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DublinAirport

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

18 September 2026



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

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Executive Summary

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

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

The macroeconomic environment is uncertain and has deteriorated further since the Draft Determination. Conflicts in the Middle East and Ukraine have escalated, jet fuel prices remain double the level of 12 months prior [1] and are influencing investment decisions at Dublin Airport. Based carriers Aer Lingus and Ryanair, have announced capacity cuts and issued revised guidance [2] . Air Baltic has also suspended its Dublin route and filed for Chapter 11 Bankruptcy protection in the US, citing the Iran War and fuel costs as the cause. Wizz Air have cut its schedule by 5% for the remainder of its financial year citing geopolitical and fuel price volatility. Airline seat capacity at Dublin is being reduced on a rolling basis, with negative monthly seats year-on-year expected to persist until the 2027 summer season at the earliest.

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

[1] IATA - Fuel Price Monitor

[2] IAG, Ryanair,

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

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

1 The IAA's Draft Determination underfunds resilience

Ensuring sufficient scope for a resilient operation was a key pillar of Dublin Airport's regulatory proposition and this aim is undermined by a number of the IAA's pushbacks across the determination (particularly on Opex). However, without the funding proposed by Dublin across a number of areas, there will be negative implications for users of the airport. The Final Determination should include the targeted resilience provisions proposed for security and Service Delivery, together with the efficient recurring costs of preparedness, response and recovery capability. In particular, Dublin Airport requests recognition of the N+1 security-lane resourcing requirement rather than a risk-weighted allowance that cannot be converted into deployable operational capacity when disruption occurs.

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

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

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

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

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

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

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

CHAPTER

1

INTRODUCTION



1.1 Overview

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

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

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

1.1.4 The Draft Determination risks creating unintended incentives. Airport congestion and limited capacity primarily benefit incumbent airlines through higher yields and scarcity rents, while a reduced airport revenue allowance constrains the airport's ability to invest in the infrastructure necessary to alleviate those constraints. This creates a scenario whereby passengers face the prospect of higher airfares, reduced service quality and constrained capacity. Any increase in airport charges required to allow for more investment in airport capacity would only have a minimal impact on charges, while investment would deliver greater long-term consumer benefits.

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

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

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

1.2 Dublin Airport's Objectives for the 2026 Determination

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

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

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

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

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

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

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

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

1.3 Impacts of the IAA's Determination to Ireland Inc

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

1.3.2 Research undertaken by Oxford Economics and IATA[5], details how aviation supports 20.2 USD billion contribution to GDP, with 3.7% of GDP and 128,000 jobs impacts. Applying the Connectivity Multiplier Effect, every 10% decrease in direct air connectivity results in a long-term 0.5% decrease in GDP per capita due to reduced FDI and tourism.

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

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

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

1.4 Passenger Experience

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

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

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

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

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

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

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

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

1.5 User Responses

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

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

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

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

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

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

CHAPTER

2

LEGAL FRAMEWORK FOR THE IAA'S DETERMINATION



2.1 Overview

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

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

2.2 Discharge of Statutory Objectives

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

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

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

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

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

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

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

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

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

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

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

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

2.3 Passenger Cap

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

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

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

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

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

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

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

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

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

2.3.6 In 1.36 of the Draft Determination IAA writes *'We expect that various aspects of our proposed regulatory*

settlements will change ahead of the Final Determination based on the submissions we will receive, and as new information and evidence becomes available.'. The application for a 40mppa cap, pursuant to the PC Act, is a new and material development based on which the IAA must now re-consider its views as set out in the Draft Determination.

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

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

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

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

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

2.4 Appeal Rights

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

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

"In overall conclusion, there is a range of reasonable pricing levels within which a competent regulator would set the price cap, balancing, on the one hand, sufficient revenues to operate and develop the airport in an efficient manner with, on the other hand, ensuring that pricing is not excessive relative to the likely efficient costs of operating and developing the airport."

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

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

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

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

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

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

2.4.8 It is not appropriate for the IAA to advise stakeholders on their independent decision on whether or not to exercise appeal rights which were afforded to them for good reason. As noted above, legal error can and will occur in regulatory processes such as a Determination. Stakeholders have their own company law duties and legitimate expectations of lawful Determinations, and must exercise their own best judgement in deciding whether or not to appeal a Determination.

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

CHAPTER

3

REGULATORY MODEL APPLICATION



3.1 Regulatory Model

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

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

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

3.2 IAA's Treatment of Risk

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

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

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

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

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

2. The IAA disregards constraints in the passenger forecast and employs a number of judgement-based changes which serve to inflate the forecast without sufficient evidence-based justification. This then becomes the primary driver in the commercial revenue forecast increasing and variance from our Regulatory Proposition, while again not accounting for the effect of constraints.

3. While a higher passenger forecast also increases opex which should mitigate some of the difference from higher passenger and commercial forecasts, the magnitude is far lower, as the scale effect from opex is less than that of passenger and commercial growth. It is also watered down by an efficiency assessment which the IAA justifies based on the CAA employing it in its proposals for H8, despite rejecting and diverging from the CAA on almost all of the other applications in the building blocks which tend to increase the revenue requirement for the airport.

4. The IAA reduce aiming-up in part by aligning with the CEPA and Aer Lingus view that single till airports are less risky, despite the CAA who they used as their justification for an opex efficiency target dismissing the same CEPA argument presented to them on the basis it ignores that capped upside and forecast resets being something investors tend to dislike.

5. The IAA is not following regulatory precedent by excluding 5-year asset beta windows which deflates asset beta in the Cost of Capital calculation while including data from the late 1990s in the passenger forecast, which is contrary to regulatory precedent. The effect is to lower the estimated Cost of Capital while to increase the forecasted passenger demand.

6. The IAA fails to account for ceiling and diminishing marginal return effects in commercial revenue and passenger forecasts through embedding periods of high growth that are unrepresentative of the mature European hub airport that Dublin Airport is. This is also evident in the SQM regime where the rebates and bonus metrics have been mechanically rolled forward. This accentuates the arbitrariness of rolling forward rebates and bonuses based of mathematical formulas without considering whether they are achievable in practice.

7. The inclusion of a debt only beta as an incentive mechanism to deliver capex is not justified. The IAA acknowledge a large part of the planning process is outside the airport's control and claiming it incorporates aiming up, when in reality it is the actual

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

8. The dismissal of an asymmetric risk adjustment or constraints through a insufficiently calibrated qualitative adjustments.

9. The usage of top-down forecasting for Commercial Revenue and Passenger Forecasts where the CAA utilises bottom-up approach (top down as cross-check) and where the CAA uses 2014-2025 as the time sample for Commercial Revenue removing discrepancies from unrepresentative years and structurally declining elasticities.

10. The IAA conflate outperformance from an Interim Review with a risk mitigation measure, in turn double counting the upside exposure as both risk mitigation and outperformance that needs to be reset. The same sort of double counting is present in using load factor assumptions in the passenger forecast and mathematically baking in a constant load factor growth without considering the interaction effects between capacity growth also baked into the model.

11. The IAA proposes to reduce the cap for rolling schemes because without any analysis they arbitrarily view the current level of outperformance as a sufficient ceiling to carry over in future periods, while at the same time on the flipside not having any issue for how expanding the penalties as part of the SQM regime when the price cap is due to be revised downwards increases the downside exposure. In turn they asymmetrically adjust incentive mechanisms which reduce the upside exposure while at the same time increase the downside exposure from SQM penalties. This is inconsistent with maintaining an appropriate balance between risk and reward

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

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

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

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

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

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

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

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

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

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

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

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

CHAPTER

4

THE PRICE CAP

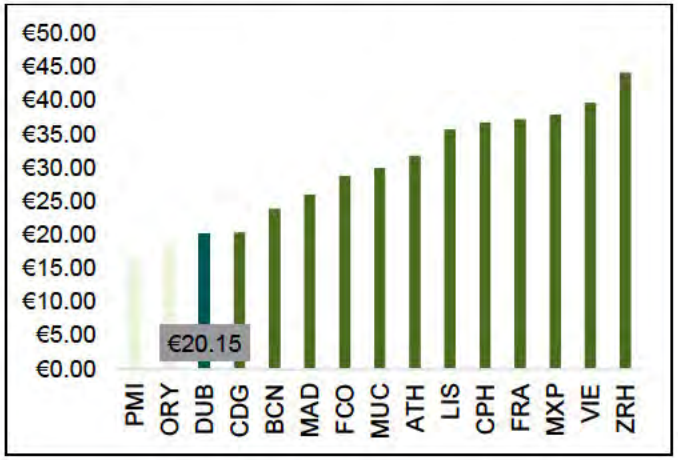


4.1 Benchmarking

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

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

Figure 1 S26 Average Charge per Passenger by Airport



Source: Dublin Airport using RDC data

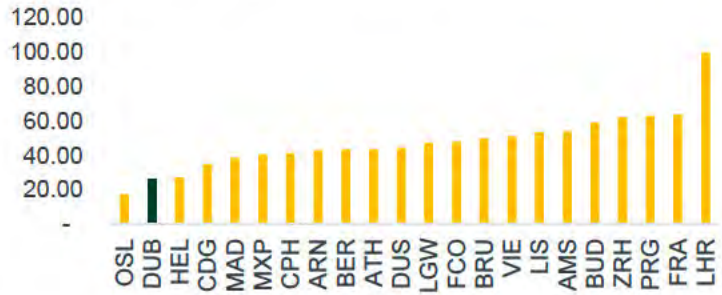
Figure 2 W26 Average Charge per Passenger by Airport



Source: Dublin Airport using RDC data

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

Figure 3 Jacobs Airport Charges Benchmark 2025

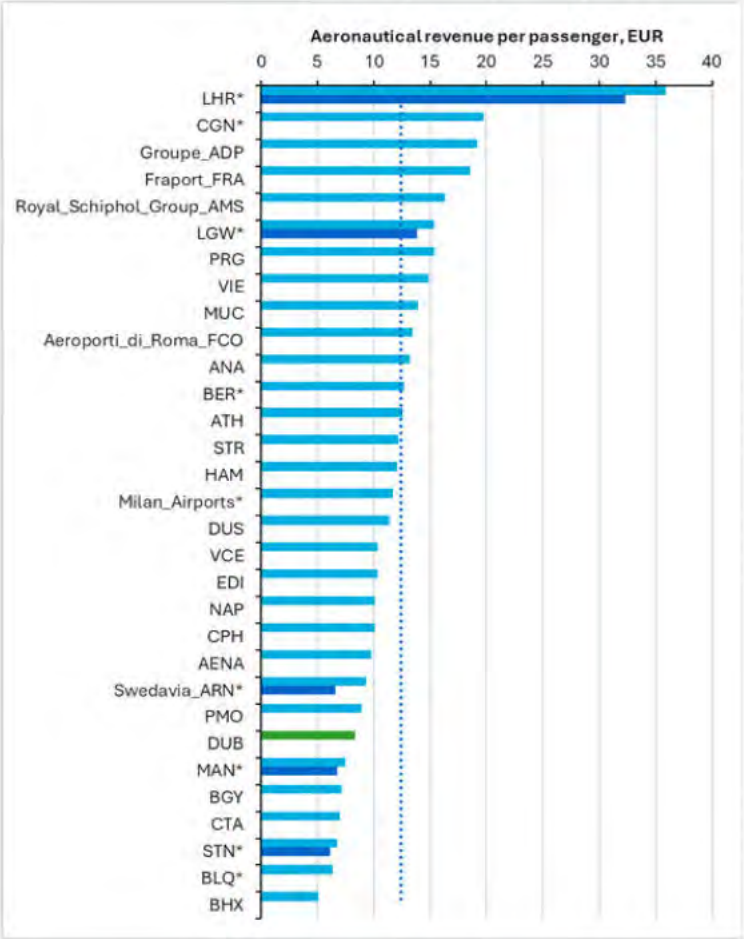


Source Jacobs Airport Performance Indicators

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

Figure 4 IAA Airport Charges Benchmark

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



Source: *Issues Paper Annex - Benchmarking of Airport Charges at Dublin Airport*

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

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

4.2 The Relationship between Airport Charges and Airfares

4.2.1 An analysis carried out by Oxera[7] based on more than 62,000 observations across European routes and airports finds that passenger air fares are driven primarily by airline competition and airport congestion, while airport charges have only a limited and uncertain transmission to airfares.

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

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

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

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

Table 1. Airport Charges and Airfares

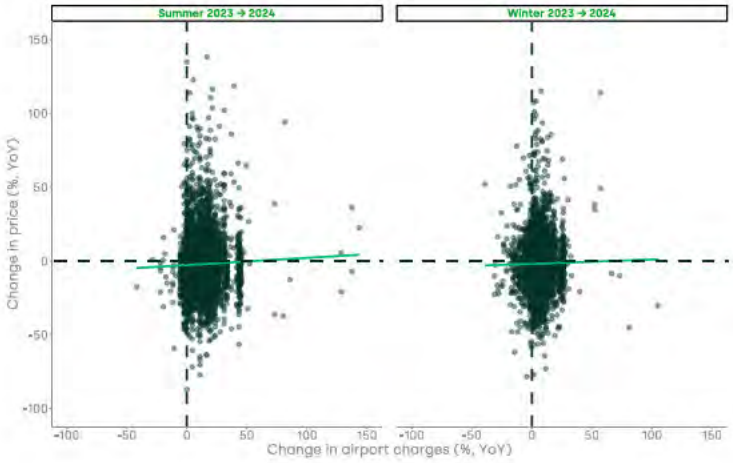
Factor	Description	Estimated air fare effect	Illustration of a 10% change
Airline concentration	10% increase in city-pair level concentration by IATA season increases prices by...	1.06% (€1.82)	Market shares change from 50/50 to 66/34
Airport congestion	10% increase in monthly airport-level congestion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

4.2.4 The extent of competition between airlines also has a significant impact on fares. Where there is higher market concentration (i.e. less competition) there are higher average fares. Therefore, linked to the discussion in Section 2.2, it would not be in line with the IAA's statutory objectives or passenger interests for there to be more airline concentration at Dublin Airport.

