cost of capital, and applying a financeability adjustment through the pre-funding triggers, has only added to Dublin Airport's financial outperformance, granting a *"riskless reward without requiring any meaningful effort or exposure"*.

- 11.9 Ryanair says that an airport operating in a competitive market would not benefit from any financeability adjustment, and instead, if necessary, would reprofile or defer Capex in the event of an actual financeability issue. Alternatively, it could seek equity investment from shareholders, which in this case would equate to daa's shareholder agreeing to at least defer dividends for a period to support the financing of required investment. Ryanair states that the risk of financeability difficulties is substantially mitigated by daa's state ownership.
- 11.10 Ryanair also says that a financeability adjustment should be directed only where it is needed, pointing to the example of Italian airports, where an uplift to the cost of capital for certain projects is applied in specific circumstances. Ryanair states that an economic regulatory framework which drives efficiency can often be seen as an attractive feature by lenders, while by contrast, a guaranteed financeability adjustment signals to the market that the airport lacks the ability to deliver a major programme.
- 11.11 Aer Lingus (and IAG) disagree with the principle of adjusting efficiently determined Capex allowances on financeability grounds, stating that Dublin Airport benefits from Significant Market Power and its regulated charges are backed by a RAB-based regulatory model. Aer Lingus states that its ability to recover the costs of efficiently incurred Capex is not in doubt, and perceived financeability issues should not be an obstacle to the optimal timing and implementation of Capex plans.
- 11.12 Aer Lingus (and IAG) state that periods of particularly high Capex may temporarily affect some cash-based financeability metrics, but Users have a reasonable expectation that Dublin Airport will manage such periods without requiring additional support. Aer Lingus concludes that any exceptions to this are likely to relate to instances where Capex budgets are many multiples of the RAB, but this is not what Aer Lingus envisages here.
- 11.13 IATA submits that where there is a need for significant investment, it should be assumed that the airport's shareholders will increase equity capital to partly fund it. IATA suggests that the IAA should not increase charges because of the shareholder's reluctance to do so. IATA believes that the approach to pre-funding triggers has proven unnecessarily conservative, where daa remains 'A' rated with strong financial performance and therefore the pre-funding was not necessary.

Metrics and Credit Rating

- 11.14 Aer Lingus and IAG say that they agree overall with the metrics and approach used to assess financeability in the 2019 Determination processes, based on the support of Centrus.
- 11.15 Dublin Airport states that its 2024 performance was consistent with a notional stand-alone credit rating of a-, as follows:
- Business Risk Profile: Strong, based on low country risk and low industry risk. Dublin Airport notes that S&P states that *"if EBITDA margins fall below 30%, we could revise our view of business risk down to satisfactory, resulting in a downgrade."*
 - Financial risk Profile: Modest as FFO/Net debt is 31% and Net debt / EBITDA is 2.8x
 - Anchor rating: a

- Modifier: -1 notch for 'Comparable rating analysis', which was linked to anticipated upcoming years of negative free operating cash flow, combined with the difficulty of executing a large capex plan (which we note has since materialised to a significantly lesser extent than was forecast in 2024).

11.16 Dublin Airport asserts that the anchor rating would fall by one notch, i.e. to a-, if FFO to net debt falls below 23%. Holding the a- anchor rating will require an FFO: net debt in excess of 17%, with 20% giving headroom. Due to the negative modifier applied by S&P, the threshold for maintaining a bbb+ rating is therefore FFO/Net Debt >20% in a base case forecast.

11.17 Dublin Airport says that we should assume 30% to 40% of profit is paid out in dividends to the State, in line with the shareholder expectation letter issued to daa, although Dublin Airport also notes that suspending such payments is a "*viable mitigant*" in a downside scenario. In its price cap model, Dublin Airport assumes 30% dividend payments. Ryanair submits that we should not assume an "*automatic and fixed right to a dividend*", as this would not be the case if the airport were privately owned in a competitive market.

11.18 Dublin Airport requests a regulatory settlement that supports a stand-alone credit rating of bbb+. Dublin Airport believes that this will be achieved by:

- Ensuring FFO/Net Debt is greater than 20% and Net Debt/EBITDA is less than 4x.
- Sensitivity analysis that reviews multifactorial scenarios.
- Analysis which is inclusive of dividend payments to shareholder.

11.19 Dublin Airport states that other European airport groups which are reviewed by S&P have an average rating of A/A-. It explains that, excluding the two privately owned UK airports, the average rating is A, with the SACP of bbb+/a-, concluding that the current Dublin Airport rating is in line with the industry average.⁷²

11.20 IATA notes that the Issues Paper focuses on amending the determination in order to improve the financial ratios. IATA asks what we would do if the ratios are "*too high*", compatible with a credit rating much higher than the target BBB+, and whether we would amend the determination to align it with the target ratios (e.g. pushing back depreciation to future periods and reduce charges).

11.21 Ryanair considers the focus on metrics to be excessive, particularly given that it believes that airports often successfully raise debt even when their metrics fall outside the prescribed range. Without prejudice to Ryanair's view that no financeability adjustment should be applied, it submits that any adjustment should be based on maintaining no more than BBB, representing a minimum investment-grade rating.

Scenario Modelling

11.22 Aer Lingus and IAG suggest that scenario modelling should cover a range of outcomes, both likely and rare but extreme outcomes, and identify what risks Dublin Airport should be able to manage. Aer Lingus and a number of airlines also suggest that we model upside scenarios.

11.23 Dublin Airport submits that sensitivity analysis showing coverage ratios under traffic, revenue, Capex, Opex, interest rate and inflation shocks, are necessary. Dublin Airport states that robust, real world, multifactorial sensitivity analysis should be carried out to test the financial robustness of the pricing decision, and that the pricing decision should deliver a financially viable outcome at the 80% confidence level. Dublin Airport believes that the IAA

⁷² We note that the referenced "*privately owned airports*" are Heathrow and Gatwick, with a SACP of bbb flat.

should use multi-factor stress tests that combine adverse events in the way that they would be likely to occur (e.g. passenger volume decline combined with reduced commercial revenues).

11.24 In Dublin Airport's price cap model, Dublin Airport tests two scenarios, similar to our approach in 2022:

- An 'untriggered' scenario, where only untriggered projects progress, with average Capex of approximately €650m per year over 2027-2031, and new trigger allowances therefore do not enter the price caps.
- A 'triggered' scenario, where untriggered and triggered projects progress, with some new trigger allowances entering the price cap and average Capex of c€850m per year. However, Dublin Airport assumes that 50% of the trigger projects are progressing to schedule, to allow for '*uncertainty in planning, deliverability and financeability*', and therefore reduces triggered Capex, and new trigger allowances, by 50%. Without that scaling assumption (i.e. using Dublin Airport's schedule as stated in the CIP), Dublin Airport would be spending over €1bn per year on average, and the forecast FFO: net debt and net debt/EBITDA ratios would move outside the 20% and 4x targets suggested by Dublin Airport.

11.25 These scenarios are not outlined in the Regulatory Proposition document itself, however a Monte Carlo simulation-based downside analysis is outlined. That analysis tests various variables (the same ones that we have tested previously) at the 95% confidence level, as follows:

- Symmetric Opex and Commercial Revenue variance of +/-5%.
- Asymmetric (downside skewed risk) passenger forecast variance of -10%/+2%, based on Dublin Airport's assertion that there is more downside than upside risk.
- Asymmetric (downside skewed risk) Capex variance of -5%/+10%, again on the assertion that there is more risk of overspend than underspend.
- Asymmetric (downside skewed risk) in respect of interest rates, with a central assumption of 4% (applied to the entire net debt rather than just new debt), and intervals of 3.5% and 5%.

11.26 It is not expressly stated which scenario this analysis is applied to, although it appears to align with the 'untriggered' scenario, with net debt reaching c€2bn in the centreline scenario. Dublin Airport concludes that:

- *"At the 80% confidence level, net debt increases from approximately €1.0bn in 2027 to €2.2bn by 2031, closely aligned with the mean outcome and only modestly above the base-case profile."*
- *"At the 80% confidence level, FFO declines from approximately 36% in 2027 to around 26% by 2031, remaining closely aligned with the mean outcome and consistently above the stated minimum target of 17%-18%. This indicates that, even when adverse drivers combine, the proposed price cap supports an FFO profile consistent with maintaining financeability across the majority of conditions."*
- *"The Monte Carlo analysis shows that net debt to EBITDA outcomes at the 80% confidence level, the ratio increases from approximately 2.4x in 2027 to around 3.2x by 2031, reflecting a measured increase from the 2025 outturn of 2.8x, and remaining closely aligned with the mean outcome. Across the period, the 80% confidence path remains below the stated maximum target of 4.5x, even when adverse drivers combine."*

IAA Assessment

11.27 We consider each of these topics in turn, before setting out our draft conclusions, and in the subsequent subsection we consider how to apply those conclusions here.

Credit Rating and Financial Ratios

11.28 We previously assessed that Dublin Airport's Business Risk Profile (BRP) is likely to be Strong, in line with that of the broader daa group. We consider that this remains an appropriate assumption for this analysis, provided in particular that:

- The regulatory framework we apply continues to be stable and predictable, supporting the efficient development of the airport in line with our statutory objectives (including through the present financeability analysis).
- Our forecast EBITDA margin remains above 30%.

11.29 On the former, the regulatory framework continues to support stability in cash flows and reversion towards a return in line with the estimated cost of capital at each pricing re-set, such that where outperformance has been achieved, all else equal, charges are likely to fall in real terms (as proposed in this Draft Determination).⁷³ On the other hand, where underperformance was observed, there is upward pressure on charges (as in 2022). As outlined in the Issues Paper, the regulatory model also creates a strong incentive on Dublin Airport to improve its efficiency and financial performance. Further, we continue to regulate on the basis of a single till approach, which is considered to be credit protective, as outlined in the Issues Paper. At a high level, this framework has remained stable since 2001, and it is considered to be a mature and effective model.

11.30 On the latter, we outline forecast EBITDA margin in the subsection below. We also note that Section 6 of the Issues Paper benchmarking annex benchmarked Dublin Airport's EBITDA margin from 2023 (40%) and 2024 (42%) against a comprehensive sample of medium and large European airports, with the results showing that Dublin Airport benchmarked modestly above the sample average. We note that 2025 shows a slight further improvement, at 45%, and as outlined in the financial model, we expect a further improvement this year. As also outlined in the benchmarking analysis, across various other metrics such as EBIT margin, FFO/Net Debt, Net Debt/EBITDA, Dublin Airport also generally benchmarks in line with or modestly better than the sample.

11.31 At paragraph 10.1.8 of its Issues Paper response, Dublin Airport asserts that Appendix 2 of that response shows that Dublin Airport's EBITDA and EBIT margins are significantly lower than peer airports. In fact, Dublin Airport's Appendix 2 made no such finding. Paragraphs 5.9 and 5.11 of that appendix concluded that those metrics are in line with what Dublin Airport considers to be its peers.

11.32 In respect of the Financial Risk Profile (FRP), the relevant thresholds based on the above analysis are outlined in Table 11.1. We continue to think that, relative to the other coverage ratios such as Net Debt/EBITDA, the FFO/Net Debt ratio provides the most accurate picture of the company's ability to repay its debt over a period of time. This is also reflected in the recent S&P reviews, which continue to focus on FFO/Net Debt in the context of the FRP.⁷⁴ Further, in the upcoming period, interest costs are likely to become significantly more material in the context of a requirement to raise new debt at a higher cost than most of Dublin Airport's embedded debt. That will be picked up by the FFO/Net Debt ratio, but not by the Net Debt/EBITDA ratio, lending further weight to this view.

⁷³ We note that the predictability of the reduction in charges from 2027 is reinforced by S&P correctly identifying that likelihood in 2025: <https://www.daa.ie/wp-content/uploads/2025/08/Report-dated-August-8-2025.pdf>

⁷⁴ <https://www.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/13178979>
<https://www.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/101652362>
<https://www.spglobal.com/ratings/en/regulatory/article/-/view/type/HTML/id/3412059>

Table 11.1: Coverage Ratios and Relevant Thresholds

	FFO/net debt (%)	Net debt /EBITDA (x)	FFO/cash interest (x)	EBITDA/ interest (x)
Minimal	35+	Less than 2	More than 8	More than 13
Modest	23 - 35	2 - 3	5 - 8	7 - 13
Intermediate	13 - 23	3 - 4	3 - 5	4 - 7
Significant	9 - 13	4 - 5	2 -3	2.5 - 4
Aggressive	6 - 9	5 - 6	1.5 - 2	1.5 - 2.5
Highly Leveraged	Less than 6	Greater than 6	Less than 1.5	Less than 1.5

Source: S&P

11.33 Given Dublin Airport's cost and revenue structure, a feature of previous financeability analyses has been that, where net debt is assumed to increase as a result of allowed Capex, the Net Debt/EBITDA ratio deteriorates more quickly than FFO/Net Debt (or other ratios such as FFO/Interest or EBITDA/Interest). For example, FFO/Net Debt might stay comfortably within the 'Intermediate' range, while Net Debt/EBITDA moves into 'Significant' or 'Aggressive'.

11.34 As outlined in the Issues Paper, we previously targeted a notional credit rating for the regulated entity of at least BBB+, by testing the following scenarios:

- A base case scenario where the entire level of allowed Capex is delivered on time, funded by new debt and retained earnings, and an annual dividend of 30% of PAT is paid. In this scenario, we tested whether FFO/Net Debt stays 'Intermediate' (above 13%), and also that Net Debt/EBITDA does not deteriorate as far as 'Highly Leveraged' (i.e. it stays below 6x).
- Reasonable net downside scenarios - To provide some buffer against such scenarios, we decided to target Net Debt/EBITDA of less than 5x, and FFO/Net Debt in the mid-teens, i.e. with some buffer above 13% rather than right to the limit of the 'Intermediate' threshold. On that basis, we noted that under such downsides, the FRP would remain 'Intermediate'. When testing downside scenarios, we assumed that dividends would not continue to be paid.

11.35 In 2022, we assessed these scenarios under two further permutations, one where all triggered projects are progressing to schedule (the 'Triggered Scenario'), and one where only untriggered projects are progressing to schedule (the 'Untriggered Scenario'). In the latter scenario, both net debt and FFO will typically be lower, because Capex is lower, but also the price cap is lower because the triggered allowances have not activated.

