

CHAPTER

6

OPERATING COSTS



6.1 Overview

6.1.1 Dublin Airport supports the IAA's objective of establishing an efficient operating expenditure allowance. However, we do not consider that the Draft Determination provides for the efficient level of expenditure required to operate the airport safely, securely and reliably, or to deliver the service standards expected by passengers and airlines over the 2027–2031 period.

6.1.2 Safety must be central to the Opex determination. Dublin Airport is already operating within significant capacity constraints across key parts of its infrastructure. As passenger volumes grow, greater numbers of passengers, employees, aircraft and vehicles must be managed within a constrained operating environment. This increases operational complexity, reduces the margin available to absorb disruption and places greater demands on the people and systems required to maintain safe and reliable operations.

6.1.3 These pressures will be compounded by the delivery of a major capital investment programme within a live airport environment. Construction activity will require temporary operating arrangements, changes to passenger and vehicle flows, the relocation or reduced availability of existing facilities, and more intensive operational oversight. Operating a

constrained airport safely through a period of significant construction requires sufficient staffing, maintenance capability, facilities support and operational resilience. These are not discretionary costs and cannot be modelled by applying traditional elasticities or simple benchmarking. They are necessary to identify and manage operational risks, respond effectively when disruption occurs and avoid circumstances in which commercial or service pressures compromise safe operations.

6.1.4 We are concerned that CEPA's assessment does not adequately reflect these operating conditions. In particular, the Draft Determination applies restrictive assumptions regarding the relationship between passenger growth and operating costs, does not provide an appropriate allowance for congestion and resilience, and imposes a further compounding efficiency challenge on a cost base that CEPA has generally assessed as efficient. Taken together, these assumptions substantially reduce the operational headroom available to manage safety risk in an increasingly constrained and complex environment.

Table 3 Opex key Variances

Area	IAA Draft Determination position	Dublin Airport position
Security Opex including resilience: N+1 lane staffing	EUR 405.4m	██████████
Allowance for cleaning Opex	EUR 99.6m	██████████
Ongoing efficiency	1.0%	████

Source: Dublin Airport

6.1.5 Dublin Airport is not seeking protection from a reasonable efficiency challenge. However, efficiency cannot be assessed independently of safety, capacity constraints and the practical requirements of operating a live airport. That is, a clear link between cost and service is fundamental to any regulatory determination. We are seeking an operating expenditure allowance that reflects the efficient cost of meeting the passenger volumes, service standards, safety and security obligations, and capital programme assumed by the IAA elsewhere in the Draft Determination. Without proper recognition of these costs, nor a clear link between costs and service, there is a fundamental inconsistency

between the safe operation required of Dublin Airport and the resources provided to deliver it.

6.1.6 This review has been prepared by reference to the Opex and passenger forecasts in Dublin Airport's Regulatory Proposition, which formed the basis of CEPA's assessment. Dublin Airport now expects passenger throughput to be capped at approximately 40 million passengers per annum during the determination period. As CEPA has not produced an Opex forecast based on a 40 million passenger constraint, there is no comparable CEPA scenario against which to assess the effect of the cap. This response therefore retains the Regulatory Proposition as its basis of comparison.

6.2 Update to Dublin Airport Forecasts

6.2.1 Since submitting our Regulatory Proposition, Dublin Airport has refined our operating expenditure forecast to reflect the latest available information and further detailed review of a number of cost categories. The principal updates are:

1. The application of the Central Bank of Ireland's Q2 wage inflation forecast;
2. Incorporation of the outcome of the competitive tender for airport lounge services;
3. Refinement of the Airside Operations resource forecast; and

4. Development of a more detailed Vehicle Control Post staffing forecast.

6.2.2 These updates reduce Dublin Airport's forecast operating expenditure by ██████ in 2027, increasing to ██████ by 2031. The updated forecast is set out below.

Table 4 Dublin Airport Opex Forecast

€'m	2026	2027	2028	2029	2030	2031
Regulatory Proposition Opex Forecast	444	████	████	████	████	████
Updates	0	████	████	████	████	████
Updated Opex Forecast	444	████	████	████	████	████

Source: Dublin Airport

6.3 Assessing the Opex implications of passenger growth

6.3.1 Dublin Airport considers that the Draft Determination and CEPA report do not adequately assess the operating expenditure implications of the IAA's passenger forecast. In particular, the assessment relies too heavily on annual passenger growth and generalised cost elasticities, without sufficiently considering the operational manner in which additional passengers are expected to be accommodated.

6.3.2 This is a material limitation. The cost consequences of passenger growth depend not only on the number of additional passengers, but also on when they travel, how they are distributed across flights and

processing periods, and the operational arrangements required to accommodate them. These considerations are particularly important at Dublin Airport, where significant elements of the operation are already constrained and where the IAA assumes that further growth can be delivered through measures including aircraft upgauging, higher load factors, growth during off-peak and shoulder periods, and greater use of remote stands and passenger bussing.

6.3.3 Dublin Airport considers that the IAA and CEPA should assess the Opex implications of the passenger forecast through four distinct but interconnected cost effects: volume, concentration, coverage and complexity. This taxonomy provides a more robust basis for translating the IAA's passenger forecast and associated growth assumptions into the efficient operating resources required over the determination period.

Threshold and tipping-point effects:

6.3.4 Each of the four cost effects may give rise to threshold or tipping-point expenditure. Airport operating costs do not necessarily increase smoothly or proportionately with annual passenger numbers. Existing resources may absorb a limited increase in activity, but once an operational threshold is reached, Dublin Airport may need to introduce an additional shift, open another processing lane, deploy another team or

vehicle, add a service circuit, or increase supervisory and resilience coverage. The resulting increase in Opex may therefore be step-based and non-linear, rather than incremental.

6.3.5 This is particularly relevant at Dublin Airport because significant parts of the operation are already constrained. The closer an operation is to its existing capacity, the less scope there is to absorb additional passenger volumes, larger passenger batches, longer operating periods or more complex operating arrangements within the current resource base. The IAA and CEPA should therefore identify the relevant operational thresholds within each cost category and provide for the efficient expenditure arising where the IAA's passenger forecast causes those thresholds to be crossed.

Volume effect:

6.3.6 The volume effect captures the direct increase in passenger-led activity arising from higher passenger numbers. Additional passengers increase demand for services including:

- security processing;
- passenger assistance;
- cleaning and waste management;
- facilities response;

- customer service and wayfinding;
- immigration and US Customs and Border Protection support;
- baggage-related activity; and
- utilities and consumables.

6.3.7 The relationship between passenger volumes and expenditure will differ across cost categories. Dublin Airport does not suggest that all costs increase proportionately with passengers. However, neither can additional passenger-led activity be assumed to be absorbed indefinitely within the existing resource base.

6.3.8 The Opex allowance should recognise both incremental variable costs and the threshold points at which additional staff, security lanes, cleaning circuits, equipment, facilities support or contracted service hours become necessary.

Concentration effect:

6.3.9 The concentration effect arises where additional passengers and baggage are accommodated within existing flight, gate or processing windows. Upgauging and higher load factors may increase annual passenger throughput without a corresponding increase in aircraft movements. However, they do not eliminate the costs associated with processing larger passenger batches through an already constrained airport.

6.3.10 Larger passenger and baggage volumes arriving within the same operating window can increase:

- security lane and processing requirements;
- queue-management activity;
- gate and pier coverage;
- baggage-handling intensity;
- way-finding;
- cleaning and maintenance response requirements; and
- supervisory and operational-resilience resources.

6.3.11 These cost impacts may be non-linear. Where infrastructure or operational processes are already operating close to capacity, a relatively small increase in passengers within a particular processing window may trigger the requirement for an additional lane, team, vehicle, service circuit or supervisory resource. That is, a small increase in passengers in an already capacity constrained environment could result in a more than proportionate increase in costs.

6.3.12 The Draft Determination should take into account passenger volumes by relevant processing window and the size and concentration of passenger batches, rather than relying principally on annual passenger numbers or aircraft movements. Any assumption that upgauging

or higher load factors will drive passenger demand must recognise the additional resources required to process more passengers and baggage over the same period.

Coverage effect:

6.3.13 The coverage effect captures the cost of extending the periods over which airport services must be provided. The IAA identifies growth during winter and shoulder seasons, on midweek days and during currently quieter times of the day as a means of accommodating additional passenger demand.

6.3.14 While such growth may not increase pressure at established peaks, it is not Opex-neutral. It extends the months, days or hours during which Dublin Airport must maintain the staff, contracted services and operational support necessary to operate safely, securely and effectively. This affects:

- annual average FTE requirements;
- the number and design of shifts;
- roster efficiency;
- unsocial-hours requirements;
- minimum operating complements;
- contracted service hours; and
- the availability of maintenance and deep-cleaning windows.

6.3.15 Many airport functions cannot be scaled precisely in line with short-duration changes in passenger demand. A minimum operating complement must be maintained whenever a facility, processing point or service is operational. Growth during previously quieter periods may therefore generate additional annual Opex even where it does not create a new peak-hour requirement.

6.3.16 The IAA and CEPA should consequently assess changes in operating hours, service coverage and roster requirements arising from the passenger forecast. An annual passenger elasticity will not, on its own, capture these coverage-related costs.

Complexity effect:

6.3.17 The complexity effect captures the additional operational activities required where growth is accommodated through more resource-intensive operating arrangements. This is particularly relevant to the IAA's reliance on remote stands, passenger bussing and certain forms of off-base flying.

6.3.18 These arrangements do not simply relocate existing activity. They introduce additional operational steps, assets, interfaces and coordination requirements, including:

- bus operations;
- passenger marshalling;
- dispatch and operational control;
- bussing-gate staffing;
- PRM handling;
- apron safety oversight;
- vehicle maintenance, cleaning and energy; and
- additional coordination and resilience resources.

6.3.19 These costs are driven by factors such as the number and timing of remote movements, passenger loads, bus cycles, journey times and the operational configuration required. They cannot be adequately captured through a general elasticity applied to annual passenger numbers.

6.3.20 If the IAA retains an assumption that greater remote-stand use and passenger bussing will support growth, the Final Determination must provide an appropriate allowance for the efficient operating costs of delivering those arrangements.

Required approach in the Final Determination:

6.3.21 Dublin Airport considers that this framework should be applied consistently across the IAA's passenger forecast and CEPA's assessment of efficient Opex. For each mechanism relied upon to support passenger growth, the IAA and CEPA should:

1. identify the operational manner in which the additional passengers are expected to be accommodated;
2. determine whether that growth gives rise to a volume, concentration, coverage or complexity effect, or a combination of these effects;
3. identify the relevant operational cost drivers;
4. translate those drivers into staffing, contracted-service and other operating expenditure requirements; and
5. identify operational thresholds and provide for step changes in expenditure where growth requires an additional shift, lane, team, vehicle, service circuit, minimum operating complement or resilience resource.

6.3.22 The four effects are not mutually exclusive. For example, growth delivered through remote stands may generate a direct volume effect from the additional passengers, a concentration effect where passengers arrive in larger batches, a coverage effect where bussing services must operate over longer periods, and a complexity effect arising from the additional operational processes required.

6.3.23 The Draft Determination risks recognising the benefits of a higher passenger forecast while failing to provide for the efficient costs of delivering it. The Final

Determination must therefore assess not only how many passengers Dublin Airport is expected to accommodate, but also when, where and through which operational arrangements those passengers will be processed.

6.3.24 This is necessary to ensure internal consistency between the passenger forecast and the Opex allowance. Growth mechanisms cannot be relied upon to support the IAA's traffic forecast while their associated operating expenditure consequences are omitted from, or insufficiently reflected in, CEPA's assessment of Dublin Airport's efficient cost base.

6.4 **Headline Deficiencies**

6.4.1 CEPA's assessment recognises that Dublin Airport's 2025 operating cost base is, in most areas, efficient or close to efficient. This reflects Dublin Airport's continued focus on cost control and productivity while managing passenger growth, increasing operational complexity and significant capacity constraints.

6.4.2 Dublin Airport has continued to review and challenge its own forecasts since submitting the Regulatory Proposition. As set out in Section 6.2, the forecast has been updated to reflect revised wage inflation assumptions, the outcome of the competitive lounge tender, a refined Airside Operations requirement and a more detailed activity-based VCP

staffing forecast. These updates reduce the 2031 forecast from €535 million to €527 million.

6.4.3 Notwithstanding these reductions, CEPA's forecast remains materially below the efficient cost required to operate Dublin Airport safely, securely and reliably over the determination period. The difference between CEPA's forecast and Dublin Airport's updated forecast increases from €17 million in 2026 to €58 million in 2031.

Table 5 Opex Variance CEPA Versus Dublin Airport

Passenger forecast ('m)	36.4	37.5					
	€'m	€'m	€'m	€'m	€'m	€'m	€'m
CEPA Forecast	415	427					
Dublin Airport updated Forecast	413	444					
Difference (rounded)	3	-17					

Source: Dublin Airport

6.4.4 The remaining difference does not arise from a general or unexplained increase in Dublin Airport's cost base. It arises from identifiable areas where the Draft Determination does not adequately reflect the operational requirements, market evidence, regulatory obligations and project-specific costs expected over 2027–2031.

6.4.5 In the accompanying Appendix 3, we discuss the bias associated with IAA's top-down benchmarking, which was used to sense-check and support the

implied draft determination OPEX elasticity of 0.62–0.68. Specifically, we find that IAA's top-down benchmarking cannot be used as a reasonable or robust sense check of its bottom-up analysis, given the associated downward bias. That is, the evidence suggests that a more robust and reliable estimate of OPEX elasticity would be significantly higher than 0.62–0.68 on a top-down basis. We therefore find that the IAA has produced inconsistent results across its bottom-up and top-down methods at the draft determination, reducing confidence in the robustness of either or both methods.