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

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

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



Source: Oxera

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

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

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

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

4.3 Pricing Adjustments

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

Inflation Adjustment:

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

K-Factor:

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

Opex Pass Through Mechanism:

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

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

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

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

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

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

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

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

W-Factor:

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

Traffic Adjustment Mechanism:

4.3.10 As noted above, under section 7 of the PC Act, Dublin Airport have submitted an application to the Minister of Transport to amend the existing 32mppa passenger cap to 40mppa.

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

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

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

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

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

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

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

Table 2. X factor adjustment

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

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

Capex Trigger Application:

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

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

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

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

Service Quality Metrics

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

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

CHAPTER

5

PASSENGER FORECAST



5.1 Overview

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

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

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

5.1.4 While Dublin Airport's unconstrained model provides a fair replication of unconstrained demand, we recognise that despite the model being fully transparent and replicable, due to the number of components involved, there is increased work required for replicability. While this does not necessarily strictly diminish transparency, as evidenced by the IAA being able to roll forward the forecast with the latest inputs themselves, it could be viewed as an additional friction. While our preference is for the use of our own model, we welcome the IAA's recognition of the issues of relying on a simplistic univariate GDP model.

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

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

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

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

5.2 Methodological Limitations with the IAA's unconstrained forecast

The Current Macro Environment:

5.2.1 Before starting an aviation forecast, it is important to understand the macroeconomic environment under which it is being set in. The IAA in their own 2025 Annual Report [8] note that macroeconomic, geopolitical and supply chain risks not only remain high, but have also materialised. Against this backdrop it is important to ensure this environment is reflected in the regulatory regime, particularly in the passenger forecast.

5.2.2 The current global economic outlook is skewed to the downside. With both the Central Bank of Ireland[9] and IMF in their World Economic Outlook (WEO) for April 2026[10] highlighting that this downside risk skew has accentuated since the previous outlooks' publications – Q4 2025 and October 2025 respectively.

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

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

[8] iaa-annual-report-2025-eng-for-web.pdf
[9] Quarterly Bulletin Q1 2026 | Central Bank of Ireland
[10] World Economic Outlook, April 2026: Global Economy in the Shadow of War

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

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

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

Overview:

5.2.7 There are currently a number of adjustments made to the IAA model and departures from the IAA's historic approach in categories where Dublin Airport is not convinced there is sufficient valid econometric reason for doing so. These are outlined in this section, with greater detail and econometric analysis included in Appendix 1.

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

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

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

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

5.2.11 Specifically in 6.2 of the Passenger Forecast Chapter the IAA writes *'To generate our draft forecast, we have reviewed a wide range of evidence...considered submissions on the medium term plans of the two airlines with the largest operations at Dublin Airport'*. Given that the Aer Lingus fleet downsizing announcements and route cuts postdate these plans, submissions and discussions it has had with the IAA prior to publication of the Draft Determination consistent with the IAA's position that *'aspects of our proposed regulatory settlements will change ahead of the final Determination...and as new information and evidence becomes available'* the latest Aer Lingus developments evidence should take precedent over any prior fleet plans and claims made by Aer Lingus which are no longer reflective of their "streamlined" operation.

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

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

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

Baseline:

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

Slot based approach:

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

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

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

Data Sources:

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

that is built of the elasticity between these macrovariables.

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

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

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

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

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

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

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

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

Time Sample:

5.2.27 Similarly Section 1.3 of Appendix 1 provides in depth analysis on why the IAA's inclusion of 1997-1999 is inappropriate and in turn so is the IAA's conclusion in 6.49 of the Draft Determination *'We do not agree with Dublin Airport that data pre-2000 is irrelevant to the present/future relationship, as no significant change to the operating conditions of the airport occurred at this time....the model with the most data points have the lower standard errors and the higher R2 values, which indicates a model with a better fit.'*.

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

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

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

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

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

1. There was no significant change to the operating conditions of the airport that occurred at this time.
2. The R2 is higher and standard errors are lower for the 1997-2025 model vs 200-2025 model.

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

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

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

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

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

5.3 IAA Approach to Infrastructure Constraints Limitation

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

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

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

1. Analysing how the IAA argument of baking in constraints is severely flawed and not reflective of the actual output of the model.
2. Consider the qualitative judgements provided for not regarding constraints and explain how these are overstated and not justified by any quantitative analysis, resulting in a high-case and not centreline scenario.
3. We contrast the IAA's judgement based unquantified position on the immateriality of constraints with the material implication constraints have on limiting passenger volumes which the independent Ricondo analysis examines.
4. We evaluate how the IAA through its 1/3 Eurocontrol forecast ends up double counting mechanisms from its judgement based analysis and fails to account for the interactions between the Eurocontrol and judgement based analysis as well as the interaction between the bucket of reasons it list for not regarding constraints.

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

Baking in of constraints:

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

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

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

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

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

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

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

IAA's Qualitative Constraints Assessment:

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

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

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

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

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

5.3.14 The Appendix then raises the concern that some of this judgement from the IAA was formed on the back of bilateral conversation as-well as responses it has received from Ryanair and Aer Lingus. Meaning that the IAA has taken some of the airlines' claims at face value without meaningfully considering the past revealed behaviour of these airlines in contrast to their stated behaviour. Section 1.5 of Appendix 1 provides a systematic overview of where the IAA has incorporated such airline responses in its judgement based disregard of constraints.

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

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

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

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

5.3.18 Dublin Airport then explained how the IAA analysis implicitly assumes that airlines optimise for load factor growth rather than yields, which is a very strong and difficult assumption to make given commercial incentives of airlines. Dublin Airport to solidify this point explained how the Oxera Study on Airfares[12] finds that airport congestion is the biggest predictor for airfares, allowing airlines to earn higher scarcity rents. By way of example we analysed how Aer Lingus' own frequency reductions was informed from a yield management perspective. The Appendix subsequently concludes that it is naïve of a regulator to not proportionately reflect commercial incentives of airlines which may run contrary to their statutory objectives of growth, competition and increased choice.

5.3.19 Appendix 1 then moves to considering through a W23, W24 and W25 season level analysis how load factors can absorb only a fraction of foregone capacity and it is not a sufficient mitigatory mechanism. It likewise breaks down the IAA's position on bussing as one that sounds much better on paper than practice, due to the real life operational complexities of bussing as outlined in the Appendix.

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

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

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

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

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

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

Ricondo's Independent Constrained Forecast:

5.3.24 To independently assess the impact of infrastructural constraints at Dublin Airport, we commissioned Ricondo to analyse what the effect of infrastructure constraints at Dublin Airport would have on the unconstrained passenger forecast, please see Appendix 2 for the full report. As part of the engagement, Ricondo also computed the divergence between the unconstrained forecast and that which transpires given the presence of infrastructure constraints. This provides an objective basis for illuminating the consequence and materiality of the IAA's failure themselves to in any way compute or analyse the quantum of impact of infrastructure constraints at Dublin Airport

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

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

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

Eurocontrol TNSU Forecast:

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

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

5.3.29 The Appendix then moves to examining how the IAA has made a simplifying assumption that seats grow one-for-one with TNSUs. The Appendix explains that TNSUs are a measure driven by aircraft movements and weight (MTOW) at an airfield and relate to the instruments relating to movements at an aerodrome that charges are levied on. Consequently, this means that if aircraft movements or aircraft size/weight composition changes then so too will the TNSU. In turn commercial passenger flights are not the only drivers of TNSU. Cargo, general aviation and any movement for which terminal charges are levied can also influence TNSU. It does not hence follow that the growth rate of TNSU will be equivalent to the growth in seats, though we acknowledge this is a simplifying assumption made by the IAA for their modelling.

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

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

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

Balance of diversion from regulatory precedent:

5.3.33 As Sections 5.2 and 5.3 in conjunction with Appendix 1 has explained the IAA has diverted from regulatory precedent in a number of ways. In 6.25 of their 2026 Draft Determination the IAA notes *'that airlines, collectively representing a large majority of the traffic at Dublin Airport, have also provided us with forecasts...such forecasts should also be viewed with some circumspection, similar to Dublin Airport's forecast. Where Dublin Airport may have an incentive to underestimate likely centreline traffic growth, airlines may have an incentive to overestimate it'*. While in 4.32 the IAA said *'there is a range of reasonable pricing levels which a competent regulator would set the price cap'*. The IAA therefore itself acknowledges that dependent on the approach used the forecast results can differ even if marginally.

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

5.3.35 The IAA has themselves acknowledged even if only implicitly in the Draft Determination it does not view Dublin Airport unconstrained forecast as understated (instead stipulating the constrained is). The IAA even argues their methodology is consistent with the CAGR that Dublin Airport unconstrained returns with the latest inputs. However, it still gives substantive weighting to Skylark who on behalf of Aer Lingus has submitted an overstated forecast and one inconsistent with Aer Lingus' current downsizing and schedules.

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

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

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

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

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

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

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

5.3.42 In turn regardless of the motivation for these method changes, Dublin Airport is not clear nor convinced that the misnomer of 1997 starting point as regulatory precedent and the addition of more complexity through additional forecast sources and imputation serves any regulatory, econometric or passenger based interests, other than to reduce the revenue requirement for the airport through adjusting the inputs on the fringes. While simultaneously, deviating from regulatory precedent, past regulatory treatment and the IAA's own position on complex models.

Reopeners:

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

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

5.3.45 In 5.18 it notes *'We noted that a major downside, such as Covid-19 is best dealt with through considering an interim review of the Determination. We found that*

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

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

5.3.47 Moreover, the need to revert back as far as 2010 for the significant underperformance from Covid-19, an external shock well outside of Dublin Airport's control to offset the downside impact of this extreme event, despite 2 re-openers, demonstrates how re-openers while providing some relief have not historically provided adequate downside protection. The re-opener was not sufficient to compensate Dublin Airport for the extreme downside from the Pandemic, nor was any successive outperformance in the following regulatory period or in the directly preceding period.

Figure 6 2019 Passenger Traffic vs IAA Forecast Performance



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

5.3.48 Furthermore, while much discussion from both airlines and the IAA has centred around outperformance, it seems to have missed the proportionate consideration of underperformance. While 5.19 of the DD notes *'Our analysis illustrated that in 'normal times', Dublin Airport has been able to consistently outperform the regulatory settlements, with outperformance ranging from modest (such as during the traffic downside over 2010-2014) to significant (such as during the traffic upsides from 2015-*

2019 and 2023-2024)', this does not fully appreciate the quantum of the overstated passenger forecast for the 2010-2014 Regulatory Period cumulating around 6mn passengers.

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

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

Asymmetric Risk Adjustment:

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

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

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

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

5.3.54 Third, the ARA does not consider passenger risk in isolation. The methodology already reflects the response of both operating costs and commercial revenues to changes in traffic through the cost and commercial revenue elasticities used in the model, which are the same relationships that underpin the wider regulatory framework used to set the price cap. The analysis therefore does not assume that a reduction in traffic translates one-for-one into a reduction in financial performance. We also note that the evidence the IAA presents on Dublin Airport's ability to manage costs over 2023–2025 relates to a period in which traffic exceeded forecast, which says little about how the business performs when an adverse shock materialises.

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

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

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

5.3.57 Finally, a fair bet requires that Dublin Airport is neither systematically advantaged nor disadvantaged by risks outside its control. Where those risks are asymmetric, a centreline forecast on its own does not deliver expected outcomes consistent with the allowed return, and some form of adjustment is required. The question for the IAA is therefore not whether an adjustment should exist, but how it should be delivered. As set out above, the IAA's backward-looking assessment of the fair bet does not demonstrate otherwise. Given the greater certainty now surrounding the imposition of the 40mppa cap, Dublin Airport asks the IAA to introduce the X-factor adjustment proposed in this chapter for the 2027–2031 period. However, we ask the IAA to reconsider its rejection of the ARA in principle, as we consider it will be a necessary component of future price controls once legislative constraints no longer apply.

Triggered vs Untriggered:

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

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

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

Traffic Adjustment Mechanism:

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

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

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

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

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

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

5.3.65 In 6.84 of the Draft Determination the IAA notes *'Here, if any such planning related issues were to have a major impact during the determination period such that the prevailing determination no longer aligned with our statutory objectives, we could review and potentially amend the determination as appropriate.'*. Given that since the Regulatory Proposition, the PC Act has been enacted and an application to increase the cap to 40mppa been submitted by Dublin Airport, these 2 material change developments require the IAA consistent with its positioning in the Draft Determination to update the Final Determination to reflect the expectation of a 40mppa cap applying throughout the regulatory period.

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

5.4 Users' Views

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

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

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

5.5 Thessaloniki Forum Precedent

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

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

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

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

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

5.5.5 In 2024 the European Commission blocked further acquisition by IAG group of Air Europa on the basis it would restrict competition particularly on routes in Spain[13]. The CEO of IAG in June 2026 made a public statement with the position that current EU regulation makes an IAG EasyJet merger very difficult, in an industry where in his view continued consolidation is necessary for efficiency. He continued they will continue to explore opportunities that make the IAG

[13] Acquisition of Air Europa by IAG

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

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

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

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

5.6 Conclusion

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

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

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

deviate massively from its chosen model post Draft Determination.

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

5.6.4 While this chapter has demonstrated that a number of methodological decisions within the IAA's unconstrained model introduce an upward bias to the forecast, these are not the only factors affecting whether the resulting passenger forecast is truly centreline. More significant concerns arise from the IAA's treatment of asymmetric risk, capacity constraints and the legislative passenger cap, all of which threaten to further skew the forecast away from a realistic centreline outcome. Given their materiality, these factors warrant particular attention in the Final Determination. Throughout this chapter Dublin Airport has provided great depth as to the current flaws and amendments needed, for the avoidance of doubt they are summarised here.

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

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

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

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

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

5.6.9 Consistent with the TF 2019 Remedies Paper it should have regard for the countervailing market power of airlines and not place excessive weight on airline fleet expansion claims which are neither binding and in some cases contrary to past airline revealed behaviour evidence. It should also consistent with its own objective of setting a centreline forecast not assume that a number of descriptive factors will all realise to alleviate constraints, while also not having controlled for the interaction between these variables, inverse relationships that exist between capacity and load factors as well as for the risk of double counting due to the failure to provide a robust quantification of constraints and how their hypothesis that they are fully reconcilable is empirically validated.

