

Response to the Draft Determination on the Maximum Level of Airport Charges at Dublin Airport for 2027-2031

18 September 2026



Críochfort
Terminal 2

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Disclosure *The Dublin Airport response to the IAA's 2026 Draft Determination ("the response") has been prepared in good faith for commercial and regulatory purposes. If there are inconsistencies between the response and previous regulatory submissions relating to matters of regulatory policy, then those submissions take primacy. In preparing the response, Dublin Airport has applied a comprehensive and proportionate approach to assurance.*

Executive Summary

As Ireland's largest airport, and critical national infrastructure, Dublin Airport is committed to delivering safe, secure, affordable and high-quality airport services for current and future passengers. Regrettably, the IAA's Draft Determination does not provide a regulatory settlement capable of supporting one of the largest capital investment programmes of an Irish state company, in addition to the operational resilience and service quality improvements required and desired by users for the period 2027-2031.

The IAA targets higher service quality standards in the context of accelerated passenger growth and increased terminal congestion while recognising the need for the largest capital investment programme in Dublin Airport's history. However, this is contradicted by a proposed average price cap over the period that is 70% below Dublin Airport's Proposition. Under the IAA's Draft Determination, the cap (excluding triggers) prevailing in the first year of the period (2027) would be over 20% lower than the cap at the end of the current period (2026).

The macroeconomic environment is uncertain and has deteriorated further since the Draft Determination. Conflicts in the Middle East and Ukraine have escalated, jet fuel prices remain double the level of 12

months prior ¹ and are influencing investment decisions at Dublin Airport. Based carriers Aer Lingus and Ryanair, have announced capacity cuts and issued revised guidance ². Air Baltic has also suspended its Dublin route and filed for Chapter 11 Bankruptcy protection in the US, citing the Iran War and fuel costs as the cause. Wizz Air have cut its schedule by 5% for the remainder of its financial year citing geopolitical and fuel price volatility. Airline seat capacity at Dublin is being reduced on a rolling basis, with negative monthly seats year-on-year expected to persist until the 2027 summer season at the earliest.

Government bond yields, a prevailing indicator of economic health and inflation expectations have spiked to multi-decade highs in recent weeks. Central banks such as the ECB, Bank of England, Bank of Japan and Federal Reserve have restarted a monetary tightening cycle. These factors both place downward pressure on the unconstrained passenger forecast, and increase the risk of an adverse shock to passenger demand, neither of which are adequately accounted for by the IAA in its Draft Determination. This is both because of limitations in the IAA's approach to passenger forecasting and its poorly justified rejection of our proposal for an Asymmetric Risk Allowance.

¹ [IATA - Fuel Price Monitor](#)

² [IAG](#), [Ryanair](#),

Moreover, the IAA's Draft Determination fails to account for the passenger cap which is likely to be in place for the duration of the 2027-2031 period. This is expected to be amended by the Minister to 40mppa—a volume which is expected to be achieved early in the regulatory period—by 2028 according to the IAA's own passenger forecast. By failing to account for the probability that a passenger cap will be in-place, the IAA creates a material financeability concern for Dublin Airport by the end of the regulatory period

Given this backdrop, Dublin Airport calls on the IAA to reconsider its approach to the determination to more accurately reflect the realities facing Dublin Airport.

1

The IAA's Draft Determination underfunds resilience

Ensuring sufficient scope for a resilient operation was a key pillar of Dublin Airport's regulatory proposition and this aim is undermined by a number of the IAA's pushbacks across the determination (particularly on Opex). However, without the funding proposed by Dublin across a number of areas, there will be negative implications for users of the airport. The Final Determination should include the targeted resilience provisions proposed for security and Service Delivery, together with the efficient recurring costs of preparedness, response and recovery capability. In particular, Dublin Airport requests

recognition of the N+1 security-lane resourcing requirement rather than a risk-weighted allowance that cannot be converted into deployable operational capacity when disruption occurs.

2

Targets rely upon airlines incurring cost to support Dublin Airport without incentivising them to do so

The Draft Determination sets targets for Dublin Airport that rely upon airlines to change their behaviour and incur costs without the incentive to do so. This cuts across passenger growth, where the IAA explicitly sets out that it considers infrastructure capacity constraints are valid in principle but can be overcome by measures such as bussing, remote stands, higher load factors and aircraft up gauging while simultaneously delivering higher service quality, given the new metrics that are being consulted on. The IAA's Determination creates perverse incentives, as airlines receive financial benefit, in the form of scarcity air fare rent, if they fail to support Dublin Airport to deliver passenger throughput and service quality outcomes.

3

The IAA's Draft Determination creates an unbalanced allocation of risk

A consistent theme throughout the Draft Determination is the treatment of risk. The IAA adopts optimistic assumptions for passenger growth and commercial revenues while simultaneously applying restrictive assumptions for operating expenditure, capital investment delivery and the cost of capital. The result is an asymmetric allocation of risk which places a disproportionate burden on Dublin Airport while providing limited opportunity to earn a fair return when performance exceeds expectations. The best practice regulatory principle of incentivising outperformance through a fair bet settlement has been discharged as part of the Draft Determination.

Dublin Airport requests that the Final Determination rebalance the settlement to better reflect the long-term interests of passengers and the Irish economy. In particular, the IAA should:

- Adopt a realistic passenger forecast that properly reflects the real challenges to passenger growth during the Determination period. The IAA must reflect passenger cap issues as well as giving appropriate consideration to capacity constraints and account for the downward pressure on traffic growth evidenced by recent Aer Lingus and Ryanair announcements on reductions to flight schedules due to a range of macro issues.
- Provide an operating expenditure allowance that adequately supports resilience, safety, security and service delivery.
- Reassess commercial revenue assumptions that rely on overly optimistic passenger growth outcomes.
- Update the cost of capital to reflect prevailing market evidence, financeability requirements and regulatory precedent.
- Remove or materially revise the proposed Trigger A expenditure threshold, so as to remove a disproportionate barrier to the financing and completion of critical national infrastructure.
- Reinstate an appropriate pathway for strategically important capital projects, including the Remote Screening Centre.
- Align service quality obligations with the infrastructure and resources required to deliver them.

The Final Determination should support a regulatory framework that promotes efficient investment, operational resilience and sustainable growth. A settlement that focuses predominantly on reducing charges today risks delivering a lower-capacity, less resilient airport tomorrow. This is not in the interests of airport users or passengers which is IAA's key statutory driver.

CHAPTER

1

INTRODUCTION



Geataí
Gates

301-426

Geataí
Gates

101-220



Departures	Time	Gate	Dest
08:00 Dublin DUB	07:55	110	Go to Gate
08:30 Shannon SHN	08:25	114	Find Gate
09:00 Heathrow LHR	08:55	411	Boarding
09:30 Amsterdam AMS	09:25	412	Boarding
10:00 New York JFK	09:55	407	Go to Gate
10:30 Bangkok BKK	10:25	401	Boarding
11:00 Birmingham BHX	10:55	340	Go to Gate
11:30 Rome FCO	11:25	344	Boarding
12:00 Madrid MAD	11:55	346	Boarding
12:30 London LHR	12:25	110	Go to Gate
13:00 Amsterdam AMS	12:55	411	Boarding
13:30 New York JFK	13:25	407	Go to Gate
14:00 Bangkok BKK	13:55	401	Boarding
14:30 Birmingham BHX	14:25	340	Go to Gate
15:00 Rome FCO	14:55	344	Boarding
15:30 Madrid MAD	15:25	346	Boarding
16:00 London LHR	15:55	110	Go to Gate
16:30 Amsterdam AMS	16:25	411	Boarding
17:00 New York JFK	16:55	407	Go to Gate
17:30 Bangkok BKK	17:25	401	Boarding
18:00 Birmingham BHX	17:55	340	Go to Gate
18:30 Rome FCO	18:25	344	Boarding
19:00 Madrid MAD	18:55	346	Boarding
19:30 London LHR	19:25	110	Go to Gate
20:00 Amsterdam AMS	19:55	411	Boarding
20:30 New York JFK	20:25	407	Go to Gate
21:00 Bangkok BKK	20:55	401	Boarding
21:30 Birmingham BHX	21:25	340	Go to Gate
22:00 Rome FCO	21:55	344	Boarding
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23:00 London LHR	22:55	110	Go to Gate
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24:00 New York JFK	23:55	407	Go to Gate
24:30 Bangkok BKK	24:25	401	Boarding
25:00 Birmingham BHX	24:55	340	Go to Gate
25:30 Rome FCO	25:25	344	Boarding
26:00 Madrid MAD	25:55	346	Boarding
26:30 London LHR	26:25	110	Go to Gate
27:00 Amsterdam AMS	26:55	411	Boarding
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99:00 Rome FCO	98:55	344	Boarding
99:30 Madrid MAD	99:25	346	Boarding
100:00 London LHR	99:55	110	Go to Gate

Departures				Gate
Time	Flight	Destination	Time	Gate
08:00	Cork DKB	ED265	118	
08:30	Shannon SHN	04215	119	Find Gate
09:00	Toronto TTD	00413	111	
09:30	Montreal MTL	00106	112	
10:00	Beirut BHD	51184	114	
10:30	Prague PRG	56171	116	
11:00	Overland OVL	00966	118	
11:30	Montreal MTL	00107	119	
12:00	Santiago SIA	01892	121	
12:30	London LHR	08262	123	
13:00	Frankfurt FRA	09267	125	
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37:30	Rome FCO	10415	223	
38:00	Madrid MAD	10415	225	
38:30	London LHR	10415	227	
39:00	Amsterdam AMS	10415	229	
39:30	New York JFK	10415	231	
40:00	Bangkok BKK	10415	233	
40:30	Birmingham BHX	10415	235	
41:00	Rome FCO	10415	237	
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42:00	London LHR	10415	241	
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43:00	New York JFK	10415	245	
43:30	Bangkok BKK	10415	247	
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58:00	Birmingham BHX	10415	305	
58:30	Rome FCO	10415	307	
59:00	Madrid MAD	10415	309	
59:30	London LHR	10415	311	
60:00	Amsterdam AMS	10415	313	
60:30	New York JFK	10415	315	

1.1 Overview

1.1.1 Dublin Airport welcomes this opportunity to make a submission in response to the 2026 Draft Determination on the Maximum Level of Airport Charges at Dublin Airport for 2027-2031, published by the Irish Aviation Authority (“IAA” or “the Authority”) on 14 July 2026.

1.1.2 In replying to this Draft Determination, Dublin Airport requests that the IAA also pays due regard to the company’s Regulatory Proposition submitted on 9 March 2026 and Dublin Airport response to the 2026 Determination IAA’s Issues Paper, submitted on 3 October 2025.

1.1.3 Dublin Airport’s strategy for the period to 2027-2031 is centred on delivering the infrastructure, operational resilience and passenger experience required to support Ireland’s economic growth and international connectivity.

1.1.4 The Draft Determination risks creating unintended incentives. Airport congestion and limited capacity primarily benefit incumbent airlines through higher yields and scarcity rents, while a reduced airport revenue allowance constrains the airport’s ability to invest in the infrastructure necessary to alleviate those constraints. This creates a scenario whereby passengers face the prospect of higher airfares, reduced service quality and

constrained capacity. Any increase in airport charges required to allow for more investment in airport capacity would only have a minimal impact on charges, while investment would deliver greater long-term consumer benefits.

1.1.5 The proposed regulatory settlement is also an outlier when viewed against current market conditions and recent European regulatory decisions. At a time when airports across Europe are investing heavily in resilience, security, sustainability and passenger infrastructure, the Draft Determination proposes a significant reduction in charges that is difficult to reconcile with the realities of operating a major European hub airport. In Spain the National Commission for Markets and Competition (CNMC) has recommended an airport charge reduction of 0.59% annually for the same period (2027-2031)³. In Ireland, the National Transport Authority (NTA), has allowed for a 15% increase in bus and rail fares ⁴ from January 2027, recognising the shift in economic landscape and price inflation. This increase is driven by previous underfunding. While we recognise the differing statutory mandates, funding and regulatory models. The same parallels of regulatory intervention curtailing optimal service provision are acutely present for Dublin Airport.

³ CNMC, Report on the approval of urgent measures for growth, competitiveness and efficiency related to airports, 26th May 2026. Available [here](#).

⁴ NTA. Fares Determination, September 2026. Available [here](#).

1.2 Dublin Airport's Objectives for the 2026 Determination

1.2.1 Dublin Airport affirms the commitment to the business objectives detailed in the Regulatory Proposition and throughout the Determination engagement.

1. We will have the most balanced network in Europe.
2. We will provide effortless travel experiences and rewarding partnerships while ensuring a safe and secure airport.
3. We will lead in sustainable transformation in national aviation.
4. We will innovate and diversify business to enable further commercial success.
5. We will provide employees with an exciting career, not just a job.

1.2.2 In order to deliver these objectives, the IAA's regulatory settlement must appropriately balance affordability, operational resilience and infrastructure delivery. The Draft Determination proposes a pricing framework that does not adequately support the scale of investment required to deliver Dublin Airport's Operational targets and Capital Investment Programme over the 2027-2031 period. The airport's ability to deliver optimal passenger experience and critical infrastructure is therefore

intrinsically linked to the appropriateness of the final regulatory settlement.

1.2.3 Dublin Airport is concerned that the Draft Determination does not provide sufficient support for the efficient financing and delivery of the airport's long-term investment programme for the following reasons:

- The proposed price cap materially understates the level of revenue required to support the delivery of planned capital investment. A fundamental driver in this regard is the unrealistic, inaccurate approach to the passenger forecast target which the IAA has applied and failure to acknowledge the pressing issue around the expected application of a 40mppa planning cap throughout the period.
- The Draft Determination places significant and unbalanced delivery risk on Dublin Airport as the stringency of the targets in the different areas provides Dublin Airport with limited flexibility to manage external risks and market uncertainty.
- The IAA's proposed approach does not sufficiently recognise the financeability constraints placed on Dublin Airport, also in the face of a multi-billion euro infrastructure programme.
- The Draft Determination prioritises airport charge reductions over the long-term interests of passengers, connectivity and national economic development.