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6.4.7 In the accompanying Appendix, we discuss the bias associated with IAA's top-down benchmarking, which was used to sense-check and support the implied Draft Determination OPEX elasticity of 0.62–0.68. Specifically, we find that IAA's top-down benchmarking cannot be used as a reasonable or robust sense check of its bottom-up analysis, given the associated downward bias. That is, the evidence suggests that a more robust and reliable estimate of OPEX elasticity

would be significantly higher than 0.62–0.68 on a top-down basis. We therefore find that the IAA has produced inconsistent results across its bottom-up and top-down methods at the Draft Determination, reducing confidence in the robustness of either or both methods.

6.4.8 In particular the Draft Determination:

1. Does not adequately reflect the cost of accommodating passenger growth within constrained infrastructure, including the effects of higher passenger concentration, longer operating periods, congestion and more complex operating arrangements, and in certain categories produces no resource response to the additional passengers included in the IAA's own forecast;
2. Relies excessively on general passenger elasticities and top-down benchmarking where the relevant costs are driven by specific activities, minimum staffing requirements, operating hours, asset utilisation, process complexity or identifiable operational thresholds;
3. Does not provide an adequate allowance for operational resilience, notwithstanding the need to maintain safe and continuous airport services during normal operational variability and credible disruption;
4. Does not fully recognise the additional operating requirements arising from the delivery of the capital programme within a live airport, including temporary operating arrangements, construction interfaces, contractor oversight, FOD management, operational readiness and increased safety assurance;
5. Omits or understates step changes arising from new regulatory obligations and operating requirements, including increased VCP screening, cyber security, surface-access obligations and the operation of new infrastructure;
6. Does not consistently allow the efficient operating costs required to support the passenger, commercial revenue and capital investment assumptions included elsewhere in the Draft Determination;
7. Applies a further compounding efficiency challenge to cost categories whose existing baselines have generally been assessed as efficient, without identifying specific measures capable of delivering the assumed savings while maintaining safety, security, resilience and service quality;
8. Does not give sufficient weight to current market and operational evidence, including competitive tender outcomes, observed processing times, bottom-up task assessments, contract provisions,

6.4.12 The Final Determination should therefore reflect Dublin Airport's updated forecast and the detailed category-specific evidence set out in Appendix 3. This is necessary to ensure that the Opex allowance is efficient, internally consistent and capable of supporting the safe, secure, resilient and reliable operation of Dublin Airport over 2027–2031.

6.5 Requested Changes

6.5.1 Dublin Airport requests that the IAA revise the Opex allowance in the Final Determination to reflect Dublin Airport's updated forecast and the detailed evidence set out in Section 6.3. The requested changes are targeted adjustments to areas where the Draft Determination does not provide for the efficient cost of delivering the passenger volumes, safety and security obligations, service standards, commercial revenues and capital programme assumed elsewhere in the determination.

6.5.2 The principal changes requested are as follows:

1. Adopt Dublin Airport's updated Opex forecast. The Final Determination should reflect the updated forecast described above, which incorporates the latest wage inflation assumptions, the outcome of the competitive lounge tender and refined forecasts for Airside Operations and Vehicle Control Post staffing.
2. Revise the ongoing efficiency challenge. The 1% annual compounding efficiency challenge should not be applied mechanically across cost categories whose existing cost bases have already been assessed as efficient. Dublin Airport considers that an overall challenge of 0.5% represents the maximum reasonable and deliverable assumption, with adjustments where congestion, construction or other operational factors are expected to reduce achievable productivity.
3. Provide an appropriate operational resilience allowance. 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.
4. Recognise the full operating implications of passenger growth and congestion. The Opex forecast should reflect how additional passengers will be accommodated, including the effects of higher passenger concentration, longer operating periods, reduced quiet periods, remote operations

and increased operational complexity. General passenger elasticities should be supplemented or replaced by bottom-up assessments where costs are driven by peak activity, minimum coverage, operating hours, process requirements or operational thresholds.

5. Include the efficient staffing required for Vehicle Control Posts. The Final Determination should recognise the additional resources required to manage growth in staff and vehicle volumes and the progressive increase in mandatory screening. Dublin Airport's updated, activity-based forecast provides for VCP staffing to increase from ■■■ FTEs in 2026 to ■■■ FTEs in 2031, based on observed volumes, processing times and the requirements applying to the relevant vehicle population.
6. Revise the Facilities and Cleaning allowances. These allowances should be based on bottom-up assessments of the activities and resources required to maintain passenger safety, operational effectiveness, cleanliness and service quality. If CEPA retains its top-down methodologies, the IAA should remove the generic ongoing efficiency adjustment, revise the passenger and floor-area weightings where appropriate, provide a targeted service-quality allowance for Facilities, and include an evidence-based congestion adjustment reflecting increasing passenger density within the

constrained terminal footprint. These adjustments should be calibrated to avoid double counting.

7. Allow the updated Airside Operations requirement. The Final Determination should recognise Dublin Airport's updated forecast of ■■■ Airside Operations FTEs in 2031, compared with CEPA's allowance of ■■■ FTEs. The additional resources are required to manage aircraft growth, construction interfaces, temporary operating arrangements, FOD exposure, operational readiness, safety assurance and the concurrent delivery of multiple projects within a live airfield environment.
8. Use the lounge tender as the basis for the efficient lounge cost allowance. The completed competitive tender provides current market evidence of the cost of delivering the lounge services and passenger volumes assumed in the Draft Determination. The Final Determination should reflect the tender-based forecast, which already incorporates a material reduction in cost per user and further productivity assumptions, rather than relying on historic margins and general passenger elasticities.
9. Recognise the full efficient cost of maintaining existing and new assets. The maintenance allowance should include the evidenced impact of asset ageing, the operating costs associated with

approved commercial projects and the first-full-year operating requirement for the West Apron Vehicle Underpass. Dublin Airport requests an allowance of €0.8 million for the Underpass in 2031, limited to tunnel operations, staffing, emergency preparedness and compliance during the initial warranty-supported period.

10. Include project-specific utilities and technology operating costs. The Final Determination should recognise the evidenced utilities consumption and recurring technology costs arising from assets commissioned during the regulatory period. Savings from sustainability and replacement projects should be assessed consistently with the additional consumption, licences, cloud hosting, cybersecurity, maintenance, vendor support and managed-service costs created by the investment programme. Broad category-level reductions should be replaced by project-level assessment, with only evidenced duplication removed.
11. Align commercial operating costs with the revenues assumed by the IAA. Where the Draft Determination includes additional retail, lounge, digital or other commercial revenues, it should also include the efficient operating resources required to deliver them. This includes the project-specific staffing associated with the Terminal 1 retail redevelopment, an appropriate relationship

between retail staffing and forecast retail activity, and the targeted marketing expenditure required to support the commercial revenue assumptions.

12. Recognise necessary workforce, governance and compliance capabilities. The Opex allowance should include the efficient resources required for cyber security, Digital operations, the Graduate programme, PMO transformation and the wider People function. These requirements should be assessed by reference to their specific activities, regulatory obligations and scope, rather than through undifferentiated benchmarking or general passenger-growth assumptions.
13. Include the costs required to meet surface-access obligations. Dublin Airport requests that the IAA reinstate the Enhanced Mobility Scheme allowance. The scheme is a targeted measure linked to the requirement to reduce staff car mode share and support the airport's planning and surface-access obligations, rather than a discretionary employee benefit.
14. Correct identified modelling, data and classification issues. Before finalising the allowance, CEPA and the IAA should correct the identified cleaning benchmarking errors, normalise the IT baseline for the accounting reclassification of Microsoft and VMware licence

costs, and reconcile project-related operating expenditure against the baseline on an item-specific basis.

6.5.3 These changes would not remove the requirement for Dublin Airport to operate efficiently. Dublin Airport's updated forecast already incorporates revised assumptions, competitive tender savings, productivity improvements and more granular operational analysis. The requested adjustments are intended to ensure that the Final Determination provides an efficient and deliverable allowance that is internally consistent with the IAA's passenger forecast, service-quality regime, commercial revenue assumptions, regulatory requirements and capital investment programme.

6.5.4 The detailed assessment of each material difference, including the supporting evidence and Dublin Airport's requested adjustment, is set out in Appendix 3, "Detailed Assessment of the Opex Allowance and Requested Adjustments".

6.6 Regulatory and Operational Context

Operating Environment:

6.6.1 Dublin Airport's operating environment has changed fundamentally since the previous regulatory periods. The airport is now operating at high levels of utilisation and within a constrained footprint, while continuing to accommodate passenger growth and

meet demanding safety, security and service-quality standards. These constraints are not temporary and cannot be addressed through incremental efficiency measures alone. They are a defining feature of the environment in which Dublin Airport must operate throughout the 2027–2031 period.

6.6.2 In an unconstrained airport, additional passengers can be accommodated through available terminal, gate, stand and airfield capacity. At Dublin Airport, that spare capacity is increasingly limited. Passenger growth must instead be managed through the more intensive use of existing infrastructure and a greater level of day-to-day operational intervention. This includes additional queue and passenger-flow management, crowd-safety controls on busy piers and at gates, remote stand bussing and towing, more intensive cleaning cycles, additional wayfinding and customer support, and closer management of landside, kerbside and car-park congestion.

6.6.3 These interventions are essential to the safe and reliable operation of the airport. As utilisation increases, the airport becomes more sensitive to disruption and there is less operational headroom to absorb changes in demand, equipment outages, staff absence, adverse weather, security events or other unforeseen circumstances. A relatively minor disruption can therefore have wider and more immediate consequences for passenger flows, queues, aircraft

operations and service performance. Maintaining sufficient operational resilience is necessary to prevent disruption from escalating into safety, security or service failures.

6.6.4 The operating challenge will be compounded by the delivery of the largest capital investment programme in Dublin Airport's history. Major projects will be delivered across the campus within a live airport environment. Construction activity will temporarily reduce the availability of stands, terminal areas and other operational infrastructure and will require revised passenger and vehicle flows, temporary relocations, operational workarounds and more intensive oversight of the interfaces between construction and the live operation. Capital investment is essential to address capacity constraints, ageing assets and safety and compliance requirements, but the programme cannot be delivered safely and effectively without a properly resourced operating model.

6.6.5 The combination of passenger growth, constrained infrastructure and major live construction creates a uniquely demanding operating environment. Dublin Airport must maintain safe access to and movement through the airport while managing more passengers, employees, aircraft, vehicles and construction activities within a limited footprint. This places additional demands on frontline operations, security, facilities and cleaning, maintenance, asset

management, technology and operational co-ordination. These requirements are not structural expansion or discretionary enhancement. They represent the efficient operating inputs necessary to maintain safe, secure and reliable airport operations under the conditions assumed for the determination period.

6.6.6 Dublin Airport's proposition was deliberately anchored to a proven operating baseline and focused on incremental, justified change rather than broad-based cost expansion. It sought to protect passengers and airlines from unnecessary cost escalation while providing the resources required to meet forecast demand, regulatory obligations and service-quality commitments. The proposal also incorporated explicit efficiencies and productivity improvements, with additional expenditure targeted at areas where passenger growth, capacity constraints, safety requirements, resilience or new assets create a clear operational need.

6.6.7 Dublin Airport's recent operating experience demonstrates the importance of maintaining an appropriate level of frontline resources. The Proposition noted that insufficient resourcing in critical service-driving areas contributed to weaker operational outcomes in 2023 and 2024, including security queue-time under-performance and lower customer satisfaction, requiring active operational intervention

and investment to restore stability. The Proposition therefore sought to ensure that the airport could accommodate passenger growth safely and reliably within its constrained footprint while meeting the standards required by the IAA.

6.6.8 The Final Determination must therefore reflect the actual environment in which Dublin Airport will operate. It should not assume a theoretical steady-state airport in which passenger growth can be absorbed smoothly through spare capacity or general productivity improvements. The efficient Opex allowance must recognise the additional operating requirements created by congestion, peak demand, live construction, more intensive use of existing assets and the reduced margin available to absorb disruption. Without that recognition, there will be a fundamental inconsistency between the passenger volumes, safety obligations and service standards assumed by the IAA and the resources provided to deliver them.

Operating Metrics

6.6.9 The operating evidence in Appendix 3 demonstrates that Dublin Airport is experiencing a sustained increase in operating intensity, rather than occasional pressure on a limited number of peak days. Passenger volumes have shifted upwards across the full distribution of operating days, while higher levels of

terminal occupancy are occurring more frequently and persisting for longer periods.

6.6.10 The median operating day increased from 93,605 passengers in 2023 to 106,931 passengers in 2026, an increase of 13,326 passengers. Over the same period, the lower quartile increased from 77,067 to 90,327 passengers and the upper quartile increased from 106,691 to 119,001 passengers. A passenger volume that represented a high operating day in 2023 therefore falls within the medium range in 2026.

6.6.11 High-volume operations have also become materially more frequent. Days with more than 120,000 passengers increased from 0.5% of operating days in 2023 to 21.9% in 2026. Under the 2026 summer schedule, 117 of 131 days exceeded 100,000 passengers, including every day between 14 May and 7 August. Passenger volumes above 130,000, which had not occurred in the earlier years included in the analysis, were recorded on 12 days in 2026 to the date of the analysis.

6.6.12 This represents a structural change in the airport's operating profile. High-volume days are no longer isolated events for which Dublin Airport can rely principally on temporary or tactical measures. They have become a recurring feature of normal operations and must therefore be reflected in the airport's

underlying staffing, service and operational-support requirements.

6.6.13 The change is also evident in the number of passengers present in the terminals at the same time. Between 04:00 and 23:00, average hourly passengers onsite increase from approximately 5,300 on a representative 75,000-passenger day to approximately 8,600 on a representative 120,000-passenger day, an increase of 62%. Peak-hour occupancy increases from approximately 9,500 to 14,300 passengers.