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

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

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	[redacted]
Allowance for cleaning Opex	EUR 99.6m	[redacted]
Ongoing efficiency	1.0%	[redacted]

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 [redacted] in 2027, increasing to [redacted] 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**	[redacted]				
Updates	0	[redacted]				
Updated Opex Forecast	**444**	[redacted]				

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	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	€'m	€'m	€'m	€'m	€'m	€'m	€'m
CEPA Forecast	415	427	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Dublin Airport updated Forecast	413	444	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Difference (rounded)	**3**	**-17**	[redacted]	[redacted]	[redacted]		[redacted]

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,

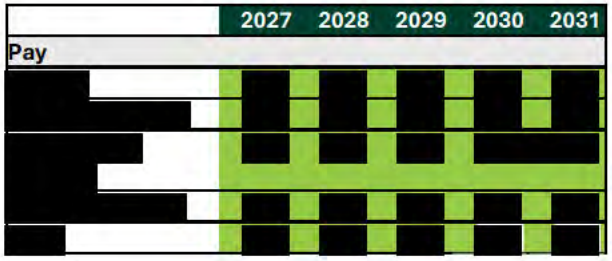
maintenance records and project-specific consumption forecasts; and

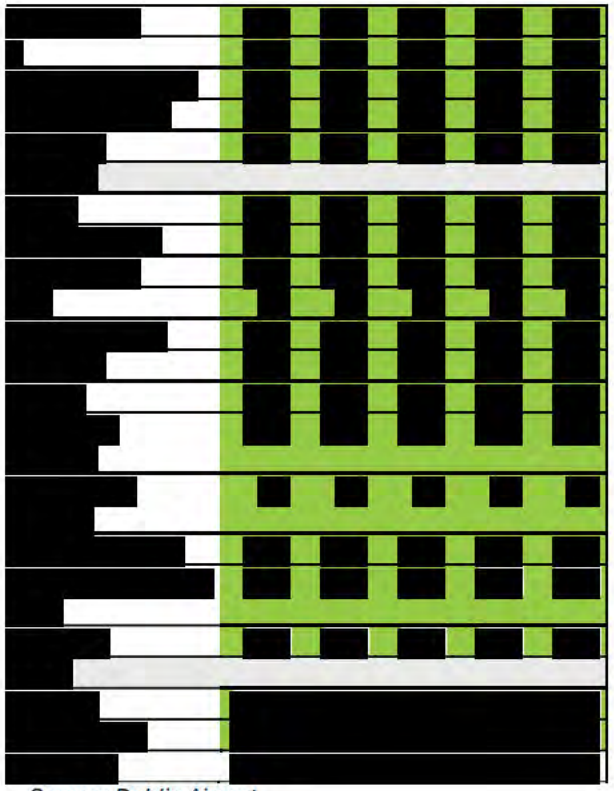
9. Contains modelling, data and accounting-treatment issues that should be corrected before the Final Determination, including identified cleaning benchmarking errors and the treatment of accounting reclassifications and project-related operating costs.

6.4.9 The cumulative effect is an Opex allowance that does not align with the operating model, passenger volumes, commercial revenues, regulatory obligations and capital programme assumed elsewhere in the Draft Determination. It would require Dublin Airport to accommodate materially greater activity and complexity with progressively less operational headroom, while maintaining the same safety, security and service-quality outcomes.

6.4.10 The table below splits out the difference between Dublin Airport and CEPA forecast:

Table 6 Dublin Airport & CEPA Delta





Source: Dublin Airport

6.4.11 Dublin Airport is not seeking protection from a reasonable efficiency challenge. Its updated forecast incorporates revised assumptions, market-tested savings and more granular operational analysis. Dublin Airport is seeking targeted adjustments in those areas where the evidence demonstrates that expenditure is necessary and efficiently sized.

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 [redacted] FTEs in 2026 to [redacted] 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 [redacted] Airside Operations FTEs in 2031, compared with CEPA's allowance of [redacted] 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 coverage; airfield coordination
Greater remote-stand use	Additional operational complexity and discrete resource requirements	Buses; drivers; bussing-gate staffing; passenger marshalling; dispatch; apron oversight; PRM support; fleet resilience

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 [redacted] 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	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Dublin Airport Forecast	426	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Difference	**0**	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

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

Period	Direct Retail	F&B	Concessions	Advertising	Lounges	FT	Platinum
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 elasticates 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 of 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 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 forecast[15]. 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

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



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.

[redacted]

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

[redacted]

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

[redacted]

7.4.13 As Table 14 illustrates The IAA forecast for Retail Concessions (adjusted for passenger volumes) is higher by [redacted] 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

[redacted]

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

[redacted]

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

[redacted]

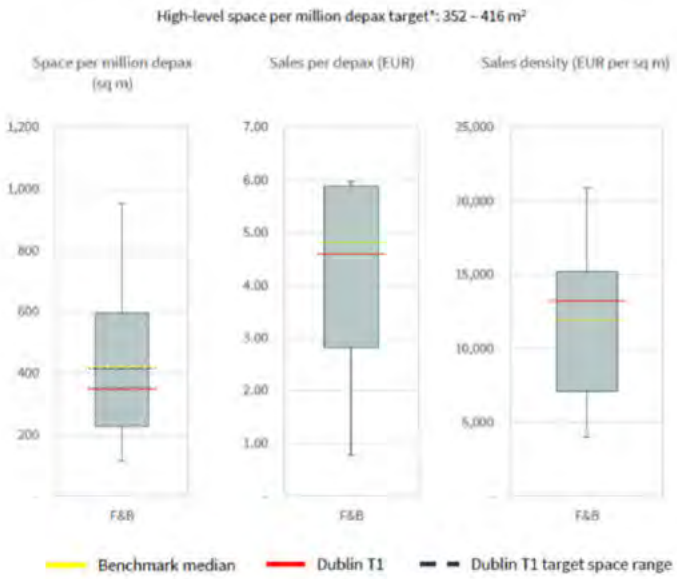
Source: Dublin Airport

7.4.18 As Table 17 shows the IAA forecast for F&B Concessions (adjusted for passenger volumes) is higher by c. [redacted] 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 ([redacted] 2025) but has moved to a property contract reported within Commercial Property figures from 2026 at [redacted] 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 420m^2 of airside F&B space per one million departing passengers. Dublin Airport currently provides 8,011m^2 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 1,334m^2 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

[redacted]

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 [redacted] 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

		Proportion			Volume			
		Q2 2025	Q2 2026	YoY Var	Q2 2025	Q2 2026	YoY Var	YoY Var %
Method of Transport	Private car - Parked	21%	20%	-0.9%	569,553	577,530	7,976	1.4%
	Private car - Non Parked	22%	25%	3.5%	613,167	749,469	136,302	22.2%
	Hire car	0.4%	0.3%	-0.1%	11,396	9,692	-1,703	-14.9%
	Taxi	22%	22%	0.1%	600,797	640,857	39,860	6.6%
	Bus/coach direct to airport	32%	31%	-2.3%	900,225	886,804	13,421	-1.5%
	Train (as main transport)	1.0%	0.5%	-0.4%	28,437	18,242	-10,194	-35.8%
	Internal flight	0.05%	0.09%	0.0%	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% (+39.8k).
- 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

[redacted]

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

[redacted]

[redacted]

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.'/* 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 Determination [16]. 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 supressing 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
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.

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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%**

CHAPTER

9

CAPITAL COSTS



9.1 Overview

9.1.1 Dublin Airport welcomes the detailed assessment undertaken by the IAA, supported by the Independent Fund Surveyor (IFS) and To70, of the Capital Investment Programme (CIP27) for the 2027–2031 regulatory period.

9.1.2 This chapter provides a response to the IAA's capex allowance in the Draft Determination and should be read in conjunction with Appendix 6.

9.1.3 CIP27 provides the infrastructure required to accommodate passenger and operational growth, while enabling the timely delivery of longer-term pier, gate and stand capacity. It also includes investment to improve the passenger experience, strengthen safety and security, increase asset resilience and support Dublin Airport's sustainability objectives. The programme has been developed with careful regard to cost efficiency, project maturity, deliverability, construction constraints and the need to minimise disruption within a complex, continuously operational airport environment. The combination of Flexible, StageGate, Deliverable and Trigger mechanisms ensures that projects progress only when their need, scope, cost and delivery strategy have been sufficiently demonstrated.

9.1.4 Dublin Airport welcomes the IAA's broad acceptance of CIP27 and its conclusion that the majority of projects are consistent with the interests of current and future airport users. The IFS also recognised the overall quality of the submission, supporting cost plans, optioneering and project scopes. Of Dublin Airport's €5.614 billion submission, approximately €5.428 billion was assessed as efficient. The adjustment of approximately €187 million, or 3.3% of the programme, demonstrates substantial alignment on the overall need, scope and cost of CIP27.

Figure 9. Evolving Masterplan



9.1.5 The IAA has provided an allowance or regulatory route for all but one project. The Remote Screening Centre is the only project to receive neither. Dublin Airport has addressed the matters raised but considers complete disallowance disproportionate, as the remaining uncertainty concerns the project's final scale and configuration rather than its underlying objective or cost efficiency. A controlled StageGate route, supported by an operational trial and business case hold point, would

protect airport users while preserving a route for the project to proceed where justified.

9.1.6 The remaining areas of difference do not represent a fundamental disagreement regarding CIP27. They principally concern project-specific cost, quantity and scope adjustments; benchmark rates that may not fully reflect construction in a live airport; operational, safety and resilience requirements; asset lives; grouped allowances; the treatment of transferred security, retail and lounge costs; the regulatory mechanisms applied to certain programmes; the Trigger A expenditure condition.

9.1.7 Dublin Airport does not challenge every IFS or IAA adjustment. Genuine formula errors, duplicated scope, reasonable quantity corrections and minor benchmarking differences can be accepted, while matters relating to less mature projects can be reviewed through StageGate. Our response rather focuses on adjustments arising from factual errors, live-airport delivery constraints, the removal of essential operational scope, inappropriate asset lives, duplicated reductions or uncertainty over the remuneration of efficiently incurred expenditure.

9.1.8 Dublin Airport's principal requests are that:

- **Remote Screening Centre** - The Remote Screening Centre is reinstated through a controlled StageGate route.
- **Additional Projects -** Terminal 1 and 2 Immigration Facility Optimisation is included as an untriggered StageGate project, with Terminal 1 Central Search Mezzanine Expansion and the Terminal 2 Check-in Hall Extension included as StageGate and Trigger projects.
- **Project Adjustments** - the Airfield Safety Projects and Capital Planning Studies programmes revert to Flexible treatment. Project-specific cost, scope and asset-life adjustments are reconsidered where they do not reflect project requirements or live-airport delivery constraints. All security, retail and lounge costs transferred to parent Airport Development projects are fully reconciled.
- **Group Allowance -** the full IFS-assessed efficient Asset Management and Commercial grouped allowances are reinstated or, alternatively, supported by a clear prospective in-period adjustment mechanism; and that no additional category-level reduction is applied to the Sustainability grouped allowance.
- **Trigger A -** the portfolio-wide Trigger A expenditure condition is removed, allowing remuneration when an individual project has satisfied its planning, StageGate, governance and construction requirements. If retained, the €570 million threshold is materially reduced and recognises actual, committed and contracted expenditure and the extent to which programme expenditure remains subject to regulatory approval.
- **Gate Capacity, Growth and Proposed QoS** - The IAA should review To70's gate capacity assessment to ensure

it reflects current operational constraints and is aligned with the IAA's forecast growth and the proposed gate Quality of Service standards.

9.1.9 Dublin Airport supports the proposed inflation methodology. It also welcomes the removal of the proposed linkage between Northern Runway remuneration and any future decision on Runway 16/34.

9.1.10 With regard to the CIP2020 Level 4 and 5 Office Upgrade project (CIP.20.07.10), Dublin Airport requested confirmation of the IAA's position. The StageGate decision stated that "Ahead of the next determination, we will assess the appropriate updated allowance, based on the evidence and positions put forward by the various parties."

9.1.11 Although the Draft Determination does not explicitly set out the IAA's position, the Excel financial model contains two apparently inconsistent entries. The Continuing Untriggered Allowances tab identifies the StageGate 0 allowance of €21.4 million, while the 2023–2026 Capex tab records the IFS-assessed and deemed efficient StageGate 1 allowance of €46.73 million.

9.1.12 The CIP27 Appendix therefore provides clarification and addresses the key IFS and stakeholder concerns, and sets out the project's criticality. It also explains why approval of the €46.73 million IFS assessed StageGate 1 allowance is required to enable the project to progress and asks the IAA to review and clarify its position.

9.1.13 The following summarises our requests. A more detailed response is provided in the CIP27 Appendix, together with supporting project sheets for the additional projects.

9.2 Remote Screening Centre

9.2.1 The Remote Screening Centre is the only CIP27 project for which the IAA has provided neither an allowance nor an alternative route to progression. While Dublin Airport accepts that the final operating model and scale should be supported by trial evidence, the IAA's concerns relate mainly to the detailed configuration rather than the underlying need or cost efficiency. The IFS identified no inefficient scope or cost, making complete disallowance disproportionate.

9.2.2 The project's primary objective is to improve threat detection and regulatory compliance, not to reduce ASU staffing. A dedicated facility would provide a quieter, controlled environment for image analysis and support greater screener specialisation. Dublin Airport currently operates 62 screening workstations and proposes 60 desks initially, with space safeguarded for up to 70 desks and potential future expansion to 80.

9.2.3 APID cannot currently be relied upon to reduce capacity requirements, as there is no regulatory approval for image-on-alarm screening and the IAA would not be obliged to permit its use following any future EU approval.

Dublin Airport must therefore continue to plan on the basis that all images will be reviewed.

Figure 10. Proposed Remote Screening Centre, T1 Mezzanine



9.2.4 Dublin Airport requests that the project be reinstated through StageGate, with an operational trial as a formal hold point. The layout, operating concept, trial results, implementation programme and business case would be submitted before full investment, allowing the final scale and phasing to reflect the evidence obtained.

9.3 Additional Projects

9.3.1 Dublin Airport requests the inclusion of four additional projects in the Final Determination. Terminal 1 and 2 Immigration Optimisation, Terminal 1 Central Search Mezzanine Expansion and the Terminal 2 Check-in Hall Extension. Their inclusion is justified by the IAA passenger forecast, which is significantly higher than Dublin Airport's infrastructure-constrained forecast, and by the localised processing constraints identified in the Draft Determination and To70 assessment.