1.2.4 The Draft Determination appears to rely heavily on historic outcomes relating to passenger growth, commercial revenue performance and capital delivery. While Dublin Airport acknowledges the importance of these factors, the regulatory framework for 2027-2031 must be forward-looking and support the infrastructure required for the future and relevant forward looking market developments rather than relying primarily on retrospective adjustments.

1.2.5 The IAA's proposed nominal forecast price cap of €8.85 per passenger in 2027 represents a reduction of approximately 15% relative to the 2026 price cap despite the significant infrastructure requirements facing Dublin Airport over the next regulatory period. The airport notes that the proposed reduction is principally driven by lower building block revenue, higher passenger forecast and a true-up on capex underspend in the current regulatory period.

1.2.6 Dublin Airport submits that the Draft Determination places insufficient weight on the need to finance and deliver the next phase of airport development. The airport's Regulatory Proposition with an average proposed base price cap of €12.86 per passenger, remains necessary to deliver the scale of infrastructure required and operational resilience during the 2027-2031 period.

⁵ 2023, The Value of Airport Transport to Ireland, IATA and Oxford Economics, available :[here](#).

1.3 Impacts of the IAA's Determination to Ireland Inc

1.3.1 Applying a disproportionately low cut to the price cap, as proposed in the Draft Determination, will have direct impacts to Dublin Airports capital investment, optimal operations and overall financeability of the regulated entity. This in turn has quantifiable impacts to Ireland's GDP and overall National Growth. As an island nation Ireland faces a disproportionate economic risk if international connectivity is constrained through the country's primary gateway.

1.3.2 Research undertaken by Oxford Economics and IATA⁵, details how aviation supports 20.2 USD billion contribution to GDP, with 3.7% of GDP and 128,000 jobs impacts. Applying the Connectivity Multiplier Effect, every 10% decrease in direct air connectivity results in a long-term 0.5% decrease in GDP per capita due to reduced FDI and tourism.

1.3.3 Allowing Dublin Airport to progress as outlined in the Regulatory Proposition and associated CIP 2027, would continue to enable Ireland's competitive advantage as a leader in EMEA multinational headquarters, and more generally enable travel for all types of passengers, as

opposed to curtailing investment and development with a minimised price cap.

1.4 Passenger Experience

1.4.1 Dublin Airport wholly supports the IAA's continued emphasis of placing passengers at the centre of the regulatory framework. There is, however, a balance to be achieved in the Quality of Service framework and across all other regulatory building block inputs.

1.4.2 Dublin Airport is consistently guided by implementing our four core pillars of customer experience:

1: Brilliance in the basics, ensuring reliability in essential services.

2: Smooth passenger flow, particularly through high impact areas, such as security.

3. Excellent service provision through well trained and engaged staff.

4: Enhanced passenger satisfaction through modern comfortable and well maintained facilities.

1.4.3 Dublin Airport methodically measures passenger experience through the lens of the well established IAA service quality framework, as well as our own extensive RedC passenger surveys. We are encouraged to see the IAA's engagement with passengers through the

Passenger Advisory Group, reflecting passenger interests within the Determination framework.

1.4.4 We support the objective of improving passenger outcomes and see that as a fundamental of the regulatory framework, however, it is essential that any proposed service standards are calibrated using data that best reflects the passenger journey with the operational reality. We provide detailed views of how best to merge the passenger experience under the service quality framework in Chapter 11 and the associated Appendix 7.

1.5 User Responses

1.5.1 Throughout the Determination the IAA refers to areas where IATA, British Airways, Aer Lingus, Vueling and Iberia Express agree or have shared similar positioning. The response to the IAA Issues Paper received responses from 5 airlines, however, 4 of them are part of the same parent group IAG and broadly reflect very similar views.

1.5.2 It can be misleading for ascertaining the quantum of support for a given position when citing the IAG members individually rather as a collective. This is since as Oxera

has noted ⁶ the European airline market has seen substantial consolidation into a relatively small number of large airline groups. While the airlines may operate under different brand names, they are still owned by the same parent company and their commercial strategy is closely aligned.

1.5.3 This is evident through the similarity in response between IAG members where often only a few words have been changed or detailed submissions from Aer Lingus scaled back while retaining the same core overarching position. It is further evident from the latest adjustment to the Aer Lingus schedule which has been largely driven by IAG commercial policy.

1.5.4 Treating these airlines as independent either explicitly or implicitly could risk overstating alignment for any given IAA position, when it essentially comes from the same parent company voice.

⁶ WHAT REALLY DRIVES AIR FARES: *Debunking the myth about airport charges & setting the record straight on airline competition, airport capacity and scarcity rents.*

CHAPTER

2

LEGAL FRAMEWORK FOR THE IAA'S DETERMINATION



DAA RESPONSE TO IAA DRAFT DETERMINATION



2.1 Overview

2.1.1 As this is the first Determination to be made following the enactment of the Air Navigation and Transport Act 2022 ('ANTA') and the integration of the former Commission for Aviation Regulation into the IAA, this Determination will establish important regulatory precedents for future reviews.

2.1.2 Dublin Airport considers it critical that the IAA's statutory objectives are applied in a balanced and proportionate manner, recognising that the interests of users extend beyond airport charges alone and encompass safety, security, capacity, service quality, connectivity and the long-term sustainability of airport operations. The observations in this chapter highlight areas where Dublin Airport believes the Draft Determination requires refinement to better reflect those objectives and the realities of the airport's operating environment.

2.2 Discharge of Statutory Objectives

2.2.1 In reply to Section 4 (Legislation, Statutory Objectives, and Policies) of the Draft Determination, Dublin Airport would make the following points:

2.2.2 We wish to reiterate our prior submissions during this process (e.g. Section 3 of our reply to the Issues Paper dated 3 October 2025) on the risk of disproportionate focus on scrutinising and cutting

costs, to the potential detriment of the paramount consideration of user needs.

2.2.3 It is critical that (i) statutory objectives and due regard factors must be interpreted and weighted with focus on Dublin Airport being developed and operated safely, securely, and at high-quality so as to meet user needs, (ii) IAA must avoid a systematic bias towards cost-cutting, and (iii) IAA must avoid regulatory intervention which is disproportionate to the risk of inefficiency in any particular case (e.g. interventions which prefer IAA-commissioned bottom-up calculations of notional efficient expenditure over Dublin Airport calculations on point of principle).

2.2.4 As Dublin Airport stated previously, the IAA's relevant statutory objectives and due regard factors require the IAA to make determinations including an *"appropriate price path that not only provides an efficient level of airport charges, but that will also allow Dublin Airport sustain operations and secure its financial viability in the interest of both the airport and our airport users."*

2.2.5 Dublin Airport is concerned that the Draft Determination makes no reference to the IAA's obligation to ensure proportionality and objective justification for its regulatory interventions pursuant to determinations under Section 5(4) of the 2001 Act,

which Dublin Airport regards to be important. Section 5(4) requires that:

“In carrying out its functions, the [IAA] shall ensure that all determinations, conditions attaching thereto, amendments thereof and requests shall be objectively justified and shall be non-discriminatory, proportionate and transparent.”

2.2.6 In relation to the obligation of proportionality, we would make two points in particular. Firstly, we reiterate the submission in the Regulatory Proposition that the IAA/CEPA approach to assessing baseline efficiency places disproportionate weight on an intensely granular, bottom-up review of the cost base which risk amounting to false precision. Secondly, in reply to the IAA statement at 4.27 that *“we are seeking to balance challenge with achievability”*, Dublin Airport would observe that any such balance must err on the side of caution and ensure achievability is an absolute certainty in order to properly protect user interests.

2.2.7 In 4.23, the IAA states that *“The ANTA defines our primary objective as the protection and promotion of the reasonable interests of current and prospective users of Dublin Airport.”* In placing the interests of users at the top of the hierarchy of IAA objectives in regulating airport charges, the 2001 Act deliberately identifies a range of user interests which extend far beyond cost.

2.2.8 In particular, Section 33 of the 2001 Act must be interpreted as providing equal weight to each of the following specified facets of the interests of users: to promote safety and security, to facilitate efficient and economic development and operation, and to promote high quality and effective services.

2.2.9 While the Draft Determination refers to potential competition or tension between the aforementioned facets of the interests of users (at 4.2 and 4.19), Dublin Airport is of the view that the reasonable interests of Dublin Airport and its users are aligned, when an appropriately wide and long-term perspective of quality and value-for-money is adopted, and similarly that the IAA’s and Dublin Airport’s statutory objectives are aligned when properly construed.

2.2.10 Dublin Airport welcomes the statements in 4.4 that *“it remains appropriate to assess the question of financing the determination”* and in 4.20 that *“efficiency and cost-effectiveness are not synonymous with cost-cutting, but rather with value for money. Furthermore, we agree that the statutory objectives require a longer-term perspective.”*

2.3 Passenger Cap

2.3.1 On July 16th Dublin Airport (Passenger Capacity) Act 2026 (the **“PC Act”**) was signed into law. The PC Act gives Dublin Airport the ability to make an application to the Minister for Transport to amend or revoke a

passenger capacity condition that is attached to Dublin Airport. The PC Act provides a new mechanism through which a passenger cap, which is perceived by the Minister to be harmful, can in certain circumstances be addressed, outside of Fingal County Council and An Coimisiún Pleanála.

2.3.2 Under the PC Act: Upon receiving a written request from Dublin Airport the Minister must consider the application provided to them. In order for the application to be considered valid it must demonstrate to the Minister that the continued retention of such a passenger capacity condition is causing or would be likely to cause serious harm to:

1. The economy of the State,
2. international connectivity,
3. the international reputation of the State in respect of air transport.

2.3.3 The Minister must then either notify Dublin Airport of their intent to accept, vary or refuse the proposal. In addition, a Ministerial order cannot be made prior to an environmental impact assessment on the proposed amendment being conducted by An Coimisiún Pleanála.

Ultimately, any order to amend or revoke the passenger capacity condition may or may not issue.

2.3.4 The existence of this new PC Act mechanism through which a cap can be addressed in certain circumstances should not be misinterpreted as meaning that Dublin Airport is derisked from a passenger cap. In order for this new mechanism to be effective in removing the cap, there must also be:

1. A Minister in place who is willing to use their powers to issue an order removing the cap.
2. A Minister that is convinced that the aforementioned legal requirements are met so as to legally permit and warrant the issuance of a ministerial order.
3. No legal barrier to the implementation of any ministerial order, arising from judicial review etc.

2.3.5 Thus, the PC Act does not guarantee that the Minister will use those powers, or that the Minister will remove a cap entirely as opposed to revise it upwards, or that the ministerial order will be unaffected by judicial review etc. In other words, it provides a guaranteed mechanism, it does not provide a guaranteed outcome. By definition, risk remains that despite another mechanism to remove the cap existing, the outcomes are the same – the passenger cap remains.

2.3.6 In 1.36 of the Draft Determination IAA writes ‘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.'. The application for a 40mppa cap, pursuant to the PC Act, is a new and material development based on which the IAA must now re-consider its views as set out in the Draft Determination.

2.3.7 As the IAA and all stakeholders are aware since the announcement in late August, Dublin Airport has made an application to the Minister under the PC Act to increase the cap to 40mppa. This is therefore the condition the Minister is considering – whether to uplift the current 32mppa cap to 40mpaa. [REDACTED]

[REDACTED]

2.3.8 Given that having a 40mppa passenger cap as the expected planning constraint throughout the period 2027-31 is a material change since Dublin Airport's Regulatory Proposition was finalised in March 2026 and since the IAA's Draft Determination was issued in July 2026, there has not been opportunity for Dublin Airport, the IAA and other stakeholders to exchange views on the appropriate treatment of the expected 40mppa passenger cap. In the absence of the same, Dublin Airport has considered what options the IAA might see itself as having and has identified the following (in Dublin Airport's order of preference):

1. Adjust the passenger forecast in the Final Determination to rebase or cap all forecasts at 40mppa, subject to an adjustment mechanism (per Option 2 below).
2. Include a maximum airport charge adjustment mechanism in the Determination, which would (i) automatically kick in where a cap constrains actual demand and (ii) be in simple terms which provide certainty today as to the € level of the potential adjustment in any year.
3. Include in the Determination a commitment that the full Determination be re-opened should a cap constrain actual demand.
4. Include nothing in the Determination on the basis that an ex-post adjustment to correct for

the passenger outturn would be included where necessary as part of the 2031 Determination.

2.3.9 Dublin Airport recognises that Option 2 above may be perceived by the IAA and other stakeholders to be more attractive than Dublin Airport's preferred Option 1. Details on the conceptual and technical application of this adjustment mechanism Option 2 are further outlined in Sections 4.3 and 5.3 below. Dublin Airport strongly urges the IAA to adopt either Option 1 and/or Option 2 in its Final Determination. A final Determination which includes passenger forecasts over 40mppa without any in-period automatic adjustment mechanism (eg, Option 3 or Option 4 above) would be irrational in light of the realities of (i) the 40mppa passenger cap which is expected to arise from live applications to the Minister and Fingal, and (ii) how very far away Dublin Airport currently is from obtaining any theoretically possible new application (to the Minister or Fingal) to handle more than 40mppa, given planning system constraints.

2.4 Appeal Rights

2.4.1 In reply to the statements by the IAA on (i) the extent of latitude / discretion afforded to the IAA under law and (ii) the utility of High Court appeals of IAA determinations, Dublin Airport would make the following points:

2.4.2 Dublin Airport disagrees with this statement at 4.32 of the Draft Determination, to the extent that it implies that the law affords the IAA such broad latitude / discretion that the IAA is unlikely to err, or simply put 'cannot get it wrong', in deciding on any one discrete allowance / building block in a Determination:

"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."

2.4.3 In particular, Dublin Airport's firm view is that error is possible and the materiality of any error in one building block cannot be downplayed or 'cancelled out' by any situation which may transpire where Dublin Airport over-performs in another building block (as is the entire intention of regulation, under which Dublin Airport often takes risks and sometimes benefits from that).

2.4.4 On a related point, Dublin Airport notes that the question which the IAA repeatedly poses in its Draft Determination is *"whether certain approaches would align with its statutory objectives"* and Dublin Airport would raise a concern that this question may exaggerate the latitude held by the IAA in satisfying the

statutory objectives, by wrongly suggesting that ‘there or thereabouts’ is sufficient, when Dublin Airport’s view is that certain statutory objectives impose absolute requirements on the IAA to provide certain allowances as set out below.