6.6.14 The duration of elevated activity is as important as the absolute peak. In Terminal 1, the number of hours above 6,000 passengers increases from one on a representative 75,000-passenger day to eight on a representative 120,000-passenger day. In Terminal 2, the number of hours above 3,500 passengers increases from one to 13. The operating challenge therefore arises not only from processing a larger peak, but from maintaining the required level of operational support over a much longer part of the day.

6.6.15 The same pattern is evident across individual airport processes. On a representative 120,000-passenger day, Terminal 1 experiences five hours with more than 2,000 passengers in the check-in area, compared with two hours on a representative 75,000-passenger day. Terminal 2 experiences six hours above 2,000 check-in passengers on the higher-volume day,

compared with none on the lower-volume day. Gate activity also becomes more intensive, with higher flight volumes and gate turnover across the pier estate.

6.6.16 Transfer and arrivals activity similarly place demands on a wider part of the operating day. Average transfer passengers increase from approximately 103 per hour on a representative 75,000-passenger day to approximately 355 per hour on a representative 120,000-passenger day. Arrivals are also extending later into the night, reducing the interval between the end of arrivals activity and the commencement of the next day's departures operation.

6.6.17 These changes have three important consequences for the assessment of efficient Opex over 2027–2031:

1. First, operational peaks are becoming higher. More passengers and baggage must be processed within the same terminal, check-in, security, gate, immigration, transfer and arrivals infrastructure. Where existing processes are already operating close to capacity, higher passenger concentrations increase the likelihood that additional lanes, teams, service points or supervisory resources will be required.
2. Second, busy periods are becoming longer and more frequent. Resources must be maintained across more hours of the day and more days of the

year. A short peak may be managed through temporary redeployment, but sustained and overlapping peaks require underlying rostered capacity. Staff assigned to one passenger process cannot be redeployed to another where both processes are experiencing high demand at the same time.

3. Third, lower-activity operating windows are reducing. These periods currently provide opportunities for staff redeployment, planned maintenance, deep cleaning, asset inspection, operational recovery and preparation for the next passenger wave. As high activity extends across a greater proportion of the day, there is less scope to complete these activities within existing resources or to recover from disruption before the next peak begins.

6.6.18 The evidence therefore shows that the 2027–2031 period cannot be assessed as a continuation of the historical operating environment with passenger growth applied incrementally to the existing cost base. The relevant change is not simply an increase in annual passenger numbers. It is an intensification of the operating profile, comprising higher peaks, longer periods of elevated demand, more frequent busy days and a reduction in the lower-activity windows available to support efficient deployment and operational recovery.

6.6.19 This intensification will reduce the ability of Dublin Airport to accommodate further growth solely through existing resources, temporary redeployment or assumed productivity improvements. It will increase the frequency with which minimum operating complements, physical capacity constraints and operational thresholds become binding. The resulting Opex requirements may therefore arise through discrete increases in shifts, teams, service coverage or technical support, rather than through a smooth relationship with annual passenger growth.

6.6.20 The Opex allowance for 2027–2031 must consequently reflect the resources required to manage a higher and more sustained level of operating intensity while maintaining passenger safety, security, asset availability, service quality and operational resilience. The detailed implications for individual cost categories, including Security, Cleaning, Facilities, Airside Operations and Maintenance, are addressed in Appendix 3.

6.7 Impacts of IAA's higher passenger forecast

6.7.1 The IAA forecasts 44.5 million passengers in 2031, compared with Dublin Airport's forecast of 42.3 million. Across the 2027–2031 determination period, the IAA forecast includes approximately 7.5 million additional passengers compared with Dublin Airport's forecast.

6.7.2 The IAA considers that this demand can be accommodated through a combination of aircraft upgauging, higher load factors, off-base flying, growth during winter and shoulder seasons, greater use of off-peak periods and increased use of remote stands. These mechanisms may reduce some particular infrastructure constraints, but they do not remove the operating costs associated with processing and supporting the additional passengers.

6.7.3 The principal Opex effects are summarised below.

Table 7 Opex Effects and Drivers

IAA growth mechanism	Principal Opex effect	Relevant operating drivers
Aircraft upgauging and higher load factors	Greater concentration of passengers and baggage within existing processing and turnaround windows	Passengers and bags per flight wave; security lanes; baggage throughput; gate activity; queue and passenger-flow management
Winter and shoulder-season growth	Longer annual service coverage; reduced downtime for training	Weeks and months of staff deployment; contracted service hours; maintenance and cleaning windows
Growth during off-peak periods	Longer daily or weekly operating coverage and potential shift thresholds	Facility opening hours; minimum operating complements; shifts; supervisory coverage; unsocial-hours requirements
Off-base flying	Additional daytime flight and passenger activity	Passenger processing; baggage support; gate operations; facilities

Greater remote-stand use	Additional operational complexity and discrete resource requirements	coverage; airfield coordination Buses; drivers; bussing-gate staffing; passenger marshalling; dispatch; apron oversight; PRM support; fleet resilience
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Source: Dublin Airport

6.7.4 The effects are not mutually exclusive. For example, a remote departure involving an upgauged aircraft may increase the number of passengers processed within a particular flight wave, require additional bussing cycles and create a higher minimum operating requirement at the relevant gate and airfield interfaces.

6.7.5 These costs may also arise in steps rather than in direct proportion to annual passenger growth. Existing resources may absorb a limited increase in activity, but further growth may require an additional lane, shift, team, vehicle or operating period once available capacity is exhausted. The relevant question is therefore not simply whether passenger numbers increase, but when and where the passengers are processed and which additional operational activities are required.

6.7.6 If the IAA despite the numerous methodological flaws retains its higher passenger forecast, CEPA should:

- quantify the contribution expected from each growth mechanism;
- identify the airport processes through which the additional passengers will be accommodated;
- translate each mechanism into the relevant operating drivers;
- reflect the effects in each affected Opex category;
- provide for identifiable threshold costs; and
- ensure that the operating allowance is consistent with the passenger forecast and service standards adopted in the Final Determination.

6.7.7 The detailed resource implications are addressed in the relevant cost categories in Appendix 3.

6.8 Inflationary Context

6.8.1 Dublin Airport's operating expenditure forecast for 2027–2031 must be assessed in the context of a sustained increase in the cost of the inputs required to operate a safe, secure and resilient airport. The Central Bank of Ireland's June 2026 Quarterly Bulletin materially revised its inflation outlook, forecasting headline inflation of 3.5% in 2026 and 2.9% in 2027. It also identified substantial uncertainty around the outlook, with risks tilted to the upside for inflation, principally reflecting higher energy prices and their

transmission into wider production and business costs.

6.8.2 These inflationary pressures will affect Dublin Airport's Opex both directly and through its supply chain. The airport is a large, energy-intensive facility operating continuously throughout the year. Higher electricity, fuel and utility prices will therefore increase the cost of operating terminal buildings, airfield infrastructure, baggage systems, security equipment and other essential assets. Energy inflation will also affect the cost base of Dublin Airport's suppliers and contractors, including cleaning, facilities management, maintenance, transport and other operational services, with these increases reflected in contract prices and tender returns.

6.8.3 Dublin Airport is entering the 2027–2031 period against a backdrop of continued domestic economic growth and resilient underlying demand, but also persistent inflation, structurally higher labour costs, elevated energy and supplier costs, and increasing price sensitivity among visitors. The National Minimum Wage has risen from €10.10 per hour in 2020 to €14.15 in 2026, an increase of 40.1%. The Low Pay Commission has now recommended a further 5.6% increase to €14.94 from January 2027, if accepted by Government (as the Government has consistently without fail done in the past for each NMW recommendation), which would bring the cumulative increase since 2020 to

approximately 47.9%, compared with a 23% increase in consumer prices between January 2020 and January 2026. These increases affect Dublin Airport both directly and through labour-intensive contracted services, where it is required to maintain wage differentials across wider pay structures.

6.8.4 Inflation will similarly increase the cost of materials, equipment, consumables, technology services, maintenance inputs and specialist professional support. Many of these costs are determined by external market conditions and cannot be avoided through reductions in activity without affecting asset availability, operational resilience, regulatory compliance or passenger service. Where contracts are indexed, renewed or retendered during the determination period, Dublin Airport will be exposed to the cumulative movement in market prices since the contracts were last agreed, rather than inflation in a single year.

6.8.5 The impact is also likely to persist beyond the immediate inflation forecast. Price levels do not reverse when the rate of inflation moderates. The substantial increases already experienced in energy, materials and services therefore form part of the opening cost base for 2027, with subsequent inflation compounding from that higher base over the remainder of the determination period. In addition, the Central Bank's forecast uncertainty means that Dublin Airport remains exposed

to inflation being higher than assumed when the regulatory allowance is set.

6.8.6 Dublin Airport will continue to pursue procurement efficiencies, energy reductions and other productivity measures to mitigate these pressures. However, such measures cannot fully offset market-wide increases in the cost of essential operating inputs. The 2027–2031 Opex allowance should therefore reflect an efficient but realistic assessment of input-price inflation, including the airport's particular exposure to payroll and pay-related non-pay costs (e.g. cleaning). An allowance that does not adequately recognise these pressures would represent a real reduction in the resources available to operate the airport and would transfer inflation risk to Dublin Airport notwithstanding its limited ability to control the underlying cost movements.

6.9 Opex Cost Pass Through Mechanism

6.9.1 Further to context provided in Section 4.3 above, Dublin Airport reiterates the position included in the Regulatory Proposition, that the scope of existing opex cost passthrough mechanism should be broadened to capture material costs that are outside of our reasonable control. This should reflect material unforeseen costs at the time of the Determination, that cannot be managed or mitigated through normal business planning.

6.9.2 In this regard, the cost pass through should extend beyond the current narrow definition to include costs arising from:

- Legal or regulatory obligations;
- Changes in national or European aviation security requirements;
- Significant externally imposed environmental or noise compliance measures; and
- Government mandated charges or broader regulatory authority charges that directly affect airport operations.

6.9.3 the objective of an opex cost pass-through mechanism should be to preserve regulatory neutrality and ensure that the regulated entity is neither penalised nor rewarded for events outside their control.

6.10 Opex Conclusion

6.10.1 Dublin Airport supports the IAA's objective of establishing an efficient opex allowance that protects airport users and delivers for passengers with the provision of a safe, secure and sustainable operation. However, the Draft Determination does not provide an allowance that is consistent with operating under a constrained capacity environment, stretched service standards, evolving regulatory obligations and a fit for purpose resilient operation. The cumulative effect of

the Draft Determination is to provide no operational headroom for the challenges that may arise over the course of the Determination period.

6.10.2 The evidence provided both in this chapter and in the supporting Appendix 3, demonstrates the gap between Dublin Airports updates forecast and CEPA's allowance. The Draft Determination errs in failing to reflect:

- The impact of generic elasticity assumptions in place of operationally grounded assessments.
- The step change in cost drivers and associated materiality of thresholds.
- The impacts of congestion, construction and complexity.
- The costs associated with regulatory obligations (VCP security changes) and new operating requirements.

6.10.3 A common theme in the Draft Determination is the assumption that passenger growth can be accommodated with limited additional opex. We consider this fundamentally misaligned with the IAA's own traffic forecast and projections for the period. If passenger growth is to be delivered through upgauging of aircraft, more intensive terminal utilisation, increased operating periods and a significant live

construction programme, then the efficient opex associated with these issues must be recognised.

6.10.4 The Final Determination should therefore deliver consistency across the building blocks. Dublin airport can only deliver on our statutory remit and business objectives if we have a sufficient opex allowance that is wholly aligned with passenger levels, service quality deliverability, CIP27 projects and a co-ordinated settlement in the Final Determination.

6.10.5 Accordingly, Dublin Airport requests that the IAA:

1. Adopt Dublin Airport's updated opex forecast as the appropriate position to inform the Final Determination. This reflects the latest wage assumptions, competitive tender outcomes and refined operational forecasts.
2. Replace CEPA's top-down elasticity based adjustments with the category specific evidence provided by Dublin Airport in this chapter, as well as Appendix 3. The regulatory test of need, additionality and efficiency has been successfully discharged on all opex areas.
3. Reduce the ongoing efficiency challenge from 1.0% to 0.5% per annum.
4. Include the allowances sought for operational resilience, security contingency, VCP, airside ops, facilities, cleaning, maintenance, technology,

utilities and other evidence operational requirements.

5. Ensure that the Final Determination is internally consistent with the IAA's passenger forecast, commercial revenue assumptions, service quality targets and CIP27.

CHAPTER

7

COMMERCIAL REVENUES



7.1 Overview

7.1.1 Dublin Airport welcomes the IAA's recognition of the significant transformation of Dublin Airport's commercial offering during the current regulatory period and the acknowledgement that recently completed and planned commercial projects will continue to enhance the passenger experience and support future commercial revenue growth.

7.1.2 Dublin Airport supports the IAA's objective of establishing a robust and evidence-based commercial revenue forecast. Commercial Revenues are a key mechanism in the regulatory model employed by the IAA in lowering the airport charges for airport users through using forecasted commercial revenues to subsidise the aeronautical charge. The importance of this is while the IAA has for this Determination period retained the single till mechanism noting that if Dublin Airport wishes to explore changes to the till structure it will need to initiate the process next year allowing for ample time before the next determination period. What they have not sufficiently accounted for is that the utilisation of a single till all else equal has other externalities when considering the Building Blocks as a whole.

7.1.3 The commencement of the statutory process to increase Dublin Airport's passenger limit to 40 million passengers is a welcome and strategically important

development, but it remains subject to regulatory and environmental assessment and does not remove the near-term commercial and macroeconomic risks facing airlines operating at Dublin Airport. Taken together, these developments suggest that downside demand and airline capacity risks have increased materially since the Draft Determination and reinforce the need for a Final Determination that adopts realistic assumptions.

7.1.4 The single till by definition caps the upside for an airport and the more stretching and optimistic a forecast target is the more pronounced the downside risk is. Since the hypothetical upside the airport can achieve through outperformance diminishes the higher the target is, while the hypothetical downside increases. In setting these targets the IAA has not sufficiently given regard to the different contextual setting the single till has when setting the building blocks, except where it diverges from the only other regulator who applies the single till to a hub airport in Europe the CAA, on its position on the impact of the single till on the WACC.