9.3.2 The Terminal 1 Immigration Optimisation project would address the service-quality concern identified by To70, including queues approaching 25 minutes as demand increases. The project would reconfigure the hall, relocate existing e-gates, add one immigration booth and five new e-gates, and improve passenger circulation and processing capacity. Dublin Airport requests its inclusion as an untriggered StageGate project, allowing the intervention to be developed and scrutinised before construction.

9.3.3 The T2 Immigration Optimisation Project is proposed for inclusion in CIP27 as a contingency project to provide resilience against short-duration peaks that are not fully captured by scheduled demand modelling. While the existing facility is adequate under normal operations, recent early and out-of-sequence high-capacity arrivals have resulted in significant queues, including waits of up to 70 minutes, despite all available booths being staffed. The project would provide additional booths, e-gates and queue space, enabling Immigration resources to be deployed reactively when required, while also supporting the additional demand and passenger flows associated with Pier 5 and future Terminal 2 growth. The project would only progress where ongoing operational evidence demonstrates a clear need. Dublin Airport requests its

inclusion as an untriggered StageGate project, allowing the intervention to be developed and scrutinised before construction.

9.3.4 The Terminal 2 Check-in Hall Extension would be retained as a contingency project should the proposed Check-in and Sortation Optimisation project prove insufficient. It would extend the hall eastwards by approximately 1,900 m^2 and provide 24 additional desks, baggage infrastructure and queuing space, increasing provision from 60 to 84 desks.

9.3.5 The Terminal 1 Central Search Mezzanine Expansion would similarly provide contingency capacity by adding two screening lanes and repurposing the existing mezzanine FastTrack facility as overflow screening, while relocating FastTrack to a new dedicated area.

9.3.6 Dublin Airport requests that the Terminal 2 Check-in Extension and Terminal 1 Central Search Mezzanine Expansion be included as StageGate and Trigger projects. This would preserve a regulatory route to respond if the identified constraints arise during CIP27, while ensuring that construction proceeds only where demand, queue-time, resilience or operational thresholds demonstrate a clear need and the scope and cost have been fully assessed and consulted upon.

Figure 11. Terminal 2 Check-in Hall Extension



9.4 Project Adjustments

9.4.1 The Draft Determination incorporates the IFS cost adjustments together with further changes by the IAA to project classifications, asset lives, trigger arrangements and grouped allowances. Dublin Airport accepts genuine formula errors, duplicated scope, reasonable quantity corrections and minor benchmarking differences. However, reconsideration is requested where adjustments arise from factual errors, remove necessary operational or safety scope, or rely on benchmarks that do not adequately reflect the cost and complexity of delivering work within a live airport environment.

9.4.2 A number of asset-life adjustments also require review. The IAA has applied a 32-year asset life to Pier 1 East, compared with Dublin Airport's proposed 25 years, and 28 years to the PBZ Relocation project, compared with the

proposed 25 years. Dublin Airport considers that a 25-year life should apply to both projects, consistent with comparable passenger-processing and pier infrastructure, including Pier 5 and the Pier 2 and Pier 3 developments. The proposed 12-year life for Airline Lounges and 10-year life for the Platinum Services upgrade should also revert to seven years, reflecting the intensive use, wear and practical refurbishment cycle of premium passenger facilities. The proposed 25-year life for certain LED lighting assets should similarly be reconsidered, as it does not reflect the useful life of the complete lighting system, including drivers, controls and other components, or the need to respond to changing operational requirements.

9.4.3 Dublin Airport supports the proposed StageGate and split-trigger arrangements where they reflect project maturity and delivery phasing. This includes separate triggers for Pier 1 East Module 1 and the subsequent Modules 2 and 3, together with separate triggers for the initial two-storey T2 CBP and Transfer Extension and its later third-floor transfer facilities. StageGate treatment is also acceptable for the Consolidated Security and Screening Centre, allowing its capacity, scope and cost to be refined. However, the Airfield Safety Projects and Capital Planning Studies programmes should retain flexible treatment. These programmes comprise multiple discrete safety interventions, feasibility studies and planning activities that may need to progress quickly in response to emerging operational, regulatory or strategic requirements. Applying StageGate to each individual intervention would create disproportionate administration and could delay essential work.

9.4.4 The IAA has also transferred elements of airline lounge, retail and security expenditure from their original programmes into the Airport Development projects in which the facilities and equipment will ultimately be delivered. This includes lounge costs associated with Pier 1 East, the CBP Extension and Pier 3; retail costs transferred from the ARI Retail Projects programme; and security systems and equipment transferred from the Security Operations Systems and Equipment programme. Dublin Airport accepts this treatment in principle, provided the IAA and IFS issue a fully reconciled cost plan identifying the scope and value removed from each programme and the corresponding amount added to each parent project. This is necessary to ensure that costs have not been omitted, duplicated or inadvertently reduced and that their remuneration is not adversely affected by the parent project's StageGate or trigger arrangements.

9.4.5 Further project-specific adjustments relating to scope, quantities, benchmark rates and live-airport delivery constraints should be reconsidered as the relevant projects develop. Full details of the individual adjustments, accepted reductions, requested changes and proposed resolutions are provided in the CIP27 Appendix.

9.5 Group Allowance

9.5.1 The IAA proposes grouped allowances for StageGate, Flexible and Deliverable projects, initially recognising 66% of assessed untriggered Asset Management expenditure (€547 million) and 70% of assessed untriggered Commercial expenditure (€110 million). This represents reductions of approximately €284 million and €48 million respectively. While presented as a centreline estimate of likely expenditure rather than a disallowance, Dublin Airport considers that delivery performance during 2023–2026 is not a reliable proxy for CIP27, given the greater maturity of the programme and improvements in governance, programme management and cost control.

9.5.2 The reduced allowances could create a practical barrier to delivering projects already accepted as necessary and efficient. Once the opening allowance is committed, uncertainty over remuneration may constrain internal financial sanction, contract awards and project delivery. This is particularly relevant to Asset Management, where requirements may arise from asset-condition findings, safety and compliance obligations, plant failure, resilience needs or opportunities to coordinate renewals with other projects. Commercial priorities may likewise evolve in response to passenger and airline needs, technology and the timing of terminal and pier developments.

1.1.3 Dublin Airport therefore requests reinstatement of the full IFS-assessed efficient Asset Management and Commercial allowances. If the reduced opening allowances are retained, the Final Determination should provide a clear in-period mechanism confirming, before commitments are made, that efficient expenditure above those allowances will be recoverable. It should also allow eligible substitute projects progressed through Flexible reallocation to count towards the relevant allowance and provide for automatic adjustment once the opening allowance has been efficiently utilised.

1.1.4 No further reduction should be applied to the Sustainability grouped allowance. Although approximately 56% of the programme is untriggered, most remains subject to StageGate oversight, with only around €121 million genuinely Flexible. This flexibility is necessary to respond to changes in legislation, technology, energy markets and operational requirements, and to adopt alternative solutions where they deliver the same outcomes more efficiently. The Sustainability treatment in the Draft Determination should therefore be retained.

9.6 Trigger A

9.6.1 Dublin Airport supports the continued use of project-specific Trigger A and Trigger B mechanisms but does not support the proposed requirement for average annual efficient capital expenditure to exceed €570 million before Trigger A can activate. The threshold is not aligned with the

approved untriggered programme. Across all untriggered allowances, average expenditure is approximately €349 million per year, reducing to around €177 million when projects still requiring StageGate approval are excluded. For the Core programme alone, the equivalent figures are approximately €190 million and €130 million per year.

9.6.2 The proposed condition creates a circularity. Major StageGate and Trigger projects would need to progress sufficiently to increase expenditure above €570 million, yet Trigger A, which is intended to support their financing during construction, would remain unavailable until that expenditure had already been incurred. It would also make remuneration for an otherwise compliant project dependent on the consultation, approval and delivery of unrelated projects, potentially constraining financial sanction, contract awards and project financing.

9.6.3 Existing protections, including IFS assessment, StageGate review, project-specific triggers, capital reporting and end-of-period reconciliation, already protect users against inefficient expenditure and non-delivery. Dublin Airport therefore requests that the portfolio-wide condition be removed and that Trigger A activate once the relevant project has secured planning and StageGate approval, received internal governance approval and commenced substantive construction.

9.6.4 If an aggregate condition is retained, it should be materially reduced to a level that triggers are activated within the price cap where Dublin Airport is materially on track with its core untriggered capital delivery programme. Based on the analysis of the two scenarios set out above, CIP27 untriggered projects would represent average annual expenditure of approximately €350 million when all projects are included, reducing to approximately €190 million when the assessment is limited to CIP27 untriggered core projects. This indicates that a more balanced and evidence-based approach is required when setting the trigger threshold.

9.6.5 Dublin Airport therefore proposes that the IAA's initial threshold of €570 million, equivalent to 110% of planned expenditure both including CIP2020 expenditure in process and the new CIP27 projects, be revised to €450 million, equivalent to 90% of planned expenditure. This would better reflect the expenditure profile identified through the analysis, while continuing to provide a challenging stretched objective and retaining the underlying intent of the IAA's original proposal

9.7 Gate Capacity, Growth and Proposed QoS

9.7.1 Dublin Airport requests that the IAA reconsider To70's assessment that Dublin Airport's existing piers and gates are over-designed. The assessment relies too heavily on aggregate pier floor area and short-duration demand, which do not reflect how individual gates operate. Passengers remain close to their assigned gate, and spare

capacity elsewhere in a pier cannot address constraints within a particular holdroom, boarding queue or circulation route. Capacity should therefore be assessed by individual gate or defined gate zone, considering aircraft size and load factor, seating and standing space, boarding arrangements, passenger flows, assisted passenger requirements and fixed physical constraints.

9.7.2 This is particularly important where the IAA assumes that passenger growth can be accommodated through aircraft upgauging. Although larger aircraft may reduce the number of movements required, they concentrate more passengers within the same gate holdrooms and circulation areas. A stand's ability to accommodate a larger aircraft does not demonstrate that the associated passenger facilities can process the additional demand at an acceptable Level of Service. Dublin Airport considers that the scale of upgauging assumed by the IAA may exceed the practical peak-period capacity of Piers 1, 2 and 3 before the proposed CIP27 infrastructure is delivered.

Figure 12. Pier 3 Bolt On



9.7.3 The proposed Quality of Service measure for gate-area comfort must also be aligned with the IAA's passenger forecasts, capacity assessment and capital allowances. It would be unreasonable to require improved passenger satisfaction while relying on upgauging to place more passengers within constrained legacy facilities. Dublin Airport therefore requests that the IAA review the level of upgauging assumed in its forecast, recognise that theoretical off-peak capacity cannot necessarily support additional annual throughput, and revise the To70 assessment to reflect gate-by-gate and peak-period operating conditions. Dublin Airport also requests that any gate holdroom comfort or satisfaction metric be deferred until after 2031, when the necessary pier and gate improvements are expected to be available.

9.7.4 More broadly, Dublin Airport has undertaken significant work to assess a range of long-term development scenarios against forecast demand, including masterplan options both with and without the retention of Runway 16/34 and the associated implications for future development of the airport. Dublin Airport agrees with the IAA that capacity should be assessed by reference to individual processors and peak-period constraints rather than a single annual passenger threshold. CIP27 has therefore been developed to address emerging capacity, resilience and asset-renewal requirements while preserving flexibility in relation to the airport's longer-term development, including any future development of the Western Campus.

CHAPTER

10

FINANCIAL VIABILITY



10.1 Introduction

10.1.1 Dublin Airport welcomes the IAA's continued assessment of financing as part of the 2026 Determination. Financial viability is fundamental to protecting users' long-term interests because Dublin Airport must fund and deliver the approximately €5.6 billion CIP27 programme while maintaining operational resilience, service quality and sustainable access to debt markets.

10.1.2 CIP27 comprises approximately €2.5 billion of non-triggered projects and €3.1 billion of triggered projects. It reflects the investment required to renew ageing assets, maintain safety and resilience, meet statutory and sustainability obligations, address capacity constraints and support future development. The lower potential investment reflected in the Draft Determination does not remove the underlying need for the balance of the programme or the associated funding requirement.

10.1.3 A financially viable determination must enable an efficiently operated Dublin Airport to raise funding on reasonable terms and provide sufficient resilience to withstand plausible adverse outcomes without jeopardising the investment programme or materially weakening credit quality. Financial viability must therefore operate as a cross-check on the Determination as a whole, not as a narrow compliance test against selected ratios under a central forecast.

10.1.4 Consistent with Dublin Airport's Regulatory Proposition, the Final Determination should be anchored to a BBB+ stand-alone credit rating objective and should target FFO to Net Debt of at least 20% in the central case. An FFO to Net Debt ratio of 16% represents the minimum level required to maintain the relevant S&P financial risk profile, with S&P stating in 2026 that a breach of that level will result in a downgrade. The regulatory settlement should not be calibrated to this minimum. A central-case target of at least 20% is required to provide a four-percentage-point buffer against plausible downside outcomes and reduce the risk that ordinary forecast variation results in a rating downgrade. The IAA's 13% intervention threshold and 15% downside target are therefore inadequate.

10.1.5 The IAA's assessment also does not capture the full range of risks facing Dublin Airport, including passenger volumes, commercial revenues, operating expenditure, capital costs, delivery risk, interest rates and refinancing conditions. In particular, Dublin Airport is expected to remain subject to the 40mppa planning constraint throughout the next determination period. The financial viability assessment should therefore not treat passenger growth above 40mppa as an unconstrained central-

case assumption. These risks are correlated and should be assessed through multi-factor stress testing and Monte Carlo analysis, including a central case constrained at 40mppa unless and until there is a sufficiently certain and deliverable basis for assuming that the constraint will be removed.

10.1.6 For the Final Determination, the IAA should reassess financial viability against a BBB+ stand-alone rating objective, target at least 20% FFO to Net Debt in the central case, assess Net Debt to EBITDA against the 4.5x maximum identified in Dublin Airport's Regulatory Proposition, test the IAA forecast, Dublin Airport's infrastructure-constrained forecast and a 40mppa-capped scenario, and demonstrate that Dublin Airport can finance the full investment requirement across the funding and refinancing cycle.