2.4.5 While there may be certain decisions in respect of which reasonable decision-makers might disagree, Dublin Airport’s view is certain statutory objectives, proportionality obligations and other applicable rules impose absolute requirements on IAA to include certain allowances in a Determination.

2.4.6 In 4.36, in relation to appeals, the IAA expresses an objective around “*potential appellants avoiding what, in the IAA’s view, may be wasteful expenditure of cost and/or time*”. Dublin Airport regards any such objective to be misplaced and inappropriate.

2.4.7 As noted above, any implication that ‘the IAA cannot get it wrong and appeals are wasteful’ is wrong. Appeal rights exist for good reason and indeed the legislature decided appeal rights were so important that the scheme needed to be reinforced in 2022 under the ANTA.

2.4.8 It is not appropriate for the IAA to advise stakeholders on their independent decision on whether or not to exercise appeal rights which were afforded to them for good reason. As noted above, legal error can and will occur in regulatory processes such as a

Determination. Stakeholders have their own company law duties and legitimate expectations of lawful Determinations, and must exercise their own best judgement in deciding whether or not to appeal a Determination.

2.4.9 Dublin Airport agrees with Ryanair’s comment that the approach IAA takes to defending any appeal must be consistent with the ultimate right to challenge something that is alleged to be unlawful. In particular, the IAA must be mindful that High Court appeal procedures are expensive and defend any appeals in accordance with the 21 June 2023 State Litigation Principles, so as to ensure litigation progresses efficiently, costs are limited to a reasonable level, and settlement options are explored.

CHAPTER

3

REGULATORY MODEL APPLICATION

3.1 Regulatory Model

3.1.1 Dublin Airport supports the IAA's decision to retain the existing regulatory framework, including the RAB-based building block methodology, the form of the price cap and the duration of the Determination period. We would, however, reiterate our positioning on reviewing the Till-Structure, post 2026 Determination, whereby the merits of a Hybrid Till should be considered in detail.

3.1.2 The regulatory framework must continue to recognise the importance of maintaining flexibility in the face of changing demand, operational requirements and external risks. Regulation should strike an appropriate balance between protecting users from unnecessary costs and ensuring that Dublin Airport can develop the infrastructure, resilience and service capability required to meet future passenger needs.

3.1.3 In assessing individual building blocks and incentives, the Final Determination must therefore place appropriate weight on long-term value creation, operational resilience and the delivery of outcomes that benefit passengers and the wider Irish economy.

3.2 IAA's Treatment of Risk

3.2.1 The Draft Determination should apply a consistent centreline forecast across building blocks. The IAA *'has looked to set centreline forecasts in previous determinations, and seek to do so again'*, as per pages 27-31 of the Draft Determination. Unfortunately, the IAA has disproportionately treated risk in such a way that uncertainty resolution is in a manner which lowers the revenue requirement. This has direct negative impacts on Dublin Airport's resilience and ability to undertake capex which ultimately benefits users. The greater ability to provide a best in class airport is usurped by conceding to the short-term wishes of airlines.

3.2.2 Across building blocks the IAA has applied highly stretching targets, while at the same time where it does provide "concessions" to the airport these are immaterial in practice and result in overall asymmetry in risk allocation.

3.2.3 These issues are fully detailed in the respective building blocks chapters. At a high level they include:

1. IAA has included an unconstrained demand passenger forecast with no adjustments for a triggered or untriggered capex scenario, despite spending significant time dwelling on the undelivered capex of Dublin Airport in the current regulatory period and the

introduction of unattainable spend targets for certain CIP targets to trigger. In effect, capex allowances assume a downside delivery scenario while their passenger forecast assume an upside demand scenario.

2. The IAA disregards constraints in the passenger forecast and employs a number of judgement-based changes which serve to inflate the forecast without sufficient evidence-based justification. This then becomes the primary driver in the commercial revenue forecast increasing and variance from our Regulatory Proposition, while again not accounting for the effect of constraints.
3. While a higher passenger forecast also increases opex which should mitigate some of the difference from higher passenger and commercial forecasts, the magnitude is far lower, as the scale effect from opex is less than that of passenger and commercial growth. It is also watered down by an efficiency assessment which the IAA justifies based on the CAA employing it in its proposals for H8, despite rejecting and diverging from the CAA on almost all of the other applications in the building blocks which tend to increase the revenue requirement for the airport.
4. The IAA reduce aiming-up in part by aligning with the CEPA and Aer Lingus view that single till airports are less risky, despite the CAA who they used as their

justification for an opex efficiency target dismissing the same CEPA argument presented to them on the basis it ignores that capped upside and forecast resets being something investors tend to dislike.

5. The IAA is not following regulatory precedent by excluding 5-year asset beta windows which deflates asset beta in the Cost of Capital calculation while including data from the late 1990s in the passenger forecast, which is contrary to regulatory precedent. The effect is to lower the estimated Cost of Capital while to increase the forecasted passenger demand.
6. The IAA fails to account for ceiling and diminishing marginal return effects in commercial revenue and passenger forecasts through embedding periods of high growth that are unrepresentative of the mature European hub airport that Dublin Airport is. This is also evident in the SQM regime where the rebates and bonus metrics have been mechanically rolled forward. This accentuates the arbitrariness of rolling forward rebates and bonuses based of mathematical formulas without considering whether they are achievable in practice.
7. The inclusion of a debt only beta as an incentive mechanism to deliver capex is not justified. The IAA acknowledge a large part of the planning process is outside the airport's control and claiming it incorporates aiming up, when in reality it is the actual

cost of raising new capital when it is entirely debt financed.

8. The dismissal of an asymmetric risk adjustment or constraints through a insufficiently calibrated qualitative adjustments.
9. The usage of top-down forecasting for Commercial Revenue and Passenger Forecasts where the CAA utilises bottom-up approach (top down as cross-check) and where the CAA uses 2014-2025 as the time sample for Commercial Revenue removing discrepancies from unrepresentative years and structurally declining elasticities.
10. The IAA conflate outperformance from an Interim Review with a risk mitigation measure, in turn double counting the upside exposure as both risk mitigation and outperformance that needs to be reset. The same sort of double counting is present in using load factor assumptions in the passenger forecast and mathematically baking in a constant load factor growth without considering the interaction effects between capacity growth also baked into the model.
11. The IAA proposes to reduce the cap for rolling schemes because without any analysis they arbitrarily view the current level of outperformance as a sufficient ceiling to carry over in future periods, while at the same time on the flipside not having any issue for how expanding the penalties as part of the SQM regime

when the price cap is due to be revised downwards increases the downside exposure. In turn they asymmetrically adjust incentive mechanisms which reduce the upside exposure while at the same time increase the downside exposure from SQM penalties. This is inconsistent with maintaining an appropriate balance between risk and reward

3.2.4 While on paper, theoretically and mathematically the Draft Determination may appear more balanced, Dublin Airport does not operate in the “paperverse”. Consistent with the criticisms of the Single Till that it leads to excessive academic debates and arguments on narrow parameter estimates rather than the overall regulatory outcome, the Draft Determination fails to provide a balanced fair bet in practice. Safety in numbers does not translate to safety in practice.

3.2.5 A key context in this backdrop is that airlines in their responses have been heavily critical of both Dublin Airport’s and the IAA’s approach to forecasting, claiming it has allowed the airport to earn excess returns. The IAA has disputed this instead viewing this as outperformance of the regulatory settlement in line with the fair bet principle.

3.2.6 Absent in the airlines positioning is the fact that they get substantive gains in the first instance from the single till framework through the commercial revenue offset. The airlines frame this as also protecting the

airport from risk, when in reality the main benefactors of this regime are the airlines themselves. Furthermore, the IAA on its focus on outperformance seems to have not sufficiently reflected its position that the outperformance in this period compensated the airport for the COVID-19 cumulative losses in 2020-2021 of c.€387m. Moreover, while Dublin Airport has a statutory commercial mandate and airlines pursue commercial objectives through competitive markets, the IAA does not have such a mandate. Yet, the IAA has reported a profit of €6.1m in 2025 an increase of 221% vs. the prior year, while year on year increasing fees it levies on Dublin Airport users through the cost pass through.

3.2.7 The effect of the Draft Determination is that the treatment of risk is being skewed in the airlines' favour and fails to adequately reflect the optimal passenger experience. This is vastly divergent from the only other European regulator of a single till hub airport where the treatment of risk is more balanced and not disproportionately leaning towards airlines, by placing most of the downside with the airport and significant shares of the upside with airlines.

3.2.8 In attributing significant weight to airline responses particularly from Consultants Skylark and CEPA it has implicitly set targets in congruence with the short-term interests of incumbent airlines. While lower airport charges may be favoured by airlines in the short-term, suppression of airport revenues and profitability will

contribute to underinvestment, capacity constraints, deteriorating service quality and higher costs in the longer term.

3.2.9 This is inconsistent with the IAA view in 4.20 of its Draft Determination *'Furthermore, we agree that the statutory objectives require a longer-term perspective.'*

3.2.10 In turn from a rather siloed approach to building blocks without adequate holistic consideration there are a number of internal inconsistencies related to the issues named above. The inclusion of numerous additional hoops in order to receive pre-funding as well as a reduction to non-triggered allowance while at the same time using the assumption of their materialisation to uplift Commercial Revenue forecasts. The IAA also uses judgements with insufficient or no empirical analysis to justify certain stretch targets in its forecast – e.g. car parks loss of car parking spaces can be yield managed.

3.2.11 For Capex, the IAA introduces numerous additional hurdles on the grounds that deliverability is highly questionable, which in turn places additional risk once more on the airport. The IAA's model setup fundamentally assumes a downside largely undelivered CIP programme, with a passenger and commercial revenue forecast that are not in congruence with this view.

3.2.12 The treatment of risk within the Cost of Capital (WACC) has followed a similar pattern that shifts risk to the airport to the airline's benefit, through the removal of aiming up and an asset beta estimation window that is insufficiently narrow. This goes against both regulatory precedent and the IAA's past approach.

3.2.13 The application of qualitative judgment criteria in various areas with no calculations to back their position, results in severe transparency deficiencies. This culminates in disproportionately skewing risk toward the airport.

3.2.14 A fair bet must be internally consistent and treat all risks symmetrically, which must also recognise the regulatory framework to ensure that the risk profile is not misstated through a siloed approach. Where judgements are made on time periods and treatment of risk their application must be consistent across building blocks so as not to overweight upside risk and underweight downside risk. Likewise, regulatory precedent should be applied proportionately with clear criteria rather than selectively where it supports a particular outcome. The current Draft Determination through the accumulation of consistent downward biased adjustments and methodical inconsistencies seriously risks understating the true risk profile of Dublin Airport under the Single Till framework.

CHAPTER

4

THE PRICE CAP

Crochfort
Terminal 2



DAA RESPONSE TO IAA DRAFT DETERMINATION

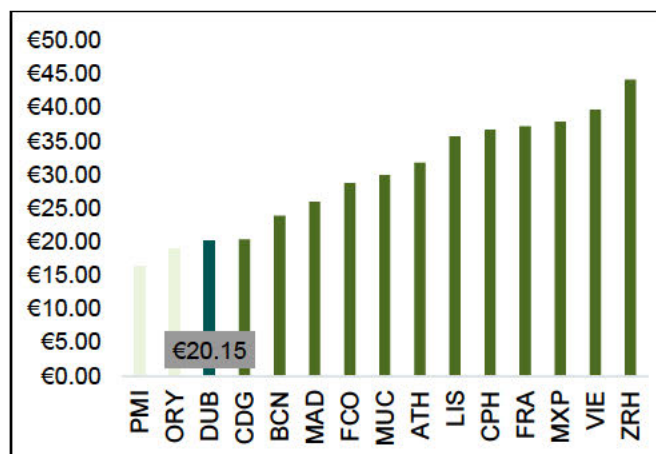


4.1 Benchmarking

4.1.1 Regardless of how the data is cut or the source used, Dublin Airport consistently ranks in the lower end of airport charges compared to peer airports in Europe. Something reiterated by the IAA's own Issues Paper Appendix. Among the airports that have a lower average airport charge are Brussels Charleroi and Milan Bergamo.

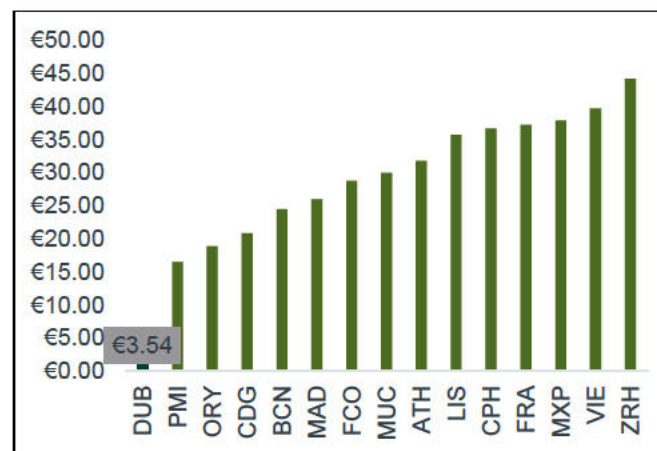
4.1.2 Both these airports have a heavy dominance of low-cost carriers, consisting mostly of two competitors: Ryanair and Wizz Air. This is a vastly different target market than the portfolio of Dublin Airport. While these low-cost carriers may wish to replicate such a setup across Europe, this would invariably be at the cost of other passengers and users. Placing excessive weight on the aspirations of a low-cost carrier with the largest market share in Europe and thus significant market power would be inconsistent with the IAA's statutory objectives.