11.36 It is not apparent why Dublin Airport appears to suggest that FFO/Net Debt of above 20% would be required to be consistent with maintaining a rating of BBB+ (or alternatively, that the Government Related Entity uplift should not be considered). In 2023, S&P affirmed daa's rating of A- and revised the outlook to Stable, based on forecast FFO/Net Debt of 17% on average over 2025-2027 (declining to 15.2% in 2027- and, further, assuming no dividends in the base case). S&P further noted that:

"Given the current rating on Ireland at 'AA', our view of daa's stand-alone credit profile (SACP) would need to decrease from the current 'bbb+' to 'bbb-' to result in a one-notch downgrade of daa. In our view, this could happen if we expected FFO to debt to be below 11%...

... Although it would have no impact on our rating on daa, we could revise the SACP to 'bbb' if the company was unable to maintain FFO to debt above 13% or if EBITDA margins declined below 30%, as the latter could weaken our view of its business risk profile."

11.37 That is, should the SACP fall to bbb flat (which S&P has consistently suggested would be

possible if daa failed to maintained a weighted average FFO/Net Debt sustainably above 13%), then we understand that the GRE uplift would likely still result in daa/Dublin Airport maintaining a credit rating of BBB+ at worst (assuming the Ireland rating did not fall below A, having recently been upgraded to AA+⁷⁵).

11.38 In 2024, S&P then upgraded daa's rating to A (upgrading the SACP from bbb+ to a-), on the basis that it expected FFO/Net Debt to *"remain sustainably above 20% in the short-to-medium term."*

11.39 In relation to IATA's submission asking what we would do if the coverage ratios were *"too high"*, if the building block result does not give rise to any potential financeability concerns, or requirement for any pre-funding, we would not expect to amend the determination in the manner suggested. This analysis is a test of whether we are satisfied that the building block outcome can likely be financed within the period– if it can, then no action is required, if not, then we consider whether any particular amendment is required, such as reducing/reprofiling allowed Capex, or allowing for pre-funding of Capex through a mechanism such as the 'A' triggers.

Dividends

11.40 We first reiterate that the payment of any actual dividend is ultimately a matter for Dublin Airport (and/or its shareholder). However, unless we are undertaking a purely notional financeability analysis (e.g. by just assuming that RAB growth will be funded by 50% debt and 50% equity), then we need to model an approach to dividends to forecast the FRP of the Regulated Entity. Any payment of dividends during a period of expansionary Capex will increase the actual net debt requirement. We think that a purely notional approach would be inferior, with reference to our statutory objectives, to the practical approach we have taken previously, because a purely notional analysis would not tell us whether the regulatory settlement would likely be financeable in practice by Dublin Airport.

11.41 The National Aviation Policy addresses this issue as follows:⁷⁶

"It should be acknowledged that the [State-owned aviation companies] return a non-financial dividend to the State in the form of the wider socio economic benefits that they provide through trade and tourism facilitation, regional development, aviation safety etc. It is Government policy that profitable commercial State companies should pay a financial dividend to the State. The guideline figure is 30% of after-tax profits. The Government expects the State aviation companies to have a clearly stated dividend policy to take account of their current financial circumstances and plans for the future. Depending on circumstances, the dividend paid may be more or less than the 30% guideline. Dividend policy should take account of issues such as current and projected profitability, capital investment plans and pension funding."

11.42 Looking back to the 2023-2026 period, in 2023 daa announced that its Board had decided not to provide for the payment of a dividend in respect of 2022 profit. daa also announced that it was *"concerned"* over its ability to pay a dividend in future years, citing *"the scale of capital expenditure that will be required to address the critical capacity challenges that Dublin Airport faces"*, as well the impact of Covid-19, and our 2022 Review Decision.⁷⁷ However, it has since paid a dividend of 30% PAT in respect of subsequent years.

11.43 We agree that we should not assume a fixed dividend policy. We also agree that we are not bound to align our analysis with whatever targets or stipulations might be set by daa and/or

⁷⁵ <https://www.spglobal.com/ratings/en/regulatory/article/-/view/type/HTML/id/3534132>

⁷⁶ <https://assets.gov.ie/static/documents/national-aviation-policy.pdf>, page 61

⁷⁷ [daa Group Announces Return to Profit in 2022 as Passenger Numbers Rebound | daa](#)

its shareholder or NewERA, which would undermine the independence of our decision-making function. We do not consider ourselves to be bound to do so, but instead bound to make decisions which best align with our statutory objectives, including taking account of the National Aviation Policy.

11.44 Previously, we have sought to model dividends having regard to daa's dividend policy, and taking account of the National Aviation Policy, by assuming that dividends would ordinarily be paid in line with the 30% guideline, but would not continue to be paid in the event of a net downside scenario which threatened to push the FRP outside of acceptable thresholds. Based on that approach, the downside test scenario(s) will typically drive the final outcome. That is, if the financing requirement driven by a downside scenario without dividends is greater than any such requirement in the baseline scenario with dividends, then whether or not we model dividends becomes moot in terms of the overall outcome.

Scenario Modelling and Stress Tests

11.45 We do not think that Dublin Airport's Monte Carlo simulation is the right approach to modelling downsides, either in principle, or in terms of how it has been applied in practice by Dublin Airport. This approach treats key variables as if they were random and independent, when in practice they are related to each other and, to varying degrees, within Dublin Airport's control. It therefore fails Dublin Airport's suggested 'real world' and 'likely to occur' tests. It is also not clear why Dublin Airport does not appear to have run this analysis (or other downside testing) in relation to its triggered scenario.

11.46 A Monte Carlo simulation is most useful where variables are random and repeated, meaning that from time-to-time they will collectively generate an unfavourable outcome.⁷⁸ Here, we are dealing with variables that are not random, both because they are related to each other, and because they are to varying extents within the control of Dublin Airport. As shown in the Section 4 of the Issues Paper, in reality, Dublin Airport responds to circumstances as they unfold, rather than circumstances unfolding randomly. For example, it incurs less Opex in the event of a traffic downside, or generates more revenue in the event of a traffic upside which outweighs the likely increase in Opex. For that reason, historically, a material net downside actually occurring has been unusual, even during challenging periods such as during the 2009 Determination period. The only period where a material net downside has occurred was during the Covid-19 pandemic, over 2020-2022.

11.47 A Monte Carlo analysis is also reliant on the quality of the input data, and in particular that the confidence intervals around the input variables can be reliably assessed. That is not the case here. For example, in our view, the 95% confidence interval in relation to what level of Capex Dublin Airport is likely to deliver is much, much greater than -5/+10% of Dublin Airport's mean assumption, given the extent of planning and delivery challenges. We think that that range should be viewed as more like €300m-€700m per year. Equally, we think the suggestion that a 95% confidence interval is limited to 2% passenger upside, relative to Dublin Airport's passenger forecast, lacks credibility. Where input variables and ranges are a series of subjective, implausible, or highly uncertain values, any appearance of precision or objectivity from such modelling is artificial.

11.48 In 2022, Dublin Airport produced a similar Monte Carlo analysis in response to the Draft Review Decision. The analysis suggested that, under our draft pricing proposals, the mean FFO/Net Debt was estimated at 10% in 2025 and 2026. Dublin Airport said that a further €4 per passenger increase was necessary to bring the 80% confidence interval to c.5.0x in respect of Net Debt/EBITDA, and FFO/Net Debt at 15%. Subsequently, we set pricing at a

⁷⁸ Such as passenger presentation, IPP, and CT scanner throughput in a security operation, as per the security FTE forecast.

lower level than what was proposed the Draft Decision, but the FFO/Net Debt of the regulated entity has reached 32% in 2025- an outcome assessed as effectively impossible by Dublin Airport's Monte Carlo simulation.

11.49 In relation to Aer Lingus' submissions, we think that rare but extreme outcomes (such as Covid) cannot sensibly be modelled *ex ante*. Such scenarios are appropriately addressed by amending the determination as necessary/appropriate, based on the presenting circumstances. In 2019, we identified the risk of a 'Hard Brexit' as a potential downside which might lead to a requirement for an interim review to adjust airport charges- instead, it transpired to be the Covid-19 pandemic. Here, an example of an unlikely but severe downside might be the possibility that Dublin Airport ultimately has to comply with the 32mppa Conditions, as outlined in Section 6 and the Issues Paper.

11.50 We also do not see a particular need for us to model upside scenarios as part of this analysis, although stakeholders can readily do so using the test inputs part of the 'Inputs' tab of the published draft financial model.

Conclusion

11.51 Overall, we are not persuaded to deviate from the approach we took previously, with a view to providing a reasonable level of comfort over the ability to finance the determination. We therefore propose to apply the same tests:

- In the base case, the starting assumption is that some adjustment is likely to be warranted if the building block outcome suggests that FFO/Net Debt is forecast to drop below 13%, or if Net Debt/EBITDA is forecast to exceed 6x.
- To protect against reasonable net downsides, we firstly target FFO/Net Debt of at least 15%, and Net Debt/EBITDA of no more than 5x, while assuming that dividends would not be paid out in such a scenario. We then also run various downside scenarios to assess whether this level of headroom results in the FRP remaining 'Intermediate' (i.e. FFO/Net Debt above 13%) once the impact of each downside is factored in.

11.52 While Dublin Airport is entitled to set internal targets such as maintaining FFO/Net Debt above 20%, we do not see that it would align with our statutory objectives to provide for the pre-funding of airport infrastructure just so that Dublin Airport could do so. As discussed below, in the unlikely event that Dublin Airport were to deliver all of the investment it has outlined in CIP27 to the suggested timelines, it is unlikely to simultaneously be able to maintain FFO/Net Debt above 20%. A more realistic (even if still ambitious) Capex delivery schedule may see Dublin Airport able to meet that 20% target, at the pricing levels proposed in this Draft Determination. Equally, we do not accept Ryanair's proposal that we should target a minimum notional credit rating of BBB flat, which would be at odds with our previous approach and leave no headroom against the prospect of a downgrade outside of an investment grade credit rating.

11.53 Regarding dividend assumptions in downside scenarios, while Dublin Airport suggests that the downside may not materialise until, for example, midway through the period when some dividends have already been paid, that will, by definition, be more favourable relative to our downside test. That is because the downside itself will be less severe, having only materialised halfway through the period. We also propose to continue to assess downsides on a deterministic basis, considering reasonable net downsides in a practical manner and in the way that they would likely occur in the real world.

11.54 We also continue to focus our financeability analysis on the Regulated Entity Dublin Airport, rather than the whole daa group. Aside from the fact that we do not regulate the entire

group, this also avoids cross-subsidisation between the regulated and non-regulated components of daa group. It is notable in recent years that, contrary to earlier assumptions, daa group net debt has been falling rather than increasing, while Regulated Entity net debt has stayed broadly flat. This is because Capex has been much lower than previously assumed, but has been heavily concentrated at Dublin Airport. daa group net debt is lower than Regulated Entity net debt. While not directly relevant to our analysis, the relatively lower level of net debt at group level may mean that the group level metrics (assessed by S&P) will continue to be more favourable than the Dublin Airport-only metrics assessed by us.

11.55 As set out in the Issues Paper, we consider that this approach best aligns with the interests of Users, and with our objective to facilitate the development of Dublin Airport, because it facilitates the delivery of investment which have assessed to be in the interests of Users. As in 2022, another important consideration is that Users are only paying for financeability adjustments, such as pre-funding, where they are likely to be necessary. We consider that question in the next subsection.

11.56 We disagree with Dublin Airport that the identification of a potential financing challenge means that there is some error within the assessment of the building blocks. It does not, as suggested by Dublin Airport, imply that the WACC is too low. The repeated identification of a possible financing challenge is because of the repeated suggestions (in 2019 and 2022) that Dublin Airport is about to embark on a very large Capex plan, which will be at least as large as the entire value of the current RAB. The reason that any prospect of a financing challenge did not materialise over 2023-2026, was because this level of Capex did not materialise.

Application to 2026 Determination

11.57 We propose to apply the above analysis to the building block outcome in a similar way as in 2022, namely by testing a high-Capex 'Triggered Scenario', where all trigger projects are progressing in line with Dublin Airport's timelines, and an 'Untriggered Scenario', based on only on untriggered projects.

11.58 Capex assumptions are as set out in Section 10, with the Untriggered Scenario in particular reflecting a much more modest increase in Capex delivery relative to what Dublin Airport suggests. This is in circumstances where the scale of the deliverability challenge and, in particular, the full scale of challenge associated with the bespoke planning process which Dublin Airport currently faces in delivering investment programmes, has become more apparent.

11.59 We also use these scenarios to estimate the split between new debt and embedded debt for our WACC estimate. In the Untriggered Scenario, we assume a total of €1.5bn in new debt, to fund investment and refinancing. This gives a weighting of 48% new debt, which is used for our core WACC estimate of 4.56%, as set out in Section 9. We assume that any further investment would require to be fully funded by new debt. For the 2027 CIP triggered project allowances, we therefore propose to use a 100%-new-debt weighted WACC of 5.23%.

Untriggered Scenario

11.60 This scenario sees Dublin Airport deliver the untriggered investment programme, allowed for by us as described in Section 10. The price caps also include triggered allowances that have already been met or are expected to be met this year (such as the North Runway, or the 80% 'A' trigger in relation to the West Apron Underpass), but do not include any new trigger allowances for CIP27 projects. In nominal terms, as per the financial model, this would see Dublin Airport invest an average of just over €500m Capex over 2027-2031, while paying

dividends of 30%, with the result that net debt grows to €2bn by 2031. That scenario produces the following ratios, with average FFO/Net Debt of 21%.

Table 11.2: Financial Ratios, base case, untriggered scenario

	2027	2028	2029	2030	2031
FFO: Net Debt (%)	28.0	21.1	19.1	17.9	19.2
Net Debt/EBITDA	3.04	3.92	4.35	4.58	4.26
FFO: Interest	10.5	6.6	6.4	5.6	5.4
EBITDA: Interest	12.3	8.0	7.7	6.8	6.6
EBITDA Margin (%)	46.6	44.6	45.1	45.2	46.9

Source: IAA

11.61 To test for headroom under downside scenarios, we next assume that no dividends are paid and check that FFO/Net Debt is above 15% and Net Debt/EBITDA less than 5x. That is of course the case, given that it is already true under the base case scenario with dividends being paid out, as per the table above. We then also test the following net downside scenarios:

1. Passenger underperformance of 5% combined with associated commercial revenue underperformance of 5% in every year 2027 to 2031, without any offsetting cost savings.
2. Passenger underperformance of 10% in every year 2027-2031, with any associated impact on commercial revenues offset by cost containment related savings.
3. Opex overspend of 10% in every year 2027-2031, not associated with any passenger or commercial revenue outperformance.
4. Commercial revenue underperformance of 10% in every year 2027-2031, without any offsetting cost savings.
5. Capex overspend of 10% in every year 2027-2031.
6. Nominal cost of new debt of 5% rather than 4%.

