

Mr. Luke Manning
Irish Aviation Authority
The Times Building, 11-12 D'Olier Street
Dublin 2, D02 T449

August 18, 2026

Re: Response to Consultation on 2025 Actual Air Navigation Services Costs and 2027 Unit Rates

Dear Luke,

Aer Lingus welcomes the opportunity to respond to the Irish Aviation Authority's consultation on 2025 Actual Air Navigation Services Costs and the associated 2027 unit rates.

Aer Lingus remains committed to engaging constructively with the IAA and other stakeholders to ensure the delivery of a regulatory framework that supports operational efficiency, cost-effectiveness and sustainable growth while maintaining the highest standards of safety and resilience.

As we noted in our response to the revised RP4 Performance Plan consultation in 2025, safety and resilience must remain the overriding priorities of the Irish ANS system. However, these objectives should continue to be delivered in a manner that reflects efficient cost management and demonstrable value for airlines and passengers.

Comments on 2025 Actual Costs

At a headline level, the 2025 outturn is positive. The consultation indicates that total actual En Route costs were 6.6% below the determined level, while actual Terminal costs were 5.6% below determined costs. Actual unit costs were also lower than anticipated for both En Route and Terminal services.

Aer Lingus welcomes these outcomes and the resulting benefit to airspace users. We also note that the results provide important insights regarding the efficiency assumptions underpinning the RP4 cost base.

In our submission on the revised RP4 Performance Plan, Aer Lingus expressed concerns that aspects of the proposed cost base appeared generous and insufficiently aligned with the overarching objective of cost efficiency. The 2025 actual outturn lends further weight to those concerns. The fact that services were delivered at materially lower cost than anticipated, and with significantly lower staffing levels than assumed in the Performance Plan, suggests there are likely to be further opportunities to improve efficiency throughout the remainder of RP4.

Whilst lower costs alone should not be regarded as a proxy for efficiency, the observed variance between determined and actual costs demonstrates the importance of maintaining rigorous scrutiny of all cost categories and ensuring that future cost increases are supported by clear evidence of operational necessity and user benefit.

Staffing and Incentive Framework

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Aer Lingus welcomes the operation of the ATCO and ATSEP incentive mechanisms introduced as part of the RP4 revision process.

The consultation notes that average staffing levels during 2025 were materially below those assumed within the approved Performance Plan, with average ATCO staffing of 301 versus a target of 326 and average ATSEP staffing of 105 versus a target of 116. This resulted in a rebate of approximately €3.7 million being returned to users through future En Route unit rates.

Aer Lingus supported the introduction of capacity-related incentive mechanisms during the RP4 review process and welcomes evidence that these arrangements are functioning as intended. The rebate demonstrates that performance-based regulation can provide meaningful protection for users where agreed service inputs are not delivered.

At the same time, the consultation highlights the continuing challenge of recruitment and retention in operational grades. AirNav Ireland notes ongoing difficulties in achieving staffing targets and refers to elevated overtime expenditure associated with operational requirements.

While Aer Lingus recognises the challenges associated with training and recruiting highly specialised personnel, we remain concerned that sustained reliance on overtime is unlikely to represent the most efficient long-term staffing model. We therefore encourage both the IAA and AirNav Ireland to continue developing sustainable workforce planning measures that reduce dependency on overtime while ensuring operational resilience.

Greater transparency regarding the scale, drivers and trajectory of overtime costs would also assist stakeholders in assessing the efficiency of staffing decisions and understanding the relationship between recruitment outcomes, operational performance and future cost requirements.

Capital Investment Programme

Aer Lingus notes AirNav Ireland's statement that 2025 represented a record year for capital expenditure and that some of the expenditure incurred has yet to translate into corresponding capitalisations. AirNav Ireland further proposes that unspent capital allowances relating to 2025 be returned to users through future charging periods.

Our position remains consistent with that outlined during the RP4 consultation process.

Aer Lingus supports investment that is clearly linked to safety requirements, regulatory obligations, operational resilience or demonstrable improvements in efficiency and service quality. However, investment expenditure should not be viewed as an objective in itself.