Financial viability Is More Than Compliance with Credit Ratios

10.1.7 Financial viability is more than compliance with selected ratios. It must test whether the overall regulatory settlement enables an efficiently operated Dublin Airport to fund and deliver necessary investment, maintain a BBB+ stand-alone credit profile, preserve liquidity and access debt markets on reasonable terms across plausible outcomes.

10.1.8 This assessment must operate as a cross-check on the Determination in the round. Dublin Airport's financial position will reflect the combined effect of decisions on passenger volumes, operating expenditure, commercial revenues, capital expenditure, cost of capital, revenue profiling, pre-funding and risk allocation.

10.1.9 It must also be assessed against the full investment requirement. Dublin Airport submitted an approximately €5.6 billion CIP27 programme, which remains necessary to address asset renewal, safety, compliance, resilience, sustainability and capacity needs. The lower potential investment reflected in the Draft Determination does not remove the underlying funding requirement.

The IAA Has Applied the Wrong FFO to Net Debt Threshold

10.1.10 The IAA's proposed FFO to Net Debt framework applies the wrong threshold. The Draft Determination identifies 13% as the point at which an adjustment may be warranted and 15% as providing downside headroom. Both are below the 16% level required to maintain the relevant S&P financial risk profile and at which a downgrade would arise. They therefore cannot provide adequate resilience or support the targeted BBB+ stand-alone credit rating.

10.1.11 Dublin Airport considers that the Final Determination should be anchored to a BBB+ stand-alone credit rating objective and target FFO to Net Debt of at least 20% in the central case. The 16% level should be treated as the minimum rating threshold rather than as an appropriate regulatory target. A target of at least 20% provides a four-percentage-point buffer above that threshold to absorb plausible variation in passenger volumes, commercial revenues, operating costs, capital costs, interest rates and refinancing conditions without immediately placing the credit rating at risk.

10.1.12 The IAA should therefore distinguish clearly between the BBB+ stand-alone rating objective, the 16% minimum rating threshold and the central-case regulatory target of at least 20%. The settlement should be calibrated to achieve at least 20% FFO to Net Debt before downside scenarios are applied, thereby providing a four-percentage-point buffer before the level associated with downgrade risk is reached.

The IAA's Proposed Headroom Does Not Protect BBB+ credit rating

10.1.13 The IAA's proposed 15% downside target does not protect the targeted BBB+ financial profile because it is already below the 16% level at which a downgrade risk arises. A downside target below the minimum rating threshold cannot constitute financial headroom. Genuine headroom requires the central case to be calibrated sufficiently above 16% so that plausible adverse variation can be absorbed before the rating is placed at risk.

10.1.14 The Final Determination should therefore target at least 20% FFO to Net Debt.

Financial viability Must Be Assessed Over the Full Investment and Funding Horizon.

10.1.15 Financial viability should be assessed across the full investment, funding and refinancing horizon, not only by reference to ratios during 2027 to 2031. The IAA's own recognition that higher investment increases net debt and may require pre-funding reinforces the need to consider expenditure timing, revenue recovery, debt drawdown and refinancing together.

10.1.16 This assessment should include the full investment programme, the timing and scale of new borrowing, maturity and refinancing of existing debt, replacement debt costs, liquidity requirements and the financial position beyond 2031. A settlement should not be judged viable if it merely defers refinancing pressure or credit-quality deterioration outside the five-year window.

Conclusion and Required Changes to the Final Determination

10.1.17 For these reasons, Dublin Airport does not consider that the Draft Determination demonstrates a financially viable outcome. The Final Determination should assess financial viability as a cross-check on the settlement as a whole, apply a central-case target of at least 20% FFO to Net Debt, test the IAA forecast, Dublin Airport's forecast and a 40mppa-constrained scenario, and assess funding capacity across the full investment and refinancing horizon.

10.1.18 Unless these changes are made, the IAA cannot reliably conclude that Dublin Airport can maintain the financial risk profile required to support the targeted BBB+ rating, access debt markets on reasonable terms and finance the required investment programme across plausible outcomes.

Why 20% Is the Appropriate Central-Case Target

10.1.19 The FFO to Net Debt target should provide sufficient financial resilience to protect Dublin Airport's credit quality and sustainable access to debt markets. It should not be calibrated at, or close to, the level at which a downgrade could occur. The distinction between a minimum rating threshold and an appropriate central-case regulatory target is therefore fundamental.

10.1.20 S&P's rating update of 24 July 2026 provides clear and current evidence of the relevant downside threshold. S&P affirmed Dublin Airport's 'A/A-1' ratings with a stable outlook on the expectation that FFO to debt would remain "comfortably and sustainably above 16%". It also stated that Dublin Airport could be downgraded by one notch if its stand-alone credit profile deteriorated to 'bbb', which could occur if FFO to debt remained below 16% for a prolonged period.

10.1.21 The 16% level is therefore not an appropriate regulatory target. It is the level below which S&P has expressly identified a potential downgrade. Calibrating the settlement at or close to 16% would leave insufficient capacity to absorb weaker passenger volumes, lower commercial revenues, higher operating or capital costs, project delays, increased interest rates or less favourable refinancing conditions before credit quality was placed at risk.

10.1.22 A central-case target of at least 20% provides a four-percentage-point buffer above the 16% downside threshold. That buffer is prudent rather than excessive. It is intended to absorb plausible variation between forecast and outturn

performance without ordinary downside movements immediately placing Dublin Airport's rating at risk.

10.1.23 The need for this buffer is reinforced by S&P's expectations for Dublin Airport's investment cycle. S&P forecasts that FFO to debt will decline materially as capital expenditure and leverage increase, reaching 18.8% and Debt to EBITDA of 4.5x by 2030. S&P also identifies higher-than-expected capital expenditure, delayed remuneration of investment, lower traffic arising from planning or legal proceedings, and weaker commercial spending as factors that could cause FFO to debt to remain below 16%.

10.1.24 These risks are directly relevant to the coming determination period and are heightened by the likelihood that Dublin Airport will remain constrained at 40mppa. Passenger and commercial revenue upside would be limited, while operating, investment and financing commitments would remain.

The IAA should therefore distinguish clearly between:

the credit-rating objective;

the 16% downside threshold identified by S&P; and

the central-case regulatory target of at least 20%.

10.1.25 The IAA's proposed 13% intervention threshold and 15% downside target are both below the level expressly identified by S&P and cannot demonstrate that the settlement protects the existing rating or provides meaningful resilience. The Final Determination should instead target FFO to Net Debt of at least 20% before downside scenarios are applied and then test whether the resulting buffer is sufficient under correlated adverse outcomes, including a 40mppa-constrained passenger case.

10.1.26 S&P reports FFO to debt, whereas the regulatory analysis refers to FFO to Net Debt. The IAA should therefore ensure that the definitions and treatment of cash are consistent before making a direct numerical comparison. This does not alter the underlying principle that the regulatory target must provide meaningful headroom above S&P's downside rating threshold.

10.2 Underestimation of Downside Risk

10.2.1 Financial viability must be tested against a reasonable range of plausible outcomes, not simply the IAA's central forecast. Passenger volumes, commercial revenues, operating expenditure, capital expenditure and financing

costs are all uncertain, particularly during a period involving a substantial capital programme and increased debt funding.

10.2.2 The Draft Determination assumes traffic rising from 39.4 million passengers in 2027 to 44.5 million by 2031 and does not apply an infrastructure-capacity-constrained forecast. Dublin Airport is likely to remain subject to the 40mppa planning constraint throughout the next determination period. In the absence of a sufficiently certain and deliverable basis for assuming that the constraint will be removed, a traffic forecast above 40mppa should not form the basis of the IAA's central financial viability assessment. The constraint creates an asymmetric financial risk: aeronautical and commercial revenues would be capped by the inability to accommodate the IAA's forecast passenger growth, while much of Dublin Airport's operating expenditure, necessary investment and financing commitments would remain.

10.2.3 Downside risk must also be assessed against the full investment requirement. Dublin Airport submitted an approximately €5.6 billion CIP27 programme and continues to consider that programme necessary. Testing only the lower capital programme reflected in the Draft Determination would understate funding needs, capital-cost risk and exposure to project delay.

10.2.4 The IAA's assessment should therefore test the IAA forecast and Dublin Airport's forecast with both limited to a 40mppa-constrained scenario, and should quantify the likelihood, timing and scale of any breach of the financial metrics required to support the targeted BBB+ rating.

10.2.5 A central forecast is an important modelling input, but it cannot determine financial viability on its own. The issue is whether the settlement remains financeable if reasonable alternative outcomes arise.

10.2.6 The IAA should therefore treat alternative passenger cases as integral to its conclusion, in particular a 40mppa-constrained case and lower outcomes reflecting plausible demand or operational shocks. In each case, it should show the effect on aeronautical revenue, commercial revenue, operating costs, liquidity and FFO to Net Debt.

10.2.7 The relevant test is not whether the Draft Determination produces acceptable metrics if every central assumption is achieved. It is whether Dublin Airport can maintain an appropriate financial profile, access funding on reasonable terms and continue to deliver necessary

investment across the range of outcomes that may arise.

10.2.8 The principal risks facing Dublin Airport are correlated rather than independent. Lower passenger volumes would reduce airport-charges and commercial revenues, while much of the cost base, committed capital expenditure and debt-service requirement would remain. Higher construction costs may also coincide with higher borrowing costs, and project delay may defer benefits while financing costs continue.

10.2.9 Single-variable sensitivities are therefore insufficient. The IAA should assess credible combinations of passenger, revenue, operating-cost, capital-cost, timing and financing risks, including the effect of the 40mppa constraint on management's ability to mitigate adverse outcomes through growth.

10.2.10 Monte Carlo analysis is an appropriate means of testing combined uncertainty. It supplements the central forecast by modelling a range of possible outcomes for passenger volumes, revenues, operating expenditure, capital costs and interest rates, including the relationships between those variables.

10.2.11 This would allow the IAA to identify the probability, timing, scale and duration of any breach of the relevant FFO to Net Debt threshold, the level of central-case headroom required, and the risk drivers contributing most to adverse outcomes. The IAA should demonstrate that the Final Determination supports the required financial profile at an 80% confidence level. This would provide an appropriately robust test of whether Dublin Airport can remain financeable across the majority of plausible operating and market conditions, rather than only under the central forecast.

10.2.12 Financial headroom should be measured against the correct threshold of 20% FFO to Net Debt ratio and below a 4.5x Net Debt to EBITDA ration. Outcomes above the IAA's proposed 13% or 15% levels do not demonstrate adequate resilience because both levels are below the minimum rating threshold.

10.2.13 The IAA should quantify the headroom available above 20%, the probability that it will be exhausted and the passenger level at which the threshold would be breached. That analysis should be undertaken under both IAA and Dublin Airport assumptions, include the 40mppa constrained case and reflect realistic commercial revenue, operating cost, dividend and debt-cost assumptions.

10.2.14 The IAA should not rely on theoretical mitigating actions unless they are realistic, timely and consistent with the continued safe, resilient and efficient operation and development of the airport.

Conclusion and Required Changes to the Final Determination

10.2.15 For the Final Determination, Dublin Airport requests that the IAA test financial viability across the IAA passenger forecast and Dublin Airport's forecast, both limited to a 40mppa-constrained scenario; assess credible combined downside outcomes for passenger volumes, commercial revenues, operating expenditure, capital expenditure, interest rates and refinancing costs; and use Monte Carlo analysis or an equivalently robust probabilistic method to quantify the probability, timing, scale and duration of any breach of the 20% FFO to Net Debt threshold.

10.2.16 The IAA should also establish the central-case headroom required above 20%, calculate passenger break-even levels under both IAA and Dublin Airport assumptions, assess whether mitigating actions are realistic, and revise the regulatory settlement where the analysis does not demonstrate that Dublin Airport can maintain the required financial profile across a reasonable range of outcomes.

10.3 The Way Debt Markets Actually Operate

10.3.1 The IAA recognises that Dublin Airport must generate sufficient cash flows and raise investment-grade debt, and that higher investment would increase net debt and pressure the airport's financial risk profile without pre-funding. However, its assessment does not fully reflect how lenders, bond investors and rating agencies assess funding capacity.

10.3.2 Capital providers consider more than modelled ratio compliance. They assess cash-flow resilience, liquidity, refinancing needs, investment deliverability, regulatory predictability, financial policy and management flexibility. These factors are particularly important during 2027 to 2031, when Dublin Airport must raise substantial debt to support an unprecedented capital programme.

10.3.3 The financial viability assessment should therefore demonstrate that the regulatory settlement supports practical access to debt markets, in the required amounts and at the required times, on terms consistent with the IAA's cost-of-capital and financing assumptions.

10.3.4 Financial viability ultimately depends on whether Dublin Airport can raise and refinance the debt needed to deliver the investment programme on reasonable terms. Compliance with a ratio is relevant, but not determinative: a borrower may remain marginally above a threshold while facing higher pricing, reduced investor appetite, tighter terms or limited access to particular sources of capital.

10.3.5 The IAA should assess the amount and timing of external funding required, the metrics expected when material debt is raised, the headroom available under central and downside cases, the effect of weaker credit metrics on debt cost and terms, and whether the allowed cost of capital and revenue profile remain consistent with the practical funding position.

10.3.6 The IAA's downside-headroom assessment assumes that dividends would not be paid. Dublin Airport does not consider that this is an appropriate basis for calibrating financial viability. Expected cash distributions are part of the financial position assessed by shareholders, lenders and rating agencies.

10.3.7 Dividend restraint may be a contingent response to an exceptional downside event, but it should not be embedded in ordinary headroom or used to compensate for an otherwise insufficient settlement. The IAA should present the analysis on a realistic central-case basis including expected dividends, and separately show the effect of dividend restraint as a potential mitigation.

10.3.8 Refinancing risk must be assessed alongside new borrowing. Dublin Airport's embedded debt costs reflect historical market conditions and may not represent the cost of replacement debt during the investment period. The IAA's recognition that new debt costs have increased should therefore be reflected consistently in the financial viability assessment.

10.3.9 The assessment should consider the overlap between new debt for CIP27 and refinancing of existing maturities, including the €550 million Eurobond in 2028 and the €500 million Eurobond in 2032. It should model the maturity profile, anticipated new borrowing, replacement debt costs, cash interest, liquidity requirements and FFO to Net Debt across the full investment horizon.

10.3.10 A Determination should not be regarded as financially viable if it meets thresholds during 2027 to 2031 only because Dublin Airport temporarily benefits from low-cost historical debt

or defers deterioration until shortly after the regulatory period.