Figure 1 S26 Average Charge per Passenger by Airport



Source: Dublin Airport using RDC data

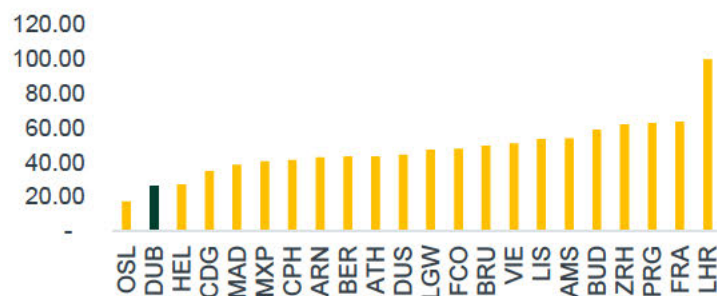
Figure 2 W26 Average Charge per Passenger by Airport



Source: Dublin Airport using RDC data

4.1.3 **Figure 1** and **Figure 2** above compare the S26 and W26 charge at Dublin Airport compared to other similarly sized airports in Europe. In Summer Dublin ranks 3rd lowest for airport charges and in Winter the lowest by a significant margin. It is worth recognising that PMI caters to a large share of LLCs while ORY has a significantly different context: mainly point-to-point demand, a strict night curfew and around 2/3 LLC share which is different to the environment Dublin Airport operates in.

Figure 3 Jacobs Airport Charges Benchmark 2025

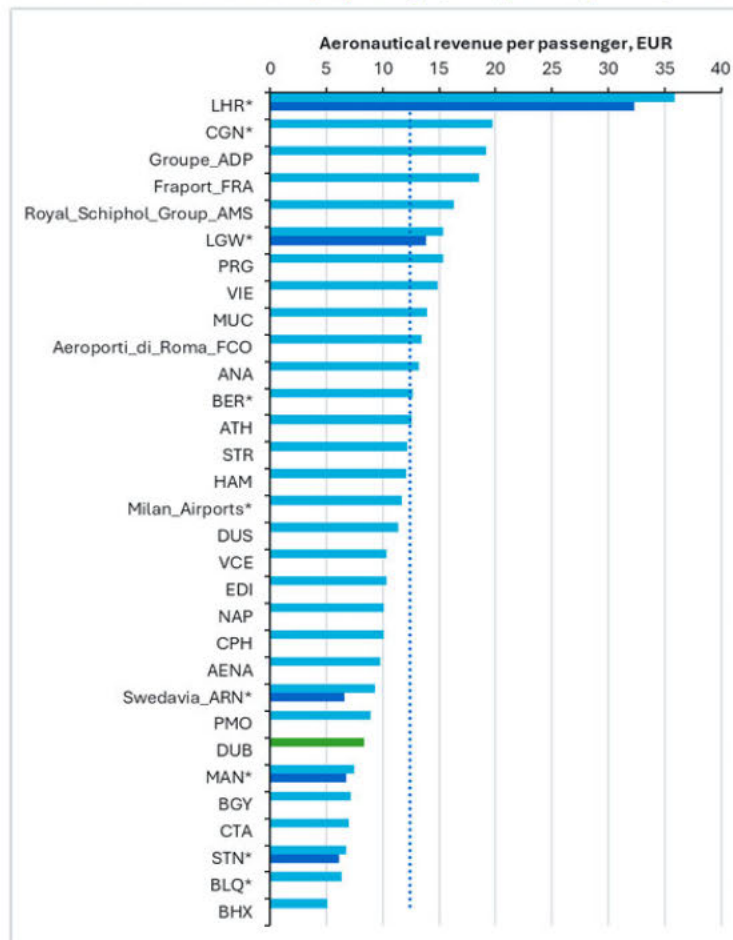


Source Jacobs Airport Performance Indicators

4.1.4 Independent benchmarking analysis conducted by Jacobs paints a similar picture with Dublin Airport ranking second lowest for airport charges.

Figure 4 IAA Airport Charges Benchmark

Chart 3.3: Aeronautical revenue per passenger, all airport comparators, 2023



Source: [Issues Paper Annex - Benchmarking of Airport Charges at Dublin Airport](#)

4.1.5 **Figure 4** shows that the IAA's own benchmarking analysis also places Dublin Airport among the lowest for airport charges, with those ranking lower being predominantly LLC concentrated, which tend to have less infrastructure and service quality requirements. Consequentially, they are not a substantively externally valid comparison for Dublin Airport. Dublin Airport would note it is not clear why the IAA has included rather unrepresentative airports in the sample and when it considers similar capital Hub airports in Europe, why it consistently opts to aim for the lowest quintile of average charges for Dublin.

4.1.6 Therefore, regardless of the data source used and when airports that cater to or are almost exclusively reliant on low-cost carriers are excluded then Dublin Airport's rank as one of the cheapest airports in Europe is only furthered. Additionally, in the last 10 years, the average charge at Dublin has slightly fallen in real terms, while Dublin ranks as one of the most expensive cities to live in Europe. The already low airport charges at Dublin by European standards posit the question about what benefit a further charge reduction as proposed by the IAA would bring to users.

⁷ WHAT REALLY DRIVES AIR FARES: *Debunking the myth about airport charges & setting the record straight on airline competition, airport capacity and scarcity rents.*

4.2 The Relationship between Airport Charges and Airfares

4.2.1 An analysis carried out by Oxera⁷ based on more than 62,000 observations across European routes and airports finds that passenger air fares are driven primarily by airline competition and airport congestion, while airport charges have only a limited and uncertain transmission to airfares.

4.2.2 In the context of Dublin Airport and the 2026 Determination, these findings are highly relevant. Oxera's analysis suggests that where capacity becomes constrained, passengers bear the cost through higher air fares. The study finds that a 10% increase in airport congestion is associated with an increase in air fares of approximately 0.9%. Congestion across European airports is estimated to generate scarcity rents worth €6.4 billion annually for airlines, and an extra €13.54 per one-way ticket for passengers. These scarcity rents accrue to airlines through higher fares rather than to Dublin Airport through airport charges given the price cap in place.

4.2.3 Furthermore, these figures are based on averages across European airports, However, the study finds that

the relationship between congestion and fares is likely to be stronger where airport congestion is higher. Therefore, the relationship may be even stronger for a constrained airport like Dublin.

Table 1. Airport Charges and Airfares

Factor	Description	Estimated air fare effect	Illustration of a 10% change
Airline concentration	10% increase in city-pair level concentration by IATA season increases prices by...	1.06% (€1.82)	Market shares change from 50/50 to 66/34
Airport congestion	10% increase in monthly airport-level congestion increases prices by...	0.93% (€1.60)	Average runway utilisation rises from 50% to 55%
Airport charges	10% increase in total turnaround charges increases prices by...	0.35% (€0.61)	Total aircraft turnaround charges rise from €5,000 to €5,500

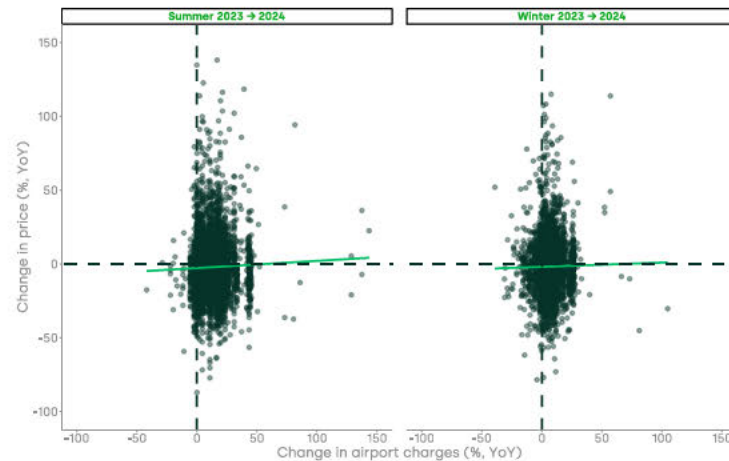
4.2.4 The extent of competition between airlines also has a significant impact on fares. Where there is higher market concentration (i.e. less competition) there are

higher average fares. Therefore, linked to the discussion in Section 2.2, it would not be in line with the IAA's statutory objectives or passenger interests for there to be more airline concentration at Dublin Airport.

4.2.5 The study also shows that airport charges have a comparatively small impact on air fares. A 10% increase in airport charges is associated with only a 0.35% increase in fares – about one third the impact estimated for congestion and competition. The estimated pass through rate of increased charges to fares is approximately 26%, meaning that most airport charge changes are not ultimately reflected in airfares. Conversely, reductions in airport charges are not necessarily passed through to consumers.

4.2.6 This is illustrated through the chart below which shows year-on-year changes in route-level charges vs year-on-year changes in average fares. Despite increases in charges at many airports, there is barely any impact on fares over the time period considered.

Figure 5 Year on Year changes in route-level charges and fares by season



Source: Oxera

4.2.7 This has important implications for regulation at Dublin Airport. A regulatory approach focused primarily on constraining airport revenues and charges risks undermining the airport's ability to invest in additional capacity, resilience and operational performance. Such an outcome may appear beneficial to users in the short term, but it is unlikely to deliver meaningful benefits for passengers in the long term. The evidence suggests that underinvestment can exacerbate congestion, limit airline entry and expansion, reduce competition and ultimately increase fares.

4.2.8 Overall increased investment will only have a small effect on airfares through increased charges, and this effect is significantly outweighed by the reduction in passenger fares that will result through lower congestion and increased capacity-enabled competition.

4.2.9 For this reason, the Final Determination should place greater weight on the consumer benefits associated with timely capacity expansion and operational resilience

4.2.10 In summary, the Oxera findings support Dublin Airport's position that passengers are likely to benefit more from investment that alleviates capacity constraints than from price control measures where an unbalanced weighting is applied to a regulatory settlement that minimises required revenues.

4.3 Pricing Adjustments

4.3.1 Dublin Airport reiterates its position outlined in the Regulatory Proposition that the pricing mechanism must ensure stability and predictability to allow Dublin Airport to deliver the capital infrastructure programme. For completeness the following sections provide an overview of the existing and proposed pricing adjustments which can impact the annual price cap.

Inflation Adjustment:

4.3.2 In the Regulatory Proposition, Dublin Airport welcomed proposals for a better measure of historical CPI rather than the current October CPI reading that is used to measure price levels for an annual period. We welcome the IAA's proposal to apply a 10-month proxy.

K-Factor:

4.3.3 Dublin Airport proposed an increase to the k factor from 5% to 7% given the risks of higher revenue volatility increasing. The IAA outline that these risks are captured in the risk profile set in the allowed rate of return. We disagree with this reasoning and as highlighted in Chapter 8, the risk profile set for Dublin Airport is objectively illogical given market comparators, and places Dublin Airport in the same category as low risk utility while ignoring regulatory precedent.

Opex Pass Through Mechanism:

4.3.4 Dublin Airport notes from 7.65 of the Draft Determination that the IAA *'propose to maintain the passthrough mechanism [which would be] limited to cost lines over which Dublin Airport has little control'*. We understand this proposal would give it passthrough certainty in respect of these two categories as listed in 7.65:

- Local Authority Rates; and

- Direct charges under legislation, or levied by a regulatory authority (including a levy by ANCA or the IAA which Dublin Airport is required to pay under legislation).

4.3.5 In respect of the above two categories, Dublin Airport queries the meaningfulness and proportionality of the proposed additional requirement that *"Dublin Airport must demonstrate that it took all reasonable measures within its control to achieve the best value for Users"*. We raise this query as (i) the IAA itself recognises that *"Dublin Airport's ability to control regulatory costs and local authority rates is limited"*, (ii) the IAA has seen how Dublin Airport has consistently met this baseline requirement in its approach to relevant costs over many years, and (iii) questions of efficiency simply do not arise where Dublin Airport is the 'price taker' who is statutorily obliged to pay costs to a particular authority with public law powers.

4.3.6 In relation to the scope question, of whether or not the passthrough mechanism should be capable of including categories other than the two listed above and in 7.65 of the Draft Determination:

Dublin Airport notes the IAA's reluctance to specifically provide for passthrough of particular abnormal levels of (i) energy prices, (ii) insurance premiums, or (iii) safety and sustainability regulation costs. Where the IAA is reluctant to cater for the abnormal volatility expected in

relation to these items under passthrough, appropriate consideration and adjustments will be required elsewhere in the overall financial model.

4.3.7 Dublin Airport does not disagree with the feedback from stakeholders, which may have informed the above-referenced reluctance, that passthrough is only suitable for “*genuinely uncontrollable*” costs.

4.3.8 If such flexibility were allowed for (noting applications may or may not be approved, on a case-by-case basis), we would have no difficulty with the above-referenced proposed additional requirement (that “*Dublin Airport must demonstrate that it took all reasonable measures within its control to achieve the best value for Users*”) being a pre-condition for Dublin Airport to meet in order to be even entitled to apply for any new cost categories, other than those listed above, to be newly included in the passthrough mechanism in any year of the Determination.

W-Factor:

4.3.9 Dublin Airport agrees with the removing of the €0.5m threshold and the amendment of the w-factor for an ‘n’ basis rather than ‘n+1’.

Traffic Adjustment Mechanism:

4.3.10 As noted above, under section 7 of the PC Act, Dublin Airport have submitted an application to the

Minister of Transport to amend the existing 32mppa passenger cap to 40mppa.

4.3.11 The statutory process and expected timing for Dublin Airport’s above 40mppa application is:

1. The Minister will direct Dublin Airport to prepare environmental reports for submission to ACP, c.October;
2. The Minister will apply to ACP, c. November 2026;
3. An Coimisiún Pleanála will undertake environmental assessments and public consultation processes (c.Q4 2026 - Q1 2027; and
4. The Minister will make any final Ministerial Order.

4.3.12 Separately but relatedly, the Court of Justice of the European Union (CJEU) is due to issue its judgement on the 15th October 2026 and is expected to confirm the legal point that the IAA must take account of any passenger cap in slot capacity Determination processes.

4.3.13 Dublin Airport appreciate that the Draft Determination preceded its 40mppa application to amend the passenger cap. However, as noted above this is a material change and it is imperative that this information is accounted for in the Final Determination.

4.3.14 Dublin Airport proposes that an adjustment mechanism is included within the price cap formula in

years where the IAA forecast exceeds 40mppa. This mechanism should only apply in the scenario where the IAA have taken into account a passenger cap limit of 40mppa as a coordination parameter for slot allocation at the airport such that the cap has constrained actual demand e.g. if the IAA were to include such a parameter in the slot coordination process that is held in 2027 for Summer 2028, then this adjustment would be included in the price cap calculation for 2028.