We continue to believe that investment programmes should be assessed principally on delivered outcomes rather than expenditure levels. Future consultations should therefore place greater emphasis on measurable benefits achieved, including capacity improvements, productivity gains, operational efficiencies and service quality enhancements resulting from investment programmes.

We welcome the commitment to return capital expenditure variances to users and consider this an important safeguard within the regulatory framework. We also encourage continued transparency concerning project delivery, governance arrangements and post-implementation benefit realisation.

Pension Costs and Cost Risk Sharing

The consultation's discussion regarding deferred pension-related costs sets out the possibility that certain pension costs may be considered exempt from the standard cost-risk sharing arrangements. AirNav Ireland's pension expenditure in 2025 was materially below determined levels, driven largely by pension payments relating to 2025 being incurred at a later date. The IAA estimates that approximately €3 million of these pension-related costs may ultimately be attributable to En Route activities.

Aer Lingus recognises that pension obligations can involve unique circumstances and may occasionally give rise to issues that are not readily foreseeable within normal planning assumptions. However, we are not persuaded that a departure from normal cost-risk sharing arrangements should be automatic or routine. Any proposal to exempt costs from the standard risk-sharing framework should be supported by compelling evidence that:

- The costs were genuinely unforeseeable;
- The costs are exceptional in nature;
- The costs could not reasonably have been mitigated or managed;
- The costs are efficient and justified; and
- The resulting treatment remains consistent with the principles of incentive-based regulation.

Care should also be taken to ensure that users do not face a situation whereby the financial benefits lower average staffing levels are subsequently offset through alternative regulatory adjustments. Preserving confidence in the integrity of the performance framework requires that exemptions remain limited, transparent and subject to robust scrutiny.

MET ASD

Aer Lingus notes that the actual 2025 costs reported by MET ASD remained broadly aligned with determined levels, with cost variances across major categories generally limited to a relatively narrow range. The consultation material also highlights strong service availability and continued progress across the RP4 investment programme.

We welcome this performance and recognise the important role played by meteorological services in maintaining the safety and resilience of the Irish aviation system.

Consistent with our broader position on investment efficiency, we encourage continued focus on ensuring that future investments deliver measurable operational benefits and support productivity improvements wherever possible. We also note the increasing emphasis on automation, digital capability and advanced forecasting tools and transparency regarding the efficiency benefits expected from these initiatives is important.

Unit Rates and Regulatory Principles

Aer Lingus notes that the proposed 2027 En Route unit rate is lower than the corresponding 2026 rate and that regulatory adjustments, including staffing-related rebates, have reduced costs for users, while certain future adjustments relating to unspent capital expenditure remain to be applied.

We welcome the evidence that elements of the RP4 framework are operating as intended and that the performance mechanisms introduced during the RP4 revision process are delivering tangible user benefits.

AirNav Ireland's presents comparisons illustrating that Irish unit rates remain relatively competitive within a European context. While such benchmarking provides useful context, we do not believe it should substitute for rigorous assessment of efficiency within the Irish system itself. The primary objective should remain ensuring that users pay no more than is required for the safe, resilient and efficient provision of services.

Conclusion

Aer Lingus remains committed to supporting a high-quality, safe and efficient ANS system that delivers value for airlines and passengers alike.

We welcome the positive cost performance recorded during 2025; the operation of the staffing incentive framework and the resulting benefits being returned to users through future unit rates. These outcomes demonstrate the value of a robust regulatory framework that aligns provider incentives with user interests.

However, the consultation also demonstrates that services were delivered at materially lower cost than anticipated and with staffing levels below those assumed in the Performance Plan. In our view, this reinforces the importance of continued regulatory scrutiny throughout RP4 and supports a strong ongoing focus on efficiency, productivity, workforce planning, benefit realisation from investments and robust application of cost-risk sharing principles.

Cost-effectiveness remains a core priority for Aer Lingus. In a sector that continues to face geopolitical uncertainty, economic volatility and increasing competitive pressures, it is essential that ANS charges remain proportionate, transparent and firmly linked to efficient service delivery.

We would be pleased to discuss any of the points raised in this response.

Yours sincerely,



Marta Drozd

Airports Commercial Manager
Aer Lingus