Debt Markets Assess a Broader Set of Risks

10.3.11 The IAA's proposed financial tests focus on FFO to Net Debt and Net Debt to EBITDA, supplemented by specific downside scenarios. Those measures provide useful information, but they do not represent the full range of considerations relevant to external providers of capital.

10.3.12 Lenders, bond investors and credit-rating agencies assess both quantitative metrics and qualitative risks. Their assessment is likely to include the stability and predictability of cash flows, liquidity, debt maturity, capital commitments, execution risk, financial policy, the regulatory framework and the borrower's capacity to respond to an adverse outcome.

10.3.13 For Dublin Airport, the following considerations are particularly relevant.

Liquidity and funding flexibility

10.3.14 A borrower may comply with annual financial ratios but still experience periods of significant cash-flow pressure. This may arise where capital expenditure is incurred before regulatory revenue is recovered, where project expenditure is concentrated in particular years or where passenger revenues are lower than forecast.

10.3.15 The IAA should therefore assess liquidity throughout the period, including peak funding requirements, committed facilities and the timing difference between investment expenditure and regulatory recovery. Annual ratio testing may not identify short-term funding pressure within a year.

Capital programme execution risk

10.3.16 The size and complexity of the proposed capital programme create material execution risk. Cost escalation, contractor availability, project sequencing, planning conditions and delay could increase funding requirements or postpone the benefits expected from investment.

10.3.17 The IAA's use of triggers may alter the timing of revenue recovery, but it does not remove these underlying risks. Capital providers will consider whether the airport has sufficient financial flexibility to manage cost and timing variation without impairing debt-service capacity or abandoning efficient investment.

Passenger and revenue risk

10.3.18 Dublin Airport's revenues are materially linked to passenger activity. A passenger shortfall could affect airport-charges revenue and

commercial revenue at the same time, while a significant proportion of the cost base and capital commitments may remain fixed.

10.3.19 This exposure is heightened by the 40mppa planning constraint. If passenger volumes cannot increase in line with the IAA's demand-led forecast, Dublin Airport may not receive the revenue assumed in the regulatory model, while retaining substantial operating, financing and investment commitments. The financial viability assessment should reflect this asymmetric exposure.

Regulatory predictability and recovery risk

10.3.20 The credibility and predictability of the regulatory framework are relevant to investor confidence. Capital providers will consider whether efficient expenditure can be recovered in a timely manner, whether price-control mechanisms operate predictably and whether the regulatory settlement provides a reasonable allocation of risks that Dublin Airport cannot efficiently control.

10.3.21 A framework that relies extensively on future corrective action, exceptional management measures or a subsequent regulatory review may provide less confidence than one that establishes adequate financial resilience from the outset.

Financial flexibility following an adverse event

10.3.22 The IAA should identify the actions it assumes Dublin Airport could take if performance deteriorates. Those actions should be realistic, available within the required timeframe and consistent with the airport's obligations.

10.3.23 Theoretical actions such as reducing investment, lowering service expenditure or suspending distributions should not be assumed without considering their feasibility and consequences. If maintaining financial ratios requires Dublin Airport to defer efficient investment, weaken operational resilience or compromise service quality, the Determination cannot be considered financially viable solely because the ratio is restored.

10.3.24 The IAA should incorporate these broader considerations into its assessment rather than relying on ratio testing as a proxy for market access. It should set out clearly why it considers the financial position produced by the Final Determination sufficient to sustain creditor and investor confidence throughout the period of elevated investment and borrowing.

Conclusion and Required Changes to the Final Determination

10.3.25 Dublin Airport does not consider that the Draft Determination adequately assesses financial viability in the manner relevant to debt markets. The analysis places excessive weight on modelled ratio compliance and insufficient weight on whether Dublin Airport can raise and refinance the required debt on reasonable terms under plausible operating and market conditions.

10.3.26 The distinction between a central-case target and a minimum threshold is also relevant to actual market access. A regulatory settlement calibrated to 16% would leave Dublin Airport at the applicable minimum before any adverse movement occurs. By contrast, targeting at least 20% provides a four-percentage-point buffer intended to give lenders and investors confidence that the minimum financial risk profile can be maintained if performance is weaker than forecast. The 20% target is therefore relevant not only to ratio compliance, but to the resilience and credibility of Dublin Airport's funding proposition.

10.3.27 In particular, the IAA's assessment:

- does not establish that compliance with its financial tests will translate into efficient access to capital;
- assumes the non-payment of dividends as part of its initial downside assessment rather than treating dividend restraint as a potential exceptional mitigating action;
- does not sufficiently reflect the future refinancing of existing low-cost debt;
- does not assess the cumulative scale and timing of new borrowing and refinancing requirements; and
- does not adequately address liquidity, execution risk, regulatory predictability or the practical availability of management responses.

10.3.28 For the Final Determination, Dublin Airport requests that the IAA:

1. assess whether the projected financial position supports actual access to debt markets on reasonable terms, rather than relying solely on threshold compliance;
2. identify the amount and timing of new funding required under the untriggered and triggered investment scenarios;
3. undertake the central financial viability assessment using realistic expected dividend

payments and separately assess dividend restraint as a potential downside mitigation;

4. model the maturity and refinancing of existing debt across the full investment horizon;
5. reflect reasonable forward-looking costs for new and replacement debt;
6. test the combined effect of higher interest rates, higher capital costs and lower passenger revenues;
7. assess liquidity and peak funding requirements, including the timing of regulatory recovery;
8. evaluate the consequences of capital-programme execution risk and the 40mppa constraint; and
9. demonstrate that Dublin Airport can maintain the required financial profile and sustainable market access throughout the investment and refinancing cycle.

10.3.29 Unless these matters are addressed, the IAA's analysis can establish only that selected ratios may be achieved under its modelling assumptions. It cannot demonstrate that Dublin Airport will be able to secure the funding required to operate and develop the airport on reasonable terms across the range of circumstances that debt markets will consider.

10.4 Financial Viability Must Be Assessed Against the Full Investment Requirement

10.4.1 Dublin Airport submitted an approximately €5.6 billion CIP27 programme, comprising approximately €2.5 billion of non-triggered projects and €3.1 billion of triggered projects. The programme remains necessary to maintain and develop the airport, including asset renewal, safety, compliance, resilience, sustainability and capacity-related investment.

10.4.2 The lower allowance reflected in the Draft Determination does not remove the underlying investment need. A financial viability assessment based only on a reduced capital programme may show stronger ratios, but it does not demonstrate that Dublin Airport can fund the investment it considers necessary. It shows only that metrics improve if necessary investment is reduced, deferred or excluded.

10.4.3 The IAA should therefore test financial viability against both the Draft Determination capital profile and the full CIP27 programme, including non-triggered and triggered expenditure, investment extending beyond 2031, capital-cost escalation, delivery timing and trigger activation risk.

10.4.4 For each case, the IAA should identify the amount and timing of new debt, the resulting FFO to Net Debt profile, liquidity requirements, refinancing interaction and headroom against the 20% target.

10.5 The Materiality of Getting Financial Viability Wrong

10.5.1 Financial viability is a safeguard against a settlement that impairs Dublin Airport's ability to raise funding, deliver necessary investment and maintain operational resilience. The consequences of error would extend beyond Dublin Airport to current and future airport users, airlines and the wider Irish economy.

10.5.2 The risk is particularly material during 2027 to 2031, when Dublin Airport must deliver substantial capital investment while increasing reliance on external debt. If financial headroom is insufficient, funding may remain available only at higher cost, on tighter terms or from a narrower investor base, affecting the timing, sequencing and deliverability of investment.

10.5.3 Those consequences may persist beyond the regulatory period. Higher debt costs can remain embedded for the life of the financing, while deferred investment can deepen capacity constraints, weaken resilience and increase future delivery costs. The Final Determination should therefore preserve sustainable access to finance across the full investment cycle.

Reduced Financial Headroom Increases Funding Risk

10.5.4 Reduced financial headroom increases funding risk. A central-case target materially below 20% would increase the likelihood that lower passenger volumes, weaker commercial revenues, higher costs or less favourable financing conditions would breach the required financial risk profile.

10.5.5 The effect would not be limited to technical ratio compliance. Weaker resilience could increase the cost of new and replacement debt, reduce investor appetite, narrow available funding sources, shorten tenor, increase liquidity expectations and constrain the timing of market access. The IAA should therefore assess whether Dublin Airport can raise the required debt when required, on terms consistent with the Determination.

Implications for Delivery of the Capital Investment Programme

10.5.6 The financial viability of the Determination is inseparable from the deliverability of the capital

investment programme. Dublin Airport cannot deliver the scale of investment contemplated from internally generated cash flow alone and will depend on continued access to substantial external funding.

10.5.7 Pre-funding may assist with timing, but it does not remove exposure to project delay, cost escalation, contractor and supply-chain risk, planning conditions, debt drawdown and refinancing. If the Determination is insufficiently resilient, Dublin Airport may need to delay, resequence or reduce investment, transferring the consequences to users through delayed capacity, weaker resilience, poorer service outcomes or higher future costs.

10.5.8 The 40mppa planning constraint compounds this risk. If passenger volumes cannot lawfully increase in line with the IAA's forecast, revenues may be lower while capacity-related investment remains urgent. The IAA should therefore demonstrate that Dublin Airport can finance and deliver the efficient capital programme under the IAA forecast, Dublin Airport's forecast and a plausible 40mppa-constrained scenario.

Impacts Extend Beyond the Regulatory Period

10.5.9 The effects of an insufficiently robust settlement would not end in 2031. Debt raised during the period may remain outstanding for many years, while investment and refinancing requirements can extend across multiple regulatory periods.

10.5.10 If financial resilience is weakened, higher borrowing costs, reduced investor confidence or deferred investment may persist beyond the current price-control window. A later regulatory adjustment cannot retrospectively change the price or terms of debt already raised, or remove the operational consequences of delayed investment.

10.5.11 The IAA should therefore assess the debt remaining after 2031, refinancing of existing and new borrowing, embedded interest costs, investment deferred or continuing beyond 2031, and the implications for the next regulatory period and future users.

The Costs of Regulatory Error Are Asymmetric

10.5.12 The costs of regulatory error are asymmetric. A prudent level of headroom above the correct minimum threshold supports investment-grade resilience and efficient access to lower-cost finance. Insufficient headroom, by contrast, can lead to higher financing costs, reduced market access, delayed investment, weaker resilience and poorer outcomes for users.

10.5.13 These costs may exceed the revenue reduction that initially caused the under-calibration and may be difficult to reverse once debt has been raised, investment delayed or investor confidence weakened. The IAA should therefore exercise particular care where its conclusions depend on uncertain forecasts, narrow headroom or assumptions that downside risks will not arise together.

10.5.14 This does not justify excessive returns or weaken efficiency incentives. It means the Final Determination should provide sufficient financial resilience for an efficiently operated Dublin Airport to absorb plausible risks it cannot efficiently control while continuing to finance necessary investment.

Conclusion and Required Changes to the Final Determination

10.5.15 Dublin Airport does not consider that the Draft Determination gives sufficient weight to the consequences of an under-calibrated settlement. For the Final Determination, the IAA should assess the implications of reduced headroom for the cost, availability, timing and terms of debt; demonstrate that the settlement provides meaningful resilience above the correct financial thresholds; test deliverability under the IAA forecast, Dublin Airport's forecast and a 40mppa-constrained scenario; and avoid relying on deferral or reduction of efficient investment as evidence of financial viability.

10.5.16 The appropriate test is whether the Final Determination enables an efficiently operated Dublin Airport to raise and refinance the required funding, withstand plausible adverse outcomes and deliver necessary investment in the long-term interests of users. The IAA should preserve sustainable access to finance from the outset, rather than relying on exceptional management action or future regulatory intervention after financial pressure has arisen.

CHAPTER

11

SERVICE QUALITY



11.1 Overview

11.1.1 The IAA's Draft Determination retains the broad architecture of Dublin Airport's existing quality-of-service framework. This has provided a balance for incentive-based regulation with evolutions of the Service Quality Metrics (SQM's) applied in the preceding regulatory Determinations. This chapter provides a response to the IAA's proposed amendments to the SQM's per the Draft Determination and should be read in conjunction with Appendix 7.

11.1.2 As detailed in Section 1.4 Dublin Airport wholly supports the passenger experience as being a fundamental that must be reflected in each aspect of the regulatory framework. Dublin Airport core pillars are grounded in the concept of providing a smooth passenger flow, excellent service provision and enhanced passenger satisfaction.

11.1.3 The four Service Quality Metric categories fall into two groups:

1. **Objective operational measures:** this comprises waiting times at security screening, assistance waiting times for passengers with reduced mobility ('PRMs'), and the availability of airport assets and baggage systems.
2. **Passenger survey-based measures:** comprising passenger-satisfaction scores across different aspects of the airport experience.

11.1.4 The two groups of measures are subject to different incentive arrangements. Objective operational measures can generate rebates where Dublin Airport fails to meet the applicable target but cannot generate bonuses. Passenger-satisfaction measures can generate both rebates and bonuses. The IAA considers that any intended improvement in objective performance should be reflected directly in the target and the associated operating cost allowance, rather than rewarded through an additional bonus. Survey-based bonuses are considered compatible with the framework provided that the operating cost allowance does not assume achievement of the bonus threshold.

11.1.5 The Draft Determination proposes to retain the annual cap on rebates relating to objective measures at €0.21 per passenger. For passenger-satisfaction measures, it proposes to increase the annual cap on rebates or bonuses from €0.15 to €0.22 per passenger, reflecting the proposed expansion in the number of survey-based indicators. The existing subgroup caps would also be replaced by a single cap applying across all passenger-satisfaction measures.

11.1.6 Replacing the three subgroup caps with a single cap changes the structure of the exposure, not only its

size. At present, a run of failures within one subgroup is limited by that subgroup's cap. Under a single cap, failures concentrated in one area could absorb the full €0.22.

11.1.7 The blanket mathematical expansion of bonus to be +0.1 of the achieved score despite the IAA selectively not following this approach for lowering Washroom targets, results in bonus scores which in practice are unachievable and in turn do not promote the principle of incentive-based regulation, but rather false precision. It is concerning that the IAA has included some unattainable targets, rather than challenging but achieving ones purely because that is what a theoretical mathematic model suggests. It poses concerns about similar oversights across other building blocks where the targets set are based on similar mathematical models, which have little regard for practice.