4.3.15 Dublin Airport have quantified the value of this adjustment for each year of the regulatory period by using the IAA model and capping passenger volumes at 40mppa, taking into account the passenger elasticities within the model. These values are included in Table 2.

Table 2. X factor adjustment

2028	2029	2030	2031
€0.32	€0.75	€1.14	€1.60

4.3.16 For simplicity, this proposal does not adjust the value of capital triggers to take account of the change in passenger volumes, however a further refinement could be to have a different set of trigger values where this traffic adjustment mechanism applies.

Capex Trigger Application:

4.3.17 Dublin Airport strongly disagrees with the IAA proposal of introducing a minimum level of capital expenditure for A type trigger projects to activate. Dublin Airport is subject to rigorous regulatory capital controls through IFS assessments, StageGate reviews, project-specific triggered allowances, capital reporting and end-of-period reconciliation.

4.3.18 The introduction of an overall minimum expenditure threshold will act as a *disincentive* and make a projects investment case unviable if average spend threshold is unlikely to be met in the period.

4.3.19 Moreover, the €570m threshold is not aligned with the approved untriggered programme. Untriggered allowances are materially lower, when projects still requiring StageGate approval are excluded.

4.3.20 The delayed application of triggered allowances also causes issues on the quantum in each period and the treatment of depreciation. If allowances are delayed, the value is spread over a shorter time-period causing large ‘spikes’ which would be exacerbated by lower depreciation of allowances. This is contrary to the IAA of objective of ‘smoothing’ the price cap trajectory, as referenced in paragraph 10.46 of the Draft Determination. Further detail is provided in Chapter 9.

Service Quality Metrics

4.3.21 The IAA are proposing seven new metrics into the passenger satisfaction survey metrics. Dublin Airport considers a more balanced structure between rebates and bonuses is necessary in the coming regulatory period. The need for greater symmetry between rebates and bonuses has been reinforced further with the IAA's proposal to introduce 7 new passenger satisfaction metrics which risks disproportionately skewing the balance between risk and reward at Dublin Airport.

4.3.22 . Dublin Airport believe this level of adjustment increase moving from €0.15 to €0.22 is disproportionate, this is too large an adjustment on the price cap. The detailed explanation for this is further covered in Chapter 11 Service Quality and the accompanying Appendix 7.

CHAPTER

5

PASSENGER FORECAST



5.1 Overview

5.1.1 The 2026 IAA Draft Determination marks the first time that the IAA in their passenger forecast has moved significantly away from the historically employed univariate Dublin Airport passenger numbers to Irish GDP model.

5.1.2 Instead, their approach is evenly weighted between GDP, GNI* and a load factor assumption of +0.45% YoY growth added to the load factor and applied to the Eurocontrol TNSU forecast. A methodology employed for the 2022 and 2023 passenger forecasts in the 2022 Interim Determination.

5.1.3 Dublin Airport recognises that, as the IAA notes, once the latest forecast figures are inputted, the two unconstrained models do not diverge massively. This, however, does not guarantee necessarily, holding true for future input updates, as while there are shared inputs, other inputs used differ. Moreover, while it broadly signals that neither forecast is a blatant misrepresentation of a reasonable projection of unconstrained demand, it does not strictly follow that the methodological differences are without their flaws.

5.1.4 While Dublin Airport's unconstrained model provides a fair replication of unconstrained demand, we recognise that despite the model being fully transparent and replicable, due to the number of components involved, there is increased work required

for replicability. While this does not necessarily strictly diminish transparency, as evidenced by the IAA being able to roll forward the forecast with the latest inputs themselves, it could be viewed as an additional friction. While our preference is for the use of our own model, we welcome the IAA's recognition of the issues of relying on a simplistic univariate GDP model.

5.1.5 The IAA has produced a passenger forecast with a CAGR of 3.26% this sits above that predicted by S&P Ratings Agency who expect a 2%-3% growth range. Given the IAA's objectives of producing a fair bet centreline forecast, a forecast that sits outside the upper range of other independent body's forecasts does raise questions surrounding its central tendency.

5.1.6 Moreover, while Aer Lingus through Skylark has submitted among the highest projected forecasts for Dublin Airport, it has consistently in contravention of the Airport Charges Directive failed to provide Dublin Airport with its own forecasts. This is particularly problematic, as the latest airline level announcement coinciding with the week the IAA Draft Determination was published announced a significant reduction in Aer Lingus' capacity at Dublin Airport. Given Aer Lingus makes up around 30% of Dublin Airport's market share, Aer Lingus' downsizing means that growth from around 1/3 of Dublin Airport's current user base is improbable to transpire, which further poses questions as to the credibility of high growth rate targets.

5.1.7 Dublin Airport recognises the IAA's preference for simpler models, rather than more complex ones, as well as user preference for an independently developed IAA model. For this reason, our response to the IAA unconstrained passenger forecast surrounds amendments the IAA should make to elements of its approach rather than advocating for the use of our unconstrained model. Our focus in response to the IAA's Draft Determination is on the correct econometric and methodological approach to follow for the IAA's chosen unconstrained model in their Draft Determination.

5.1.8 We first summarise our assessment of the IAA's approach to its unconstrained forecast. We then turn to the factors that constrain an unconstrained forecast of passenger throughput below the unconstrained forecast. In particular asymmetric risk, capacity constraints and the legislative cap, which in turn have a material impact on the Passenger Forecast Building Block.

5.2 Methodological Limitations with the IAA's unconstrained forecast

The Current Macro Environment:

⁸ [iaa-annual-report-2025-eng-for-web.pdf](#)

⁹ [Quarterly Bulletin Q1 2026 | Central Bank of Ireland](#)

5.2.1 Before starting an aviation forecast, it is important to understand the macroeconomic environment under which it is being set in. The IAA in their own 2025 Annual Report⁸ note that macroeconomic, geopolitical and supply chain risks not only remain high, but have also materialised. Against this backdrop it is important to ensure this environment is reflected in the regulatory regime, particularly in the passenger forecast.

5.2.2 The current global economic outlook is skewed to the downside. With both the Central Bank of Ireland⁹ and IMF in their World Economic Outlook (WEO) for April 2026¹⁰ highlighting that this downside risk skew has accentuated since the previous outlooks' publications – Q4 2025 and October 2025 respectively.

5.2.3 On September 10th 2026 the European Central Bank further raised the headline ECB interest rate from 2.25% to 2.50% with further rate hikes expected by financial markets. This action by the ECB was due to geopolitical inflationary pressures caused by escalations in the Middle East disrupting oil and gas markets. This suppresses overall demand in the economy which can have a contractionary impact on the aviation and travel industry.

5.2.4 The 'Airport Industry Report Q2 & H1' ACI Report underlines the adverse shock that the aviation industry

¹⁰ [World Economic Outlook, April 2026: Global Economy in the Shadow of War](#)

has experienced in 2026. Regional performance across most markets has weakened as the Middle East conflict continues to have a significant impact particularly in that region. Forward indicators paint a similar cautious picture, with higher air fares and softer recent bookings impacting the industry.

5.2.5 Continued geopolitical uncertainty has caused a resurgent spike in jet fuel prices, with many of the hedges that had insulated airlines at the onset due to expire, putting further strain on the industry. The impact of prolonged elevated jet fuel prices has had ripple effects throughout the industry with Air Baltic declaring bankruptcy while Ryanair has for the first time in a long time, announced that it will be reducing its winter capacity in Europe.

5.2.6 Therefore, while the latest forecasts reflect some of these elements it does not follow that this will be sufficiently baked into the forecast model, in part because the historic elasticity is based of periods where risk distribution was different. Given the uncertain and downward skewed macroeconomic environment the IAA's highly ambitious passenger forecast does not appear consistent with the current macroeconomic reality.

Overview:

5.2.7 There are currently a number of adjustments made to the IAA model and departures from the IAA's historic

approach in categories where Dublin Airport is not convinced there is sufficient valid econometric reason for doing so. These are outlined in this section, with greater detail and econometric analysis included in Appendix 1.

5.2.8 Dublin Airport recognises that the IAA has acknowledged the limitations of relying solely on a univariate GDP model and has in turn in part adopted GNI* into its forecast. However, Dublin Airport notes that the adoption of GNI* has the effect of increasing forecast passenger volumes relative to a roll-forward of the historic GDP-only approach which would have been unrealistically low had they retained their historic approach, something Dublin Airport noted as much in our Regulatory Proposition. This is ultimately to the final benefit of airlines and to passengers only in the scenario that airlines decide to pass these lower costs onto passengers through lower air fares rather than to shareholders through higher margins and yields. A point that Dublin Airport notes the IAA has not commented on.

5.2.9 Meanwhile, Aer Lingus (the 2nd largest operator at Dublin), on the week the Draft Determination was published, announced plans to cut 500 jobs, a number of long-haul and short haul routes and to take 6 aircraft out of operation. This was despite it already having a margin of 11%, but 4% short of an operating profit margin of 15% as per the requirements of shareholders and the board of IAG. Their announcement timed just

after the publication of the Draft Determination results in reduced connectivity and route choice, as they reduce their network from Dublin Airport. Given Aer Lingus is not scheduled to receive any new 330 Airbus neos before 2028, the 6 aircraft downsizing is a significant reduction that will permeate through the Determination period.

5.2.10 In the past the IAA has expressed concerns where it views Dublin Airport having internal inconsistencies in its passenger forecast compared to its CIP. It should however also apply the same lens consistently to airline forecasts. Aer Lingus through Skylark has put forward a forecast that exceeds the Regulatory Proposition, despite undertaking a substantial reduction of its own services and fleet. Given it makes up around 30% of the market share in Dublin Airport, the contradictions between an airline reducing capacity while putting forward a very ambitious passenger forecast raise questions about the credibility of its forecasts.

5.2.11 Specifically in 6.2 of the Passenger Forecast Chapter the IAA writes *'To generate our draft forecast, we have reviewed a wide range of evidence...considered submissions on the medium term plans of the two airlines with the largest operations at Dublin Airport'*. Given that the Aer Lingus fleet downsizing announcements and route cuts postdate these plans, submissions and discussions it has had with the IAA prior to publication of the Draft

Determination consistent with the IAA's position that *'aspects of our proposed regulatory settlements will change ahead of the final Determination...and as new information and evidence becomes available'* the latest Aer Lingus developments evidence should take precedent over any prior fleet plans and claims made by Aer Lingus which are no longer reflective of their "streamlined" operation.

5.2.12 The IAA has moved its positioning to reflect the fundamental differences between GDP and GNI*. While the IAA and airlines imply that Dublin Airport's historic approach has been to under forecast, Dublin Airport's support of this change means the traffic forecast is higher than it otherwise would be. In spite of this, Dublin Airport's support for using GNI* over GDP was for an econometric and forecast accuracy point of view. Which is exemplary of the good faith Dublin Airport has shown in producing credible forecasts despite claims from airlines and the IAA of undercooking the numbers.

5.2.13 Nevertheless, the IAA's new proposed model has made a number of systematic unidirectional and subsequently unbalanced adjustments which are inconsistent with the IAA's own principle acceptance as per 7.53 of the DD that *'While we recognise that many small decision could lead to a forecast which tends away from centreline, we consider this risk only materialised if these decisions are unbalanced.'*

5.2.14 Before considering the IAA's passenger forecast model in depth we first respond to their open questions in the DD regarding the Baseline and Slot Based approach. We then explain the methodological limitations and their material unbalanced adjustments' impact on the passenger forecast.

Baseline:

5.2.15 In 6.55 the IAA sets out 4 different methodologies for what baseline to use for 2026 which it asks stakeholder views on. Dublin Airport's position is the IAA should use our September LE figure as this is the latest available operational forecast by the airport based of the most recent slot filings, slot handbacks and outlook inputs, while accounting for the historic relationship of overfilling and culling capacity before hand back.

Slot based approach:

5.2.16 In 6.57 and 6.58 the IAA proposes the potential use of airline slot filings and a load factor assumption for S27 in place of the passenger figure generated by its forecasting model. Dublin Airport would caution against relying on slot filings without appropriately accounting for the well-established tendency of airlines to initially overfile slot requests and subsequently rationalise these requests closer to the operation date. Slot filings reflect airlines' commercial aspirations and strategic positioning at the time of submission rather

than a firm commitment to operate the capacity requested.

5.2.17 This issue may be particularly relevant where airlines perceive a risk that a 40mppa cap may constrain the demand. In such circumstances, airlines may have an incentive to secure access to as much available capacity as possible through the slot allocation process, including capacity that may ultimately not be operated. Such behaviour may be entirely rational from an airline perspective, as securing scarce slot capacity could prevent competitors from obtaining access to desirable times. Consequently, the initial slot filing data may overstate the level of capacity that will ultimately be operated.

5.2.18 Any slot-based forecasting approach should therefore account for the historic relationship between filed slots, slot handbacks and operated capacity. Failure to do so risks embedding an upward bias in the passenger forecast by treating aspirational capacity requests as equivalent to capacity that airlines are ultimately willing and able to operate.

Data Sources:

5.2.19 The IAA in contrast to its past historic approach has proposed to use the average of 4 separate GDP sources and 3 separate GNI* sources, for projecting out its passenger numbers for the element of its forecast

that is built of the elasticity between these macrovariables.

5.2.20 Section 1.2 of Appendix 1 explains in great detail, through econometric checks and by analysing the individual sources used, how the claimed IAA solution of addressing the tendency of the IMF to under-forecast outturn Irish GDP to quote the IAA from their DD is ‘*A solution in search of a problem*’. The Appendix demonstrates that forecast error of Irish GDP is not unique to the IMF, but rather is a common issue with forecasting a highly distorted macroeconomic indicator due to the effect of heavy MNC presence in Ireland.

5.2.21 Specifically, the Appendix explains how this adjustment appears to be based on a Ryanair request to use Irish data sources and from Skylark who note that the IMF has generally under-forecast Irish GDP. However, in contrast to the IAA who provide no analysis as to the source of this error and whether it improves forecast accuracy, we show in Section 1.2 of Appendix 1 how regression results indicate MNC activity is unrelated to passenger demand and therefore trying to improve this component of the forecast estimate does not improve the elasticity estimate. In contrast, it increases measurement error risk and parameter uncertainty.