11.62 We consider these material net downsides to be relatively unlikely, as noted above. In most cases, they are beyond the 95% confidence intervals used by Dublin Airport in its downside analysis. Nonetheless, these are the type of scenarios in which the determination should reliably remain fit-for-purpose. Of the scenarios outlined above, #4 is the most impactful on the ratios, followed by #3, then #2, and then #1. Scenarios #5 and #6 have a modest impact. Scenario #4 produces ratios as follows.

Table 11.3: Untriggered scenario, commercial revenue downside

	2027	2028	2029	2030	2031
FFO: Net Debt (%)	24.9	18.3	16.4	14.8	16.3
Net Debt/EBITDA	3.42	4.50	5.05	5.51	4.98
FFO: Interest	9.2	5.7	5.5	4.7	4.7
EBITDA: Interest	10.8	6.9	6.6	5.7	5.8
EBITDA Margin (%)	43.2	40.9	41.4	41.0	43.7

Source: IAA

11.63 We note that FFO/Net Debt stays above 13%, and EBITDA margin above 30%, in the context of the most impactful downside tested.

11.64 We conclude that the Untriggered Scenario comfortably meets the financeability tests, and no adjustment to the determination (such as reprofiling Capex, or accelerating depreciation)

is warranted on the basis of this scenario.

Triggered Scenario

11.65 We then turn to the Triggered Scenario, in which we add triggered projects on top of the Untriggered Scenario. We assume that Dublin Airport delivers the CIP27 triggered projects in line with its own planned schedule. We model this scenario as follows:

- Triggered allowances are added to the price cap, with the 'A' (pre-funding) triggers entering in the year after the project is on-site and has full planning permission, and 'B' triggers entering in the year after the project is complete, consistent with the current approach.
- Additional Capex on the triggered projects is based on an assumed aggregate expenditure profile relative to the completion year of each project. This recognises that, particularly in the case of major projects, most of the associated Capex is incurred in the years prior to completion of the project. We use the same profile assumptions as in 2022, as set out in the financial model.

11.66 As noted above, when the total expenditure outlined by Dublin Airport is added together, including projects that are already on-site and all projects in CIP27, this would amount to over €1bn per year over 2027-2031. That would mean that total expenditure would be approximately double the size of the 2027 opening RAB. In its financeability analysis, Dublin Airport appears to acknowledge that this is not a deliverable scenario by making a top-down adjustment in which it assumes that triggered Capex, and triggered price cap uplifts, are reduced by 50%, which results in average expenditure of c€850m per year.

11.67 Using our bottom-up modelling approach combined with Dublin Airport's stated delivery timelines, we estimate average expenditure of c€820m per year, which would see net debt of c€3.3bn by 2031. We consider this to be right at the top of the plausible Capex range, because it is highly unlikely that Dublin Airport will deliver all triggered projects to the proposed timelines. If some triggered projects are delayed, as is likely, Capex and net debt will be lower than in the analysis below.

11.68 We first assess this scenario without any pre-funding, i.e. with the 'A' triggers set to zero, as well as a backloaded clawback profile as set out in Section 10. That produces an FRP which deteriorates well outside the 'Intermediate' threshold, deteriorating to 'Significant' as shown below, and with Net Debt/EBITDA deteriorating to 'Highly Leveraged'.

Table 11.4: Baseline triggered scenario without pre-funding

	2027	2028	2029	2030	2031
FFO: Net Debt (%)	24.7	16.6	12.7	10.9	10.3
Net Debt/EBITDA	3.38	4.81	6.06	6.77	6.94
FFO: Interest	8.8	5.0	3.9	3.1	2.7
EBITDA: Interest	10.5	6.2	5.0	4.2	3.8
EBITDA Margin (%)	46.6	44.6	45.1	46.9	49.3

Source: IAA

11.69 We then assess what level of pre-funding, in combination with different possible clawback profiles, would be required to bring these ratios back in line with the targets set out above. We identify that, based on the current building block outputs, 'A' triggers of 69% are required to keep FFO/Net Debt above 15%, and Net Debt/EBITDA less than 5x (with no dividends as per the downside assumption). Setting the 'A' triggers to 69% also means that under the base case scenario, with dividends being paid, FFO/Net Debt stays above 14% and Net Debt/EBITDA below 6x.

11.70 We then run the same downside scenarios as outlined above. However, we find that the ratios are relatively more sensitive than was the case in 2022. Except for downside scenario #6, we find that FFO/Net Debt deteriorates to just below 13% in each case, with the 10% commercial revenue downside again being (marginally) the most impactful. This additional exposure is linked to the very large modelled new debt requirement, together with a much higher forecast cost of interest than would have been the case previously. For that reason, and as discussed above, net Debt/EBITDA stays less than 6x, where it does not take account of the interest costs.

11.71 We therefore calculate what level of 'A' triggers is required to maintain FFO/Net Debt above 13% in each year 2027-2031, even under the most impactful of the downside scenarios modelled. We calculate that level to be 79%, coincidentally very close to the 80% value used over the 2023-2026 period. Applying all of these inputs to the scenario of a 10% commercial revenue downside, which is not offset by any cost savings, gives the following results.

Table 11.5: Triggered Scenario with 10% commercial downside, and 79% pre-funding

	2027	2028	2029	2030	2031
FFO: Net Debt (%)	21.9	16.4	13.4	13.0	13.1
Net Debt/EBITDA	3.82	4.87	5.79	5.83	5.68
FFO: Interest	7.7	4.9	4.1	3.8	3.6
EBITDA: Interest	9.2	6.1	5.3	5.0	4.8
EBITDA Margin (%)	43.2	43.6	45.4	49.4	52.5

Source: IAA

Conclusion

11.72 Section 10 shows that over 2023-2025, actual Capex has lagged materially behind even the untriggered scenario as estimated in 2022. For the reasons set out in that section, we think that Capex will continue to increase relative to that period, but delivering a step increase in investment even to the level assumed in the 2027-2031 Untriggered Scenario will remain a challenging proposition.

11.73 While the total quantum has been below the untriggered scenario, Capex since 2023 has been composed of a mix of triggered and untriggered projects. As suggested by airlines such as IATA, and Ryanair, this has meant that certain 'A' triggers have activated, even though there was no requirement for pre-funding in the context of the total level of Capex and consequently net debt. We think that an entirely plausible scenario for 2027-2031 might be Capex close to or in line with the Untriggered Scenario (i.e. €400m-€500m), but made up of both triggered and untriggered projects. This would also broadly align with the most recent S&P analysis for the first three years of the period, in which S&P forecast Capex of just under €500m on average over 2027-2029.

11.74 Our analysis suggests that Dublin Airport could invest €500m per year over 2027-2031 while maintaining average FFO/Net Debt at around 21% and average net debt/EBITDA at around 4x, without any further pre-funding of the CIP27 projects. To warrant pre-funding on financing grounds, the total level of efficient investment in the airport should therefore be materially higher than €500m per year. We suggest, in addition to the project specific conditions, i.e. that the project is on-site and has obtained full planning permission, that for the next regulatory period, the 'A' triggers will activate only where the total level of investment is consistent with a likely requirement for pre-funding.

11.75 We therefore propose that the 'A' triggers will only activate where total Regulated Entity efficient Capex is trending at least 10% higher than the Untriggered Scenario, i.e. an average

of at least €570m per year in efficient investment over the regulatory period to date. In the case of StageGate projects, efficient investment for that purpose would be defined as expenditure in line with the most recent allowance from the StageGate process. Grouped allowances would be inclusive of expenditure in line with the grouped allowance (including any potential IAA decision to reflect an increased group allowance).

11.76 Once an 'A' trigger has activated, it would stay active for the remainder of the regulatory period even if average expenditure subsequently dropped below the threshold. Table 11.6 provides a worked example where the Project 1 'A' trigger activates from 2029, where average Capex over 2027-2028 is €600m. The Project 2 'A' trigger does not activate in 2030, because expenditure over 2027-2029 is below the threshold, but then activates in 2031.

Table 11.6: Example of 'A' Trigger Activation

	2027	2028	2029	2030	2031
Annual Capex (m)	500	700	500	600	500
Average Capex in prior years (m)	-	500	600	567	575
Project 1 on-site condition met?	N	Y	Y	Y	Y
Project 1 A trigger active?	N	N	Y	Y	Y
Project 2 on-site condition met?	N	N	N	Y	Y
Project 2 A trigger active?	N	N	N	N	Y

Source: IAA

11.77 For the avoidance of doubt, this would not apply retrospectively to projects where the existing 'A' trigger has already been met by the end of 2026. Further, all of the 'B' triggers would still activate after the project is complete, regardless of total expenditure (reflecting just-in-time funding).

11.78 In overall summary, our draft conclusion is that:

- Excluding trigger projects, the building block outcome meets the financing and stress tests, so no adjustments need to be considered.
- If Dublin Airport were able to deliver investment at the level suggested under the Triggered Scenario, this is likely to see net debt increase to a level which would put pressure on the FRP, in the absence of pre-funding. While we think that Capex of more than €800m per year is unlikely, we facilitate this scenario by providing for a significant degree of pre-funding of triggered projects through the 'A' triggers. But we aim to ensure that Users do not pre-fund investment unless necessary by conditioning the 'A' triggers on both project-specific, and total Capex, delivery criteria.

12. Quality of Service

12.1 The Quality of Service (QoS) system is in place to incentivise an appropriate balance between providing airport services at an efficient cost, and meeting a suitable service quality for Users (passengers and airlines). Through this system, we aim to incentivise better service provision, and/or to disincentivise a level of service which is below that expected by Users.

12.2 In the Issues Paper, we provided an overview of the current QoS system, and Dublin Airport's performance over 2023 to 2025. We noted that, at a high level, our intended approach is to start from the existing QoS scheme and consider what changes may be appropriate. The QoS scheme can broadly be split into four categories, and our proposals in respect of each category are addressed in turn in this section:

- Wait times at security screening
- Wait times for passengers requiring additional assistance (PRMs)
- Passenger satisfaction scores, based on survey data on a range of aspects of the airport experience
- Asset uptime and availability

12.3 We then address a number of other issues, specifically:

- Data sources
- The nature of incentives
- The magnitude of incentives
- *Force majeure* circumstances and exemptions

Passenger Advisory Group

12.4 A key part of the assessment of QoS is the Passenger Advisory Group (PAG), consisting of members from a range of organisations spanning the diversity of passengers at Dublin Airport. The PAG is a consultative body which provides input to the IAA on service quality, capital investment programmes, and consumer protection and accessibility measures. In previous reviews, feedback from the PAG was used to refine the existing metrics and introduce new ones.

12.5 The IAA met with the PAG in January 2026, where Dublin Airport outlined its proposals in respect of QoS, and Capital Investment, for the upcoming regulatory period. The PAG raised various issues, including in relation to airport infrastructure, the links between airport and airline service quality, and wayfinding. The IAA met with the PAG for a second time in May, where we primarily outlined our initial thinking on QoS proposals for the Draft Determination.

12.6 The presentations and meeting notes are published alongside this Draft Determination. We have incorporated the PAG's input into our proposals within the relevant subsections here.

Submissions on General Approach to Quality of Service

12.7 While Aer Lingus supports the existing scheme, it believes that improvements could be made to the scope of service quality areas included, the specificity of the metrics and of the reporting, and the strength of the targets and associated reward/rebates.

- 12.8 British Airways welcomes the review of the current framework, which it believes should include an overview of whether the scope of the areas covered is appropriate, an evaluation of whether existing metrics genuinely capture the User experience, and whether the level of the targets, and associated financial incentives, is appropriate.
- 12.9 Dublin Airport broadly supports the existing QoS scheme, but suggests that a number of changes should be made within various metrics and associated targets. It also asserts that infrastructure capacity challenges could impact on scores over the 2026 Determination period.
- 12.10 According to IAG, key concerns include “*consistent underperformance*” in core areas such as security queue times, washroom cleanliness, and ground transport information. While IAG recognises the value of the existing system, IAG believes enhancements are needed, including:
- The breadth of service areas monitored.
 - The precision of performance indicators and reporting requirements.
 - The robustness of targets alongside their corresponding incentives and rebates.
- 12.11 IAG advocates for targeted revisions to the incentive framework to drive improvements in:
- Expedited deployment of biometric passenger processing.
 - Enhanced transfer passenger experience, particularly for hub connections, benchmarked against best-in-class connector hubs such as Helsinki airport.
 - Improved wayfinding, with particular attention to gate identification.
 - More proactive passenger communication and customer service in baggage reclaim areas.
 - Check-in desk availability and expansion.
- 12.12 In its Regulatory Proposition, Dublin Airport notes that it discussed the idea of joint metrics, which would also incorporate airline performance into the SQM regime, with the PAG.

IAA Response

- 12.13 We note the general support for starting from the current scheme, and consider the merits of any changes from there. Through our assessment of the current scheme, and engagement with the PAG and industry stakeholders, we have considered whether the scope of the areas covered is appropriate, whether existing metrics accurately capture the User experience, and whether the targets, and associated rebates and bonuses, are appropriately calibrated. Our draft conclusions on these points are outlined below.
- 12.14 With regard to Dublin Airport’s idea of joint metrics, which also incorporate airline performance into the QoS system, we will consider any specific proposal which Dublin Airport might want to make. We think there would be significant complexity associated with such joint metrics, in particular regarding whose performance is being incentivised, and in what way that performance is attributed to different stakeholders.