7.1.5 The CAA highlighted in their H8 Initial Proposal as to why the argument that single tills are less risky than dual tills do not stand, as they ignore investor preferences. While some investors may prefer downside protection, others may prefer full exposure to upside and less regulatory intervention, where any

upside within period, is withered away in the subsequent regulatory period.

7.1.6 Nevertheless, Dublin Airport does not consider that the Draft Determination provides a reasonable centreline forecast of future commercial revenues over the 2027 to 2031 period. The Draft Determination consistently assumes higher commercial revenue growth than proposed by Dublin Airport and, in several areas, incorporates assumptions regarding yields, penetration rates and commercial performance that do not adequately reflect the risks, constraints and competitive pressures that will apply during the determination period.

7.1.7 While the Draft Determination correctly recognises the significant transformation that has occurred across Dublin Airport's commercial businesses in recent years, it frequently treats historic outperformance as evidence that further improvement can be assumed with a high degree of certainty. In Dublin Airport's view, this approach risks converting commercial success achieved under the existing regulatory framework into future regulatory obligations, irrespective of the operational, commercial and delivery risks and realities associated with achieving those outcomes.

7.1.8 Commercial revenues are inherently uncertain and depend upon a wide range of factors including

passenger behaviour, passenger mix, economic conditions, competitive dynamics, consumer spending patterns, digital adoption, concessionaire performance and the successful delivery of future commercial projects. A forecast that systematically assumes continued yield improvement, higher penetration rates and successful commercial execution across multiple revenue streams does not represent a reasonable centreline forecast unless the associated risks are also recognised.

7.1.9 This also relates back to the point that airports cannot grow commercial revenues indefinitely, the same way airlines cannot grow their route offerings indefinitely as the commercial portfolio matures. This is demonstrated by declining elasticities.

7.1.10 Dublin Airport is not seeking special treatment nor protection from normal commercial risk. However, the regulatory framework should continue to reflect the principle of a fair bet. Commercial revenue targets should be challenging but achievable, reflect reasonable expectations regarding future performance, and not assume future outperformance before delivery risk has been removed.

7.2 **Headline Deficiencies**

7.2.1 The IAA's Commercial Revenue forecast takes an oversimplified view of how growth will materialise

over the upcoming regulatory period. The approach to use historic elasticities fails to take into account the particular circumstances affecting past growth and influencing future commercial revenue growth.

7.2.2 This mathematical model effect setup also recurs in the SQM regime, where the IAA has in this Draft Determination amended the bonus and penalties for subjective metrics so they are symmetric, but really only in name. Where some targets are set essentially at an unachievable ceiling level. In turn the forecast and targets are no longer centreline even if mechanically they may appear so only on paper. This is a risk present with commercial revenues due to a similar mathematical approach to elasticities that does not account for diminishing returns and ceiling effects.

Table 8 DA vs IAA Commercial Revenue forecast variances

	2025	2026	2027	2028	2029	2030	2031
Passenger forecast ('m)	36.4						
	€'m	€'m	€'m	€'m	€'m	€'m	€'m
IAA Forecast	426						
Dublin Airport Forecast	426						
Difference	0						

Source: Dublin Airport

7.2.3 Table 8 outlines the difference between the IAA forecast and Dublin Airport's forecast using Dublin Airport's passenger forecast from our Regulatory Proposition to allow a like-for-like comparison.

7.2.4 These variances stem from the following core issues with the current Draft Determination:

1. The IAA does not adequately recognise the impact of capacity constraints on commercial revenues where additional demand is mainly linked to passenger growth that cannot be accommodated within existing products.
2. Linked to the above point, the historical elasticity likely captures the impact of historical CAPEX. The IAA layering CAPEX project-specific uplifts on top of the historical elasticity therefore risks double counting.
3. The IAA takes an overly simplified view on yield management and how it can be deployed to drive additional commercial revenue without taking into account passenger tolerance to pay high prices without choosing alternative products.
4. The IAA applies overly ambitious targets for commercial product improvements without reference to external benchmarks.
5. The IAA fails to take account of operational benefits from investments such as T1 security to the Mezz in arriving at commercial revenue forecast.

7.2.5 The cumulative effect is that the Draft Determination similar to the Passenger Forecast where cumulative adjustments as discussed in Chapter 5 have resulted in an overstating of the forecast, the IAA has likewise overstated the commercial revenue achievable over the upcoming regulatory period.

7.2.6 Additionally, the Passenger Forecast being overstated further widens the gap between the commercial revenue achievable and that included within the IAA forecast. **Table 9** below shows the absolute difference between the IAA commercial revenue forecast and Dublin Airports forecast. Cumulatively over the period the IAA commercial revenue forecast is higher than Dublin Airport's.

Table 9 DA vs IAA Commercial Revenue forecast variances

	2025	2026	2027	2028	2029	2030	2031
	€'m	€'m	€'m	€'m	€'m	€'m	€'m
IAA Forecast	426						
Dublin Airport Forecast	426						
Difference	0						

Source: Dublin Airport

7.2.7 In discussing the differences in the IAA and Dublin Airport Commercial Revenue forecasts, Dublin Airport passenger forecast is used to ensure a like for like comparison. While the IAA Commercial Revenue

forecast is adjusted using the passenger elasticities included in the price cap model.

7.3 IAA Elasticities

Table 10 Commercial Revenue elasticities

	Direct Retail	F&B	Concessions	Advertising	Lounges	FT	Platinum
Period							
2001-2025	-	-	0.86	0.81	-	-	1.64
2003-2025	-	-	0.78	0.83	-	-	1.43
2005-2025	1.31	1.24	0.75	0.71	-	-	1.21
2007-2025	1.33	1.20	0.73	0.67	-	-	1.25
2009-2025	1.32	1.20	0.72	0.66	-	-	1.26
2011-2025	1.29	1.19	0.74	0.56	-	-	1.25
2013-2025	1.22	1.12	0.79	0.45	1.88	2.10	1.44
2015-2025	1.10	1.01	0.76	0.38	1.67	1.66	0.94

Source: Dublin Airport

7.3.1 Similar to the Passenger Forecast the IAA employs passenger numbers to commercial revenue elasticities for a select number of Commercial metrics. A similar issue as with the Passenger Forecast however is that they do not account for constraints nor that the elasticities tend to decline overtime. Table 10 shows that in real terms as further out years are discounted the elasticity between passenger numbers and commercial revenue tends to decline. Hence, the relationship between passenger growth and commercial revenue growth appears structurally weaker in more recent

years than that implied by long-run historic data which the IAA has opted to use.

7.3.2 The analysis has been undertaken by using 2026 prices as per the IAA's approach in the Draft Determination, whilst using 2025 as the base year. There is slight variance in the real figures since the IAA has used March 2026 prices against which it rebases prior and subsequent years, whereas Dublin Airport has used the 2026 IMF inflation forecast to inflate the 2025 CPI outturn and rebased accordingly.

7.3.3 By using a start period of 2001 (which differs from that which they employ for the passenger forecast and the regulatory divergent short parameter window they have chosen for considering asset beta for the WACC) the IAA bake into their forecast periods of commercial growth which are no longer reflective of the current maturer airport environment, where the airport is at a higher point on the marginal revenue curve, where it edges much closer to diminishing returns, where the marginal cost of increasing commercial revenue becomes closer to surpassing the marginal benefit from increasing this revenue.

7.3.4 Specifically, the IAA through using such a long-time sample bakes in variables and effects that are no longer reflective of the current airport operation:

1. High growth stage

2. Higher available commercial space compared to now

3. Different terminal context (less constraints)

4. Previous Capex uplifts

7.3.5 The CAA in comparison in their elasticities analysis for Commercial Revenue used data from 2014 to 2024, compared to the IAA who uses data from 2001 where available which results in elasticity estimates which are generally higher compared to starting from 2014. The CAA approach is consistent with the generally observed relationship at Dublin of structural weakening in the relationship between passenger volumes and commercial revenue.

7.3.6 Additionally, since the IAA has not accounted for constraints and their claimed "baking in" does not omit unconstrained/less constrained years from their time sample, some of their Commercial Revenue elasticities (where 2001-2025 data is used) are distorted in the second instance from including unrepresentative unconstrained years in the commercial forecast and the first instance from including them in the passenger forecast, which additionally overstates commercial revenue growth. Therefore, the issue arises that the distortion of unconstrained years compound from their inclusion in both passenger and commercial revenue forecasts separately.

7.3.7 Moreover, as the IAA has implicitly acknowledged the elasticities will in part capture the effect of previous uplifts where they exist, since these are both generally correlated with passenger numbers and commercial revenue they are more likely to show up in the elasticity point estimate than the error. Similar to the Passenger Forecast, the IAA has not sufficiently reflected the risk of double counting, as it currently stands the IAA counts uplifts in elasticities and then separately through its use of a bottom-up approach where implementing uplifts based on CIP projects. While the IAA in contrast to the passenger forecast has somewhat acknowledged this double counting risk, simply recognising it without doing any further examination or adjustment does not change the risk in any meaningful way.

7.3.8 The IAA's own Appendix 3 of the Draft Determination, also admits that multicollinearity is an issue and that the elasticities are capturing multiple effects, as GDP, upgrades, passenger numbers and commercial revenue all tend to be correlated with each other. Moreover, their Appendix 3 shows that the elasticity estimates are not stable, which induces forecast uncertainty from using a top-down approach. Some of the ranges it estimates have significantly wide bands, resulting in many instances the IAA making a value judgement as to which elasticity to use and what

¹⁵ See Chapter 5: [H8 Initial Proposals Section 2: building blocks and incentives](#)

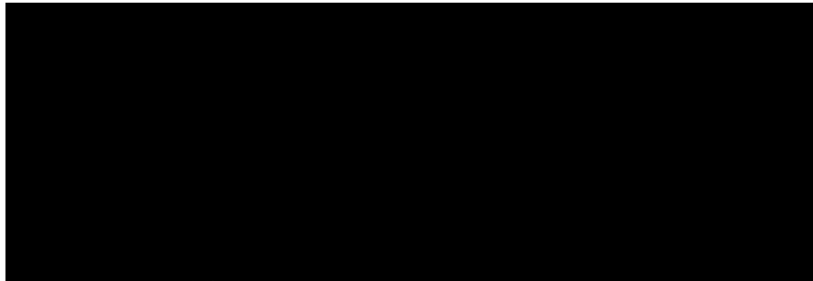
appears as the most “appropriate”. The reality is the robustness of the estimates is diminished from the instability and the huge significance model selection plays. In turn adding uplifts on top of judgement based elasticities and model selections which capture a multitude of confounding variables, poses serious double counting concerns as well as another layer of forecast uncertainty.

7.3.9 The use of top-down elasticities to determine the forecast for a number of line items in Commercial Revenue is contrary to the approach adopted by the CAA who use top-down elasticities only as a cross-check with a bottom-up assessment being the main driver employed for determining the forecast¹⁵. The selective application (i.e. for an opex efficiency target with no further analysis) of CAA precedents requires further explanation from the IAA to ensure methodological consistency across the Determination.

7.4 Variance by line item

Direct Retail:

Table 11 Direct Retail Forecast Variances



Source: Dublin Airport

7.4.1 As Table 11 shows, The IAA forecast for Direct Retail (adjusted for passenger volumes) is broadly aligned with Dublin Airport's forecast in the early years of the determination but diverges in 2030 and 2031.

7.4.2 The main reason for this divergence in 2030 and 2031 is the difference in the forecast uplift from the Terminal 1 duty free refurbishment. Where in the IAA forecast it is derived from the business case presented by Dublin Airport as part of the Stage Gate submission for the project. A key distinction between the IAA forecast and the Business Case submitted for Stage Gate is the assumption on the "As-Is" passenger average spend (PAS)

7.4.3 The business case presented by Dublin Airport in the Stage Gate submission assumed there would be an annual reduction in the As-Is PAS (real i.e. excluding the impact of inflation) of 2% p.a. if the refurbishment did not proceed. This reflected the expected deterioration in commercial performance

arising from an ageing retail environment and the increasing difficulty of attracting new brands.

7.4.4 The IAA have used a PAS uplift derived from this business case and applied it to an as-is scenario with an annual increase of +1.2% before inflation is taken into account. As a result, the assumed T1 PAS uplift in the IAA forecast is +31% by 2031 due to the T1 refurbishment.

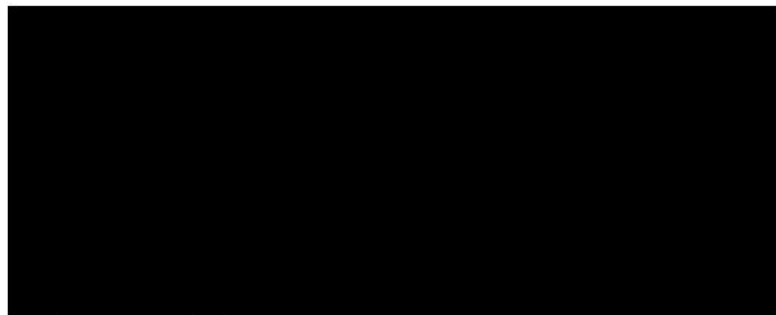
7.4.5 The final Business Case approved by Dublin Airport had a PAS increase of [REDACTED] following the completion of the T1 Retail Refurbishment. The [REDACTED] uplift is a combination of additional PAS on existing space, and an additional space from new space allocated to Fashion and Accessories, which is a new category within T1. Details on the business case assumptions and financial return can be found in Appendix 4.

7.4.6 In assessing what an appropriate uplift for a retail refurbishment should be, the IAA refer to the Skylark submission that states '*industry targets of 20-40% increases in passenger average spend*' for changing from a walk-past to a walk-through unit and other European terminals that 'have forecast yield uplifts of between 9% to 30%'.