5.2.22 This is compounded by the IAA’s econometrically untenable approach to impute forecasts for certain

GDP and GNI* indicators which further adds measurement error and is diametrically opposed to the past IAA approach of only including sources which have forecast data for the whole regulatory period. Given that forecast sources do exist, the IAA has not explained why imprecise imputation which has no structural consideration for the trend cycle that GDP/GNI* is transversing in, is necessary nor how it improves forecasting accuracy.

5.2.23 Dublin Airport highlights that the increased complexity and potential loss of transparency from the proposed IAA approach is not in line with its historic and current position as per 6.13 of the DD ‘*We expressed a preference for an independently developed, simple and transparent forecast.*’, 6.53 ‘*As we have noted before we are not convinced that a more complex model would significantly improve the predictive power to the extent it justifies the added complexity. More complex models introduce more variables which are themselves uncertain*’. and 8.18 ‘*Transparency may be reduced due to the number of inputs and assumptions to be made*’. This approach therefore introduces inconsistency in the IAA’s application.

5.2.24 Moreover, regrettably as arises a few times in the passenger forecast the IAA through the model set up becomes susceptible to double counting of components. Insofar as GDP forecast inaccuracy is concerned, the inclusion of GNI* should address some

share of this as it removes the biggest source of GDP uncertainty. The IAA has not evaluated how including GNI* in their model, counterbalances at least some of the GDP forecast uncertainty affect. Likewise, they have not analysed why 1/3 weighting is most appropriate if their own analysis determines GDP is more correlated than GNI*¹¹.

5.2.25 Given the significant issues with the data sources and inappropriate imputation Dublin Airport requests the IAA sticks to regulatory precedent and includes only the fully independent IMF forecasts. For GNI* the IAA should only use forecast sources that have data available for the whole regulatory period and not rely on unnecessary imputation. If the IAA is minded to include all sources, it should not impute but rather for the years where there is less forecast data revert only to sources that provide a point estimate for that year.

5.2.26 We invite the IAA and Users to refer to Appendix 1 for more detailed exploration and analysis on the data sources and imputation.

Time Sample:

5.2.27 Similarly Section 1.3 of Appendix 1 provides in depth analysis on why the IAA's inclusion of 1997-1999 is inappropriate and in turn so is the IAA's conclusion in 6.49 of the Draft Determination 'We do not agree with

¹¹ See Section 1.2 of Appendix 1 for greater detail on this

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....the model with the most data points have the lower standard errors and the higher R2 values, which indicates a model with a better fit.'

5.2.28 The Appendix explains that the judgement part of this forecast which reflects Aer Lingus commissioned Skylark views are incorrect because:

1. Arbitrary arguments on historic precedent of 1997 miss that the time sample changes with each succeeding regulatory period. Therefore, while the start year is consistent with precedent the sample size is not – Skylark's argument is therefore arbitrary and misses important nuance.
2. The double digit high growth rates of 1997-1999 are unrepresentative of the more modest growth rates of recent years as the Appendix demonstrates, questioning the validity of the Skylark claim.
3. The 911 demand shock claim by Skylark is not quantified and is diluted by the existence of few US routes from Dublin Airport at that time.

5.2.29 The standard errors and R^2 arguments are weakened by the presence of autocorrelation as confirmed by Durbin Watson tests in Section 1.3 of Appendix 1 and therefore, these too are unconvincing.

5.2.30 Section 1.3 of Appendix 1 then considers how the IAA justifies using the 1997 start point for 2 reasons:

1. There was no significant change to the operating conditions of the airport that occurred at this time.
2. The R^2 is higher and standard errors are lower for the 1997-2025 model vs 200-2025 model.

5.2.31 We subsequently, show this conclusion to be simplistic and not a fair representation of the changed structural environment because of:

3. Substantially different airport layout.
4. Celtic Tiger Boom – characterised by falling high unemployment, high consumer spending leaning on over-confidence and low inflation.
5. Disruptive low-cost carriers shaking up the industry vs. established low-cost carriers with significant market presence.
6. High growth emerging airport vs. established hub airport with mature route network.

5.2.32 Please see Section 1.3 of Appendix 1 for a detailed review of these factors.

5.2.33 Lastly, we noted there were some divergences between the treatment of the time sample compared to Commercial Revenue as well as to the CAA. Specifically, for Commercial Revenue the IAA has used a sample of 2001-2025, whereas for passenger forecast they have used 1997-2025. This risks creating inconsistency in the Building Blocks from using different time samples that bake in different contexts. Furthermore, the CAA for H8 through Steer has used the time sample of 2000-2024 for their passenger forecasts.

5.2.34 The Appendix concludes that contrary to the rebutted and unconvincing arguments set forward by the IAA, the correct time sample to start with is 2000 and not 1997, which recognises the increasing irrelevance of further out years as the time distance between prior Determination time sample start years furthers with each subsequent regulatory determination.

5.3 IAA Approach to Infrastructure Constraints Limitation

5.3.1 In the previous section, we have set out the factors in the IAA's Draft Determination that led it to determine an inflated forecast of unconstrained passenger throughput. We now turn to the other factors that suppress the passenger forecast below an unconstrained forecast.

5.3.2 The IAA as this section explains has opted to proceed with an unconstrained model. Therefore, they do not provide a constrained model. While Dublin Airport underlines the serious shortfalls of this preliminary decision by the IAA in this Section, it should be cognised that some of these limitations interface with and hence are also related to the unconstrained model above. Particularly the IAA's only attempt at explicitly quantifying the effect of constraints is through its argument that elasticity estimates will at least partially capture the effect of constraints.

5.3.3 This section is therefore laid out as follows. We start by:

1. Analysing how the IAA argument of baking in constraints is severely flawed and not reflective of the actual output of the model.
2. Consider the qualitative judgements provided for not regarding constraints and explain how these are overstated and not justified by any quantitative analysis, resulting in a high-case and not centreline scenario.
3. We contrast the IAA's judgement based unquantified position on the immateriality of constraints with the material implication constraints have on limiting passenger volumes which the independent Ricondo analysis examines.

4. We evaluate how the IAA through its 1/3 Eurocontrol forecast ends up double counting mechanisms from its judgement based analysis and fails to account for the interactions between the Eurocontrol and judgement based analysis as well as the interaction between the bucket of reasons it list for not regarding constraints.

5.3.4 As with the preceding sections, Sections 1.4 to 1.6 of Appendix 1 provide further detail on the factors listed above respectively.

Baking in of constraints:

5.3.5 Section 1.4 of Appendix 1 explains in depth through the use of the standard econometric linear regression model, how for constraints to be baked into the elasticity estimate, they must be both correlated with GDP/GNI* and Dublin Airport passenger numbers to show up in the elasticity estimate as opposed to the error which is the part of the variation not explained by the elasticity estimate.

5.3.6 Dublin Airport in Appendix 1 by way of example illustrates how the IAA's assertion of baking in of constraints may hold. It then on the flipside, details how the design of the slot regime may incentive airline behaviour consistent with a Nash Equilibrium of overfilling for slots so as to prevent their competitors from acquiring them, when they are in scarce supply. This mechanism then can become oblivious to GDP

cycles as long as constraints exist, which results it be uncorrelated or less correlated to GDP, in turn it shows up in the error and this element does not become meaningfully baked in.

5.3.7 Dublin Airport noted that in contrast to us, the IAA provide no analysis as to why their theoretical baking in of constraints holds and if it impacts the elasticity estimate rather than the error.

5.3.8 Dublin Airport in Section 1.4 of Appendix 1 then demonstrates how this position of the IAA, risks being internally inconsistent with other positions it adopts for other components of the passenger forecast. Namely, it argues there was no structural change between 1997-1999 while simultaneously acknowledging that since 2007 due to infrastructure constraints where slot demand for certain times exceeded supply, the airport became slot coordinated. In turn a structural change arises in 2007.

5.3.9 To ascertain the potential effect of this, we conduct rolling elasticity analysis in Section 1.4 of Appendix 1 and find a structurally weakening elasticity estimate. We provide numerous reasons for why this may arise including the IAA theory, but conversely note it could also reflect other structural factors. In turn this elasticity analysis calls into question the IAA's decision to use to large a time sample with unrepresentative historic data and how if its argument of constraints

being baked in is to have some merit, why has the IAA then included unconstrained or structurally different less constrained years.

5.3.10 Lastly, Section 1.4 of the Appendix concludes by emphasising how value judgements made without empirical validation can risk misstating the reality, by disputing the IAA's positing in 6.46 of the DD *'The GDP forecast for Ireland have consistently not predicted the large year-on-year fluctuations which have been observed, which has likely weakened the elasticity estimate'*. The second part of this assessment is not supported by the observed evidence. A weakening relationship is evident over time not only for GDP, but also for GNI*, which suggests that fluctuations in GDP arising from MNC activity are unlikely to be the principal driver of the weakening relationship. This illustrates the importance of testing qualitative hypotheses against the available evidence before relying upon them to support methodological judgements, particularly where the IAA has relied upon similar qualitative judgements across a number of areas.

IAA's Qualitative Constraints Assessment:

5.3.11 Section 1.5 of Appendix 1 discusses that apart from the partial baking in of constraints into elasticities, the IAA provides a number of other qualitative reasons for not taking account of constraints. In summary the

reasons they provide for constraints being immaterial for consideration into the forecast model are:

1. Aircraft up gauging
2. Aircraft off-base flying
3. Load factors
4. Winter growth
5. Off peak times growth
6. Bussing

5.3.12 The IAA then state that they view the Max 10 up gauges and the lower draft price cap as positive upside risk that Dublin Airport is exposed to which the IAA claim they have not considered. This is difficult to transparently verify as in the absence of any form of model this is ultimately an unverifiable assertion.

5.3.13 In the Appendix we explain that we do not in principle dispute these factors could be used to alleviate the effects of constraints, noting that our constrained forecast as part of the Regulatory Proposition included some of these factors in our quantitative model.

5.3.14 The Appendix then raises the concern that some of this judgement from the IAA was formed on the back of bilateral conversation as-well as responses it has received from Ryanair and Aer Lingus. Meaning that the IAA has taken some of the airlines' claims at face value without meaningfully considering the past revealed behaviour of these airlines in contrast to their stated

behaviour. Section 1.5 of Appendix 1 provides a systematic overview of where the IAA has incorporated such airline responses in its judgement based disregard of constraints.

5.3.15 The Appendix provides the specific examples of how Ryanair in W24 despite receiving a discount for its newer gen Max 8 aircrafts, opted to switch out all its Max 8's in Dublin in turn subjecting itself to a higher charge. This challenges the IAA assessment lower charges may encourage more growth as the evidence illustrates this mechanism does not always transpire. The Appendix later refers to the countervailing market power of Ryanair and previous public disputes it has had with some airports over charges as another example that the IAA has not considered the downside risks sufficiently in their judgement on constraints.

5.3.16 Likewise, the Appendix notes that despite claims of up-gauging at Aer Lingus, the announcement timed just after the publication of the IAA's Draft Determination was one of reducing its fleet by 6 aircraft, reducing frequency and ceasing of routes. In turn Dublin Airport notes it is not credible to place any emphasis of growth at Aer Lingus, given the announcement post-dating any bilateral conversations and submissions received by the IAA from Aer Lingus as part of the Draft Determination. Consistent with the IAA's position to reflect the latest available data, the

reductions and not a growth scenario at Aer Lingus should be the consideration here.

5.3.17 Appendix 1 further noted that airline decision happen at the network and not airport level and in turn, in a footloose industry there are various external factors that can influence where airlines allocate aircraft aside from constrained airports.

5.3.18 Dublin Airport then explained how the IAA analysis implicitly assumes that airlines optimise for load factor growth rather than yields, which is a very strong and difficult assumption to make given commercial incentives of airlines. Dublin Airport to solidify this point explained how the Oxera Study on Airfares¹² finds that airport congestion is the biggest predictor for airfares, allowing airlines to earn higher scarcity rents. By way of example we analysed how Aer Lingus' own frequency reductions was informed from a yield management perspective. The Appendix subsequently concludes that it is naïve of a regulator to not proportionately reflect commercial incentives of airlines which may run contrary to their statutory objectives of growth, competition and increased choice.

5.3.19 Appendix 1 then moves to considering through a W23, W24 and W25 season level analysis how load

factors can absorb only a fraction of foregone capacity and it is not a sufficient mitigatory mechanism. It likewise breaks down the IAA's position on bussing as one that sounds much better on paper than practice, due to the real life operational complexities of bussing as outlined in the Appendix.

5.3.20 Appreciating the interrelatedness between the Eurocontrol forecast and some of the IAA's capacity releasing assumptions, the Appendix sheds light on how the annual assumed +0.45% load factor growth assumption means the IAA has already incorporated load factor growth in its model and it is in essence double counting the same mechanism through two different channels.

5.3.21 While Section 1.6 of Appendix 1 provides more depth on the Eurocontrol forecast, Section 1.5 flags that the IAA's Max 10 assumption is already captured in the Eurocontrol forecast as that includes movement and weight factor projections for Ireland and Dublin Airport, in turn this Max 10 mechanism is already incorporated in their model. Its separate inclusion risks overstating its effect through double counting.

5.3.22 Section 1.5 of the Appendix concludes therefore that cumulatively, the inclusion of a pool of

¹² WHAT REALLY DRIVES AIR FARES: *Debunking the myth about airport charges & setting the record straight on airline competition, airport capacity and scarcity rents*

uncalibrated mitigatory measures (notwithstanding the potential counterbalancing nature of some of these measures) runs contrary to the IAA's own admission that in 7.53 of the DD that the inclusion of unbalanced decision can tend the forecast away from centreline. Regrettably, the IAA through pooling all possible upside risks together and assuming they all transpire has ended up with an unbalanced high scenario and not a centreline forecast.

5.3.23 Ultimately this results in an overly optimistic passenger forecast and not a reasonable centreline scenario, while making it very difficult to assess which elements of the IAA's qualitative assumptions are in direct contention with the mathematic part of the IAA model. The absence of quantitative analysis to verify their qualitative assertions makes determining the extent of double counted components very challenging and ultimately significantly reduces the transparency of their forecast.