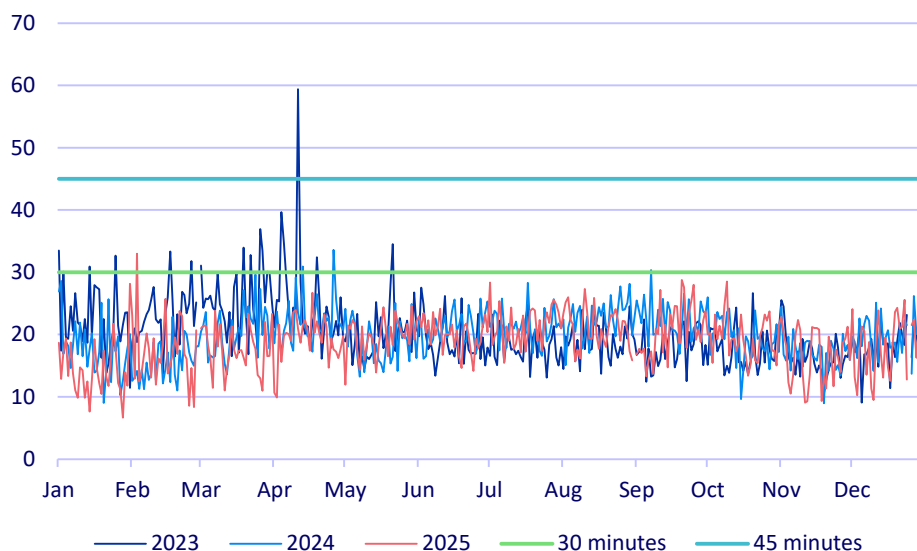
Security Queue Times

Overview of Recent Performance

- 12.15 Security queue times improved significantly in 2024, with 5 days missing the main target of 100% of passengers processed within 30 minutes, compared to 20 days missing the target

in 2023. In the early months of 2023, Dublin Airport was still in the process of fully recovering the operation, following the traffic rebound from the Covid-19 pandemic. We note that this trend has continued into 2025, where there were no targets missed on any day in either Terminal 1 or Terminal 2.

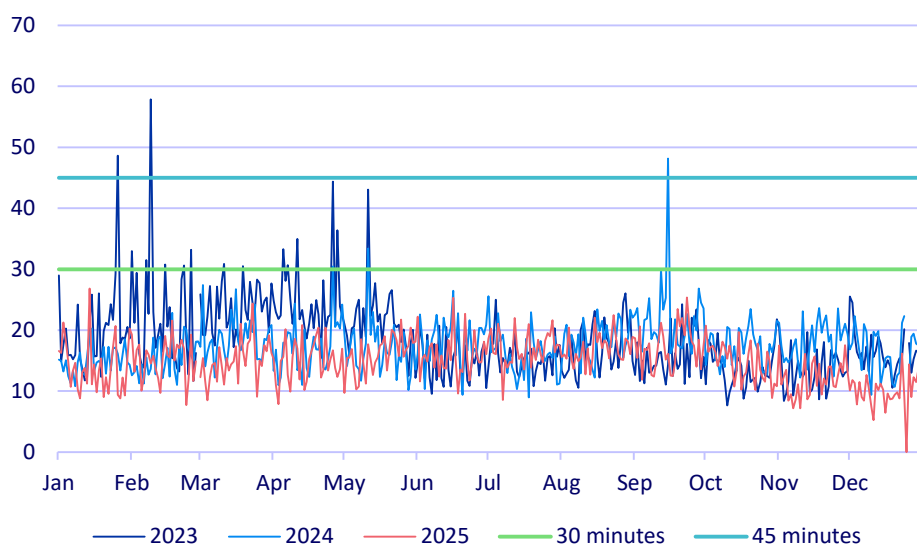
Figure 12.1: Maximum Daily Security Queue Times in Terminal 1, minutes



Source: Dublin Airport, IAA Calculations. Exceedance of the 30-minute threshold in Terminal 1 in early February 2025 was due to a BlipTrack 'false positive', which Dublin Airport clarified and was assessed by the IAA. As a result, this is not classed as a missed target.

12.16 As shown in Figure 12.2, there was also one instance in 2024 where the backstop target of 45 minutes was exceeded in Terminal 2, as a result of a power outage.

Figure 12.2: Maximum Daily Security Queue Times in Terminal 2, minutes

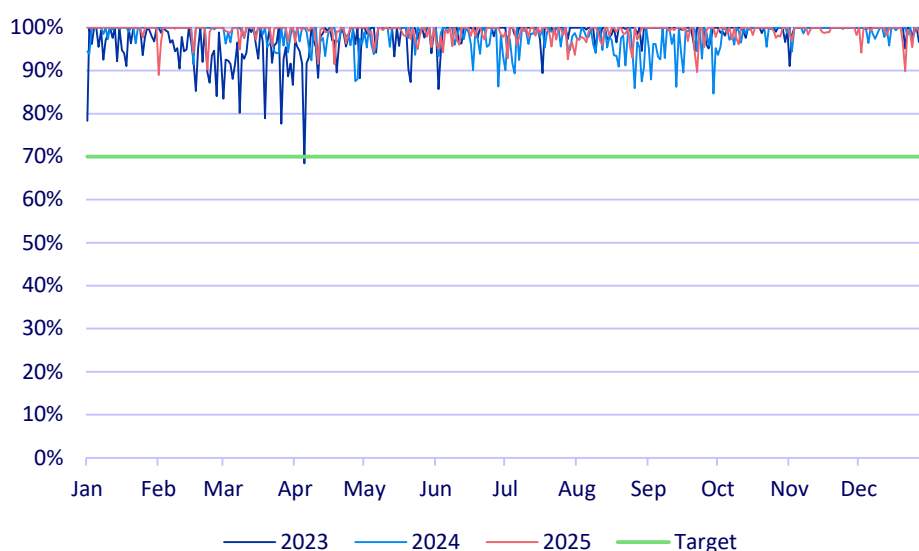


Source: Dublin Airport, IAA Calculations

12.17 Figures 12.3 and 12.4 then show performance against the 20 minute daily target, namely that 70% of passengers queue for less than 20 minutes. This target was not missed in 2024 or 2025, with queue times always remaining below 20 minutes for at least 70% of passengers.

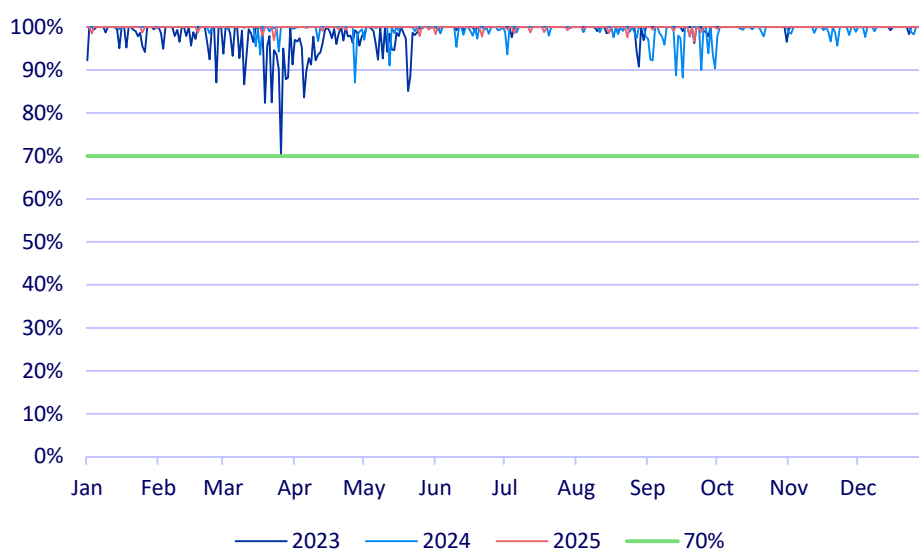
There were just two misses of this target in 2023, one in Terminal 1 and one in Terminal 2, as depicted below.

Figure 12.3: Percentage of Daily Queue Times Less Than 20 Minutes in Terminal 1



Source: Dublin Airport, IAA Calculations

Figure 12.4: Percentage of Daily Queue Times Less Than 20 minutes in Terminal 2



Source: Dublin Airport, IAA Calculations

Issues Paper Responses and Regulatory Proposition

12.18 Dublin Airport notes that while it strives to minimise delays at security given the impact queue time has on the passenger experience, safety and security remain its highest priority and cannot be compromised. Dublin Airport states that increased Opex is necessary to ensure continued strong performance.

12.19 In its Regulatory Proposition, Dublin Airport asks us to amend security queue time targets and the exemption/force majeure grounds. Dublin Airport proposes a target of at least 90% of passengers passing through security within 20 minutes, which it claims would be more stretching than the current targets. It believes that performance against this target should

be measured monthly, as daily assessment would be overly sensitive to short term volatility and one-off events.

12.20 IAG and Aer Lingus submit that recalibration is necessary to establish a challenging but realistic target. IAG claims that an analysis of security queue time targets across comparable airports in Europe such as London Heathrow, London Gatwick, Lisbon, Paris and Rome, reveals Dublin Airport as a clear outlier. While a 100% target applies at Dublin instead of a 90- 99% target such as at other airports, this is against a much more generous 30-minute threshold than (what is asserted to be) the typical 5-10 minute range at other airports. IAG recommends a slightly lower achievement percentage combined with a shorter wait time, aligning Dublin Airport's targets with peer airports. IATA separately questions whether the 45 minute threshold should be reduced to 40 minutes.

12.21 IATA believes that there should be targets for queue times at staff search.

Analysis

12.22 We intend to retain security queue time targets as a key element of the service quality framework. We note the consensus on this point. We think that the key question for the 2026 Determination is whether the queue targets should be amended, and if so, in what way. There is also a point raised in relation to the possibility of queue time targets at staff search.

12.23 To consider whether the targets should be amended, and if so in what way, we have done the following:

- Reviewed the targets in place at a number of other airports (including some of the airports referenced by IAG).
- Put together a model which uses actual queue time performance over 2023-2025 to test, objectively, how challenging different combinations of queue time and passenger percentage targets would be for the current operation, as well as the difference between daily versus monthly measurement.
- Sought stakeholder views on whether the recent level of performance (i.e. 2024/2025) is considered adequate, or whether further improvement should be incentivised.

12.24 On the first point, we have assessed security queue time targets at a number of other airports where we have been able to identify in detail how the targets are measured, which are outlined in the table below.

Table 12.1: Review of Security Queue Targets across Comparator Airports

Airport	Frequency	Window	Targets	Revenue at Risk
Gatwick	Not express but likely monthly.	Time between passengers or staff passing a defined entry portal and reaching the security roller bed, minus unimpeded walk time.	95% <5 min	1% 0.05% per day (max 0.7% per month) ⁷⁹
			98% <15 min	
			100% <30 min	
Heathrow	Monthly percentage of queue times, measured once every 15 minutes. ⁸⁰	Time between passengers or staff passing a defined entry portal and reaching the security roller bed, minus unimpeded walk time. ⁸¹	95% <5 mins	1%
			99% <10 mins	
Lisbon	Not express but likely monthly.	Not stated	Peak periods: 90% <15 min Off-peak period: 90% <10 min	Financial penalties applicable.

Source: [Gatwick](#), [Heathrow](#) & [Lisbon](#).

12.25 While IAG asserts that the current targets at Dublin Airport compare unfavourably to those at airports such as Heathrow, Gatwick, or Lisbon, this misses a number of points of detail as follows:

- The measured queue time at Heathrow and Gatwick excludes an estimate of the unimpeded walking time through the security processor (i.e. it is a measure of delay within the security processor), and stops at the roller-bed. We measure the entire elapsed time from when a passenger starts queueing, to when they pass through the security scanner (i.e. it is a measure of the total time spent within the security processor). This means that approximately five further minutes should be added to the Heathrow and Gatwick targets to be comparable to the Dublin targets.
- Any 100% target means that any instance of underperformance (even one minute) results in the target being missed. In practice, that requires resource planning on the basis of achieving a much lower queue time so that issues like volatility in show-up profiles, IPP/throughput, or fewer staff than planned, over a certain part of the day, can be absorbed. The challenge associated with meeting a 100% target is non-linear relative to a 99%, 95%, or 90% target. At Dublin Airport, queue time is measured every minute, as opposed to every 15 minutes. We note also that Gatwick appears to have the same 100% target as Dublin (30 minutes), notwithstanding that it only applies to impeded queueing time.
- The target is measured monthly at Heathrow, as opposed to our current targets being measured daily. Lisbon's and Gatwick's targets also appear to be measured monthly.⁸² A longer time horizon smooths out any periods of longer than planned queuing which has resulted from on-the-day factors. As shown by our model (discussed below), it is therefore much easier to meet any target (other than a 100% target) on a monthly basis than it is to meet it on a daily basis.

12.26 Dublin Airport proposes a monthly target of 90% in under 20 minutes, which Dublin Airport asserts would be more challenging than the current targets. Dublin Airport states that this would lead to *"a material enhancement in passenger experience at a critical touchpoint"*. Dublin Airport subsequently clarified to us that it proposes this target in place of the existing

⁷⁹ In a day when the single time slice is greater than 30 minutes the maximum daily penalty is 0.05% with a maximum monthly penalty of 0.70%.

⁸⁰ Heathrow proposed to change this to a daily target in its H8 Business Plan, combined with, we understand, reduced rebates per breach incident. The UK CAA has said that it is not minded to make the proposed changes, on the basis that they would weaken the incentive overall.

⁸¹ <https://www.caa.co.uk/media/j1wl20vi/20260101-heathrow-airport-limited-licence.pdf>

⁸² It is not entirely clear in relation to the security queue targets at Lisbon Airport.

70%, 20 minute, daily target, and that the current 100%, 30 minute target would be unchanged.

12.27 Table 12.2 below shows the number of missed targets which were, or would have been, observed in each year 2023-2025 under various permutations of different targets.

Table 12.2: Number of times targets would have been missed, by year

	2023	2024	2025
Daily			
100% in 30 minutes	33	6	1
70% in 20 minutes	2	0	0
Monthly			
99% in 20 minutes	11	9	7
95% in 20 minutes	4	0	0
90% in 20 minutes	0	0	0
90% in 15 minutes	7	7	5

Source: Dublin Airport data, IAA calculations

12.28 Under Dublin Airport’s proposed target of 90% within 20 minutes, measured monthly, it appears that there would have been zero months where the target was not met across 2023 to 2025, notwithstanding the acknowledged underperformance in the early months of 2023.⁸³ There were two days in 2023 when the current target of 70% within 20 minutes, measured daily, was not met. While we agree with Dublin Airport that there is scope to improve the calibration of the current 20 minute target, it is clear that Dublin Airport’s proposal is not more stretching than the current target. On the contrary, it would permit a significant deterioration in actual queue times relative to 2024 and 2025. We note the following in respect of a potential monthly target, based on the table above:

- If the objective is to calibrate a target based on maintaining current performance (2024/2025), then an appropriate target might be 95% within 20 minutes.
- If the objective is to go further and incentivise a material improvement relative to current performance, then appropriate targets might be 90% within 15 minutes, and/or c99% within 20 minutes.