7.4.7 We note that Skylark have not provided any supporting sources, comparator airports, or explanation of methodology. These ranges appear unusually broad and significantly overstated,

particularly in the context of a mature airport retail environment such as Dublin Airport. While no written data tends to be published due to the commercial sensitivity of such data, ARI is represented at Board level on the European Travel Retail Confederation, a representative body to support the business and advocacy requirements of all major travel retailers, and no such claim has ever been made as to such an uplift in a major refurbishment, and definitely not in what might be classed as a mature commercial airport. They also fail to take into account that both T1 and T2 retail areas are already configured as walk-through.

7.4.8 We would therefore caution the IAA from placing weight on any reports or further submissions in response to the Draft Determination where these are not supported by verifiable third party sources.



Source: Dublin Airport

7.4.9 As additional support to confirm the appropriates of Dublin Airport expected uplifts Table 12 above

details the uplift from the T2 refurb of Perfume & Cosmetics that changed from a walk-by to a walk-through in 2019. Taking a like for like period of 5 months pre and post refurb, we saw an uplift of [REDACTED] in PAS on perfume and cosmetics. The comparison period is limited to 5 months to week 10 in 2020 as trade was impacted by COVID beyond that.

Table 13 ARI Portugal Duty Free upgrades uplifts



Source: Dublin Airport

7.4.10 We have also included in Table 13 above, supporting evidence from ARI's International operation on the uplift in PAS seen from the recent refurbishment of duty free retail at a number of Portuguese airports. As can be seen from the actual PAS uplift achieved at these airports a realistic range for a refurbishment where there is no change from walk-past to walk-through is between [REDACTED]

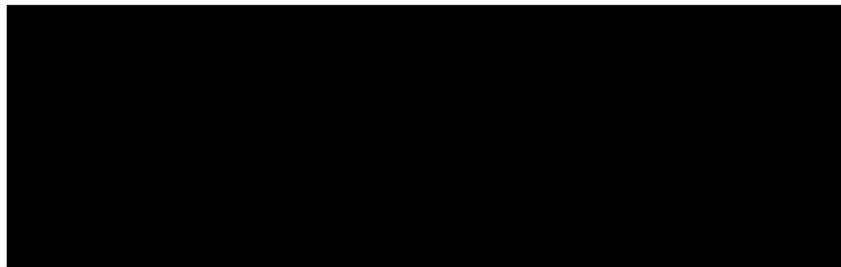
7.4.11 As noted in the detailed business case included in Appendix 4, the uplift included for the T1 Retail Refurb includes a PAS uplift of [REDACTED] which is higher than the range above (and that seen in T2) to account for the

fact that more space in the IDL is being dedicated to direct retail with a reduction in space and associated retail concession income from third party concessionaires.

7.4.12 P&C total area will remain the same before and after the refurbishment. However, due to changes in the security and Fast Track egress, some sections of the shop will be behind the passenger as they exit. Liquor, confectionery and souvenirs will increase in space from 851sqm up to 954 sqm. In addition to this there will be new direct retail offerings of F&A (238 sqm), the Irish Market (74 sqm) and Guinness Export House (65 sqm). Concessions will reduce from 996 sqm to 446 sqm. WHSmith will also be the only concession in the new space i.e. the entire 446 sqm.

Retail Concessions:

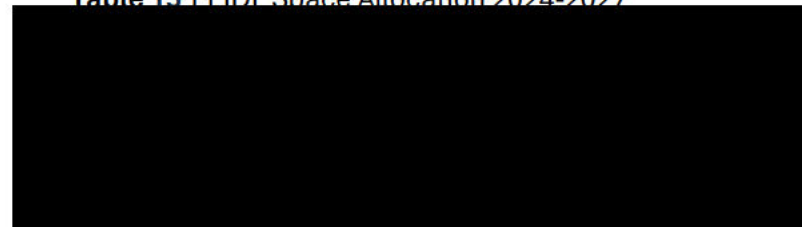
Table 14 Retail Concessions Forecast Variance



7.4.13 As Table 14 illustrates The IAA forecast for Retail Concessions (adjusted for passenger volumes) is higher by  annually.

7.4.14 This baseline difference is due to the fact the IAA forecast does not take into account the reduction in space allocated to Retail Concessions in the T1 IDL. As outlined in the Direct Retail section above and in the T1 Refurbishment business case in Appendix 4, the space allocated to Retail Concessions in the T1 IDL has reduced by 450sqm from 2025 to 2026. Concessionaire space will be reduced by 556sqm after the T1 refurbishment is completed. WHSmith will only gain their additional 169 sqm footprint upon completion of the T1 Refurb in Q3 2027. WHSmith will then commence their own refurbishment on their entire 446sqm unit to be completed in early 2028.

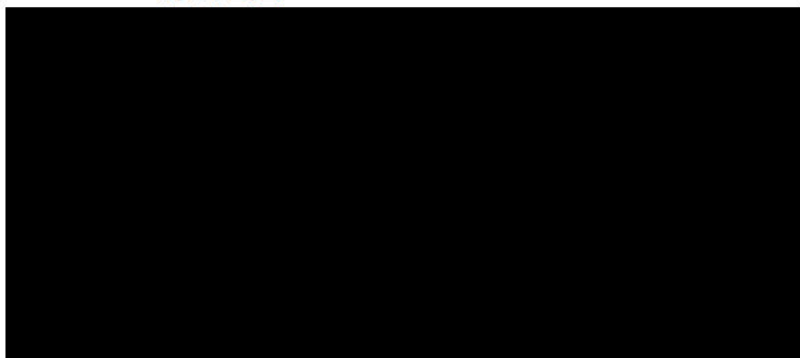
Table 15 T1 IDL Space Allocation 2024-2027



Source: Dublin Airport

7.4.15 Dublin Airport accept that the various moves between space allocated to Direct Retail, Retail Concessions and F&B concessions are not straightforward, particularly in the IDLs where space is at a premium. Table 15 above shows the space allocated within the T1 IDL from 2024 to 2027.

Table 16 T1 IDL Retail Concessions revenue by unit
2024-2027



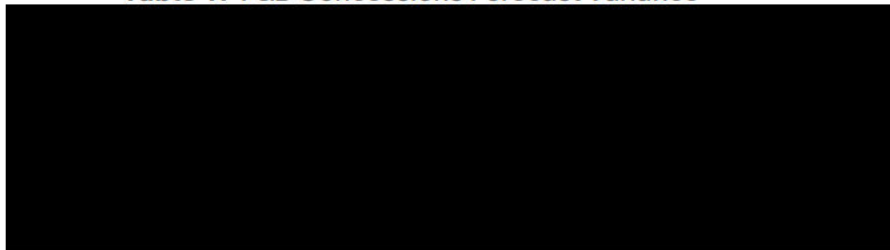
Source: Dublin Airport

7.4.16

7.4.17 **Table 16** above shows the income from retail concessions in the T1 IDL from 2024 to 2026. It also shows the normalised baseline income from 2027 once the transition of space has concluded and uplift from new tenders has come into effect.

Food & Beverage (F&B):

Table 17 F&B Concessions Forecast Variance



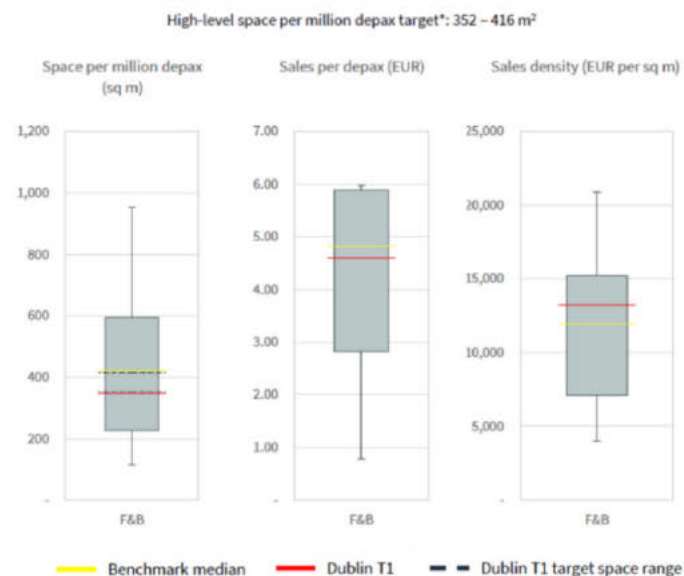
Source: Dublin Airport

7.4.18 As Table 17 shows the IAA forecast for F&B Concessions (adjusted for passenger volumes) is higher by c.  annually.

7.4.19 Dublin Airport considers that the IAA's forecast for 2027 is overstated due to a baseline adjustment. The IAA 2027 figure appears to include 'Inflight Catering' revenue within F&B and also as a baseline adjustment within the Commercial Property. This was included in F&B reporting ( 2025) but has moved to a property contract reported within Commercial Property figures from 2026 at  per annum.

7.4.20 For the latter years of the Determination period for the uplift the IAA has applied to F&B Concessions it has relied on Skylark's Benchmarking Conclusion, which states that notwithstanding Dublin Airport's strong F&B performance, further growth is achievable because the airport ranks in the lower end of the comparator set. Dublin Airport deems that this conclusion ought to be assessed against the available evidence on physical capacity.

Figure 7 Pragma's Benchmark to Dublin Airport's existing airside F&B Footprint



Source: Pragma

7.4.21

7.4.22 **Figure 7** shows Pragma's space benchmarking review which identifies a requirement of 420m² of airside F&B space per one million departing

passengers. Dublin Airport currently provides 8,011m² of airside F&B space.

7.4.23 The same report concludes that, if the current space allocation is maintained, increasing congestion is likely to result in a reduction in spend per passenger.

7.4.24 Applying Pragma's benchmark to Dublin Airport's existing airside F&B footprint indicates capacity for approximately 19.07 million departing passengers, equivalent to 38.14 million total passengers. Beyond this threshold, the airport would move into a space deficit. On current passenger forecasts, this capacity threshold is expected to be reached in 2027.

7.4.25 At 44.5 million total passengers, equivalent to approximately 22.25 million departing passengers, the benchmark indicates an airside F&B space deficit of 1,334m² relative to the current footprint.

7.4.26 Accordingly, continued passenger growth is expected to re-establish airside space as a material capacity constraint. Dublin Airport experienced a comparable constraint before delivery of the transformation programme, when congestion during peak periods coincided with a decline in passenger spend metrics.

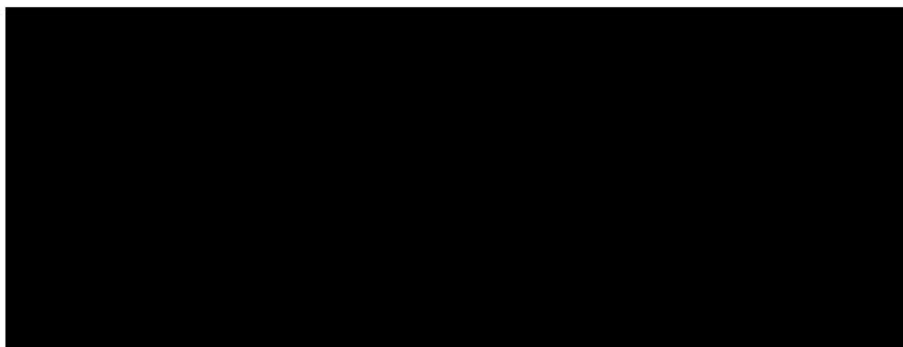
7.4.27 While Dublin Airport will continue to pursue opportunities to optimise the existing estate and

deliver incremental growth. Other than additional F&B space provided through approved CIP projects, there is currently no confirmed pipeline of new airside capacity.

7.4.28 Dublin Airport's forecast therefore projects moderate growth over the Determination period and reflects the evidence that physical capacity will increasingly constrain revenue performance in the later years.

Car Parks:

Table 18 Car Parks Forecast Variances



7.4.29 Table 18 shows the IAA forecast for Car Parking revenue (adjusted for passenger volumes) is higher by c. [REDACTED] annually.

7.4.30 Dublin Airport's position remains that Car Parking revenues cannot grow in line with passenger growth once capacity constraints are reached. The airport is

subject to a planning cap of 29,000 parking spaces and, as occupancy levels exceed 95%, the ability to accommodate additional volumes becomes increasingly limited. Under these circumstances, future revenue growth becomes heavily dependent on yield rather than volume.

7.4.31 Dublin Airport's forecast reflects this operational reality. Where occupancy exceeds 95%, no further passenger growth is assumed and only modest annual yield growth of [REDACTED] is applied. This reflects both the constrained nature of the asset and the increasing competitive pressure following the reopening of Park2Travel.

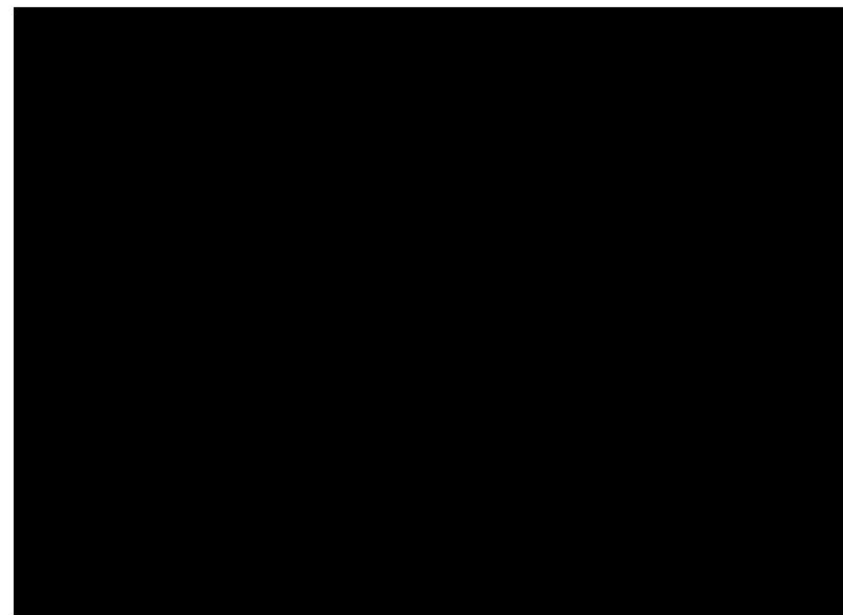
7.4.32 The IAA forecast is [REDACTED] higher than Dublin Airport's parking forecast across the Determination period. Re-running Dublin Airport's model using the IAA Passenger Forecast increases forecast revenues by [REDACTED]. When this is compared to the IAA forecast there is a difference of [REDACTED] over the period. This demonstrates that the majority of the difference is driven by the IAA assumptions on how capacity constraints will impact revenue growth.