11.1.8 Overall, the Draft Determination sets out the principle that Dublin Airport should bear financial responsibility for outcomes that it can materially influence. However, the IAA does not apply this principle on a systematic basis. While the DD identifies external causation and reasonable foreseeability as relevant to ex-post exemptions, it does not establish an equivalent ex-ante standard for deciding whether a measure involving shared responsibility should carry a financial incentive, be subject only to reputational monitoring or be excluded from the framework, nor does it provide for financial consequences to be apportioned between Dublin Airport and other parties.

11.2 User Views

11.2.1 The IAG group noted that Dublin Airport is an outlier when it comes to security queue time targets, whereby the queue time it has to achieve is less challenging, given that it is allowed to reach a higher time threshold before triggering. Dublin Airport recognises IAG's point here and that many peer airports have more stretching lower queue time targets. Dublin Airport has proposed a 90% under 20 minutes target in line with IAG's observation that there is scope for more stretching targets for security.

11.2.2 Dublin Airport would note there are some inherent contradictions in some of the points raised by Users on service quality. To ensure consistency of application in the regulatory regime mindfulness of these nuances is necessary. Aer Lingus for example argues that passengers should not pay for higher than necessary service quality while at the same time it requests metrics for lounges. Lounges are a premium offering, whose revenue generation is largely already enjoyed by airlines through cross-subsidisation under the single till. It is unclear why such a metric should be bought in as passengers may end up paying more for a discretionary

premium service which only a small fraction of passengers use. This occurs through paying for higher Opex to reflect these new unnecessary targets, paying for a higher average charge where bonuses are earned or through the potential foregone alternative where penalties are incurred.

11.3 Objective Metrics

11.3.1 Operational resilience remains a core strategic priority for Dublin Airport as we enter a new regulatory period. Dublin Airport operates within a complex and highly regulated environment where the consistent delivery of safe, efficient and high-quality service is dependent upon the resilience, reliability and the effectiveness of the operational landscape.

11.3.2 Objective metrics are at the heart of this and are fundamental in enabling Dublin Airport to maintain and provide high levels of service year-round as areas such as Security Screening and Wait Times, Passengers with Reduced Mobility (PRMs), Asset Availability and Baggage Handling Systems (BHS) are key touchpoints in the passenger journey and are central to ensuring a safe and enjoyable airport experience for all passengers.

Security Queue Times:

11.3.3 Security screening is a fundamental statutory obligation at Dublin Airport and a critical control measure in ensuring the safety and security of passengers and staff enabling efficient airport operations. Security screening is a critical touchpoint for passengers and represents one of the most important stages of the passenger's journey through the airport.

11.3.4 Dublin Airport does not support the IAA's proposed target of 95% of passengers processed through security screening within 20 minutes and urges the IAA to reconsider this proposal. In its Regulatory Proposition, Dublin Airport proposed a substantial increase to the existing target, proposing an increase from 70% to 90% of passengers processed <20 minutes. This proposed change represents a far more demanding performance standard and a significant strengthening of the target currently in place.

11.3.5 The IAA's proposed 95% of passengers processed <20 minutes is a far more stringent standard than that set forth by Dublin Airport in its Regulatory Proposition. When considered alongside the projected growth in passenger volumes over the forthcoming regulatory period, the proposed target would place significant additional pressure on airport resources and operational capacity, particularly during periods of peak demand. Achieving compliance at a target of 95% consistently would require exceptional levels of operational performance across all conditions, including those affected by demand volatility and other external factors. Dublin Airport considers that the

proposed standard does not adequately reflect the operational realities of managing a high-volume security screening operation that is continuously growing and would create a substantial risk of non-compliance despite the deployment of appropriate and efficient resources. Consequently, Dublin Airport considers the IAA's proposed target to be disproportionate, operationally challenging and unattainable to achieve consistently over the coming regulatory period. Furthermore, the costs to attain the increases target scores are significant. Given the lack of resilience allocation in the Draft Determination, the level of increased serviced provision proposed in the metric changes is misaligned with cost requirements.

11.3.6 Notwithstanding its opposition to the IAA's proposed target of 95% of passengers processed through security screening within 20 minutes, Dublin Airport acknowledges that it has consistently delivered performance in excess of its proposed target of 90% within 20 minutes in recent years. In recognition of this sustained level of performance, Dublin Airport would be willing to accept a revised target of 92% of passengers processed within 20 minutes, provided that the security resourcing allowance (n+1) is applied as the baseline as proposed in its Regulatory Proposition.

11.3.7 The IAA's proposal to introduce a Staff Search queue time metric as advocated by IATA and IAG, is strongly opposed by Dublin Airport. Dublin Airport considers the introduction of such a metric to be unnecessary and disproportionate with little upside and a material risk of adversely impacting the effectiveness of current staff search operations. In its Draft Determination the IAA acknowledge that neither the data nor stakeholder submissions have identified any service quality or performance issues with Staff Search. In the absence of evidence demonstrating performance issues, the rationale for introducing a target is unclear if performance is of a high, satisfactory standard for all parties involved.

Passengers with Reduced Mobility:

11.3.8 PRM services have consistently delivered strong performance in recent years, with all wait time targets for PRMs being met in 2023, 2024, and 2025. This is a significant improvement on previous years, this improvement can also be seen from airline responses highlighting significant enhancements in the service delivery of our provider.

11.3.9 Dublin Airport does not support the increase of compliance targets from 98% to 99%. The proposed increase appears to be based on aligning the regulatory targets with increased targets in the service provider's contractual SLA. Alignment between the two would risk importing commercial stretch targets into the regulatory regime without demonstrating that such targets are achievable on a consistent basis under

normal operating conditions or that they would deliver a material improvement in passenger outcomes.

11.3.10 From a regulatory perspective, the proposed increase from 98% to 99% represents a significant tightening of the current SQM standard, reducing the level of permitted non-compliance by 50%. At current traffic levels, the difference between achieving 98% and 99% performance can be attributable to a small number of operational occurrences, including non-advised passengers presenting for assistance, flight delays, aircraft stand changes, gate reallocations, late disembarkation approvals, or multiple simultaneous demands on the service. These are inherent features of a live airport operation and are not always within the direct control of either Dublin Airport or the PRM service provider. As a result, the proposed increase would materially increase compliance risk while offering limited evidence of a proportionate passenger benefit.

11.3.11 Dublin Airport does not support the inclusion of contractor scorecard measures within the SQM regime. The PRM supplier scorecard is a commercial management tool containing commercially sensitive information, designed to evolve over time to reflect a broad range of operational priorities, not all relating to passenger facing outcomes. The scorecard was never intended for public reporting nor regulatory oversight. Incorporating it into the regulatory framework would inappropriately blur the distinction between regulating passenger outcomes and regulating the airport's internal contractual arrangements. The SQM regime should focus on transparent, passenger-facing measures rather than the commercial mechanisms used by the airport to manage its suppliers.

11.3.12 It is worth recognising that the new PRM tender took place only recently with user consultation and both airline and IAA oversight. The introduction of these new targets post the tender, risk misalignment. The introduction of such new stretching targets would need to be reflected in the contract price and this cannot be done ex-post after the tender has issued.

11.3.13 Dublin Airport do not object to the proposed change to the reporting frequency for PRM targets, changing from annually to quarterly.

Availability of Airport Assets:

11.3.14 While Dublin airport acknowledges the consistent achievement of all asset availability and baggage handling performance targets throughout the current regulatory period, it strongly opposes the IAA's proposed amendments in these areas. The proposed changes do not provide any additional incentive for operational improvement or contribute to enhancing the passenger experience.

11.3.15 Dublin Airport oppose the IAA's proposal to increase the rebate of all targets from €0.005 to €0.01

and the proposal to measure all targets on a monthly basis. This proposed increase in rebate and more frequent measurement of targets coupled with the asset availability targets currently in place, is significantly more challenging and far more severe on Dublin Airport despite its constant high performance in this area. These significant changes would be challenging enough to meet under the current regulatory framework however, when taking into consideration Dublin Airports aging asset base and increasing passenger numbers which are forecasted to grow year after year, this leads to higher utilisation of these aging assets and creates a far lower margin for failure. As a result of this, these changes are unsustainable and would be impossible to maintain throughout the coming regulatory

11.4 Passenger Survey Metrics

11.4.1 The passenger survey metrics are often referred to as the subjective SQM's as they are based off passenger surveys which are undertaken by Red C.

11.4.2 We have gained valuable insight into the key drivers of passenger satisfaction through a Punish Reward Analysis Matrix (PRAM) analysis undertaken by Red C. This analysis assesses all 68-departure metrics and 29-arrival metrics, including both reported and monitored measures, and ranks them according to their importance in influencing overall passenger satisfaction. Each metric is treated as a driver of satisfaction, reflecting its role in shaping passengers' perceptions and future behaviour. Understanding the relative importance of these drivers is critical in prioritising investment, strategy and operational focus, ensuring that resources are directed towards the aspects of the passenger journey that matter most and that passenger priorities remain at the centre of the regulatory regime.

11.4.3 Given the breath and range of metrics covered in the passenger survey metrics, Appendix 7 details Dublin Airport response to each of the IAA's proposals.

11.5 Proposed Commercial Metrics

11.5.1 There are a number of fundamental issues with including commercial metrics as proposed by the IAA, in the SQM regime.

11.5.2 These include:

1. Commercial metrics already have targets through the Commercial Revenue building block and then implicitly through the market.
2. They are used by a small fraction of passengers, making materiality and proportionality unclear, as well as making sampling for surveys difficult.

3. They will be conflated with value for money grievances, which the regulatory model somewhat disincentives through the single till (externality).

11.5.3 Introducing regulatory incentives risks double-counting performance incentives that already exist through commercial returns and in turn is inconsistent with incentive-based regulation. The IAA in 8.181 write in relation to Rolling Schemes *"That has led to enhanced value for Users [airlines], together with enhanced service provision, particularly in areas such as retail and F&B."* It is unclear why they have deemed a separate F&B SQM as necessary given its already been in their view incentivised through rolling schemes.

11.5.4 The IAA has removed rolling schemes from car parks where yield management is a core driver given fixed supply, which means the IAA implicitly acknowledges this principle and in turn it is even less clear why they have included a duplicative regime and not considered the building blocks as a whole rather than in isolation when it comes to some SQM metrics they propose.

11.5.5 At a basic sample level, the commercial metrics proposed are used a by a fraction of airport users so it is unclear why the IAA is focusing on specific users rather than all/most users or those who have valid grounds for additional accommodation.

11.5.6 Taken together, the proposed commercial SQMs appear inconsistent with the principles of proportionality, materiality and incentive-based regulation. Commercial services are already subject to strong commercial disciplines through both market forces and the Commercial Revenue building block. The Draft Determination has not demonstrated a market failure, regulatory failure or consumer protection concern that would justify an additional layer of regulatory incentives. In the absence of such evidence, the proposed metrics risk creating duplication, distorting incentives and introducing inconsistencies within the overall regulatory framework.

11.6 Comparative with Peer Airports

11.6.1 An analysis of comparator European Airports Service Quality regimes demonstrates that there is a material difference in how service standards are translated into financial consequences. For Dublin Airport's objective measures and most of London Heathrow H7 rebates, failure to meet a target during the relevant assessment period generally generates a fixed financial consequence, irrespective of the extent of the failure.

11.6.2 Dublin's Airports passenger satisfaction measures and selected Heathrow measures also use separate rebate and bonus thresholds. AdP, AENA and the Italian ART/ENAC framework make more systematic

use of graduated adjustments, under which the financial consequence varies with the extent of underperformance or outperformance. The stringency of a measure therefore depends not only on its headline target, but also on the assessment period, the incentive function and the maximum financial exposure.

11.6.3 At Heathrow, most financially incentivised H7 measures are assessed monthly.[17] If HAL misses a target in a particular month, the applicable rebate is generally one-sixth of the maximum annual amount allocated to that measure. The maximum annual rebate can therefore generally be reached after six monthly failures. Four measures also have separate lower and upper thresholds for the calculation of bonuses. For most measures, the rebate is determined by whether the target is met, rather than by the extent of the failure. The recurrence of underperformance is therefore financially relevant, but a substantial failure within a month does not necessarily produce a larger rebate than a marginal failure.

11.6.4 The CAA's H8 Initial Proposals retain the broad H7 framework and the existing overall balance between rebates and bonuses, while proposing targeted changes to particular measures.

11.6.5 AdP's draft CRE for 2027–34 applies different incentive functions to different categories of measure. For equipment-availability and operational-efficiency indicators, performance can vary within a specified band without financial consequences. Below the lower boundary, the penalty increases linearly until the maximum penalty is reached. For two availability measures, performance above the upper boundary can similarly generate a progressively increasing bonus. Passenger satisfaction measures do not have an equivalent band. Instead, the bonus or penalty varies linearly from the contractual target to the applicable maximum or minimum performance level.[18]

11.6.6 The draft CRE[19] also establishes annual target trajectories for certain measures. For the new departure-baggage processing indicator, financial incentives would begin only from the fourth tariff period, following two years of data collection and analysis. This avoids attaching financial consequences to a new metric before its baseline performance and appropriate target trajectory have been established.

[17] CAA (2023), 'Economic Regulation of Heathrow Airport: H7 Final Decision', Section 1, pp. 40-45.

[18] Aéroports de Paris (2026), 'Projet de contrat de régulation économique 2027–34', pp. 91-94.

[19] The CRE published on 31 July 2026 is a draft subject to user consultation and may change before it is submitted to the ART for its binding opinion / once ART has reviewed.

11.6.7 The Spanish framework also combines individual targets with bands and maximum incentive and penalty levels. Under DORA II, results are calculated annually for each airport and passenger-weighted to determine the quality parameter, which adjusts AENA's maximum annual revenue per passenger. AENA's DORA III proposal would retain this methodology for quality indicators, while introducing a separate component for environmental performance.[20]

11.6.8 The CNMC's review of the DORA III proposal[21] illustrates how historical performance can be used to test whether targets and incentives remain appropriately calibrated. The CNMC notes that AENA received a positive quality incentive in every year of the previous two regulatory periods.