12.29 Finally, we note that submissions from and engagement with key stakeholders, including airlines, Dublin Airport, and the PAG, indicate a general consensus that the current level of security performance is adequate. While certain parties (such as Dublin Airport, and IAG) refer to the possibility of a more challenging target, it is important to distinguish between a more challenging target which would require an improvement in current performance, versus a revised target which is better calibrated towards the level of performance already being achieved. The former would likely have cost and resourcing implications relative to 2025 actuals, whereas the latter would not.

Draft Determination on Central Search Queue Time Targets

12.30 Taking account of the above, we conclude that performance over 2024/2025 has been adequate, and that the targets should be set on the basis of maintaining that performance, rather than seeking further improvement. Therefore, for the 2026 Determination, we propose

⁸³ This differs from the position set out in Dublin Airport’s Regulatory Proposition, where it suggests that it would have missed this target in March and April of 2023. It has not yet clarified the basis of these calculations to allow an assessment of what is driving this difference.

to:

- Keep the existing 100% 30 minute daily target with a daily rebate of €0.01, as well as the existing provision for the rebate to double to €0.02 in the event that any queue time exceeds 45 minutes.
- Introduce a monthly target of 95% of passengers passing through security in under 20 minutes (which would equate to c15 minutes of impeded queueing delay), in place of the existing daily 20 minute target, with a monthly rebate of €0.02.

12.31 This means that Dublin Airport would be incentivised to continue running the security operation such that it can process the vast majority of passengers within 20 minutes, but also such that it avoids any particularly bad individual days, where passengers queue for more than 30 minutes. Based on the analysis above, we note that these targets (which will continue to include unimpeded walkthrough time) are not outliers relative to the other airports referenced.

12.32 As shown above, the new monthly target would require maintaining the level of performance, and is in line with Dublin Airport's own published objective to continue to process 95% of passengers within 20 minutes for Summer 2026.⁸⁴ In respect of the existing 30 minute daily target, we have previously said that we would be willing to consider moving away from a 100% target, and replacing it with an equivalently challenging 25 minute daily target. This appears likely to equate to a daily target of approximately 98.5% within 25 minutes. However, we note that no stakeholder is now proposing any change to that target. In respect of IATA's suggestion that the 45 minute target be reduced to 40 minutes, we note that this would be unlikely to make any material difference over the 2026 Determination period, and also that IATA has not set out a detailed basis for this proposal.

12.33 More broadly, it is notable that in 2025, there were zero days when any target was missed. This is unusual by historic standards, and particularly notable in a context where Dublin Airport was in the process of transitioning to the Next Generation security operation, which posed both infrastructural and operational challenges. While this performance is welcome, it should be noted that we do not necessarily expect the daily target to be met every single day of the year, which may be disproportionate.

12.34 Security queue time performance has broader implications for performance across the airport. For example, it is linked to Dublin Airport's commercial revenue performance; outperforming the queue time targets in 2025 will have contributed to Dublin Airport's retail and food and beverage outperformance in 2025, offsetting or outweighing the security costs. While we do not propose to set security queue targets requiring an improvement in current performance, if Dublin Airport wishes to resource security beyond what is required by our targets, whether for such net financial reasons and/or for passenger satisfaction or reputational reasons, Dublin Airport is entitled to do that.

Staff Search and Other Issues

12.35 Regarding staff search, we have reviewed 2025 performance. In T1, we note an average queue of 3.4 minutes, and an annual peak queue of just over 15 minutes. The vast majority of queue times are below ten minutes, ranging from 99.8% to 100% on a monthly basis. A significant minority (c16%) of queue times are above 5 minutes. Again, we understand that this includes unimpeded walkthrough time, although this will be less material at staff search than at central search. We also requested data on T2, but Dublin Airport was unable to

⁸⁴ <https://www.dublinairport.com/latest-news/2026/05/07/high-demand-will-see-dublin-airport-welcome-11-million-passengers-this-summer>

provide it in advance of the Draft Determination. We expect it to be live from July, and so data will be available to review ahead of the Final Determination.

12.36 Therefore, neither the data nor submissions have identified any particular service quality issue at staff search, in terms of current performance. We do agree with IATA and IAG regarding the importance of staff search for the orderly operation of the airport, and we note that targets are set in relation to staff search at airports such as Gatwick and Heathrow. We therefore propose to set a monthly target of at least 99.5% of staff being processed within 10 minutes. If that monthly target were missed, a rebate of €0.01 would apply. The target would apply separately to both terminals (i.e., if the target was missed in the same month in both terminals, two rebates would apply). It would also apply in the event there was any reduction in the opening hours of staff search relative to the 2025 opening hours, unless there was no objection from any airline in relation to such reduced opening hours.

12.37 In response to Dublin Airport's concerns regarding the measurement system used, as outlined in the Issues Paper, we note that Dublin Airport has not made any specific suggestion in relation to reviewing its own measurement system. As before, any changes to the logics and measurement system must be submitted to the IAA for approval (such changes need not be implemented within the determination itself).

Passengers with Reduced Mobility

Overview of Recent Performance

12.38 In 2023, 2024 and 2025 all wait times for assistance targets for PRM were met, which was a significant improvement on 2021/2022.

Issues Paper Responses and Regulatory Proposition

12.39 In its Issues Paper response, Dublin Airport states that PRM services have consistently delivered strong performance in recent years, with continued improvements evident across key metrics, and all targets met. It states that it is introducing more challenging Service Level Agreement (SLA) targets in the upcoming contract (which commenced in 2026) to ensure even higher standards of performance. Dublin Airport acknowledged the impact this might have on IAA targets (which were previously set on the basis of the previous SLAs). Dublin Airport stated that it is open to consultation on this as part of the development of its Regulatory Proposition.

12.40 In its Regulatory Proposition, Dublin Airport then states that a 100% target for PRM assistance metrics would not be feasible, and would not positively influence PRM performance. For this reason, Dublin Airport proposes that the PRM targets remain unchanged rather than increasing in line with the new SLA targets.

12.41 Dublin Airport explains that it aims to increase the pre-notification rate of PRM passengers, seeing this as an opportunity to introduce a joint performance metric with airlines. Dublin Airport states that, ultimately, pre-notification is heavily in the hands of airlines and thus it can only influence this through incentives and policies aimed at enhancing airline behaviour. Dublin Airport believes that a bonus for Dublin Airport achieving a set PRM pre-notification rate would help.

Draft Determination on PRM Targets

12.42 As noted by Dublin Airport, since January 2026, a new SLA for the PRM service has been implemented. These new metrics are outlined in the table below, with more challenging

100% targets highlighted in green, and old targets from the previous SLA highlighted in red strikethrough.

Table 12.3: PRM Metrics Under the New SLA

Metric	Pre-Advised	Non-Pre-Advised	Rebate
Assistance from an external point within the airport campus to terminal reception point (departing passengers)	98% within 10 min 100% within 20 min	98% within 20 min	€0.01
Assistance from the terminal reception point onwards (departing passengers)	95% within 15 min ~~98% within 20 min~~ 100% within 20 min	95% within 20 min ~~98% within 30 min~~ 100% within 30 min	€0.01
Assistance from aircraft to terminal holding point onwards (arriving passengers)	93% within 10 min ~~98% within 15 min~~ 100% within 15 min	93% within 15 min ~~98% within 20 min~~ 100% within 20 min	€0.01

Source: Dublin Airport

12.43 Replacing the existing targets with these up-to-date metrics would be in line with our previous practice. While it was Dublin Airport that decided to enter a new PRM contract in this format, we also acknowledge that simply rolling forward the previous approach would require meeting a number of 100% targets on an annual basis. We consider that to be sub-optimal, in that a single missed assistance target would mean that the metric is failed for the year.

12.44 We note that the new PRM SLA provides for a 'scorecard' across the full range of SLA targets, which includes assistance from external points and from the terminal reception point, but also includes the passenger boarding and offloading processes. Another possibility would be to use the scorecard pass rate as the basis for PRM target setting. That would cover a broader range of PRM metrics. However, the pass rate is 80% across all metrics, meaning that some of the existing targets could be missed by a significant margin, and the pass rate still be met.

12.45 To consider this issue further, we compared the new SLA targets against the ECAC guidelines for PRM assistance, which are outlined below in Table 12.4. We see that, while the ECAC guidelines do contain 100% targets, the new SLA targets set considerably more challenging 100% targets than those set out in the ECAC guidelines.

Table 12.4: ECAC Guidelines for PRM Service Provision

Passengers	Pre-advised	Non Pre-Advised
	80% within 10 minutes	80% within 25 minutes
Departing Passengers	90% within 20 minutes	90% within 35 minutes
	100% within 30 minutes	100% within 45 minutes
	80% within 5 minutes	80% within 25 minutes
Arriving Passengers⁸⁵	90% within 10 minutes	90% within 35 minutes
	100% within 20 minutes	100% within 45 minutes

Source: [ECAC Guidelines](#)

12.46 Therefore, on balance, we propose not to simply roll forward the 2022 methodology such

⁸⁵ Targets measured with reference to aircraft on-block time.

that we would use the 100% targets in the SLA. Instead:

- Where the SLA contains a 100% target, we propose instead to use the midpoint of the range between that target, and the current 98% target. Hence, we propose a 99% target.
- Balancing this, we suggest that the PRM targets and rebates of €0.01 will now be applicable on a quarterly, rather than annual, basis. That is, a rebate would be payable for each quarter where a target is missed.
- We also propose to set a separate annual rebate target in respect of achieving the 80% pass rate in the scorecard. That is, if the overall 80% pass rate is missed, an annual rebate of €0.01 will separately apply.

12.47 We do not propose to set a ‘backstop’ target as we did in 2022, which was specific to the observed underperformance in years prior to that decision, which has not been repeated over 2023-2026.

12.48 Finally, in relation to Dublin Airport’s suggestion that there be a bonus available to it for achieving high levels of pre-notification, we note that Dublin Airport also highlights that it relies on the airlines in that regard. This may therefore be counterproductive in terms of obtaining airline cooperation, if the reward for doing so would be that Dublin Airport would be entitled to charge them (slightly) higher airport charges.

Passenger Satisfaction Scores

Overview of Recent Performance

12.49 As shown in Table 12.5 below, with two exceptions, Dublin Airport has generally performed strongly relative to the targets on the passenger satisfaction metrics, achieving more bonuses than accruing rebates. As discussed in the Issues Paper, the bonus targets we set in 2022 were intended to be challenging, with an expectation that significant improvement would be required to reach bonus thresholds. Nonetheless, Dublin Airport has outperformed across certain passenger satisfaction metrics even since 2023, with this outperformance continuing into 2024 and 2025.

Table 12.5: Summary of Passenger Satisfaction Performance, 2023 to 2025

Passenger satisfaction metric	2023				2024				2025			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Overall satisfaction												
Helpfulness of airport staff												
Helpfulness of security staff												
Cleanliness of terminal												
Cleanliness of washrooms												
Satisfaction with Departure gates												
Ease of Movement												
Finding your way around												
Flight information screens												
Information on Ground Transport												
Availability of Baggage trolleys												
Satisfaction with free Wi-Fi												

Source: Dublin Airport

12.50 Passenger satisfaction performance for PRM passengers for 2024 and 2025, which is measured annually given the smaller sample size, is outlined in Table 12.6.

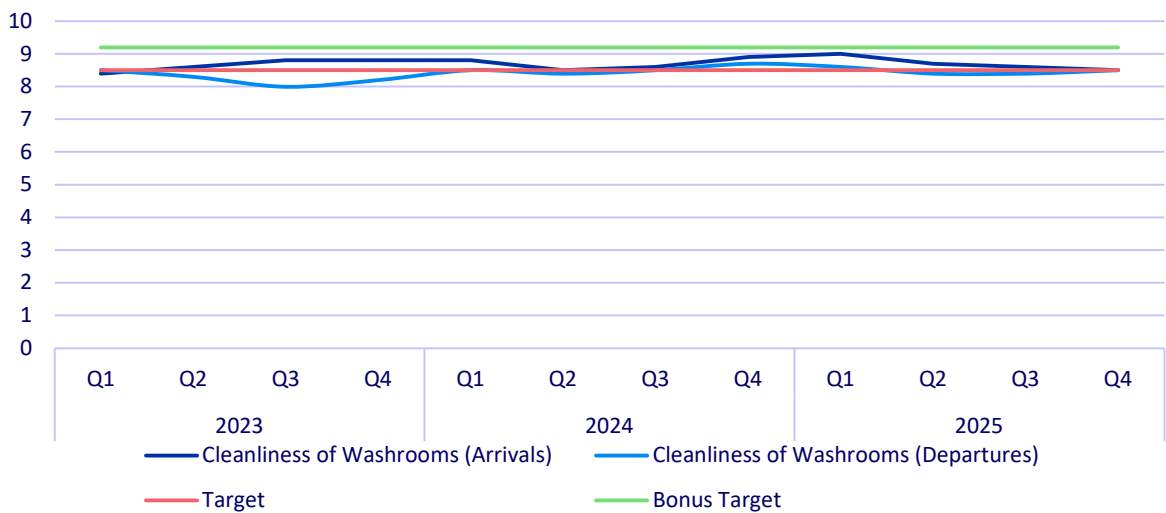
Table 12.6: Passenger Satisfaction Performance for PRM, 2024 to 2025

Passenger Satisfaction Metrics	2024	2025
Overall satisfaction		
Helpfulness of airport staff		
Helpfulness of Security Staff		
Cleanliness of Terminal		
Cleanliness of Washrooms		
Satisfaction with Departure Gates		
Ease of Movement		
Finding your way around		
Flight Information Screens		

Source: Dublin Airport

12.51 The targets in relation to ‘Information on Ground Transport on Arrival’ have proven challenging for Dublin Airport to achieve, as has ‘Cleanliness of Washrooms’, although to a lesser extent. We note, however, that results in both categories have improved, based on the significant efforts which Dublin Airport has made to meet the targets.