7.4.33 Similar to its approach to disregarding constraints on qualitative criteria without sufficient quantification, the IAA too applies this approach when disregarding the loss of 200 car parking spaces with the equivalent of [REDACTED] in revenue. However, the

IAA does not quantify the extent of the expected yield management mitigation, nor does it provide the underlying occupancy, pricing or elasticity assumptions supporting this conclusion. As a result, a material revenue adjustment appears to be based primarily on qualitative judgement rather than transparent quantitative evidence.

7.4.34 In practical terms, achieving the IAA forecast requires significantly higher yield growth assumptions than those currently considered achievable. Allowing for the parking capacity constraints would require peak-period yields to increase by approximately [REDACTED] per annum. By 2031, this would result in annual yield growth of approximately [REDACTED] across nine months of the year for key long-term parking products and Drop & Go.

Table 19 Car parking pricing required to achieve IAA forecast



Source: Dublin Airport

7.4.35 The analysis in Table 19 above demonstrates the scale of pricing increases required to achieve the IAA forecast. Even before considering any potential loss of parking inventory associated with MetroLink construction, several products would require cumulative peak-period pricing increases of approximately [REDACTED] over the period.

7.4.36 While Dublin Airport accepts that yield management remains an important commercial lever, the Determination appears to assume a level of sustained pricing power that is not supported by current market conditions. The reopening of

Park2Travel has already demonstrated that the market is responsive to additional supply, with downward pressure emerging on yields and increasing customer awareness of alternative parking options.

7.4.37 The forecast effectively assumes that passengers will continue to absorb material annual price increases without any corresponding impact on behaviour. By 2031, some products would require pricing increases equivalent to approximately █████ per 1-week holiday parking booking compared with current levels. At this price point, the risk of passenger behavioural change becomes significantly more likely.

7.4.38 Recent survey evidence demonstrates that passenger behaviour is already responding to changing market conditions. Between Q2 2025 and Q2 2026, the share of passengers travelling by private car without using airport parking increased by 3.5 percentage points, equivalent to approximately 136,000 additional passengers (+22% YoY). This represents the largest modal shift observed across all modes of transport during the period.

7.4.39 This evidence is important because the Draft Determination implicitly assumes that parking demand remains largely insensitive to the level of pricing growth required to achieve the IAA forecast.

However, the observed increase in non-parking private car usage demonstrates that passengers do alter their behaviour and can substitute away from airport parking when alternative transport options are perceived to offer better value.

Table 20 Dublin Airport modal share

Method of Transport	Proportion			Volume			
	Q2 2025	Q2 2026	YoY Var	Q2 2025	Q2 2026	YoY Var	YoY Var %
Private car - Parked	21%	20%	-0.9%	569,553	577,530	7,976	1.4%
Private car - Non Parked	22%	26%	3.5%	613,167	749,469	136,302	22.2%
Hire car	0.4%	0.3%	-0.1%	11,394	9,692	-1,703	-14.9%
Taxi	22%	22%	0.2%	600,797	640,657	39,860	6.6%
Bus/coach direct to airport	32%	31%	-2.2%	900,225	896,804	-3,421	-1.5%
Train (as main transport)	1.0%	0.9%	-0.4%	28,437	18,242	-10,194	-35.8%
Internal flight	0.05%	0.09%	0.6%	1,311	2,643	1,332	101.6%
International flight	0.2%	0.1%	-0.1%	5,611	2,300	-3,312	-59.0%

- Private car customer volume increased by 12% YoY (+143k), accounting for 46% of Q2 2026 Island of Ireland departing passengers.
- While the proportion of passengers using taxis remained stable, taxi volumes increased by 7% (+30.8k).
- The most significant change was among private car users who did not park, increasing by 3.5% in share and 22% (+136k) in volume. This suggests a shift in customer behaviour, with more passengers choosing drop-off and other non-parking transport options.

Source: Dublin Airport

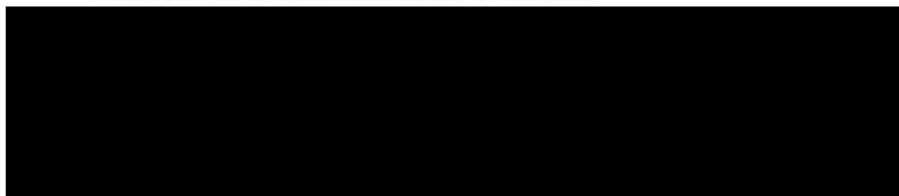
7.4.40 Hence, the issue is not whether Dublin Airport can continue to utilise yield management as a tool. But rather, whether the level of pricing growth required to achieve the IAA forecast can realistically be delivered without impacting customer behaviour, parking demand, and modal share. With Table 20 showing trend changes in modal share between Q2 2025 and Q2 2026 as a result of changing market dynamics.

7.4.41 Additionally, the Draft Determination in disregarding a decline in yield per passengers for car parks states that: ‘As submitted by Skylark, it is not apparent why a decline in yield per passenger is likely

to continue into the next regulatory period.’. Where Skylark wrote ‘With respect to mode share, Skylark submits car transport has maintained mode share, with increases in bus and coach options largely taking share from taxis.’ Dublin Airport would welcome the evidence supporting this conclusion. In particular, it would be useful to understand the underlying passenger survey data, the period analysed, and whether the assessment reflects market conditions following the reopening of Park2Travel in March 2025.

Fast Track:

Table 21 Fast Track Forecast Variances



7.4.42 Table 19 shows that the IAA forecast for Fast track revenue (adjusted for passenger volumes) is higher by c.  annually.

7.4.43 The Draft Determination appears to assume that the expansion of the Terminal 1 mezzanine facility will directly translate into significantly higher Fast Track revenues through increased penetration and demand.

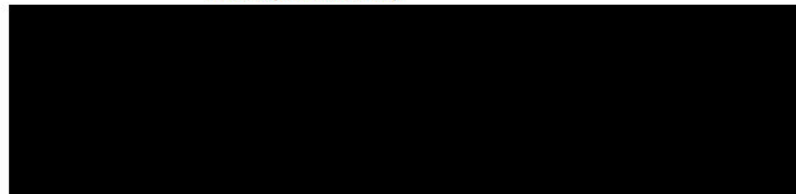
7.4.44 The mezzanine development was not conceived as a purely commercial Fast Track initiative. Rather,

the project formed part of a broader operational strategy to improve passenger processing, increase security resilience and enhance overall airport performance.

7.4.45 Previous capital planning had considered relocating the entirety of Terminal 1 Central Search to the mezzanine level, a significantly larger and more expensive project. The decision to relocate Fast Track instead delivered many of the same operational benefits at substantially lower cost.

7.4.46 By moving Fast Track operations to the Mezzanine, Dublin Airport released capacity within the main Central Search area, created additional operational resilience through a secondary security route, improved passenger flows during peak periods and enhanced the customer experience for premium passengers. The facility also provides valuable overflow capacity. As such, the Mezzanine should be viewed primarily as a passenger processing and security resilience asset rather than a dedicated commercial Fast Track revenue driver.

Table 22 Total Passengers Processed via T1 Mezzanine Area



7.4.47 The operational nature of the facility is evidenced by actual passenger usage as shown in Table 22. Between April and July, only approximately one-third of passengers processed through the mezzanine facility were Fast Track users, with the majority consisting of non-Fast Track passengers.

7.4.48 These figures demonstrate that the facility is supporting broader security operations and passenger processing objectives rather than functioning solely as a Fast Track sales channel. The assumption that the creation of additional processing capacity automatically generates equivalent commercial demand is therefore not supported by the way the facility is currently utilised.

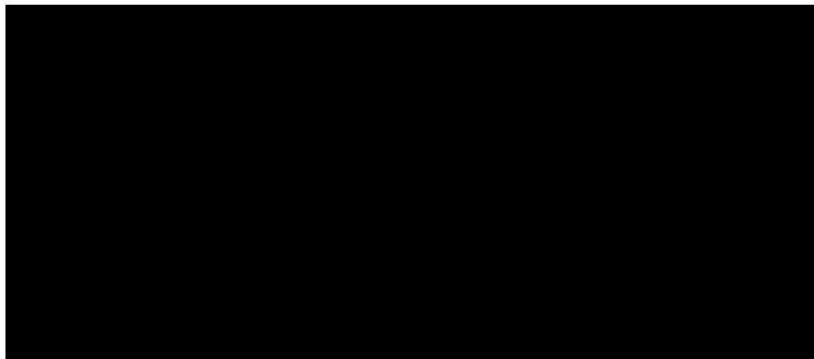
7.4.49 The key issue is not whether the airport can accommodate additional Fast Track customers, but whether additional passengers are willing to purchase the product. Fast Track is now a mature offering within Dublin Airport's commercial portfolio. Following a period of significant growth during and immediately after the recovery from Covid-19, the product has achieved high levels of market awareness and customer penetration. While investment in digital sales channels, bundling

initiatives and customer experience improvements have helped support performance, these benefits are already reflected within current trading levels and Dublin Airport's forecast assumptions.

7.4.50 Passenger demand for Fast Track has become increasingly constrained by customer preference rather than processing capacity. Improved performance and consistency within central search security channels, enhanced queue management and the increased availability of real-time security wait time information have reduced the relative value proposition of Fast Track for many passengers.

7.4.51 There is also a natural ceiling to demand for a discretionary premium product of this nature. Similar to airport lounges and Platinum Services, Fast Track appeals to a defined subset of passengers who are willing to pay for convenience. Business travellers, who historically represent a significant proportion of users, are already highly penetrated. While promotional activity can stimulate demand, there are practical limits to the extent promotions can be used without diluting the value of the product or reducing average transaction value. Interestingly, the Skylark report references an increase to Fast Track's price in the coming years. This does not reflect the commercial reality of a product which Dublin Airport has seen requires promotional activity and heavy price discounts to grow incremental Revenue.

Figure 8 IAA vs DA Fast Track Forecast Retail User



Source: Dublin Airport

7.4.52 The IAA revenue forecast requires growth significantly in excess of forecast passenger growth and implies a substantial increase in product penetration over the determination period as demonstrated in Figure 8. Under Dublin Airport's forecast, Fast Track penetration is expected to increase over the period. To achieve the Draft Determination revenue target, penetration would need to double from approximately [REDACTED] to more than [REDACTED] of passengers by the end of the period. This would effectively require a doubling of Retail Fast Track customers and would equate to between 600,000 and 900,000 additional annual users.

7.4.53 The scale of demand growth implied by these assumptions appears particularly challenging when viewed against recent trends in product maturity, customer behaviour and airport performance

improvements. While additional processing capacity may improve operational resilience and customer experience, it does not necessarily follow that equivalent demand exists or will emerge in the future. The Draft Determination appears to assume both that demand remains unsatisfied and that additional capacity will be capable of unlocking materially higher sales. Dublin Airport does not believe that the available evidence supports either conclusion.

7.4.54 The issue is therefore not whether the airport has sufficient capacity to process additional Fast Track passengers. Rather, it is whether the substantial increase in penetration required to achieve the IAA forecast can realistically be delivered within a mature product category, against a backdrop of improving standard security performance and an increasingly price-sensitive passenger mix.

7.5 Rolling Schemes

7.5.1 Dublin Airport notes that the IAA has despite as it notes British Airways, Aer Lingus and Dublin Airport supporting the 10% rolling scheme incentive, decided that *'Given that our proposed targets per passenger are now substantially higher, maintaining the cap at 10% could allow for more total outperformance to be factored into the price caps in the following regulatory period, whereas a slightly lower cap (e.g. 8%) combined with a 5 year regulatory period may keep the total*

possible outperformance carried forward more in line with the current period.'

7.5.2 Dublin Airport finds this problematic for a few reasons:

1. The IAA has set highly stretching targets for commercial revenue and passenger forecasts while diluting the counterbalancing incentive.
2. The proposal seeks to maintain a broadly similar monetary value of transferable outperformance to that observed in the current period, rather than be informed by an assessment of the appropriate balance between risk and reward within the regulatory framework.
3. It ignores other factors that this Determination has occurred on the backdrop of high inflation will naturally mean that the monetary amount is higher – this is not within Dublin Airport's control.

7.5.3 Dublin Airport therefore does not agree with the proposed approach for further limiting the compensatory upside mechanism, while increasing the

challenging targets for passenger and commercial revenues.

7.5.4 Dublin Airport would note there is also an inconsistency in the IAA proposing to lower rolling incentives because it has without any supporting analysis viewed the monetary figure amount as potentially inappropriate, but yet this does not seem to be an issue for it increasing by €0.07 the penalties Dublin Airport can earn on the price cap as part of the SQM regime despite the price cap due to be fall by around 15%. This results in a selectivity whereby upside is mechanically limited, while downside exposure has been mechanically expanded.