Ricondo's Independent Constrained Forecast:

5.3.24 To independently assess the impact of infrastructural constraints at Dublin Airport, we commissioned Ricondo to analyse what the effect of infrastructure constraints at Dublin Airport would have on the unconstrained passenger forecast, please see Appendix 2 for the full report. As part of the engagement, Ricondo also computed the divergence between the

unconstrained forecast and that which transpires given the presence of infrastructure constraints. This provides an objective basis for illuminating the consequence and materiality of the IAA's failure themselves to in any way compute or analyse the quantum of impact of infrastructure constraints at Dublin Airport

5.3.25 The Ricondo report is based on a quantitative analysis which conducts a trendline assessment of demand, develops daily activity projections and then compares these to day flight schedules against contact stand capacity proxied for boarding gates, all while evaluating historical data and industry trends. The quantitative analysis concludes that demand will begin to exceed daily capacity (boarding gates and stands) from 2028 and by 2031 this represents 2.2 million fewer passengers compared to the IAA's unconstrained passenger forecast as part of the Draft Determination.

5.3.26 Ricondo's analysis raises significant questions regarding the robustness of the IAA's conclusion that infrastructure constraints are unlikely to materially affect passenger growth over the Determination period. While Ricondo developed a detailed quantitative analysis, On the other hand the IAA's assessment relies on a high-level qualitative judgement. Given that Ricondo's analysis indicates a widening divergence between unconstrained demand and potential accommodatable passengers, reaching approximately

2.2 million passengers by 2031, the IAA has not demonstrated an equivalent analytical basis for concluding that infrastructure constraints are immaterial to the passenger forecast.

Eurocontrol TNSU Forecast:

5.3.27 While the Eurocontrol forecast forms part of the IAA's unconstrained model, given its interactions with the mitigatory measures that the IAA views as alleviating constraints, Dublin Airport deems it more appropriate to discuss this aspect of the IAA's forecast in this section. Both Dublin Airport and the IAA used the Eurocontrol forecast in their passenger forecast models, whereas the way they have been applied and the weighting provided differs.

5.3.28 Section 1.6 of Appendix 1 discusses the differences between how the IAA and Dublin Airport implement the Eurocontrol forecast in their respective unconstrained forecast models.

5.3.29 The Appendix then moves to examining how the IAA has made a simplifying assumption that seats grow one-for-one with TNSUs. The Appendix explains that TNSUs are a measure driven by aircraft movements and weight (MTOW) at an airfield and relate to the instruments relating to movements at an aerodrome that charges are levied on. Consequently, this means that if aircraft movements or aircraft size/weight composition changes then so too will the TNSU. In turn

commercial passenger flights are not the only drivers of TNSU. Cargo, general aviation and any movement for which terminal charges are levied can also influence TNSU. It does not hence follow that the growth rate of TNSU will be equivalent to the growth in seats, though we acknowledge this is a simplifying assumption made by the IAA for their modelling.

5.3.30 Section 1.6 of the Appendix then explains that relying on simplifying assumptions that don't disregard capacity growth where it cannot arise easily e.g. the morning peak can expose the methodology to skewing towards a high case scenario.

5.3.31 While furthering that this is exacerbated by both capacity and load factors projected to grow in this forecast, despite load factor growth having a limit and its tendency to be diluted or even nullified when capacity grows, with the Appendix providing examples of this.

5.3.32 The Appendix continues by discussing how the EU Presidency would skew the Eurocontrol forecast, which is evident in the spike in 2026 as per Figure 6.7 of the IAA's DD. Additionally the Appendix brings to attention that the higher MTOW of Max 10s vs Max 8s and NGs means that these will already be captured to some extent in the Eurocontrol forecast.

Balance of diversion from regulatory precedent:

5.3.33 As Sections 5.2 and 5.3 in conjunction with Appendix 1 has explained the IAA has diverted from regulatory precedent in a number of ways. In 6.25 of their 2026 Draft Determination the IAA notes *‘that airlines, collectively representing a large majority of the traffic at Dublin Airport, have also provided us with forecasts...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’*. While in 4.32 the IAA said *‘there is a range of reasonable pricing levels which a competent regulator would set the price cap’*. The IAA therefore itself acknowledges that dependent on the approach used the forecast results can differ even if marginally.

5.3.34 Despite this however, the IAA has made a number of changes which are essentially judgement based and often not grounded in regulatory or econometric best practice, in some instances reflecting views from Skylark who submits a forecast reaching an optimistic high case 46mn at the end of the regulatory period.

5.3.35 The IAA has themselves acknowledged even if only implicitly in the Draft Determination it does not view Dublin Airport unconstrained forecast as understated (instead stipulating the constrained is).

The IAA even argues their methodology is consistent with the CAGR that Dublin Airport unconstrained returns with the latest inputs. However, it still gives substantive weighting to Skylark who on behalf of Aer Lingus has submitted an overstated forecast and one inconsistent with Aer Lingus’ current downsizing and schedules.

5.3.36 The changes the IAA has made have disproportionately reduced the revenue requirement cumulatively for Dublin Airport.

5.3.37 Its inclusion of 1997-1999 increases the elasticities by .01 for GNI* and .05 for GDP. Which cumulatively adds 0.5mn or 0.2% to the passenger forecast over the period.

5.3.38 Its unquantified disregard of constraints has a significant downward effect on the revenue requirement.

5.3.39 Likewise, the regulatory divergent and unnecessary imputation and aggregation of multiple data sources while deviating from past regulatory precedent of using the IMF and independent forecasts over imputations adds circa another 0.5mn over the regulatory period.

5.3.40 The IAA reasonably notes that airport and airline forecasts should be interpreted carefully given the potential incentives that may be faced by each party.

The same principle would also suggest that regulatory forecasts should ultimately be assessed on their methodological robustness rather than solely on the status of the party advancing them. Since as the public policy economics literature discusses regulators too may have their own set of inherent incentives such as the compromise baseline (splitting the difference) or for signalling. The relevant question is therefore not whether a forecast originates from an airline, airport or regulator, but whether departures from established methodology are supported by evidence, econometrics and demonstrably improve forecast accuracy and if it collectively risks deviation from the centreline.

5.3.41 The IAA has in principle accepted that such a risk exists in 7.53 *'While we recognise that many small decision could lead to a forecast which tends away from centreline, we consider this risk only materialised if these decisions are unbalanced.'* Based off all the evidence and method changes that the IAA has employed to the passenger forecast that almost exclusively reduce the revenue requirement, nudge the passenger forecast upwards and increase the downside risk. Dublin Airport does not view the IAA passenger forecast as centreline or in agreeance with the IAA's position not to have cumulative decisions which tend away from centreline.

5.3.42 In turn regardless of the motivation for these method changes, Dublin Airport is not clear nor

convinced that the misnomer of 1997 starting point as regulatory precedent and the addition of more complexity through additional forecast sources and imputation serves any regulatory, econometric or passenger based interests, other than to reduce the revenue requirement for the airport through adjusting the inputs on the fringes. While simultaneously, deviating from regulatory precedent, past regulatory treatment and the IAA's own position on complex models.

Reopeners:

5.3.43 The IAA has called the Asymmetric Risk Adjustment *'a solution in need of a problem'*. It provides evidence of the fair bet materialising over the long run. While at the same time implementing a Draft Determination that is overly optimistic with no real opportunity for Dublin Airport to outperform.

5.3.44 Moreover, it notes that reopeners are in part a mitigatory mechanism against extreme downside shocks. While in 6.96 noting that Dublin Airport managed to outperform the 2022 Regulatory Settlement by offsetting the higher opex through passenger forecast exceedance and commercial revenue outperformance.

5.3.45 In 5.18 it notes *'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*

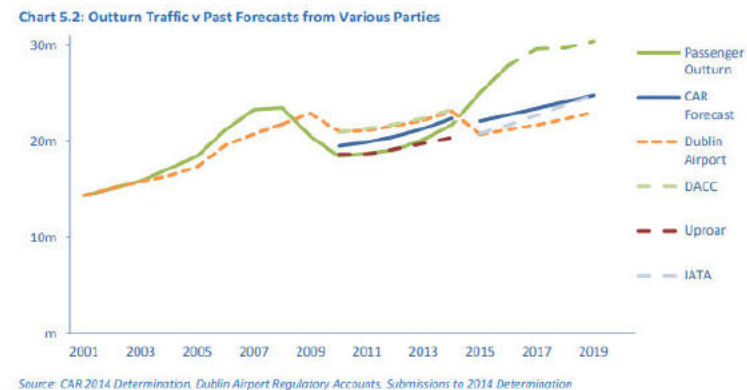
over the last 15 years, including the Covid-19 impacted period, an ex-post review suggests that the regulatory model has been successful in setting up a ‘fair bet’ over time.’.

5.3.46 However, the 2022 Determination was a reopener following the Pandemic where in 2020 and 2021 Dublin Airport made EBIT losses of €271.8m. A request for a RAB adjustment for these losses under the 2022 review was not allowed. In turn, following the IAA position that a reopener is a risk mitigation measure, then outperformance in the directly succeeding period is in part at least compensation for extreme downside performance rather than outperformance against the current regulatory settlement. It is important to avoid double counting risk mitigation through a re-opener as both extreme downside risk protection and simultaneously as outperformance against the regulatory settlement. This can in turn result in overly stretching forecasts because two separate effects have been conflated and treated as one.

5.3.47 Moreover, the need to revert back as far as 2010 for the significant underperformance from Covid-19, an external shock well outside of Dublin Airport’s control to offset the downside impact of this extreme event, despite 2 re-openers, demonstrates how re-openers while providing some relief have not historically provided adequate downside protection. The re-opener was not sufficient to compensate Dublin Airport for the

extreme downside from the Pandemic, nor was any successive outperformance in the following regulatory period or in the directly preceding period.

Figure 6 2019 Passenger Traffic vs IAA Forecast Performance



Source: IAA https://www.iaa.ie/docs/default-source/car-documents/2019-determination/2018-04-30-cp7-issues-paper.pdf?Status=Master&sfvrsn=b6c614f3_0

5.3.48 Furthermore, while much discussion from both airlines and the IAA has centred around outperformance, it seems to have missed the proportionate consideration of underperformance. While 5.19 of the DD notes ‘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)', this does not fully appreciate the quantum of the overstated passenger forecast for the 2010-2014 Regulatory Period cumulating around 6mn passengers.

5.3.49 This further ignores the 2005-2010 period where Dublin Airport underperformed against various Building Blocks in the Regulatory settlement. There is a consistency consideration too, if outperformance is considered only from 2010 onwards but the passenger forecast looks back all the way to 1997 to project outwards. A reopener therefore is not protecting Dublin Airport from extreme downsides to the extent that the IAA implies. Any assessment of the Fair Bet should consider how the chosen time sample used might distort the conclusion of its materialisation versus the inclusion of additional years just outside the sample that had underperformance.

5.3.50 Reopeners are also limited by the fact that airlines too are impacted in downside scenarios which limits the scope to counteract the downside through higher cost recovery via charges. Additionally, reopeners generally take 2 years to complete, they therefore are not a time efficient risk mitigation measure and can leave the airport significantly exposed while the reopener review is ongoing. They also point to the proportionality of regulatory intervention as per the TF 2019 Remedies paper, whereby the cost and resource

of a reopener is far higher than factoring in a known probable risk in the Determination in the first instance.

Asymmetric Risk Adjustment:

5.3.51 Beyond its reliance on reopeners, the IAA sets out several further reasons for rejecting the Asymmetric Risk Adjustment (ARA): that it would allow excessive returns in 'normal times' because it is not ring-fenced; that risk allocation should be assessed across all building blocks rather than within the traffic forecast alone; that the GNI* and GDP elasticities already capture the impact of transient shocks; and that the ARA and a reopener would be duplicative. Dublin Airport does not consider that any of these reasons justifies rejecting the ARA, for the reasons set out below.

5.3.52 First, the ARA and reopeners are complementary rather than duplicative. A reopener is discretionary: there is no predefined trigger, timeframe or level of compensation, so Dublin Airport remains exposed to uncertainty over whether intervention will occur and, if so, when and to what extent. The ARA, by contrast, provides protection that is known in advance and can therefore be reflected in investment and financing decisions. The Covid-19 experience illustrates the point: regulatory intervention ultimately occurred, but not immediately, and the airport bore the financial consequences of the disruption in the interim. Dublin Airport recognises the IAA's point that a reopener can

be tailored to the nature and severity of the event that actually occurs. The appropriate response is to use the ARA to provide immediate protection against the initial impact of a shock, while preserving the role of reopeners for events that prove more severe or persistent, rather than to treat the two as alternatives.

5.3.53 Second, the ARA is required because the passenger risk Dublin Airport faces is inherently asymmetric. While errors in the regulatory forecast should broadly cancel out over time, exogenous shocks such as 9/11, the Icelandic ash cloud, extreme weather and Covid-19 reduce demand without being offset by upside shocks of equivalent size. Passenger numbers can fall to zero, but the fixed capacity of the airport, high airline load factors and slot coordination mean they cannot rise far above forecast, and demand lost to a shock is generally not recovered. Under a per-passenger price cap with no traffic risk-sharing, Dublin Airport bears the full revenue impact, so expected revenues are lower than the IAA's forecast implies. The absence of ring-fencing is therefore not evidence of excessive returns: like an insurance premium, the ARA reflects the expected cost of this downside risk, whether or not a shock occurs in the period.

5.3.54 Third, the ARA does not consider passenger risk in isolation. The methodology already reflects the response of both operating costs and commercial revenues to changes in traffic through the cost and

commercial revenue elasticities used in the model, which are the same relationships that underpin the wider regulatory framework used to set the price cap. The analysis therefore does not assume that a reduction in traffic translates one-for-one into a reduction in financial performance. We also note that the evidence the IAA presents on Dublin Airport's ability to manage costs over 2023–2025 relates to a period in which traffic exceeded forecast, which says little about how the business performs when an adverse shock materialises.