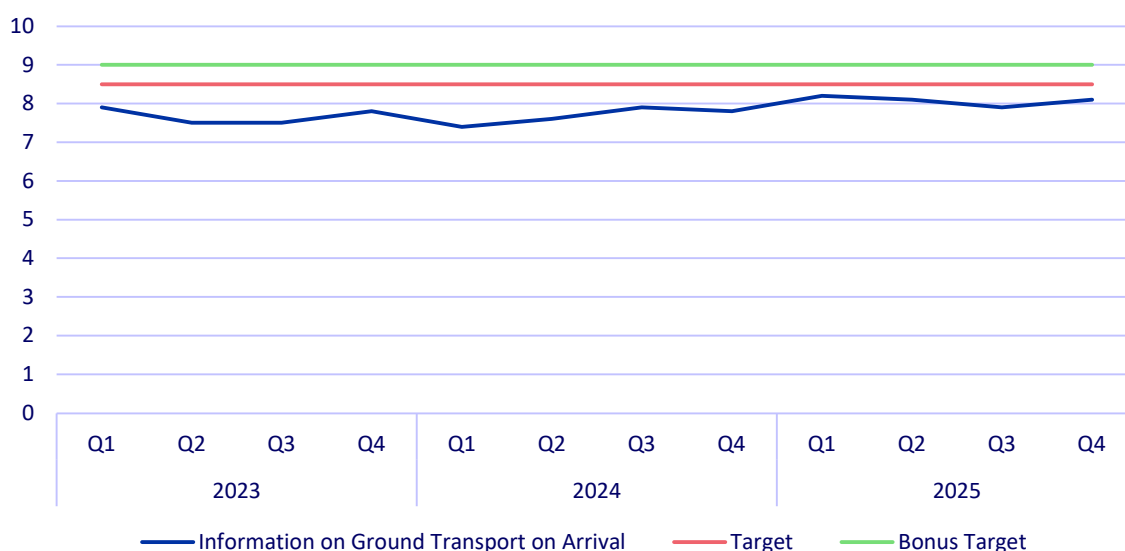
Figure 12.5: Satisfaction with Cleanliness of Washrooms



Source: Dublin Airport

12.52 As depicted in Figure 12.6, Dublin Airport has not met the target threshold for Satisfaction with Information on Ground Transport on Arrival in all quarters since 2023.

Figure 12.6: Satisfaction with Information on Ground Transport on Arrival



Source: IAA

Issues Paper Responses and Regulatory Proposition

12.53 In its response to the Issues Paper, Dublin Airport outlines the efforts it makes to ensure high levels of passenger satisfaction. It states that it is open to adding more metrics, based on customer research, and that it is broadly satisfied with the majority of the current passenger satisfaction metrics. It submits, however, that setting targets that require “near-perfect” scores would be unrealistic.

12.54 Dublin Airport requests the removal of the online element for ‘on my way’ passengers, as it believes this to be outdated considering the post-pandemic environment and refers to it providing less thorough results as opposed to face-to-face surveys.

12.55 Dublin Airport refers to Aeroports de Paris (AdP)'s methodology for passenger satisfaction metrics, stating that indicators which depend on multiple actors are not subject to financial consequences. It further references Heathrow's H8 business plan for 2027-2031, with reputational incentives being used for some metrics which may reflect shared responsibility across several actors.

12.56 In its Regulatory Proposition, Dublin Airport proposes amendments to cleanliness targets and Information on Ground Transport. It provides rationale for these requests:

- It suggests that the bonus target of 9.2 for cleanliness of terminals is operationally unattainable, due to seasonal variation.
- It states that the rebate target of 8.5 for cleanliness of washrooms does not reflect the operational realities of seasonal passenger surges, or the external variables that influence customer perception, requesting a reduction to 8.0.
- It says that it is coming closer to meeting the target for information on ground transport. It says that it is not solely responsible for this metric, proposing to reduce the target from 8.5 to 8.3, as it believes that passenger perceptions also depend on the performance of third-party operators.

12.57 IAG believes that current indicators should reflect value delivered to Users. IAG recommends that we include lounge facilities in the passenger satisfaction metrics.

12.58 IATA recommends that ‘feeling safe and secure’ should be considered. IATA recommends increasing the bonus threshold where Dublin Airport is consistently achieving a bonus.

Draft Determination on Passenger Satisfaction Metrics

12.59 We have reviewed the existing rebate and bonus targets to assess whether they remain appropriate, taking into account performance since 2022, together with the views of interested parties. In particular, as set out in 2022, the rebate targets should be achievable, whereas the bonus targets should continue to be challenging. Therefore, we propose:

- For metrics where Dublin Airport has not either hit a bonus or rebate in any quarter of 2025, to keep the existing bonus and rebate targets unchanged. The outturn evidence suggests they already strike a good balance between challenge and achievability.
- For metrics where Dublin Airport has hit a bonus threshold in any one quarter of 2025, increase the bonus threshold to 0.1 above the maximum score achieved by Dublin Airport within any part of 2025 performance (as opposed to throughout 2025). The outturn evidence suggests that more challenge is appropriate. In most cases we also increase the rebate threshold accordingly, with the exceptions of WiFi, and baggage trolleys, where we note that there is a relatively narrow spread between the bonus and rebate thresholds, relatively high thresholds, and some volatility in performance, so we propose to leave those rebate thresholds unchanged at 8.5.
- For metrics where Dublin Airport has failed to meet a rebate threshold target in any one quarter of 2025, to consider what achievability adjustment should be made. This could be a reduction in the target, an increase (all else equal) in expenditure, or a combination.

12.60 There are, therefore, two metrics where we need to consider an achievability adjustment. As noted above:

- For Ground Transport Information on arrival, Dublin Airport proposes a reduction of 0.2, from 8.5 to 8.3.
- For Cleanliness of Washrooms, Dublin Airport proposes a reduction of 0.5, from 8.5 to 8.0.

12.61 We have discussed these proposals with the PAG. On ground transport information, we consider Dublin Airport’s proposed reduction in the target to be reasonable. The efforts which Dublin Airport has made to improve performance on this metric are clear, Dublin Airport’s proposal still requires a slight further improvement on current performance, and it is reasonable to suggest that this metric is to some extent driven by satisfaction with public transport itself, as opposed to the information provided by Dublin Airport in relation to public transport. We therefore propose to reduce the rebate target to 8.3, and thus also to reduce the bonus target to 8.8.

12.62 By contrast, on washroom cleanliness, Dublin Airport proposes a target of 8.0 where, in 2025, it has already mostly met the target of 8.5- narrowly missing it in Q2 and Q3 in respect of departing passengers, with a score of 8.4. There is also an inconsistency within Dublin Airport’s Regulatory Proposition, where its cleaning cost forecasts contain a line item linked to achieving a score of 8.5. We see no basis to consider a target below 8.4. Taking a consistent approach to Ground Transport Information on Arrival, i.e. requiring a slight further improvement of 0.1, would result in retaining the target of 8.5.

12.63 To assess how current cleanliness standards at Dublin Airport compare to other airports, we have also considered 2025 performance under the ACI ASQ surveys.⁸⁶ We note that Dublin

⁸⁶ <https://aci.aero/programs-and-services/asq/>

Airport is closely in line with the average across European airports, and somewhat behind the average score among airports in its current size category (25-40 mppa). We therefore do not see evidence to suggest that our washroom cleanliness targets for Dublin Airport are already relatively high.

12.64 For these reasons, we propose to make no change to the washroom cleanliness targets. In our Opex forecast, as set out in the CEPA report, we also take account of the fact that Dublin Airport did not fully meet this target in the baseline year, by including an explicit adjustment. All proposed alterations to bonus and rebate thresholds are detailed in Table 12.7 below.

Table 12.7: Proposed bonus and rebate threshold changes

Metric	Current Bonus Threshold	Current Rebate Threshold	Highest score in 2025	Proposed Bonus Threshold	Proposed Rebate Threshold
Helpfulness of airport staff	9.3	8.5	9.3	9.4	8.6
Helpfulness of security staff	9.3	8.5	9.3	9.4	8.6
Finding your way around	9.0	8.5	9.1	9.2	8.7
Ease of Movement	9.0	8.0	9.0	9.1	8.1
Availability of Baggage Trolleys	9.0	8.5	9.4	9.5	8.5
Satisfaction with free Wi-Fi	9.0	8.5	9.3	9.4	8.5
Ground transport information on arrival	9.0	8.5	8.2	8.8	8.3

Source: IAA

12.65 Additionally, we have reviewed the metrics currently in place to assess whether there are aspects of the passenger experience that may not be adequately captured under the current QoS framework. We have identified some metrics which we think are good candidates to be added to the current QoS framework, based on:

- An analysis of the 'menu' of metrics not currently included in the QoS regime but monitored by Dublin Airport.
- Suggestions from stakeholders in their responses to the Issues Paper, and from discussions with the PAG.
- Seeking to identify areas of the airport experience which may be overlooked by the current metrics.

12.66 The PAG expressed support for the addition of a metric on satisfaction with bus transfers from aircraft. The PAG also detailed experiences related to lounge satisfaction and comfort of the gate area. Taking account of these factors, we propose to add the metrics outlined below, along with their scores for 2025, and proposed targets.

Table 12.8: Proposed New Metrics for the 2026 Determination

Area	Metric	2025 Average Score	Proposed Rebate Threshold	Proposed Bonus Threshold
Car Parks	Overall satisfaction with car park	8.6	8.3	9.1
General	Sense of security	9.1	8.8	9.6
General	Food Outlets	8.1	7.8	8.6
Departure Gates	Cleanliness	8.6	8.5	9.1
Departure Gates	Comfort of seating/wait for gate area	7.6	7.3	8.1
Bus transfer from aircraft	Satisfaction with bus journey	9.0	8.7	9.5
Lounges	Satisfaction	8.1	7.8	8.6

Source: IAA

12.67 We propose to set the rebate threshold at 0.3 points below the 2025 average score, except for cleanliness of departure gates, which we propose to set in line with the existing cleanliness metrics, with a rebate threshold of 8.5. We propose to set the bonus threshold for new metrics at 0.5 points higher than the average score achieved for each metric in 2025. Like the other metrics, these would be measured annually in respect of PRM passengers, and quarterly in respect of non-PRM passengers.

12.68 With regard to Dublin Airport's request to eliminate the online survey element of 'on my way' passengers, we have no issue with this. We note that the surveying methodology need not be specified as part of the determination, but can amended as appropriate on an ongoing basis, subject to any changes being submitted to and agreed by the IAA.

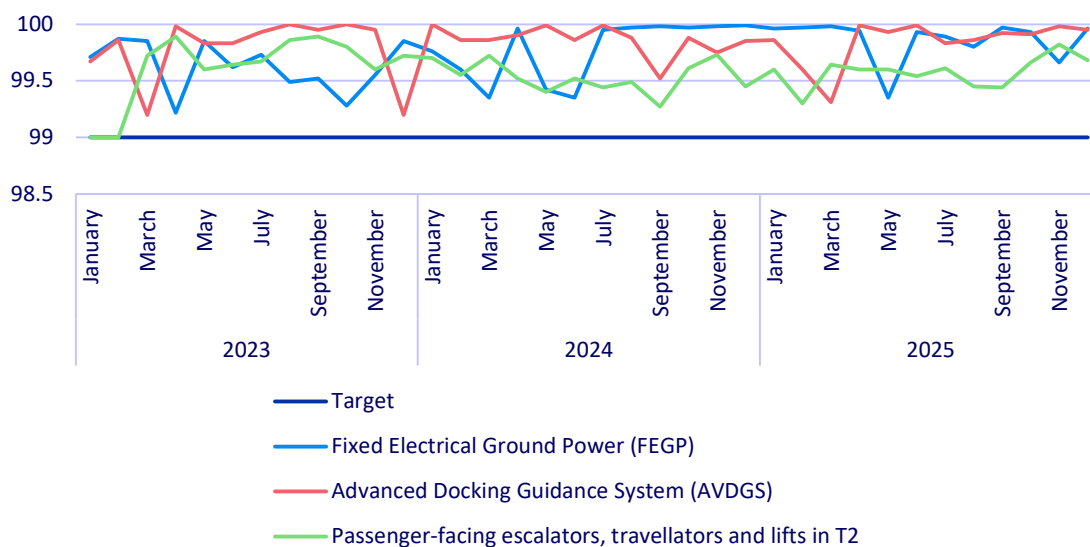
12.69 With reference to Dublin Airport's submissions on service quality targets with financial consequences at the AdP airports being limited to those which are largely within the control of the airport operator, we note that this aligns with our approach. Finally, we note that we do not propose to reintroduce the 'Walking Distance' metric.

Asset Availability and Baggage Handling

Overview of Recent Performance

12.70 As outlined in the Issues Paper, a high standard of asset availability has been maintained over 2023, 2024 and 2025. Across FEGP, A-VDGS, inbound and outbound baggage, passenger facing escalators and lifts, and self-service kiosks, all targets were met. With regard to baggage belts, there were, similarly, no instances of breach of the 30 minute targets in 2023, 2024 or 2025. Outturn performance for FEGP, A-VDGS and Passenger-facing escalators, travellers and lifts in T2 is outlined in Figure 12.7.

Figure 12.7: Asset Availability Performance over 2023- 2025



Source: Dublin Airport

Issues Paper Responses and Regulatory Proposition

12.71 In its Regulatory Proposition, Dublin Airport states that it is happy to continue with the current metrics. Dublin Airport requests aligning asset availability targets for all assets and baggage metrics. Additionally, it supports a review of the list of exemptions that apply to some IT systems.

12.72 IAG advocates for expanding performance metrics to further include elements of baggage delivery and airside operations:

- Airside operational metrics including stand congestion/availability, airfield performance, and towing. While acknowledging external influences, IAG says that this is no different to other European airports which have similar targets, and substantial elements of airside operations remain within Dublin Airport's control.
- Baggage delivery performance, through a KPI for on-time baggage and reducing instances of mishandled luggage. As with airside operations, while external factors exist, Dublin Airport retains significant control over baggage handling standards, and again, this is no different to any other European airport subject to targets in this area.

12.73 IATA states that performance should be reported monthly, to allow Dublin Airport to take corrective action more quickly. IATA suggests that a measure for the percentage of availability of stands and airbridges should be added, with a target of 99%.

12.74 Iberia Express and Vueling also submit that the scope of the scheme should cover baggage delivery, transfer passengers, and airside operations.