7.6 CBP and Fast Track Regulatory Treatment

7.6.1 The IAA has said with regards to the arguments about why CBP should remain as a commercial charge *'We do not think that the arguments put forward by Dublin Airport as to why it should not be considered an aeronautical charge as particularly strong.'*¹⁶ Dublin Airport would note that the arguments it put forward with the exception of the distortionary subsidiary advantage it would provide to one carrier were not new but rather the same consistent arguments it presented as part of the 2019 Determination¹⁶. The IAA then responded *'We have decided to maintain US*

¹⁶ [Final Determination 2020-2024](#) Summarised by the IAA in 7.86

Preclearance as a commercial activity. We do not consider that we have been provided with persuasive evidence that we should change our approach and consider it an Airport Charge as defined under the Air Navigation and Transport Act, 1998.'

7.6.2 It appears that the IAA's position on what constitutes airport charges has deviated from its prior position in favour of a very narrow reading of the regulation without sufficient consideration for the Directive as a whole or the principal outcomes the Directive aims to promote and protect. Similarly, they write in 8.206 that *'We have not been persuaded by the responses to the Issues Paper that there are grounds to change the current treatment of the Fast Track charge.'*

7.6.3 They continue in 8.208 *'we are not making a formal decision on the correct interpretation of the FastTrack charges and revenues'*. While the IAA's current position is in contention with the broad regulatory precedent excluding Berlin Brandenburg Airport and Copenhagen Airport, it does at least appear that they at least implicitly acknowledge that while they have a regulatory divergent position on commercial revenue building blocks in general that the interpretation is one that is open to question.

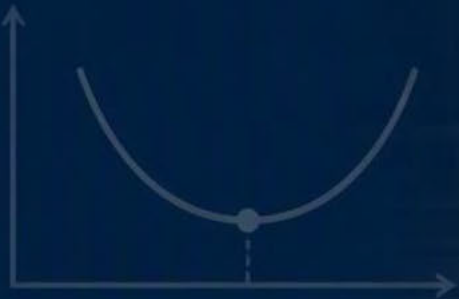
7.6.4 Lastly, in 5.12 the IAA writes *'We currently use a single till structure, with the potential to till exit certain development.'* This however is diluted when their

interpretation of what constitutes a commercial charge is narrower and more limited than that of other regulators.

CHAPTER

8

COST OF CAPITAL



8.1 Overview

8.1.1 The cost of capital is a critical component of the Draft Determination as it underpins the financing of Dublin Airport's existing asset base, and the substantial investment programme required to meet Ireland's future connectivity, capacity, sustainability and economic growth needs.

8.1.2 While Dublin Airport welcomes the IAA's recognition that the airport faces a higher cost of capital environment than in the 2022 Review Decision, we consider that the Draft Determination materially understates the efficient return required by investors and lenders. In particular, the proposed WACC does not adequately reflect the scale of investment required over the 2027-2031 period, the asymmetric downside risks faced by Dublin Airport, the uncertainty associated with key estimation parameters, and the need to maintain regulatory stability and continued access to competitive infrastructure financing.

8.1.3 This chapter sets out Dublin Airport response to the IAA and Europe Economics' analysis, identifies several areas where the Draft Determination departs from regulatory precedent and current best practice, and presents an updated assessment of the efficient cost of capital consistent with the long term interests of airport users and the statutory objective of facilitating the efficient and sustainable development of Dublin Airport.

The detail in this chapter is further substantiated by the Frontier Economics Report, see Appendix 5.

8.1.4 For the purposes of the Regulatory Proposition, Dublin Airport proposed a real pre-tax WACC range of 5.78% - 6.44%. In calculating the required price cap for the period 2027 – 2031 the lower end of the range was applied. This was intentionally applied to reflect the regulated entity's preference for a moderate but balanced and attainable price trajectory for the forward period.

1.1.2 We have significant concerns that the IAA's Draft Determination and the Europe Economics Report which was used to inform the IAA's WACC estimation is materially lower at 4.56%, with a 1.22% delta being a fundamental driver in suppressing the overall forward price cap calculation.

8.2 Triggered WACC

8.2.1 The IAA have proposed a higher triggered WACC of 5.23%, driven by an assumption of 100% new debt used for triggered projects.

8.2.2 Dublin Airport acknowledges the IAA's intention to allow a higher return on triggered projects on a cost of debt basis. However, we question whether this is appropriate given the new Trigger A threshold as well as being contradictory to finance and economic principles. Given the new threshold will significantly reduce the

triggered allowances attainable by Dublin Airport, the necessary return on capital through the higher WACC will likely not be achieved.

8.2.3 Dublin Airport believes the WACC should be applied to the entire capital base. The forward-looking WACC is appropriate for both attracting new investment and remunerating the existing regulated asset base. It is an incorrect application of an increased cost of capital to assume that it is only relevant to new investment. The regulatory framework is based on a 'notional company' financed by a 'notional investor', whose required return is determined by prevailing market conditions. If the allowed return on the existing capital base is not updated to reflect current financing costs and market conditions, the notional investor is unable to earn a market-consistent return across its regulated investment and cannot reallocate its 'notional capital' to alternative investments offering equivalent risk-adjusted returns.

8.2.4 Applying a forward-looking WACC solely to incremental investment creates an artificial distinction between existing and new capital that is inconsistent with the principles of economic regulation. All assets within the regulatory asset base remain exposed to the opportunity cost of capital, irrespective of when the investment was undertaken. Consequently, the appropriate regulatory approach is to apply the forward looking WACC to the entire capital base, ensuring

investors are provided with a reasonable opportunity to earn a return commensurate with the risks of the regulated entity.

8.3 Asset Beta

8.3.1 Asset beta is the most significant and contentious parameter in the estimation of the cost of equity for Dublin Airport. It is intended to measure the systematic risk faced by investors and therefore plays a central role in determining the return required to attract and retain capital. Given the substantial investment requirements during the 2027 to 2031 period, it is particularly important that the asset beta is estimated using a robust methodology that reflects both current regulatory practice and the long term risks associated with airport infrastructure assets. While Dublin Airport agrees with the use of listed airport comparators and the overall CAPM framework adopted by the IAA and Europe Economics, we consider that the Draft Determination materially understates Dublin Airport's asset beta and departs from current regulatory best practice in several important respects.

8.3.2 The principal issue is the excessive reliance placed on short term estimation windows. Europe Economics places primary weight on two and three year beta estimates and largely disregards evidence from longer estimation periods. Dublin Airport does not consider this approach to be appropriate for setting an allowed

return that will apply over a five year regulatory period. Short term beta estimates are inherently volatile and highly sensitive to temporary market conditions. While shorter estimation windows may better reflect recent market movements, they also increase the risk that the resulting beta captures temporary factors, market noise or short-lived events that are not representative of investors' long term assessment of airport risk. The asset beta should therefore be informed by a range of estimation windows rather than relying predominantly on short term observations.

8.3.3 Current regulatory guidance supports this position. Recent guidance developed through the UK Regulators Network recommends consideration of multiple estimation windows, including two, five and ten year periods, in order to balance recency and statistical reliability. This reflects a significant evolution in regulatory practice and recognises that no single estimation window can provide a complete picture of forward looking systematic risk. By relying almost exclusively on short term evidence, the Draft Determination adopts an approach that is increasingly inconsistent with contemporary regulatory practice and risks understating the true level of systematic risk faced by airport investors.

8.3.4 Dublin Airport also considers that greater weight should be placed on weekly beta estimates alongside daily estimates. Airport operators are generally less

liquid than many of the utility comparators routinely used in regulatory cost of capital assessments. Weekly observations are a simple and widely accepted way of reducing the impact of share price liquidity issues. While Europe Economics instead places reliance on Dimson adjusted betas, we do not consider there to be persuasive evidence that the airport comparators exhibit the level of illiquidity that would justify the use of more complex econometric techniques. A balanced assessment should therefore consider both daily and weekly estimates across multiple estimation periods.

8.3.5 We broadly agree with the comparator set used by Europe Economics, including AENA, ADP, Fraport and Zurich. However, we strongly disagree with the treatment of Fraport's short term beta estimates. Europe Economics has recognised that these estimates produce asset betas that fall materially below the lower bound established by regulated utility comparators. Rather than concluding that the estimates are unreliable and should be excluded, Europe Economics replaces them with an assumed asset beta equal to the utility benchmark and continues to include them in the analysis. This approach is arbitrary and lacks a clear conceptual or statistical justification. If a beta estimate is considered implausible because it implies lower risk than a regulated utility, the appropriate response is to place less weight on that evidence rather than artificially substituting a higher value and retaining its

influence on the overall average. The impact of this adjustment is material, reducing the average asset beta from approximately 0.55 to 0.50.

8.3.6 We also do not agree with arguments that Dublin Airport should be viewed as systematically less risky than the airport comparator group. In particular, suggestions that Dublin Airport's traffic profile, hub characteristics or single till framework justify a downward adjustment are not supported by compelling evidence. Dublin Airport remains exposed to significant passenger volume risk, substantial capital investment requirements and asymmetric downside risks associated with unexpected traffic shocks. It also contends with the latest CAA positioning that notes such arguments ignore evidence that investors prefer less frequent reviews where regulatory intervention caps the upside through redistributing the upside to airlines. Moreover, forthcoming capacity expansion means that historical evidence of constrained demand becomes less relevant when assessing forward looking risk. There is therefore no robust basis for applying a downward adjustment relative to airport comparators.

8.3.7 An important cross check on the Draft Determination is provided by recent aviation regulatory precedent. The asset beta range proposed by Europe Economics sits materially below recent decisions and proposals for comparable regulated airports, including Heathrow and AENA. Indeed, the Draft Determination

point estimate is positioned close to the lower bound of recent aviation precedent while overlapping significantly with the range observed in utility regulation. This outcome appears difficult to reconcile with the widely accepted view, acknowledged by Europe Economics itself, that airports should generally exhibit greater systematic risk than regulated utilities due to their exposure to passenger demand and traffic volatility.

8.3.8 Taking account of comparator evidence, multiple estimation windows, daily and weekly observations, and broader regulatory precedent, Dublin Airport continues to consider that a materially higher asset beta range is justified. Based on the latest available evidence, we estimate an asset beta range of 0.58 to 0.71. The lower bound reflects the average two year estimates excluding Fraport, while the upper bound reflects the average ten year estimate across the comparator set. In our view, this range provides a more robust and balanced assessment of systematic risk, better reflects current regulatory best practice and is significantly more consistent with recent aviation regulatory precedent than the asset beta range proposed in the Draft Determination.

8.4 Inflation

8.4.1 Inflation is a fundamental component of the cost of capital framework because it underpins the conversion

of nominal market evidence into real returns and therefore affects the estimation of the risk-free rate, cost of debt and overall allowed return. As the IAA notes in the Draft Determination, the regulatory framework is established in real terms, with airport charges subsequently indexed to actual inflation over the regulatory period. The choice of inflation assumption is therefore important not only for the estimation of individual WACC parameters, but also for ensuring consistency across the determination as a whole.

8.4.2 In the Draft Determination, the IAA and Europe Economics continue to rely on two sources of evidence that are widely used by regulators and market participants when assessing long term inflation expectations within the Euro area, German breakeven inflation and the European Central Bank's Survey of Professional Forecasters (SPF). Dublin Airport broadly agrees with this approach. Given the absence of a deep and liquid Irish inflation linked bond market, there is limited Irish specific evidence that can be used to directly estimate long term inflation expectations. In these circumstances, market and survey based measures of Euro area inflation expectations provide the most relevant and robust evidence available.

8.4.3 The inflation assumption is particularly important in the context of the current determination. Since the 2022 Review Decision, inflation has normalised following the volatility observed during the post

pandemic period. While short term inflation rates have fallen significantly from their recent peaks, the relevant consideration for the purposes of estimating the cost of capital is not current inflation, but rather investors' expectations of long term inflation over the investment horizon relevant to infrastructure assets such as Dublin Airport. The long life of airport assets and the five year regulatory period mean that short term fluctuations should not be allowed to unduly influence the assessment of long run inflation expectations.

8.4.4 In the Draft Determination, Europe Economics estimates long term inflation using two pieces of evidence:

- German breakeven inflation, derived from the difference between nominal German government bond yields and the yields on corresponding inflation linked government securities.
- The ECB Survey of Professional Forecasters, which provides long term forecasts for Euro area HICP inflation.

8.4.5 This broadly reflects the approach adopted in Dublin Airports Regulatory Proposition and maintains consistency with previous regulatory practice. Europe Economics ultimately adopts a long-term inflation assumption of 1.9%. CEPA, in its report prepared for Aer Lingus, places greater reliance on German breakeven inflation and questions whether some of the evidence

cited by Dublin Airport can be considered a direct measure of Euro area HICP expectations.

8.4.6 Dublin Airport agrees with the use of both German breakeven inflation and the ECB Survey of Professional Forecasters (SPF) as sources of evidence for estimating long term inflation expectations. Breakeven inflation reflects the expectations of market participants who are actively pricing inflation risk into traded financial instruments, while the SPF provides an independent survey based assessment from professional forecasters. Using both measures therefore reduces the risk of relying excessively on any single source.

8.4.7 Dublin Airport disagrees with suggestions that the inflation evidence relied upon in the Regulatory Proposition is not representative of Euro area HICP inflation expectations. German inflation linked government bonds are indexed directly to Euro area HICP excluding tobacco. As a result, the breakeven inflation measure derived from these instruments provides a direct market based estimate of expected Euro area inflation. There is therefore no basis for treating this evidence as unrelated to, or inconsistent with, Euro area HICP expectations.

8.4.8 For the updated assessment of the WACC, Frontier have refreshed the evidence using the latest available data up to the end of June 2026:

- Six month average German breakeven inflation: 2.04%

- ECB SPF long term inflation expectation (Q2 2026): 2.00%

8.4.9 Consistent with Dublin Airports Regulatory Proposition, we place equal weight on these two sources. This produces an updated inflation estimate of 2.02%

8.4.10 Accordingly, we adopt an inflation assumption of 2.02% across the cost of capital assessment. This estimate is firmly anchored around the ECB's inflation objective and is supported by both market based and survey based evidence. It also reflects the continued convergence of long-term inflation expectations following the volatility experienced post COVID-19.