5.3.55 Fourth, the ARA does not double count risk already reflected in the passenger forecast. We agree that a regression of passenger demand on GNI* and GDP will, in principle, capture shocks that affect both national income and passenger traffic. However, in such a model national income is the only channel through which variation in traffic can be explained. The model therefore implicitly assumes that any shock which reduces passenger demand is also visible as a movement in GNI* or GDP. The transient shocks the ARA is designed to address are airport- and industry-specific, such as localised labour disputes, accidents and extreme weather events. These directly disrupt the operation of the airport but have a negligible effect on national income, particularly in an increasingly digitalised economy. The regression has no structural means of representing these shocks or their one-

directional impact on traffic, so a forecast produced from it cannot reflect them. Double counting would only arise if the same risk were captured through two channels, which is not the case here. For the same reason, the IAA's observation that the TNSU forecast reflects an updated macroeconomic projection does not address airport-specific risk.

5.3.56 Fifth, the calibration of the ARA is not arbitrary. It is based on the observed frequency and impact of historical transient shocks at Dublin Airport and, for extreme shocks, on the impact of Covid-19. This mirrors the approach adopted by the CAA at Heathrow, where the allowance for asymmetric risk was similarly informed by the pandemic experience. Uncertainty over the precise calibration is a reason to refine the estimate, not to set the adjustment at zero, which is itself a calibration and one that is known to be wrong once the asymmetry of the risk is recognised.

5.3.57 Finally, a fair bet requires that Dublin Airport is neither systematically advantaged nor disadvantaged by risks outside its control. Where those risks are asymmetric, a centreline forecast on its own does not deliver expected outcomes consistent with the allowed return, and some form of adjustment is required. The question for the IAA is therefore not whether an adjustment should exist, but how it should be delivered. As set out above, the IAA's backward-looking assessment of the fair bet does not demonstrate

otherwise. Given the greater certainty now surrounding the imposition of the 40mppa cap, Dublin Airport asks the IAA to introduce the X-factor adjustment proposed in this chapter for the 2027–2031 period. However, we ask the IAA to reconsider its rejection of the ARA in principle, as we consider it will be a necessary component of future price controls once legislative constraints no longer apply.

Triggered vs Untriggered:

5.3.58 The IAA has not sufficiently considered the level of risk that this exposes the airport to in the scenario of untriggered CIP projects. It has acknowledged that many of these variables are outside of Dublin Airport's control which means that these downside risks are not simply something the airport can manage as part of the broader framework of incentive based regulation.

5.3.59 It therefore is not credible to argue that it is a centreline forecast with downside scenario of untriggered Capex and upside of triggered Capex. The reality is that these two scenarios are vastly different, and they have different dynamics that play out which in turn affects airline behaviour. The impact on the building blocks is also significantly different. This is implicitly acknowledged by the IAA where it includes a commercial target uplift wherever there is a CIP project due to trigger, however it does not make such principally almost identical adjustments for passenger

forecasts or commercial revenues (insofar that a constrained passenger scenario means that commercial revenue will be lower).

Traffic Adjustment Mechanism:

5.3.60 Notwithstanding, the serious risk that the current IAA forecast as it stands is overstated due to:

1. Using an unrepresentative starting point
2. Imputing macroeconomic forecasts
3. Inducing measurement error from multiple forecasts of the same uncertain GDP
4. Double counting of mechanisms particularly in the Eurocontrol forecast and qualitative constraints assessment and between GDP and GNI*
5. Disregarding of all constraints while maintaining unconstrained/less constrained years in the sample
6. Conflating re-openers as both extreme downside event compensation and simultaneously as outperformance needing correction.

5.3.61 The expected 40mppa passenger cap further accentuates the downside risk.

5.3.62 The IAA cites in 6.82-6.84 that *‘legislation is currently in development which would permit the Minister to revoke (or replace) the current 32mppa Conditions’* and this statement is over-simplistic and overly optimistic for the reasons described already by reference to the actual terms of Dublin Airport’s live application to the Minister to permit 40mppa only. The PC Act provides for a dual approach, whereby an application to the Minister can concur with an application such as Dublin Airport’s current 40mn Infrastructure Application sitting with Fingal. If the 40mn IA is granted by Fingal (or ACP on appeal), the PC Act provides that Dublin Airport will be bound by that 40mppa limit because any prior ministerial order *“shall stand amended”* in accordance with Fingal (or on appeal ACP)’s decision to grant, rather than by any prior ministerial order issued under the PC Act.

5.3.63 A traffic adjustment mechanism is required, at the very minimum, to recognise the real material impact a 40mppa cap can have and triggers only in the scenario that and for the duration therein that such a cap is a constraint on actual demand.

5.3.64 In contrast to the Hard Brexit example provided by the IAA a hard 40mppa cap can be quantified with its timing set by the IAA itself (through the slot process) and much better dealt with through a trigger only mechanism and far more consistent with the 2019 TF Remedies paper discussed in Section 5.5.

5.3.65 In 6.84 of the Draft Determination the IAA notes *‘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.’*. Given that since the Regulatory Proposition, the PC Act has been enacted and an application to increase the cap to 40mppa been submitted by Dublin Airport, these 2 material change developments require the IAA consistent with its positioning in the Draft Determination to update the Final Determination to reflect the expectation of a 40mppa cap applying throughout the regulatory period.

5.3.66 If the IAA is to take the position that the airport can apply to increase the cap further and this a risk it has to manage, this would be irrational and the IAA has failed to balance the downside and upside risk appropriately. As noted above: There is no live application which could possibly permit Dublin Airport to handle more than 40mpaa during the period 2027-31, Dublin Airport is not in a position to commence the lengthy preparations required for any such new application until the relevant decision-makers conclude their live application processes, and any future new application by Dublin Airport to permit over 40mppa will take a long time.

5.4 Users’ Views

5.4.1 Throughout the chapter we have integrated our response to users’ responses to the IAA’s Issues Paper. While naturally as expected under their dominant strategy incentive these have been very critical of Dublin Airport’s outperformance, they do not reflect how airlines have seen record highs in their share price. Looking at airport outperformance while ignoring that this trend too has been shared by respondents to the Regulatory Submission risks introducing a regulatory distortion whereby the industry fundamentals are decoupled.

5.4.2 Ryanair provided Dublin Airport with its forecast. While Ryanair noted that their forecast is conditional on lower charges, it builds in a level of up gauging that is contingent on many external factors. A centreline forecast cannot assume all these factors transpire, as they have historically not done so. Namely supply chain shortages, network effects, discounts available at emerging markets.

5.4.3 Unfortunately, Aer Lingus despite its continued claims that Dublin Airport has deliberately deflated its passenger forecast, has refused to itself provide its own passenger forecast to Dublin Airport.

5.5 Thessaloniki Forum Precedent

5.5.1 The IAA has given weight to qualitative non-binding claims when disregarding constraints, despite airline

having an incentive to over-forecast their numbers – which is far easier to do when it is reliant on plans and commitments rather than econometrics.

5.5.2 For the regulator to avoid the suboptimal Nash Equilibrium where airlines overstate their future plans it must change the dominant strategy for airlines, which can only be achieved when it does not unduly weight deliberately over-forecasted passenger numbers and deflated WACC forecasts. In Section 5.2 and Appendix 1 of our response outlines the corporate objectives that Aer Lingus has undertaken to suppress airport charges in a push to be as profitable as other IAG members, who benefit from greater monopoly power on their routes.

5.5.3 While the Thessaloniki Forum Paper 2017 refers to the case of market power, conceptually the principles apply to aviation economic regulation as a whole. One of the considerations that the regulators forum considers relevant for market power assessments is ‘*countervailing airline market power*’. The same holds true when considering the incentives and interests of such users in the Draft Determination. Both Ryanair and Aer Lingus who collectively comprise circa 70% of Dublin Airport’s passengers have submitted detailed submissions to the IAA.

5.5.4 Consistent with the 2017 Thessaloniki Forum on Market Power and the 2019 Paper on Remedies which notes that incumbent airlines can have incentives that are contrary to those of future passengers, the IAA should consider how judgements made consistent with the views of incumbent airlines might if at all impact the passenger and future passenger interest. Where this is to drive profitability in line with corporate objectives a price cap that is low but overly stretching and not passed through to the passenger hurts current passengers twice both in the present and future, through lower service quality, resilience, higher cost for commercial services (where commercial targets are higher incentivising further yield management) and investment, as-well as reduced entrants in the future despite lower charges, due to consolidation of incumbent market power.

5.5.5 In 2024 the European Commission blocked further acquisition by IAG group of Air Europa on the basis it would restrict competition particularly on routes in Spain¹³. The CEO of IAG in June 2026 made a public statement with the position that current EU regulation makes an IAG EasyJet merger very difficult, in an industry where in his view continued consolidation is necessary for efficiency. He continued they will continue to explore opportunities that make the IAG

¹³ [Acquisition of Air Europa by IAG](#)

group stronger ¹⁴ . Implied that consolidation will increase IAG's market power.

5.5.6 Under the criteria of effective regulation that ISAs have outlined in the TF 2019 Remedies paper, the regulation should be:

1. Necessary: the regulation remedy should be valid and relevant to the identified problem.
2. Effective: the remedy should be appropriately targeted with assured compliance and enforcement
3. Proportionate: the remedy should be tailored to remedy the relevant issue only where the benefits of doing so outweigh the cost.
4. Consistent: regulation should treat similar situations in a similar way, without unjustified differences.

5.5.7 It is contrary to consistency to have a regulatory framework which does not have any regard for the countervailing market power of airlines while applying heavy handed regulation on the airport for deemed significant market power. The risk in such a mismatched application is that the regulation of the airport's market power simply increases the market

power of incumbent airlines and does not actually flow through the passenger or does so only partially.

5.6 Conclusion

5.6.1 The IAA's move from an overly simplistic univariate passenger numbers to GDP model is welcome. While the approach adopted by the IAA differs from that of Dublin Airport, Dublin Airport recognises the complexity of its own forecast model insofar as the number of components are involved, Dublin Airport does acknowledge the IAA's preference for a simpler model with reduced inputs.

5.6.2 While it is common regulatory practice to employ more complex forecasting models in airport price controls to factor in variables such as fuel prices, macro-economic indicators, ticket prices, population and bottom-up approaches, we do recognise the IAA as per historical regulatory practice will gravitate to a simpler model. Instead of expending significant resource for both ourselves, users and the IAA by debating why our approach is better, we instead as has been historically the case and consistent with users' preferences for an independently developed model take it as a given that the IAA will not fundamentally

¹⁴ [BA owner warns EU competition rules make easyJet bid 'very difficult'](#)

deviate massively from its chosen model post Draft Determination.

5.6.3 Our response therefore is predicated on the IAA rolling forward with their model, which should not be misinterpreted as an endorsement of their approach over ours. Rather we have underlined the significant upward bias on passenger numbers forecast through recurring judgement driven decisions that are at odds with econometric best practice. In turn, we present the minimum adjustments to their approach and model that the IAA must undertake and then underscore the missing transparent calculations delineating how any risk of double counting has actually been dealt with or discounted, if it is to continue with its proposed unconstrained model in some shape or form as set forth in the Draft Determination. These adjustments and issues must be addressed if there is to be any credibility to the unconstrained passenger forecast the IAA sets as being one that is an internally consistent, econometrically sound centreline forecast, rather than the current overstated, high-case scenario and internally inconsistent case.

5.6.4 While this chapter has demonstrated that a number of methodological decisions within the IAA's unconstrained model introduce an upward bias to the forecast, these are not the only factors affecting whether the resulting passenger forecast is truly centreline. More significant concerns arise from the

IAA's treatment of asymmetric risk, capacity constraints and the legislative passenger cap, all of which threaten to further skew the forecast away from a realistic centreline outcome. Given their materiality, these factors warrant particular attention in the Final Determination. Throughout this chapter Dublin Airport has provided great depth as to the current flaws and amendments needed, for the avoidance of doubt they are summarised here.

5.6.5 Turning first to the unconstrained model the IAA must especially if is not to control for constraints elsewhere not continue to use the 1997 starting point which is arbitrary and includes a structurally different environment. The IAA should instead use 2000 consistent with regulatory and aviation forecasting precedent to use c.25 years of data (or 2007 if it is not to employ the regulatory preferred bottom-up assessment for constraints as the starting point if its baking in of constraints is to have even some reasonable level of credibility).

5.6.6 The IAA consistent with its preference for simpler transparent models, should not introduce 3 new additional data sources for GDP forecasts, which do not improve forecast performance and pertain to MNC activity which is largely irrelevant to Dublin Airport passenger numbers in the first place. Instead, it should continue to rely on the fully independent IMF forecasts or as per past precedent only rely on sources with data

for the entire Regulatory Determination period. It should also not unnecessarily impute GNI* and GDP forecasts which increases measurement error risk.

5.6.7 The IAA must reevaluate its TNSU Statfor forecast by removing double counting through assuming constant load factor growth with capacity growth which ignores the general inverse relationship between these two factors as-well as the limits that load factor growth faces as it nears closer to 100%. It should also have regard for the fact that TNSU and seats do not grow 1 for 1 and that there are other variables that can drive TNSU which are independent of passengers and can in turn risk overstating the likely centreline passenger forecast.

5.6.8 Moving to the issues of constraints, the IAA must fundamentally reassess its premature dismissal of constraints which is reliant on a largely qualitative and descriptive assessment, that is not backed up by any quantitative analysis and does not factor in for many of these elements already being implicitly captured in the Eurocontrol forecast.

5.6.9 Consistent with the TF 2019 Remedies Paper it should have regard for the countervailing market power of airlines and not place excessive weight on airline fleet expansion claims which are neither binding and in some cases contrary to past airline revealed behaviour evidence. It should also consistent with its own objective of setting a centreline forecast not assume

that a number of descriptive factors will all realise to alleviate constraints, while also not having controlled for the interaction between these variables, inverse relationships that exist between capacity and load factors as well as for the risk of double counting due to the failure to provide a robust quantification of constraints and how their hypothesis that they are fully reconcilable is empirically validated.

5.6.10 The IAA's arguments on baking in are equally insufficiently quantified. The reality is that there is a significant element of constraints that is exogenous to GDP/GNI* and is captured in the residual and not the elasticity point estimate and so is not reflected in the forecast model.

5.6.11 Finally, given the materiality and developments surrounding the application for a 40mppa cap, the IAA must incorporate this significant risk into their final model. Dublin Airport has proposed this be achieved at the minimum through a X-factor which is targeted, transparent and conditional on such a cap being a constraint on actual demand. Failure to do so would be to irrationally disregard the clear realities at the Determination stage.