Draft Determination on Asset Availability Targets

12.75 As noted above, all 99% targets have been met over 2023-2025. Further, for example, both FEGP and A-VDGS scored above 99.5% in 11 months of 2025. We considered whether that should lead to a tightening of the targets to more closely reflect current performance- such as a target at 99.5% or close to it. However, we note that this was not suggested by stakeholders in their submissions, and we note that we have not had any complaints, nor are we aware of any dissatisfaction, with the achieved levels of uptime. We also note that, in 2019, Dublin Airport consulted on the installation of new solid state FEGP units on the basis

that they will have 99% uptime, and not higher uptime than that. Further, a review of asset uptime targets at the comparator airports referenced above does not reveal many examples of infrastructure availability targets above 99%, which appears to be a relatively common target for such infrastructure.

12.76 On that basis, we propose to maintain the existing metrics, and associated targets, for the 2026 Determination period. We also continue to make an allowance for snagging issues relating to newly installed FEGP and A-VDGS units, by allowing for uptime of 93.5% in the first year. However, we do propose to increase the rebate from €0.005 to €0.01, to reflect the fact that any failure to meet one of these targets would reflect a significant deterioration relative to current performance. As suggested by IATA (and Dublin Airport), we also propose that all of these targets would apply on a monthly basis, as opposed to the current mix of monthly and quarterly. The proposed asset availability targets for the 2026 Determination are outlined in Table 12.9.

Table 12.9: Proposed Asset Availability Targets

Asset	Draft Target	Price Cap at Risk
Fixed Electrical Ground Power (FEGP)	99% For new units, 93.5% available on average in the first year.	€0.01 monthly
Advanced Docking Guidance System (A-VDGS)	99% For new units, 93.5% available on average in the first year.	€0.01 monthly
Passenger-facing escalators, travellers and lifts in T2	99%	€0.01 monthly
Self-service check-in kiosks and bag drop machines	99%	€0.01 monthly

Source: IAA

12.77 Similarly, we propose that baggage targets remain unchanged in the 2026 Determination, as outlined in Table 12.10. Any relevant event where the baggage outcome is not achieved would lead to a rebate. The pre-HBS3 element of those targets, as specified in the 2019 Determination, is no longer applicable, where HBS3 is now fully implemented in both terminals.

Table 12.10: Proposed Availability of Baggage Belt and IT Systems

Baggage	Target	Price Cap at Risk
Outbound	Outcome of delivering departing bags: available within 30 minutes of request	Per event €0.01
Inbound	Outcome of delivering arriving bags: available within 30 minutes of request	Per event €0.01

Source: IAA

12.78 With regard to IAG's proposal for further airside metrics, we are of the view that the QoS targets should focus on operational performance, rather than issues which are driven by infrastructure limitations (such as a sub-optimal number of stands relative to demand). Those issues can be addressed through the delivery of the intended capacity infrastructure, and there is already a strong incentive, through the RAB based regulatory model and triggered allowances, to deliver that infrastructure. We also note that the taxiway projects ongoing in recent years and which will be completed early in the upcoming period will, all else equal, improve airfield performance.

12.79 Further, performance on such metrics (such as taxi-out time, or OTP) is driven by a number

of stakeholders other than Dublin Airport, including in particular the airlines, AirNav Ireland, and operational stakeholders across the network more broadly. Performance in these areas is monitored in other fora, including slots and capacity, and the Single European Sky framework, and we do not propose to duplicate reporting which is already in place.

12.80 Additionally, in relation to IAG's proposal regarding baggage delivery, Dublin Airport's contribution to baggage delivery is already captured by the baggage targets in place. It is not the case that Dublin is necessarily "*no different*" to other airports in terms of the extent to which it controls baggage outcomes. For example, as outlined in the Issues Paper benchmarking appendix, at many airports there are handling services (and associated costs) provided by the airport operator, which is not the case at Dublin.

12.81 We therefore do not propose to include any other infrastructure metrics under asset and baggage availability, but will consider any specific and workable proposal(s) which might be made in response to the Draft Determination.

Data Sources

Submissions

12.82 Aer Lingus and IAG submit that survey data needs to include transfer passengers.

12.83 Aer Lingus, IAG, Iberia Express, and Vueling would like to see greater transparency and frequency of reporting. In particular, they suggest access to real time service quality data that can be used to notify passengers of longer security times or other real time notifications.

12.84 Dublin Airport overall agrees with continuing to use the current data sources. Dublin Airport believes that the measurement system for security queue times can lead to a degree of error due to the technical capabilities of the system. Dublin Airport therefore proposes a review of the current data source to assess its continued suitability.

IAA Response

12.85 We intend to continue to use the CSM surveys, as proposed in the Issues Paper, for the subjective survey-based scores. For the objective targets, these are to continue to be recorded in the manner agreed previously. The approach used and any changes being considered must be agreed with the IAA.

12.86 We intend to continue reporting and publishing service quality performance on our website. In relation to the provision of real-time service quality data for passengers, we note that CIP27.06.02 (Digital Passenger Experience) is directed towards doing so, among other things.

12.87 If Dublin Airport wishes to change its approach with regard to data sources, data collection, sampling and reporting, it must submit a report to the IAA laying out its intended approach. Similarly, if Dublin Airport wishes to alter its queue time measurement system for the purpose of reporting performance, it must submit an outline and explanation of the proposal to the IAA for approval. With regard to specific surveying methodologies, we note that this does not need to be set in stone in the determination but can be reviewed within the period.

12.88 In response to stakeholder submissions regarding transfer passengers, we note that this information is already collected and monitored. Where relevant, transfer passenger service quality standards are already included in the QoS framework.

Nature of Incentives

Submissions

- 12.89 Aer Lingus submits that bonuses should be used sparingly, because rewarding a level of service higher than required is unnecessary. Similarly, British Airways believes that any underperformance in key areas such as cleanliness and security can be offset by earning bonuses elsewhere, and that this may dull the incentive to deliver on such areas.
- 12.90 Dublin Airport believes that the approach to bonuses and rebates is inconsistent, as all metrics have a rebate, while only passenger satisfaction surveys have bonuses. It claims that this generates asymmetric risk, as there is no “*proportionate upside*” where targets are exceeded. Dublin Airport concludes that there should be a bonus in relation to security queue time targets. It states that it has monitored its performance against security bonus metric options, and that this provides a strong foundation for evaluating a potential security bonus. Dublin Airport refers to the Measures, Targets and Incentives (MTI) Scheme in place at Heathrow Airport, referencing how it is a way to achieve “*out performance*” through incentivising higher standards for passengers.
- 12.91 IATA states that the QoS system must not lead to perverse outcomes whereby it incentivises inefficiency in service delivery to overprotect outcomes. It adds that in general, it does not support the inclusion of bonuses, as Users are already paying for the airport to meet the thresholds set out for the different measures. IATA believes that this leads to Users paying twice, first through Opex, and then also through bonuses. IAG similarly suggests that the bonus mechanism may constitute double-charging.
- 12.92 Vueling expresses the view that the current incentive regime has not adequately protected passengers, stating that Dublin Airport has missed minimum standards in areas such as security and cleanliness while still earning bonuses elsewhere.

IAA Response

- 12.93 In the 2022 Draft Decision, and 2022 Final Decision, we explained the basis for introducing bonus targets in relation to passenger satisfaction surveys, but not in relation to objective targets such as security queues or asset uptime. From paragraph 11.53 of the Issues Paper, we explained why we proposed to take the same approach in the 2026 Determination. We are not persuaded by the above submissions to change that conclusion.
- 12.94 As outlined above, we do not think that there is a need to incentivise further improvement in areas such as asset uptime or security queue time performance. For an objective metric such as security, if we had concluded that there would be benefit in incentivising an improvement relative to current security performance, the price control could, in principle, deliver that exact same incentive in the form of a rebate-based QoS scheme, or a bonus-based QoS scheme. For objective targets such as security, it is easier to model a higher Opex forecast which is consistent with meeting our queue targets, combined with a rebate-based QoS target. The alternative approach would be to estimate a lower Opex forecast, where longer queues are assumed, but then a QoS bonus applies where those longer queues are avoided. This is a question of internal consistency of the assumptions underpinning the regulatory settlement, and not, as suggested by Dublin Airport, asymmetric risk.
- 12.95 For the same reason, the inclusion of bonus targets in relation to survey metrics does not lead to double counting, provided that we do not scale up our cost forecasts to align with achieving the bonus targets. We also note that the existence of a bonus for passenger satisfaction scores does not change the incentive to meet the (separate) targets in areas such

as security.

Magnitude of Incentives

Submissions

12.96 Aer Lingus and IAG refer to the current bonus limit of €0.15 (approximately 2% of the price cap), and rebate limit of up to €0.36 per passenger (approximately 5%). Aer Lingus considers this to be proportionate. In particular, Aer Lingus and IAG do not support an increase to the level of bonuses. British Airways similarly supports the existing limits, and opposes any increase to the bonus limit.

12.97 IAG, British Airways, and Aer Lingus recommend benchmarking against peer airports, while acknowledging that it is difficult to compare the amount of revenue put at risk between airports, which cannot be considered in isolation from the price cap.

12.98 Dublin Airport agrees that the price cap at risk should be proportionate, balanced with considerations of financeability and pricing stability. However, Dublin Airport believes that the weighting between rebates and bonuses should be equal. Dublin Airport refers to the MTI scheme in place at Heathrow airport, stating that the limit on rebates is 7% of revenues.

12.99 IATA suggests that, at a minimum, rebates should be increased in line with the overall price cap, as this would maintain the power of the incentive.

IAA Response

12.100 We consider that there are two issues to address:

- The level of rebate/bonus which applies to any one instance of underperformance or outperformance.
- The total annual limits which apply to the metrics as a whole, which is currently €0.21 in relation to the objective targets, and €0.15 in relation to the subjective targets which is further subdivided into three groups.

12.101 As set out in the Issues Paper, our objective remains to establish incentives which represent a proper balance between incentivising the desired outcomes, but without being punitive or disproportionate. Within the different metrics, we also want the applicable rebate to reasonably reflect the relative importance of the metric to Users as a whole.

12.102 We noted in the Issues Paper that retaining the same level of rebate/bonus from one determination to the next, while updating the price base, will tend to erode the real value of the incentive over time. However, in this Draft Determination, we are proposing a likely reduction in the price cap, which will offset that effect here. As reflected in the above subsections, for the 2026 Determination we do not propose to generally amend the rebate/bonus amounts per incident of out/underperformance. We do propose some specific adjustments, as outlined above.

12.103 As also outlined above, we propose to materially increase the number of passenger satisfaction metrics. We therefore propose to proportionally increase the limit on subjective metrics, from the current €0.15 to €0.22. This would apply both in respect of rebates, and bonuses. We also propose that the €0.22 cap would be a single cap applicable to total passenger satisfaction rebates or bonuses, rather than the current approach where the €0.15 cap is subdivided among three subgroups of metrics. We do not propose to change the €0.21 cap on the objective metrics.

Exemptions and *Force Majeure*

Submissions

- 12.104 Aer Lingus and IAG agree that the burden of proof should lie with Dublin Airport to demonstrate evidence of extenuating circumstances for missing a target, and that we should set a high threshold for when these exemptions are accepted. British Airways similarly believes that exemptions for underperformance should only be granted in genuinely exceptional circumstances, with Dublin Airport required to demonstrate clear evidence in such cases. IATA states that there should be clear criteria for what circumstances are considered to be force majeure.
- 12.105 In its Regulatory Proposition, Dublin Airport asks us to widen the criteria for exemptions, particularly in relation to security queue times. Dublin Airport believes that it should not be “*penalised*” for missing targets due to events outside its “*direct control*”.

IAA Response

- 12.106 With regard to exemptions, generally, if Dublin Airport does not meet a QoS target, we will consider any evidence of extenuating circumstances that Dublin Airport may provide. The presumption is that, where a target is not met, the rebate will apply, unless the existence of extenuating circumstances can be demonstrated. In such a case, the IAA will publish an overview of the circumstances, and the rationale as to why they are considered extenuating.
- 12.107 We think that these exemptions are sufficiently clear and that it is necessary to retain some discretion, as it is not possible to anticipate all possible types of events that may constitute force majeure. Where force majeure is granted, this will be included in the relevant price cap statement, for transparency purposes. The current exemptions and associated principles are set out from paragraph 2.47 of the Original 2019 Determination (as amended in 2022).
- 12.108 We consider that the current approach remains appropriate, and we propose to continue it into the 2026 Determination. Dublin Airport has requested that the scope of exemptions be broadened, however it provides little by way of specifics. We will consider any specific proposals that might be set out in submissions ahead of the Final Determination.
- 12.109 When considering a request for an exemption, all of the circumstances have to be taken into account, but two important factors are the extent to which the root cause relates to something external to Dublin Airport, and the extent which the circumstances were reasonably foreseeable. Dublin Airport appears to be suggesting a very narrow interpretation of what is within its control, namely operational/tactical decisions on the day.
- 12.110 For example, in the current period Dublin Airport has sought dispensation in circumstances where a lane failed and had to be closed, and where passenger show-ups were significantly different to forecasts on the occasion of a special event being held in Dublin. These are not external to Dublin Airport and/or were reasonably foreseeable in the circumstances, and so were not considered to be force majeure circumstances. On the other hand, dispensation was granted where a security incident required a large part of the security processor to be closed for a significant period of time, and also where a major protest at the airport prevented passengers and staff from accessing it.

13. Other Issues

- 13.1 In this section, we discuss a number of issues which do not naturally fit into one of the other sections.

Ex-Ante Inflation Adjustment

- 13.2 In the 2022 Review Decision, the price caps for each year 2023-2026 were set in real February 2022 prices, with provision to be updated ahead of each year based on forecast inflation for that year. As outlined in the Issues Paper, the *ex-ante* adjustment to the price cap for year *n* comprised the change in CPI between February 2022 and October of year *n-1*, combined with the forecast year-on-year inflation from year *n-1* to year *n* (based on the most recent IMF forecast).
- 13.3 As part of its appeal of our decision, Dublin Airport suggested that the *ex-ante* inflation adjustment for year *n* should be based on the average CPI in the 10 months from January to October in year *n-1* (the '10-Month Proxy'), rather than the October point estimate that was used in the 2022 Review Decision. Our analysis in the Issues Paper illustrated that the 10-Month Proxy showed significantly less variance relative to the annual CPI over the period 2017-2024. We thus proposed to replace the October point estimate with the 10-Month Proxy in the formulae of the 2026 Determination. We proposed that the second step, i.e. applying the forecast year-on-year inflation from year *n-1* to year *n*, would remain unchanged in that scenario.
- 13.4 We also outlined, as a possible alternative to the 10-Month Proxy, replacing CPI_{HISTORIC} with the forecast percentage change between the determination price base and the most recently available forecast of full year CPI in year *n-1*, most likely the October IMF inflation forecast in year *n-1*.