11.6.9 The Italian ART/ENAC framework sets airport-specific objectives ex ante for each year of the regulatory period. Targets are expressed by reference to performance in the Base year and must reflect the identified need for service improvement. Performance is assessed annually and the financial adjustment varies progressively with the extent of underperformance or outperformance. The quality and environmental components can each range from −2% to +1%, with penalties therefore having twice the maximum value of rewards. The two components are then combined with equal weights to determine the overall tariff adjustment. Accordingly, the overall adjustment can also range from −2% to +1%, but these limits would be reached only if both quality and environmental performance generated the maximum penalty or reward. Unlike Dublin Airport's measure-specific rebates and bonuses, the Italian mechanism aggregates the weighted indicators before applying the resulting percentage adjustment uniformly to regulated airport charges.[22]

11.6.10 Heathrow H7's threshold-based approaches generate a fixed financial consequence when a target is missed, rather than one that varies with the extent of underperformance. By contrast, AdP, AENA and the Italian framework use graduated functions, under which the financial consequence varies according to the extent of underperformance.

11.6.11 The IAA's Draft Determination combines elements of these approaches. Passenger-satisfaction measures have separate rebate and bonus thresholds, creating a range within which no financial adjustment applies. Objective operational measures generally use

[20] CNMC (2026), 'Informe sobre la propuesta de Documento de Regulación Aeroportuaria 2027–31', pp. 29-34.

[21] The DORA III arrangements remain proposals and are not yet final.

[22] ART (2023), Decision 38/2023, Annex A, pp. 48-51.

threshold-based rebates, with a specified amount payable each time the relevant target is missed.

Findings of International Comparators

11.6.12 The international comparison highlights a concern regarding the absence of a common decision rule for assessing controllability and dealing with shared responsibility.

11.6.13 The Draft Determination demonstrates that the IAA considers controllability when assessing individual measures, but it does not specify the degree of influence that Dublin Airport must exercise for financial exposure to be appropriate, nor does it explain systematically when third-party involvement should result in the exclusion of a measure, an adjustment to its target or reliance on an exemption. This preserves flexibility for the IAA but provides less certainty as to how cases will be treated.

11.6.14 By contrast, the Italian ART/ENAC framework, AdP and Heathrow each apply more formalised approaches to controllability: the Italian framework requires controllability to be assessed ex ante, when indicators are selected; AdP builds attribution into the definition of its asset-availability metrics; and Heathrow applies a financial/reputational split to jointly delivered outcomes. These regimes therefore provide clearer, more systematic rules for handling shared responsibility than the case-by-case approach adopted in the Draft Determination.

11.7 Summary of Dublin Airport's Request and Positioning for all SQM's

11.7.1 Overall, Dublin Airport does not support the service quality proposals set out in the Draft Determination. The proposed framework increases performance obligations across multiple areas, introduces seven additional passenger survey metrics, stretches existing targets and increases financial exposure, without corresponding recognition of the operational, capacity and funding constraints under which the airport is required to operate. Dublin Airport considers that several of the proposed changes do not adequately reflect the airport's current operating environment, create accountability for factors outside its direct control, or demonstrate a clear and proportionate link to passenger outcomes. The Draft Determination therefore risks establishing a service quality regime that is increasingly misaligned with operational realities, undermining the achievability of targets and the effectiveness of the framework as a measure of passenger service performance.

11.7.2 In relation to security queue times, Dublin Airport supports a target of 92% of passengers processed within 20 minutes, subject to the application of the proposed security resourcing allowance (n+1) as the baseline. Dublin Airport does not support the inclusion of a Staff Search queue time metric within the service quality regime.

11.7.3 In respect of PRM services, Dublin Airport does not support an increase in compliance targets to 99% and does not support the inclusion of a contractor scorecard, given its limited relevance to passenger service outcomes and the commercially sensitive nature of the information. Dublin Airport supports the proposed change in reporting frequency from annual to quarterly reporting.

11.7.4 Dublin Airport does not support the proposed increases to airport asset availability targets, the doubling of associated rebates, or the move from quarterly to monthly reporting for all assets. These proposals do not sufficiently account for an aging asset base, increasing passenger volumes and the resulting reduction in operational tolerance for asset failures.

11.7.5 Finally, Dublin Airport does not support the introduction of the seven new metrics proposed by the IAA or the tightening of target and bonus thresholds for metrics that achieved bonus performance in 2025. Dublin Airport supports the proposed adjustment to the ground transport metric but maintains that the cleanliness of washrooms target and bonus thresholds should also be revised to reflect operational realities. Dublin Airport supports maintaining existing thresholds for metrics that did not achieve bonus performance. As an alternative to the proposed new metrics, Dublin Airport has put forward two passenger-focused wayfinding metrics for the IAA's consideration, demonstrating a clear and proportionate link to those elements of the passenger journey that are most important to passengers.

DublinAirport

Table 25 Summary table on Objective metrics

Objective Metric Category	Current Target	Price Cap at Risk	IAA Proposal	Dublin Airport Proposal
Security Queue Time	100% < 30 minutes	€0.01 daily	No Changes Proposed	
	100% < 45 minutes	€0.02 daily	No Changes Proposed	
	70% < 20 minutes	€0.005 daily	**95%** < 20 mins with a monthly rebate of €0.02	**92%** < 20 mins with a monthly rebate of €0.02
Staff Search	None in Place	None in Place	99.5% <10 minutes with a monthly rebate of €0.01 per terminal	Reject proposed staff search metric
FEGP **AVDGS**	99% For new units, 93.5% available on average in the first year	<98%: Monthly: €0.01 >=98% but <99%: Monthly: €0.005	All Assets reported on Monthly with a €0.01 rebate	Reject the IAA's Proposed changes
T2 Passenger Facing Lifts & Escalators **SSK'S**	99%	<98%: Quarterly: €0.01 >=98% but <99%: Quarterly: €0.005		

DublinAirport

Table 26 Summary table on PRM metrics

Passengers with Reduced Mobility:	Current Target	Price Cap at Risk	IAA Proposal	Dublin Airport Proposal
Assistance from an external point within the airport campus to terminal reception point (departing passengers)	Pre-Advised: 98% within 10 min Non-Pre-Advised: 98% within 20 min	€0.01 Annually	Pre-Advised:98% within 10 min , **99% within 20 min** Non-Pre-Advised: No Changes Proposed **€0.01 Quarterly**	Accept quarterly measurement frequency Reject proposed 98% to 99% target increases
Assistance from the terminal reception point onwards (departing passengers)	Pre-Advised: 95% within 15 min, 98% within 20 min Non-Pre-Advised:95% within 20 min, 98% within 30 min		Pre-Advised: 95% within 15 min, **99% within 20 min** Non-Pre-Advised: 95% within 20 min,**99% within 30 min** **€0.01 Quarterly**	
Assistance from aircraft to terminal holding point onwards (arriving passengers)	Pre-Advised: 93% within 10 min, 98% within 15 min Non-Pre-Advised: 93% within 15 min, 98% within 20 min		Pre-Advised: 93% within 10 min, **99% within 15 min** Non-Pre-Advised: 93% within 15 min, **99% within 20 min** **€0.01 Quarterly**	
			Separate annual target of 80% €0.01 annually	Reject IAA's proposal

DublinAirport

Table 27 Summary table on passenger satisfaction metrics

CATEGORY	SUBJECTIVE: Passenger Survey Metrics	IAA Proposed Rebate	IAA Proposed Bonus	Dublin Airport Proposed Rebate	Dublin Airport Proposed Bonus
Passenger Care €0.07 max (penalty / bonus)	Overall satisfaction	8.5	9.3	8.5	9.3
	Courtesy and helpfulness of airport staff	8.6	9.4	8.5	9.3
	Courtesy and helpfulness of security staff	8.6	9.4	8.5	9.3
	Overall cleanliness of the airport terminal	8.5	9.2	8.5	9.2
	Cleanliness of washrooms	8.5	9.2	8	8.7
	Departure Gates	8	9	8	9
	Ease of Movement	8.1	9.1	8	9
	Additional Assistance	9	9.5	9	9.5
Passenger Information €0.04 max (penalty / bonus)	Finding your way around	8.7	9.2	8.5	9
	Flight information screens	8.5	9	8.5	9
	Info on Ground Transport on Arrival	8.3	8.8	8.3	8.8
Passenger Facilities & Service €0.04 max (penalty / bonus)	Availability of Baggage trolleys	8.5	9.5	8.5	9
	Satisfaction with free Wi-Fi	8.5	9.4	8.5	9
	Facilities for those requiring additional assistance	9	9.5	9	9.5

Table 28 Summary table of the IAA's newly proposed metrics

CATEGORY	Area	Proposed Subjective Passenger Survey Metrics	IAA Proposed Rebate	IAA Proposed Bonus	Dublin Airport Proposal
IAA Proposed metrics	Car Parks	Overall satisfaction with car parks	**8.3**	**9.1**	Reject IAA's proposed metrics
	General	Sense of security	**8.8**	**9.6**	
	General	Food Outlets	**7.8**	**8.6**	
	Departure Gates	Cleanliness	**8.5**	**9.1**	
	Bus transfer from aircraft	Satisfaction with bus journey	**8.7**	**9.5**	
	Lounges	Satisfaction	**7.8**	**8.6**	
	Departure Gates	Comfort of seating/wait for gate area	**7.3**	**8.1**	

Table 29 Dublin Airports proposal should new metrics be applied

CATEGORY	Area	Metrics		Dublin Airport Proposed Rebate	Dublin Airport Proposed Bonus
Dublin Airport proposed	Washrooms	Signage to washrooms in departures & arrivals		**8.5**	**9**
Dublin Airport proposed	Departure Gates	Signs to departure gates		**8.5**	**9**

Chapter

12

Conclusion

12 Conclusion

12.1.1 Dublin Airport welcomes the IAA's broad-based allowances of CIP27 in the Draft Determination, however, significant concerns remain across a number of other key building blocks. Collectively, the Draft Determination places considerable reliance on ambitious passenger growth and commercial revenue assumptions while, at the same time, adopting restrictive positions on operating expenditure, capital expenditure triggered allowances, service quality obligations and the cost of capital. The resulting settlement does not appropriately balance the risks faced by Dublin Airport or provide sufficient support for the delivery of the required infrastructure programme.

12.1.2 Dublin Airport considers that the Final Determination should more appropriately reflect the operational constraints facing the airport, the need for resilience within the operating expenditure allowance, the uncertainty associated with future commercial and passenger growth, and the financing requirements of a multi-billion euro capital investment programme.

12.1.3 Particular consideration should be given to:

1) Passenger Demand
Key Issues
• Aggressive, unachievable passenger target throughout the regulatory period • No recognition of current infrastructure constraints • IAA do not recognise a potential annual passenger cap of 40m during this regulatory period (cumulative 10.5m passengers in the period).
Dublin Airport Request
• Correct baseline year (2026). IAA 300k passengers higher than latest Dublin Airport forecast. • Apply the Ricondo (capacity assessment Report) to inform an objective assessment of infrastructure constraints. • Achieving the IAA passenger targets are higher than current application to the Department of Transport. • Apply traffic adjustment mechanisms to price cap to compensate for the inability to facilitate demand in excess of 40m passengers per annum.

2) Operating Expenditure
Key Issues

- IAA do not support proposal for Central Search Security contingency and resilience
- €10.4m disallowance on Facilities and Cleaning is not aligned with increasing passenger targets, constrained facilities and proposed improvements to service quality targets
- 1% efficiency target is blunt and unachievable.

Dublin Airport Request

- Allow for resilience request to ensure optimal operational performance.
- If required, a 0.5% efficiency target follows regulatory best practice.

3) Commercial Revenue

Key Issues

- IAA have overly ambitious expectations for retail uplift post refurbishment projects (especially T1)
- Assumption that car park yields will continue to increase are not founded in data or reality of market conditions.
- Ambitious expectation that T1 Fast-track Security revenue can increase by 50% in the period, due additional capacity offered by new facility on the Mezzanine.

Dublin Airport Request

- Use appropriate forecast information and evidence sourced from accurate data to inform balanced commercial revenue targets.

4) Cost of Capital

Key Issues

- The removal of aiming-up allowance from core WACC (50bps) and introduction to a new higher WACC, but only for new trigger projects is not enabling a fair settlement.
- A reduction in Asset Beta from 0.57 to 0.50 does not reflect the macro and industry environment.

Dublin Airport Request

- Reinstate aiming up and remedy the errors in approach in Asset Beta.
- Apply a single WACC rate informed by the Frontier Economics mid-point of range estimation.

5) Capital Investment Programme

Key Issues

- Deliverability: IAA concerned that delivery timelines will be challenging in the period and propose a deliverability adjustment. 30% of approved CORE investment (c.€670m) initially not remunerated in the regulatory period
- Remuneration Triggers: IAA propose the introduction of a new remuneration condition for trigger projects. Requires Dublin Airport to invest average of over €570m in the preceding years of the regulatory period, before new trigger projects can be added to the price cap

Dublin Airport Request

- Reassurance sought that additional capex can be allowed in period if envelopes are exhausted
- New element of trigger A to be removed in entirety or rebased at €450m.

- Shift from Just in Time funding to post funding on largescale capital investment is questionable.

- Increases to metrics to be rebased to 2026 performance.

6) Financeability
Key Issues
• IAA have not demonstrated financial viability across a range of plausible downside scenarios. • IAA do not reflect how debt markets assess credit quality. IAA methodology does not follow real world application. Lenders consider the likely downside when deciding to lend.
Dublin Airport Request
• IAA use 13% minimum threshold. S&P specifically call out the threshold as being 16%. Headroom must be added to the minimum threshold i.e. 20%.

7) Service Quality Metrics
Key Issues
• There is a disconnect in the increase in penalty and bonus scores for existing metrics and the attainability of performance. • Proposal to introduce seven new subjective measures.
Dublin Airport Request
• Remove new subjective commercial metrics as disproportionate and misaligned with balanced application of model. • No requirement for staff security screening to be included in the penalty scheme.

12.1.4 The Final Determination should provide sufficient financial resilience to support the maintenance of an appropriate investment grade credit profile and the efficient financing of future investment. This is necessary to ensure that Dublin Airport can continue to deliver the infrastructure, capacity and service quality improvements required by passengers, airlines and the wider Irish economy throughout the regulatory period.