8.4.11 Overall, Dublin Airport considers the IAA's choice of evidence sources to be appropriate and consistent with regulatory best practice. However, the latest available evidence supports a modestly higher inflation assumption than that adopted in the Draft Determination. Updating the market and survey evidence to June 2026 indicates a long term inflation expectation of 2.02%. Dublin Airport therefore apply a 2.02% inflation assumption throughout our updated WACC assessment, ensuring consistency across the estimation of the risk free rate, cost of debt and cost of equity. This approach reflects the best available evidence on long term inflation expectations and provides a robust basis for the estimation of the

efficient cost of capital for Dublin Airport over the 2027-2031 regulatory period.

8.5 Cost of Debt

8.5.1 The cost of debt is a key component of the WACC framework and represents the efficient financing costs incurred by Dublin Airport in raising and maintaining debt capital to support both its existing asset base and future capital investment programme. In the Draft Determination, the IAA and Europe Economics continue to apply a notional approach to the estimation of new debt while recognising the actual financing costs associated with Dublin Airport's embedded debt portfolio. Dublin Airport agrees with the broad structure of this approach, which is consistent with previous Determinations and wider regulatory practice. However, we consider that aspects of the Draft Determination understate the efficient cost of debt and do not fully reflect the financing requirements associated with the scale of investment anticipated during the 2027 to 2031 period.

8.5.2 Dublin Airport agrees with the IAA and Europe Economics' decision to estimate the cost of embedded debt using the airport's actual debt portfolio and to assess borrowing costs over the regulatory period rather than at a single point in time. This approach more accurately reflects the costs that the airport will incur throughout the control period and avoids distortions

that may arise from focusing on a temporary market position at the date of the Determination. It also recognises the fact that debt financing decisions are made over many years and should be evaluated within the context of the prevailing market conditions at the time the debt was raised.

8.5.3 However, we disagree with Europe Economics' decision to place weight on a sensitivity which excludes Dublin Airport's €200m European Investment Bank loan. Europe Economics acknowledges that this loan carries a higher interest rate than other elements of the embedded debt portfolio because it was raised immediately following the global financial crisis at a time when borrowing costs across financial markets were significantly elevated. Those market conditions were outside Dublin Airport's control and the debt was raised efficiently given the financing environment that prevailed at the time. Excluding the costs associated with this borrowing would therefore be inconsistent with the principle that efficiently incurred financing costs should be recoverable through the regulatory settlement. The fact that subsequent debt was raised in a materially lower interest rate environment does not provide a basis for selectively excluding financing costs that were prudently and efficiently incurred.

8.5.4 Using the latest inflation evidence and the full embedded debt portfolio, we estimate a real cost of embedded debt of -0.62%. While the impact on the

overall WACC is relatively modest, this estimate appropriately reflects the efficient financing costs associated with Dublin Airport's existing debt obligations and should be used consistently within the determination.

8.5.5 Dublin Airport also considers that the Draft Determination materially understates additional borrowing costs. Europe Economics recognises the existence of issuance costs, revolving credit facility (RCF) costs and cost of carry, but only partially reflects these costs within the proposed allowance. In particular, we disagree with the view that RCF costs should apply only to embedded debt. Liquidity facilities support the management of the entire debt portfolio and remain necessary regardless of whether future investment is funded primarily through bonds or other financing instruments. As the debt portfolio evolves, the requirement for liquidity and financing flexibility does not diminish.

Table 23. Regulatory Precedence Borrowing Costs

Regulator	Price Control	Additional borrowing cost allowance
CRU	PR6	10-20 bps
CAA	H8 initial proposals	19 bps
CAA	H7	25 bps
Ofgem	RIIO-3	25-29 bps

Regulator	Price Control	Additional borrowing cost allowance
Ofwat	PR24	15 bps

Source: Frontier

8.5.6 We are also concerned that the Draft Determination acknowledges the existence of cost of carry but does not provide an explicit allowance for it. Cost of carry is a genuine financing cost incurred when capital is raised in advance of capital expenditure requirements in order to maintain liquidity and ensure investment projects can proceed without disruption. This issue is particularly important given the scale and complexity of the planned capital investment programme. Regulatory precedent in both Ireland and the UK provide significantly higher allowances for additional borrowing costs than those reflected in the Draft Determination, with recent decisions outlined in Table 23 and allowances in the range of 10 to 30 bps. There is no clear evidence that Dublin Airport faces materially lower borrowing costs than comparable regulated infrastructure businesses.

8.5.7 Taken together, the latest evidence supports a higher allowance for debt financing costs than that reflected in the Draft Determination. While the overall methodology remains appropriate, a full recognition of embedded debt costs, an evidence based assessment of new debt financing requirements and a realistic allowance for additional borrowing costs are necessary

to ensure that Dublin Airport can efficiently finance the substantial investment programme required over the next regulatory period. The cost of debt should therefore be updated to reflect the latest market evidence, regulatory precedence and the practical financing requirements associated with delivering Dublin Airports infrastructure.

8.6 Total Market Return

8.6.1 Dublin Airport agrees with the continued use of a TMR framework, which is well established in regulatory practice and supported by academic evidence. However, we consider that aspects of the Draft Determination's approach place insufficient weight on Irish market evidence and result in a TMR range that understates the return required by investors in an Irish regulated infrastructure context.

8.6.2 The IAA and Europe Economics rely primarily on long run historical market return evidence from the Dimson, Marsh and Staunton (DMS) dataset. This is consistent with Dublin Airport's submission and reflects the widespread use of long term historical evidence in regulatory cost of capital assessments. Long run historical returns provide the benefit of capturing a broad range of economic and financial market conditions and avoid excessive sensitivity to short term developments that may not be representative of future investor expectations.

8.6.3 Dublin Airport agrees with Europe Economics' decision to place primary weight on historical ex post returns rather than more subjective adjustments based on historic ex ante estimates. While alternative approaches seek to adjust historical returns to account for unexpected gains or losses, they necessarily require judgement regarding what element of past returns should be viewed as representative of future expectations. Even commentators who support the use of such approaches acknowledge that they introduce additional subjectivity and uncertainty relative to observed historical outcomes. In our view, there is insufficient evidence that these adjustments improve the robustness of the TMR estimate and therefore long run ex post evidence remains the most reliable basis for the assessment.

8.6.4 However, Dublin Airport does not agree with the use of a market capitalisation weighted Eurozone average as the lower bound of the TMR range. Europe Economics uses a weighted average return of 6.72%, which places greater weight on larger markets based on their current market capitalisation. We do not consider this approach to be appropriate when estimating long run historical returns using more than a century of data. The relative size of equity markets has changed materially over the 120 year period covered by the DMS dataset. Applying current market capitalisation weights to historical evidence risks introducing a bias that

reflects present day market structures rather than the historical experience captured within the dataset. For this reason, we continue to consider that the median Eurozone return provides a more appropriate measure of central tendency and a more robust lower bound for the TMR range.

8.6.5 At the upper end of the range, we strongly disagree with suggestions that the TMR should be set below the historical level of Irish equity returns. Irish evidence remains directly relevant to the assessment of the required return for a major Irish infrastructure asset. Excluding or discounting Irish market evidence would fail to recognise the fact that investors are exposed to Irish economic and regulatory conditions when investing in Dublin Airport. There is therefore a clear rationale for continuing to place weight on the long run historical return observed in the Irish market.

8.6.6 Using the latest available DMS evidence, Frontier estimate a TMR range of 6.75% to 7.10%, with the lower bound based on the median Eurozone return and the upper bound based on historical Irish market returns. We consider that this range appropriately balances Irish and European evidence, reflects long term investor expectations and is consistent with the approach adopted in Dublin Airport's Regulatory Proposition. It also provides a more robust basis for estimating the cost of equity than the range proposed in the Draft Determination and better reflects the returns required

to attract and retain capital for ongoing investment in Dublin Airport's infrastructure and future growth.

8.7 Aiming Up

8.7.1 The question of whether to apply an aiming up adjustment to the estimated WACC is particularly important in the context of the 2026 Determination. While the CAPM framework provides a useful methodology for estimating the efficient cost of capital, it is inherently subject to estimation uncertainty. Each individual parameter is estimated using historical data, market evidence and regulatory judgement, creating a risk that the resulting point estimate may not fully reflect investors' true forward looking required return. In circumstances where a regulator is seeking to facilitate a substantial programme of long term infrastructure investment, regulatory precedent has often recognised that some degree of upward adjustment may be warranted where there are asymmetries in the consequences of estimation error.

8.7.2 Dublin Airport welcomes the IAA's recognition that this issue requires consideration and notes that Europe Economics has explicitly assessed the case for aiming up as part of its review. However, we disagree with the Draft Determination's conclusion that no general upward adjustment is required for the main regulatory settlement. We consider that the evidence supports the application of an uplift to the central WACC estimate

and that the rationale for doing so is particularly strong given the scale of investment anticipated during the 2027 to 2031 period.

8.7.3 The first consideration is the significant degree of uncertainty surrounding the estimation of the WACC. As set out throughout this response, there is a wide range of reasonable estimates for several parameters, particularly the asset beta, total market return and cost of debt. The existence of this uncertainty means that the estimated point WACC should not be regarded as a precise figure, but rather as the centre of a range of plausible outcomes. Where a regulator adopts assumptions that systematically favour the lower end of plausible ranges, there is a heightened risk that the final allowed return will fall below investors' true required return. In these circumstances, a modest uplift can be an appropriate mechanism for mitigating this risk.

8.7.4 The consequences of underestimating the cost of capital are not symmetrical with the consequences of overestimating it. A WACC that is set too low has the potential to adversely affect financing capability, increase borrowing costs, reduce financial flexibility and undermine incentives to undertake investment. These risks are particularly relevant where the Determination is predicated on the delivery of a large and complex capital investment programme. By contrast, the consequences of a modest adjustment

are mitigated by the broader incentive properties of the regulatory framework and by the fact that efficient investment ultimately benefits airport users through improved capacity, resilience and quality of service. This asymmetry has historically been recognised in a number of regulatory decisions where some degree of aiming up has been applied.

8.7.5 Third, the need to attract capital to airport infrastructure should be considered within the broader investment environment. Significant capital is currently required across a range of infrastructure sectors, including transport, energy, utilities and climate transition projects. Airport operators therefore compete for investor capital with other infrastructure opportunities both within Ireland and internationally. In this environment, setting the allowed return at or below the lower end of plausible estimates risks weakening investor confidence and could increase the cost of future financing. A modest uplift would provide greater assurance that Dublin Airport remains able to attract the debt and equity financing required to support efficient investment.

8.7.6 Dublin Airport therefore considers that a targeted uplift to the central WACC estimate remains appropriate. Such an adjustment would be consistent with regulatory precedent, recognise the inherent uncertainty surrounding WACC estimation and provide a more balanced response to the asymmetric

consequences of estimation error. Importantly, it would help ensure that the overall regulatory settlement remains capable of supporting the efficient financing of Dublin Airport's investment programme while continuing to protect the interests of current and future users.

8.7.7 For these reasons, Dublin Airport considers that the IAA should reconsider its position on a general aiming up adjustment in the Final Determination. A modest uplift would provide a more appropriate balance between financeability and the uncertainty inherent in estimating the cost of capital.

8.8 WACC estimate

8.8.1 The IAA's Draft Determination estimates a real pre tax WACC of 4.56%, compared with 4.35% in the 2022 Review Decision, reflecting changes in financial market conditions since the previous determination. The increase is principally driven by higher risk free rates and higher debt financing costs, partially offset by a lower asset beta. The IAA concludes that the efficient WACC for Dublin Airport lies within a range of 3.36% to 5.27%, with 4.56% selected as its central estimate.

8.8.2 Dublin Airport agrees with the continued use of the WACC-CAPM framework and welcomes the IAA's recognition that the cost of capital has increased since the last determination. However, Dublin Airport considers that several key components of the Draft

Determination understate the efficient return required by investors. In particular, the proposed estimates for asset beta, cost of debt and other financing costs do not fully reflect the risks associated with funding and delivering the substantial investment programme required over the 2027 to 2031 period.

8.8.3 Taken together, the evidence presented in this response supports a WACC at estimate at the Frontier low range as an absolute minimum. Given the scale of planned investment, increasing competition for infrastructure capital and the need to maintain efficient access to debt and equity financing, it is essential that the Final Determination provides an allowed return that appropriately reflects market conditions and investment risk. A higher WACC would better support the efficient financing of Dublin Airport's development programme while remaining consistent with the long term interests of current and future airport users.

Table 24. WACC range

	EE midpoint	Triggered projects WACC	Frontier Low	Frontier High	Frontier Midpoint
Notional Gearing	50%	50%	50%	50%	50%
Equity Risk Premium	6.00%	6.00%	5.88%	6.07%	5.97%
Asset beta	0.50	0.50	0.59	0.70	0.65
Equity beta	1.00	1.00	1.18	1.40	1.29
Allowed return on equity	6.98%	6.98%	7.82%	9.54%	8.67%
Cost of embedded debt	-0.50%	-0.50%	0.38	0.38	0.38
Cost of new debt	2.14%	2.14%	2.12%	2.16%	2.14%
Issuance costs embedded debt	0.10%	0.10%	0.30%	0.30%	0.30%
Issuance costs new debt	0.05%	0.05%	0.30%	0.30%	0.30%
Proportion of new debt	48%	100%	39%	39%	39%
Allowed return on debt	0.84%	2.19%	1.37%	1.38%	1.37%
Vanilla WACC	3.91%	4.59%	4.59%	5.46%	5.02%
Corporation tax	15.50%	15.50%	15.50%	15.50%	15.50%
Pre-tax cost of equity	8.26%	8.26%	9.25%	11.29%	10.26%
Aiming up	0.00%	0.00%	0.50%	0.50%	0.50%
Pre-tax WACC	4.55%	5.23%	5.81	6.84%	6.32%