Table 13.1: Outturn CPI Annual Average, 10-Month Proxy, October Point Estimate 2017-2025

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annual	83.10	83.50	84.30	84.00	86.00	92.70	98.60	100.70	102.88
October	83.10	83.90	84.50	83.30	87.40	95.50	100.30	101.00	103.90
10-month	83.17	83.54	84.28	84.12	85.57	92.14	98.34	100.60	102.67
Oct Variation	0.00%	0.48%	0.24%	-0.84%	1.60%	2.93%	1.69%	0.30%	0.98%
10 Month Variation	0.08%	0.05%	-0.02%	0.14%	-0.50%	-0.61%	-0.26%	-0.10%	-0.21%
Accuracy	Oct	10 Month	10 Month	10 Month	10 Month	10 Month	10 Month	10 Month	10 Month

Source: cso.ie, IAA Calculations, December 2023 base

- 13.5 In Table 13.1, we update Issues Paper Table 12.2 and find that the 10-month proxy is more accurate than the October point estimate in 2025 also. Consistent with the variation in outturn CPI since 2021, we note that in 2025 the October point estimate overestimates actual inflation.

Stakeholder Response

- 13.6 Aer Lingus supports the approach of setting the price cap in real terms and uplifting it by inflation throughout the price control.
- 13.7 Dublin Airport supports the retention of the *ex-ante* adjustment and is open to exploring

how the formula can be simplified. It states that taking the average inflation up to October of the year preceding the year in question is a better proxy for inflation than the October point estimate.

- 13.8 Ryanair contends that no *ex-ante* inflation adjustment is required, as it adds unnecessary complexity to the determination and annual price cap setting.

IAA Response

- 13.9 In the 2022 Review Decision, we noted that using a forward-looking CPI forecast is likely to be more accurate than an adjustment purely based on historic outcomes. While the inflationary environment now is not as volatile as in 2022, we maintain our position regarding the benefit of a forward-looking input. Including the forecast variable takes account of information that is not reflected in the outturn inflation figure, and is also consistent with the approach to estimating real variables within the determination.
- 13.10 As proposed in the Issues Paper and as supported by Dublin Airport, we are proposing to use the 10-Month Proxy approach. In the price cap formula for year n , this will be the $CPI_{HISTORIC}$ term (the percentage change in the consumer price index between March 2026 and the 10-month CPI proxy for year $n-1$). The $CPI_{FORECAST}$ term will remain unchanged from the current approach, as the projected percentage change in the consumer price index from year $n-1$ to year n , based on the most recent projection from the International Monetary Fund. As outlined in Table 13.1, this has been a more accurate estimate of annual outturn CPI in each year over the period 2018-2025.
- 13.11 We note that Ryanair makes a conceptual argument as to whether the inflation risk should be shared between the airlines and Dublin Airport. As we noted in the 2022 Review Decision, any change to the allocation of risk would have implications for Dublin Airport's risk profile which would need to be factored into each building block calculation. We have not received any substantiated proposal in support of a change to the risk allocation. We therefore consider that continuing to set real price caps remains appropriate, and in line with our conclusion in Section 5 that unless a change in methodological approach is specifically warranted, there is value in regulatory consistency.

Ex Post Inflation Adjustment (z factor)

- 13.12 The *ex-post* inflation adjustment mechanism (z factor) adjusts the price cap in year $n+2$ for the difference between forecast and outturn inflation in year n . Where the *ex-ante* adjustment underestimates outturn inflation, the z-factor will be positive in year $n+2$ to compensate. If the *ex-ante* adjustment overestimates inflation in year n , this is corrected for through a negative z-factor in year $n+2$.
- 13.13 In the Issues Paper, we noted how the current design of the z-factor may result in a slight over-correction for inflation where there is a large difference between outturn inflation, and forecast inflation as used in the *ex-ante* adjustment. We also stated in the Issues Paper that if we amend the *ex-ante* adjustment as proposed above (move to the 10-Month Proxy), then the overadjustment issue is likely to fall away entirely, or at least be even less material. In the Issues Paper we showed this that approach led to less of an overcorrection (and very likely no overcorrection at all) relative to the current z-factor formula.

Submissions

- 13.14 Aer Lingus and IAG support the IAA's proposed approach to minimise the degree of forecasting error which requires correction through the 'z factor' and asks the IAA to ensure

that the approach taken is neutral (i.e. that it ultimately ensures that charges reflect outturn inflation).

13.15 Dublin Airport believes that the accuracy of the *ex-post* true up mechanism could be increased without adding further complexity to the formula. It believes that a simplified CPI adjustment would benefit all stakeholders and notes its preference to remove the need for both *ex-ante* and *ex-post* adjustments from the formulae.

13.16 Ryanair does not support the z-factor and believes it should be removed, referring to both the *ex-post* and *ex-ante* adjustments as adding “*unnecessary complexity to the Determination and annual Price Cap setting*”. Ryanair states that the *ex-post* inflation adjustment is no longer relevant given the volatile inflation environment under which it was first introduced has now passed.

IAA Response

13.17 We consider that the two adjustments address different objectives. While the *ex-ante* adjustment allows for setting prices based on up-to-date expected inflation, the *ex-post* adjustment improves accuracy within the period by adjusting for the difference between forecast and actual inflation. We consider that retaining both mechanisms allows for properly indexed pricing, without material windfall gains or losses being generated by the difference between forecast and actual inflation. If Ryanair is correct that the z-factor is no longer needed because of the less volatile inflation environment, then the impact of the z-factor on the price cap will be negligible.

13.18 As pointed out by Aer Lingus, the inflation adjustments are intended to be revenue neutral, although as noted, the current construction of the z-factor is somewhat simplified such that it will not be perfectly revenue neutral in all circumstances. Dublin Airport suggests both that the accuracy of the z-factor construction could be further improved, but also that the mechanism should be simplified. We reiterate that any such suggestions should be accompanied by a specific proposal for the construction of the formula(e), and we will consider any specific proposal ahead of the Final Determination.

13.19 We believe that the current z-factor is adequate, and not excessively complex, in approximately correcting for inflation outturns. The slight over-correction we observed in the previous period occurred when correcting for a large difference between outturn and forecast inflation in the 2023 *ex-ante* adjustment. We anticipate that using the 10-Month Proxy in place of the October point estimate in year n-1 will improve the accuracy of the *ex-ante* adjustment which, when combined with a more stable inflation environment will ultimately improve the accuracy of the z-factor also.

13.20 We therefore propose to retain the formula of the z-factor but amend the CPI_{historic} term to the 10-Month proxy, consistent with the *ex-ante* adjustment.

Choice of Measure/ Source

13.21 In the 2022 Review Decision, we noted that there was not an obvious alternative measure of inflation that would more accurately reflect changes to costs and revenues for Dublin Airport than the Consumer Price Index (CPI) in Ireland. We again raised the question of an alternative measure in the 2025 Issues Paper.

Submissions

13.22 In response to the Issues Paper Dublin Airport proposed a hybrid inflation adjustment

mechanism where the base adjustment is made according to CPI, and a further supplementary adjustment is made for specific cost categories (e.g., capital projects) using indices like the Tender Price Index or Eurostat's Construction Cost Index. It considers this would better reflect actual cost pressures while maintaining regulatory predictability. However, in its regulatory proposition Dublin Airport stated that CPI is "*a reasonable proxy for the change in prices*". In CIP27 Dublin Airport applies the Society of Chartered Surveyors Ireland (SCSI) Tender Price Index (TPI) to estimate inflation uplifts.

- 13.23 Ryanair states that the focus on real prices is highly academic and is not relevant for a liberalised and deindexed economy like Ireland's. Ryanair does not believe that CPI represents Dublin Airport's cost base.

IAA Response

- 13.24 In its assessment of CIP27, the IFS reviewed the construction inflation assumptions applied by Dublin Airport in developing its cost estimates and compared them against benchmarks and independent forecasts. Based on relevant benchmarks, the IFS concluded that Dublin Airport's assumed inflation is broadly consistent with infrastructure market trends. The IFS therefore adopted the same assumptions within its own cost estimates which provide the basis for our capital cost allowances.

- 13.25 In response to Ryanair's point about the suitability of CPI for Dublin Airport's price cap, we have previously remarked that "*indexation of the price cap should be interpreted as an adjustment to be consistent with the general level of prices within the wider economy*". As such we find it reasonable to estimate inflation adjustments based on CPI which is the primary measure of inflation used in Ireland. We also do not accept the argument that converting the price cap to real prices is purely academic, rather it is an important step in distinguishing efficiency effects from inflation effects and maintaining Dublin Airport's purchasing power. Were we to consider regulating in nominal terms instead, this would be a significant change to the regulatory model, which would require careful consideration in respect of each building block, as well as consideration of the potential effects of exposure to risk.

- 13.26 We propose to continue to adjust the price caps within the 2026 Determination period based on the CPI index.

Incentive Schemes

- 13.27 In the Issues Paper, we noted that the design and operation of incentive schemes is the responsibility of Dublin Airport, as is each scheme's compliance with the relevant articles of the Airport Charges Directive (ACD). For rebate incentive schemes, aeronautical revenue is collected as per the menu of Airport Charges and, if conditions of the schemes are fulfilled, rebates are issued. In the case of discounts or waivers, Dublin Airport does not collect the associated revenue.

- 13.28 The current accounting practice at Dublin Airport for the purposes of price cap compliance is that rebates or discounts on airport charges liability accrued in a given year by Dublin Airport, which relate to schemes which have been consulted on and published, may be netted off against aeronautical revenues for that year. Compliance with the price cap is assessed based on the net aeronautical revenues (collected after deducting rebates).

- 13.29 We stated in the Issues Paper that it was our intention to continue with the current regulatory treatment of incentive schemes at Dublin Airport.

Submissions

13.30 Dublin Airport submits that flexibility in the regulatory settlement to allow for adequate penetration of incentive schemes will be necessary. It also states that it will continue to adjust the noise incentive scheme through its annual airport charges consultation.

IAA Response

13.31 In the 2026 Determination, we will continue to assess compliance with the price cap based on total aeronautical charges, net of rebates or discounts arising from incentive schemes. We also note that it is the responsibility of Dublin Airport to consult with users on any proposed incentive schemes and there is sufficient flexibility within the framework to facilitate this subject to price cap compliance.

13.32 We find this to be in line with the 2018 Thessaloniki Forum paper 'Non-Discrimination under the Airport Charges Directive', which concludes that incentive schemes which typically take the form of discounts or rebates should be considered as part of the overall 'charging strategy' and not be treated as distinct from the menu of airport charges.⁸⁷

Over and Under Collection (k-factor)

13.33 The k factor recognises that Dublin Airport cannot set prices to meet the price cap exactly. It is the mechanism by which the price cap is adjusted to account of over/under collection. Under-collection in year n can be recovered in year n+2, and should Dublin over collect relative to the price cap it shall arrange to rebate Users within 90 days of the relevant year ending.

13.34 The amount of under-collection which can be carried forward is currently, and has previously, been capped at 5% of the price cap in the year of under collection. The cap on under-collection was first introduced in the 2009 Determination to protect Users from large deviations from the intended price cap and/or revenue re-profiling. We have previously found the 5% cap sufficient to correct for imperfect forecasting without facilitating a high level of revenue re-profiling.

13.35 In 2019, we amended the k factor formula to set a provisional k factor based on outturn passenger numbers and an updated forecast for passenger numbers ahead of the year in question. This would then be adjusted based on final outturns when the final price cap is calculated in the following year. The change in approach was necessary to address the impact of volume risk on the accuracy of the k factor.

13.36 In the Issues Paper we proposed to maintain the k factor in its current form (as amended in 2019) and capped at the 5% level.

Submissions

13.37 Aer Lingus, IAG and IATA support the IAA's current k-factor adjustment approach and are supportive of the 5% cap.

13.38 Dublin Airport supports the retention of the k factor term, and the IAA's approach to including the fixed k-factor term in the provisional price cap statement. However, Dublin Airport considers that the k factor functions asymmetrically. It states that *"over collection is refunded to users almost immediately, whereas under collection is only compensated with a*

⁸⁷ https://www.iaa.ie/docs/default-source/car-documents/incentives-and-discounts.pdf?Status=Master&sfvrsn=84c514f3_0

two-year lag". It proposes that the k factor threshold should be increased to 7% to compensate for the risk the airport must manage in the two years before the price cap is adjusted.

13.39 Ryanair agrees with the current approach to over/under collection, but considers that where excess profit has been earned in excess of the WACC, there is no justification for k factor adjustments to be made in favour of Dublin Airport.

13.40 Ryanair states that the k factor is open to regulatory gaming in the context of growing passenger numbers. It believes by that carrying a per passenger under-collection into a future period with more passengers, Dublin Airport is able to earn more total revenue. Ryanair states that if a deliberate strategic choice is made to under-collect in a given year, then Dublin Airport should not automatically be entitled to recoup this in subsequent years.

IAA Response

13.41 We are not convinced by Dublin Airport's submission to increase the k factor cap to 7%. We note that the risks referenced by it such as volatility related to geopolitics, macroeconomic pressures and litigation are all currently managed effectively by Dublin Airport and form part of its risk profile. Dublin Airport's allowed rate of return is estimated based on that risk profile. We consider that a higher limit than 5% would allow for significant reprofiling of revenues out of one year and into others, which is not in the interest of Users and not aligned to the objective of the adjustment. As stated previously, the 5% limit allows for imperfect annual revenue forecasting by Dublin Airport, without allowing for a higher level of re-profiling.

13.42 In response to Ryanair's point regarding the incentive to under collect in a given year, we amended the k factor formula in 2019 to address this issue. We now set a provisional k factor based on outturn passenger numbers and an updated forecast for passenger numbers ahead of year n. This is then adjusted based on final outturns when the final price cap is calculated in the following year. As noted in the Issues Paper, this change in approach was necessary to address the impact of volume risk on the accuracy of the k factor.